



30/09/2015



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RESEARCH PRODUCTS



# Market Research





# Dominant Events of the Period

## Yellow Area

September 23

01:30 - 18:00

- French Manufacturing PMI
- German Manufacturing PMI
- Canadian Core Retail Sales
- ECB President Draghi Speaks

## Turquoise Area

September 24

07:30 - 23:00

- German IFO Business Climate
- ECB Targeted LTROs
- US Durable Goods Orders and Unemployment Claims
- Fed Chair Yellen Speaks

## Blue Area

September 25

07:00 - 18:00

- US Final GDP and Services PMI

## Purple Area

September 28

07:30 - 16:00

- FOMC Member Dudley Speaks
- US Personal Income, Personal Spending and Pending Home Sales

## Orange Area

September 29

07:00 - 16:30

- UK Gfk Consumer Confidence
- Bank of England Governor Carney Speaks
- US CB Consumer Confidence
- German CPI

GBP Currency Index Change

-0.36%

-0.39%

-0.52%

0.12%

-0.27%

Max GBP Volatility Index

1.54

1.58

1.84

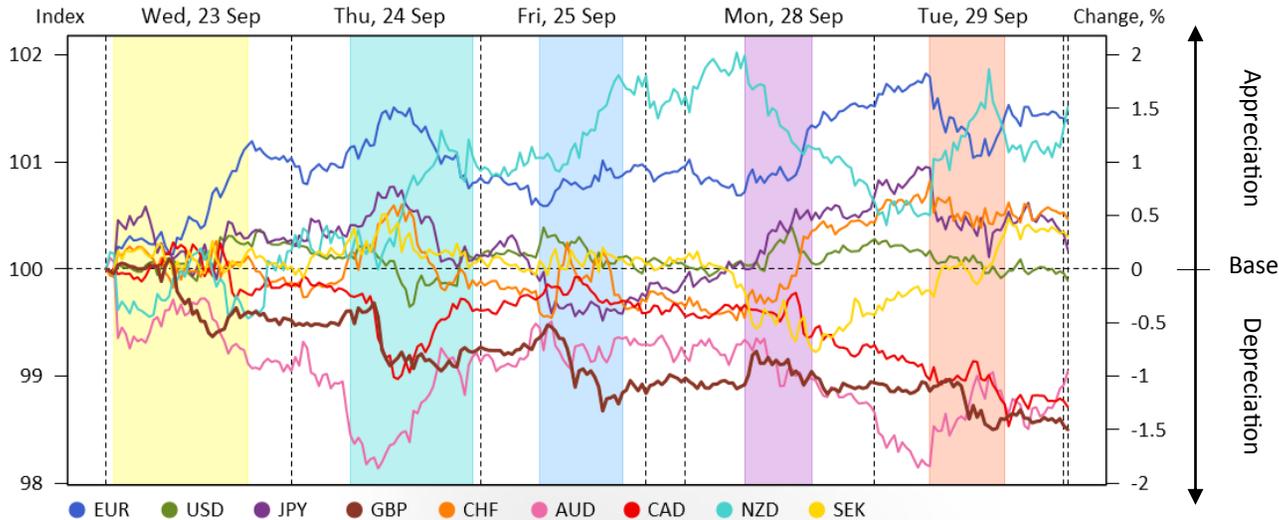
1.56

1.69



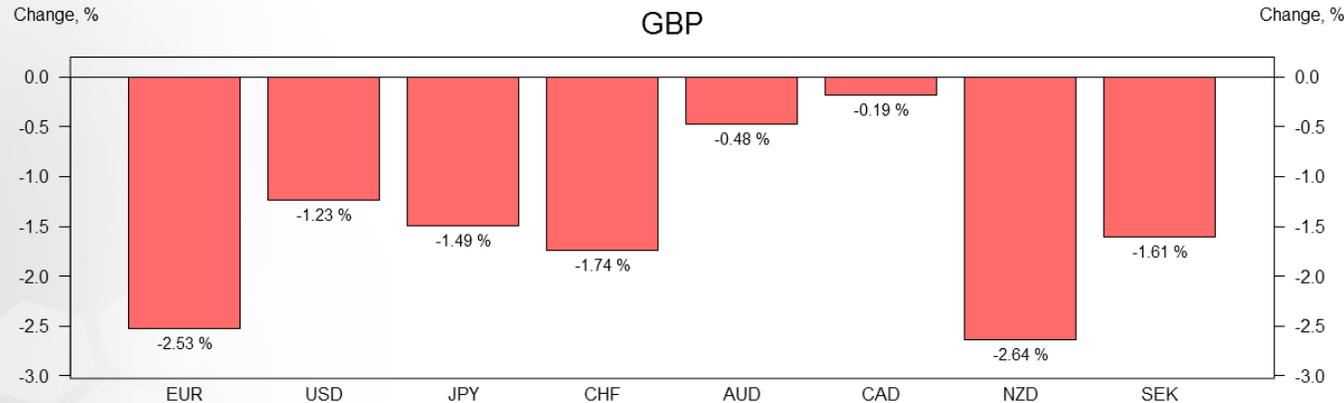
# Relative Currency Strength

## Currency Indexes



After losing value every single day except Monday during the research time period, the British Pound became the worst performing currency in the market last week. It was also joined by the Australian and Canadian dollars, which lost 0.96% and 1.29%, respectively due to pressure coming from oil prices. Moreover, all mentioned currencies were struggling amid US Dollar's relative strength caused by comments from different members of the FOMC, including Chair Janet Yellen, concerning the upcoming rate increase. They confirmed that it is likely to take place in 2015. The Greenback, however, finished the period with a slight 0.11% loss.

The Pound Index started the week with a decline below 99.5 points, but losses had already been in place three days before the period started. While there was lack of data from the United Kingdom or elsewhere, the Sterling was mainly pressured by strong US currency, which was underpinned by several FOMC speeches. On Friday it became clear that the British currency is highly likely to end the week with considerable losses. Some hopes were raised on Monday, although US trading session continued to dictate market sentiment. As a result of that, the overall negative change was extended down to 1.5% by the period's end. GBP tanked the most versus positive fundamentals-driven Kiwi (-2.64%) and the Euro (-2.53%), which firmed amid broad risk aversion.



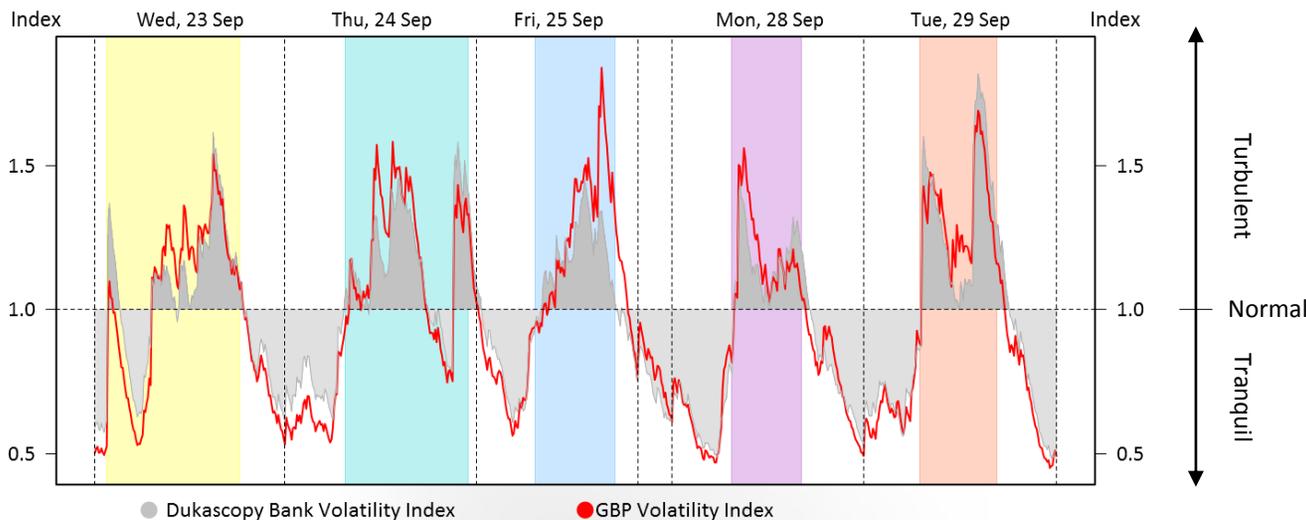
## Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.38%	-0.11%	0.18%	-1.5%	0.46%	-0.96%	-1.29%	1.51%	0.3%
20	-0.01%	0.23%	0.05%	-0.76%	-0.7%	0.53%	-1.28%	1.13%	1.04%
130	7.35%	2.64%	2.72%	5.38%	1.5%	-6.07%	-4.68%	-14.52%	6.92%
250	-0.41%	13.05%	2.66%	5.32%	10.73%	-11.22%	-7.72%	-8.97%	-3.46%



# Volatility

## Volatility



Even though the period was unusually quiet in terms of inland fundamental releases, the Pound managed to register well-uplifted volatility in course of the whole time period. Regional spikes in the Volatility Index were taking place every day, but they were predominantly caused by news coming from different countries around the world. Therefore, the elevated volatility stood at healthy level of 45%, down slightly from average of 47% showed by the market. The threshold of 50% was reached by the EUR/GBP cross (53%) due to high fluctuations of the common currency and GBP/CHF (50%). GBP/CAD was in turn the most silent currency pair during the period as it was increasingly turbulent in just 24% of all time.

The main chart confirms a lot of spikes and valleys for the GBP Volatility Index throughout the whole period ended September 29. First increase of the week took place on Wednesday when Canadian retail sales were released and the ECB President Draghi testified before the European Parliament. Additional gains were observed on Thursday amid the bunch of data from US and the Euro zone including durable goods orders and German IFO business climate. However, the period's high of 1.84 points was hit on Friday, when American data showed the country's economy rose even more than projected in the second quarter of 2015, namely by 3.9% vs a 3.7% estimate. The second highest advance in turbulence occurred on Tuesday in time of BoE's Governor Carney speech in London.

### Elevated Volatility (% of the observed period)

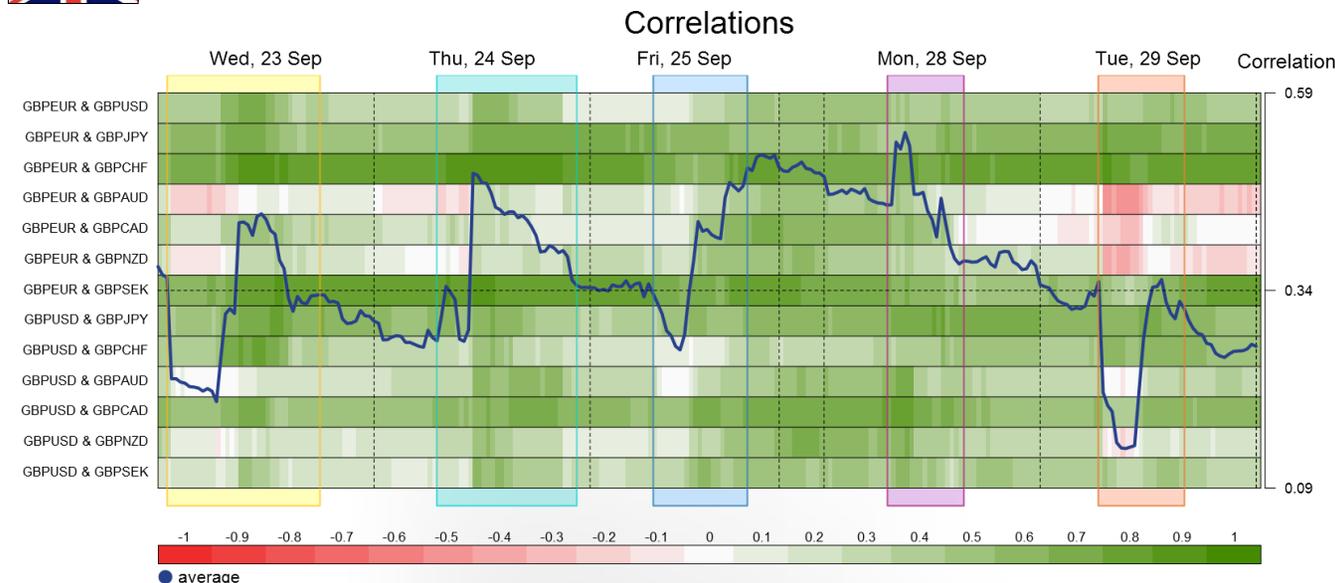
Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
47	45	53	48	48	50	40	24	31	46

### Volatility Index (for the observed period)

	Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
Max	1.82	1.84	2.23	2.16	1.94	2.55	2.06	2.09	2.39	3.07
Min	0.48	0.45	0.4	0.19	0.38	0.31	0.35	0.28	0.43	0.33
Average	0.97	0.97	1.05	0.98	1	1.06	0.96	0.79	0.9	1.03



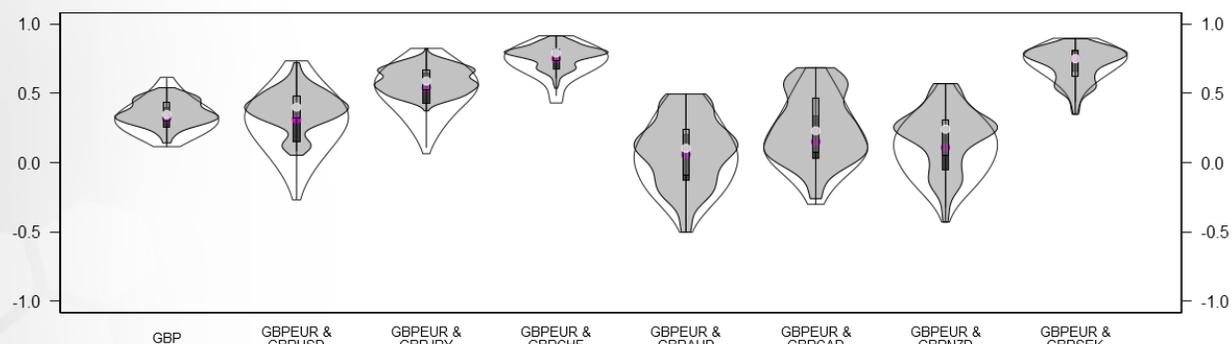
# Currency Significance



Correlations between different crosses of the UK currency held at fairly high levels in course of the reported trading period, while the composite hovered within normal range of the last few weeks. Looking at the mean correlation coefficient (0.36 points) for the five-day period from Wednesday of last week till Tuesday of this week, it was marginally higher than 0.33 points registered during the past month. Moreover, it has precisely matched the annual reading of 0.36. Components, which posted longer tails, included GBP/EUR & GBP/AUD and GBP/EUR & GBP/NZD as their average correlations even failed to exceed 0.2 points.

On Wednesday of the previous week the composite was showing mixed performance as initial weakness was later changed by solid gains above the historical average correlation index of 0.34 points. The composite was growing every day until Monday afternoon, when the weekly peak was set at 0.54 points. However, bearish impetus created by the Aussie, Loonie and Kiwi eroded all previous gains of the composite, which slid as low as 0.14 points by Tuesday morning. Commodity-linked growth-related currencies were rallying on the last day of the period as gains in Asian stock markets spurred risk appetite and reduced demand for safe-haven currencies. Moreover, additional momentum was provided by rising oil prices. All in all, the period was finished below the historical mean at only 0.27 points.

Correlations (5 vs 20 days)



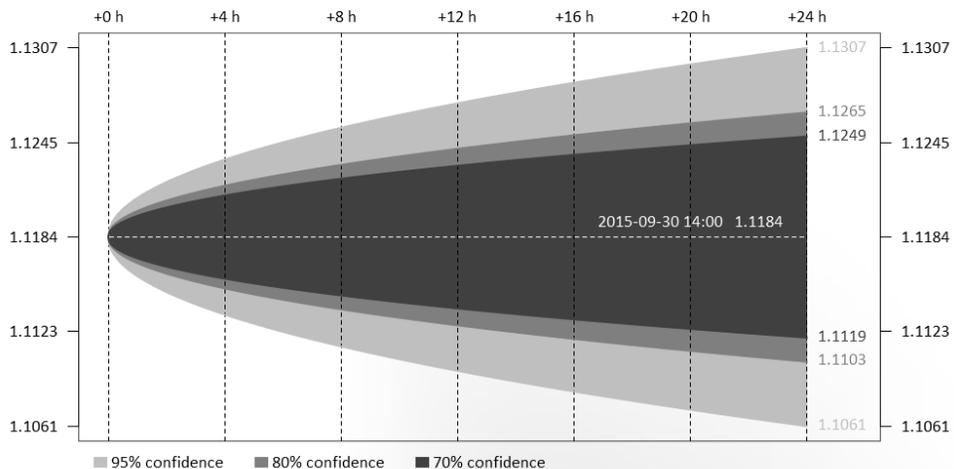
Mean Correlation Coefficient (with GBPEUR)

Days	GBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
5	0.36	0.39	0.59	0.77	0.09	0.25	0.19	0.7
20	0.33	0.3	0.53	0.73	0.05	0.18	0.1	0.73
130	0.37	0.12	0.35	0.67	0.3	0.28	0.33	0.72
250	0.36	0.16	0.35	0.7	0.33	0.29	0.35	0.67

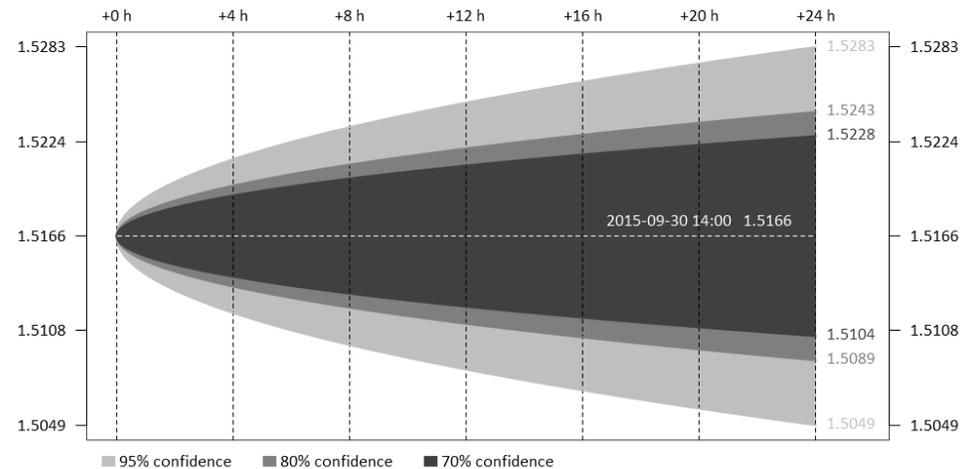
# Confidence Intervals for Next 24 Hours

Wednesday, September 30, 2015  
15:30 GMT

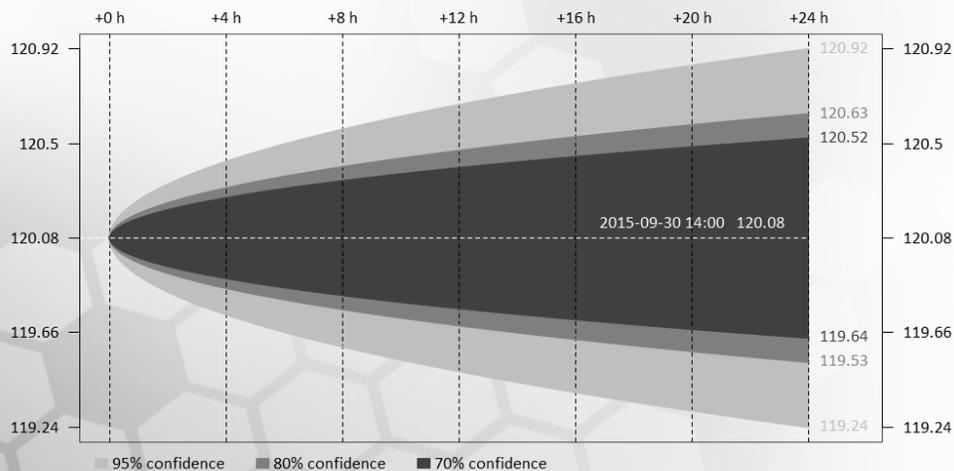
EURUSD Potential Rates



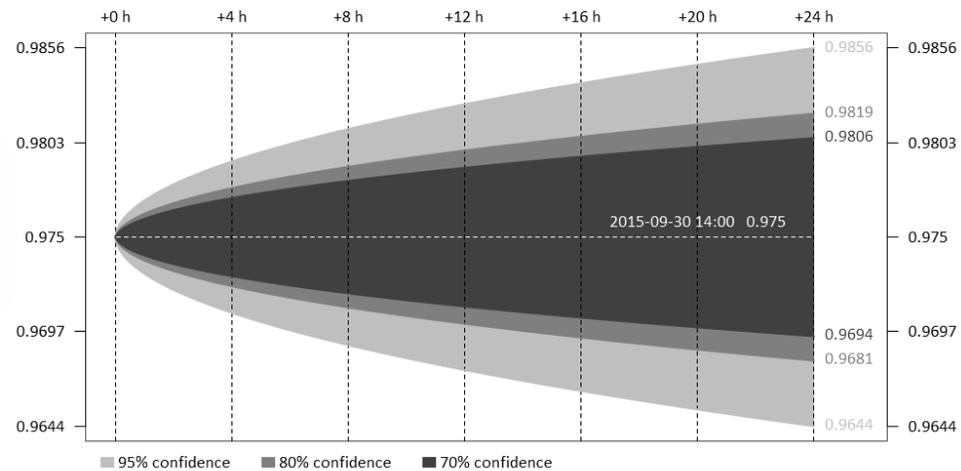
GBPUSD Potential Rates



USDJPY Potential Rates



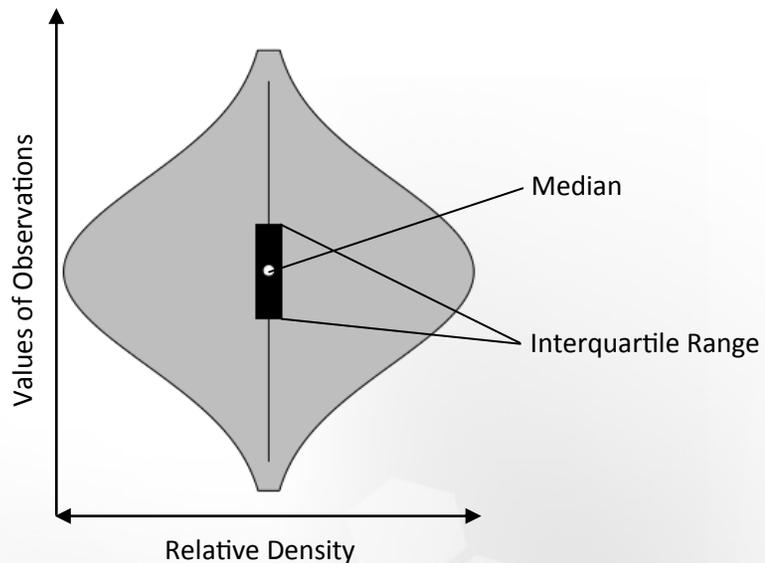
USDCHF Potential Rates



# EXPLANATIONS

## Violin Plot

Violin Plot is a combination of a Box Plot and rotated Kernel Density Plot



## Methodologies

Volatility Index

Confidence Interval



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