



USD

06/02/2013



DUKASCOPY
RESEARCH PRODUCTS



Market Research





Dominant Events for the U.S. Dollar

Yellow Area

January 30

07:00 - 21:00

- Spanish GDP [[link](#)]
- U.S. ADP Non-Farm Employment Change [[link](#)]
- U.S. GDP [[link](#)]
- FOMC Statement [[link](#)]
- RBNZ Rate Statement [[link](#)]

Turquoise Area

January 31

05:00 - 17:00

- German Retail Sales [[link](#)]
- U.S. Unemployment Claims [[link](#)]
- Chicago PMI [[link](#)]

Blue Area

February 1

06:00 - 19:00

- Eurozone Manufacturing PMI [[link](#)]
- U.S. Non-Farm Employment Change [[link](#)]
- U.S. Unemployment Rate [[link](#)]

Purple Area

February 4

07:00 - 18:00

- Eurozone Sentix Investor Confidence [[link](#)]
- U.K. Construction PMI [[link](#)]
- U.S. Factory Orders [[link](#)]

Orange Area

February 5

06:00 - 19:00

- Eurozone Services PMI [[link](#)]
- U.K. Services PMI [[link](#)]
- Eurozone Retail Sales [[link](#)]
- U.S. ISM Non-Manufacturing PMI [[link](#)]

USD Currency Index Range

0.28%	0.26%	0.26%	0.13%	0.28%
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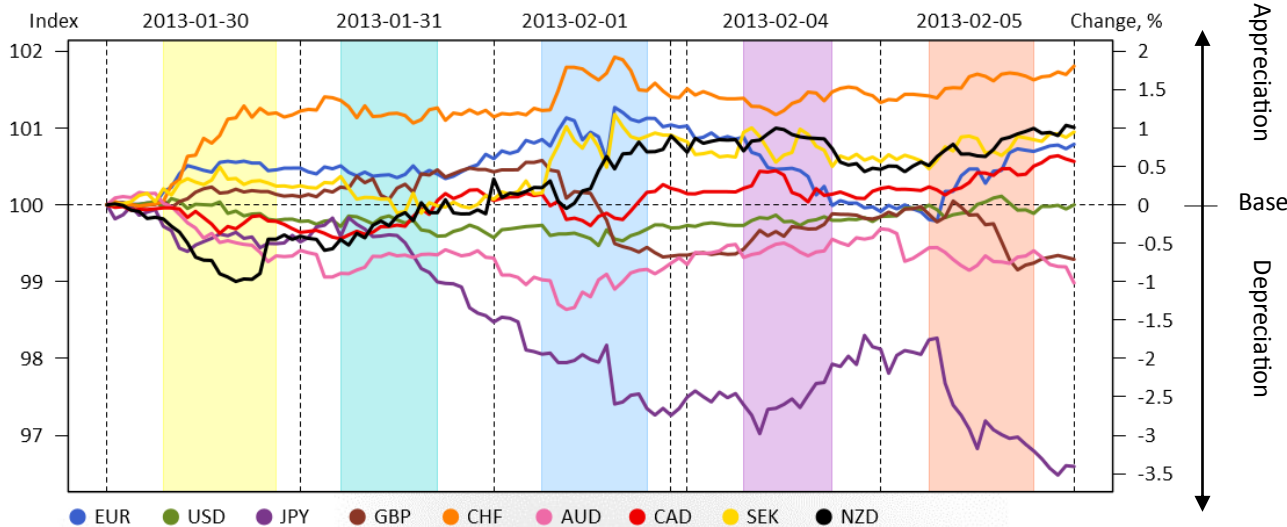
Average EUR/USD Volatility Index

0.89	0.82	1.51	1.03	1.48
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Relative Currency Strength

Currency Indices

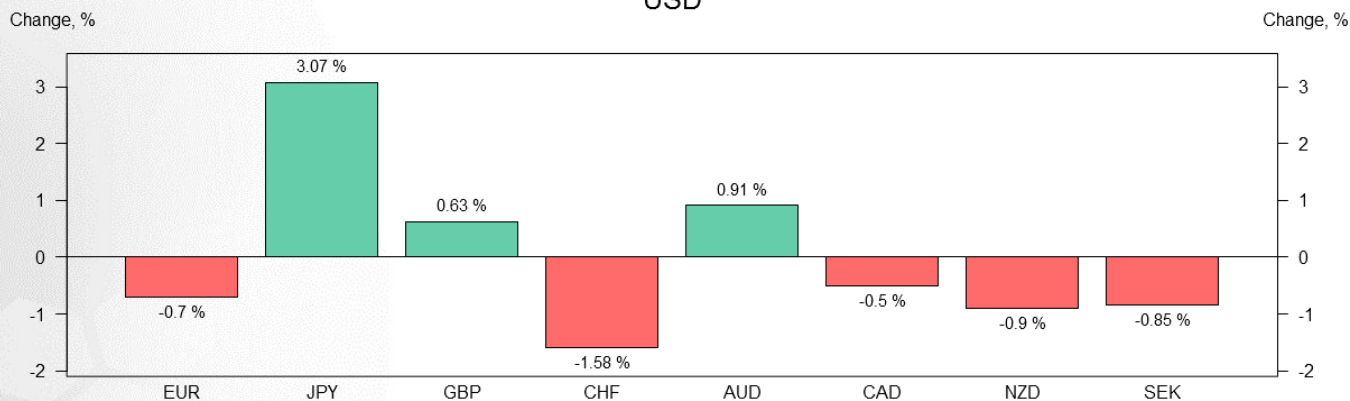


The macroeconomic data from the United States continue to disappoint, showing weakness in the recovery of the world's biggest economy. The GDP posted a negative figure, unemployment claims and unemployment rate proved to be higher, while services PMI and factory orders numbers also took away some of the optimism. Notwithstanding, the U.S. Dollar has demonstrated its resilience, being that the news did not undermine the conviction of market participants, who remained confident these events will not recur and the main tendency should stay largely unchanged. As a result, the value of the buck returned to its starting point after a shallow decline.

USD

Such immovability of the buck is not observed only in the short term, but is also present in an entire six-month perspective, as at the moment the currency is merely 0.6% below the levels seen 130 trading days ago. For a comparison, debasement of the Japanese Yen for the same period amounts to 21%, while the Euro has already advanced 10% on average relatively to their major counterparts.

Due to stability of the greenback the changes in USD crosses were minimal and generally were not surpassing 1%. The only exceptions were USD/JPY and USD/CHF currency pairs that did not lose their momentum and posted a 3.07% rally and a 1.58% dip respectively.



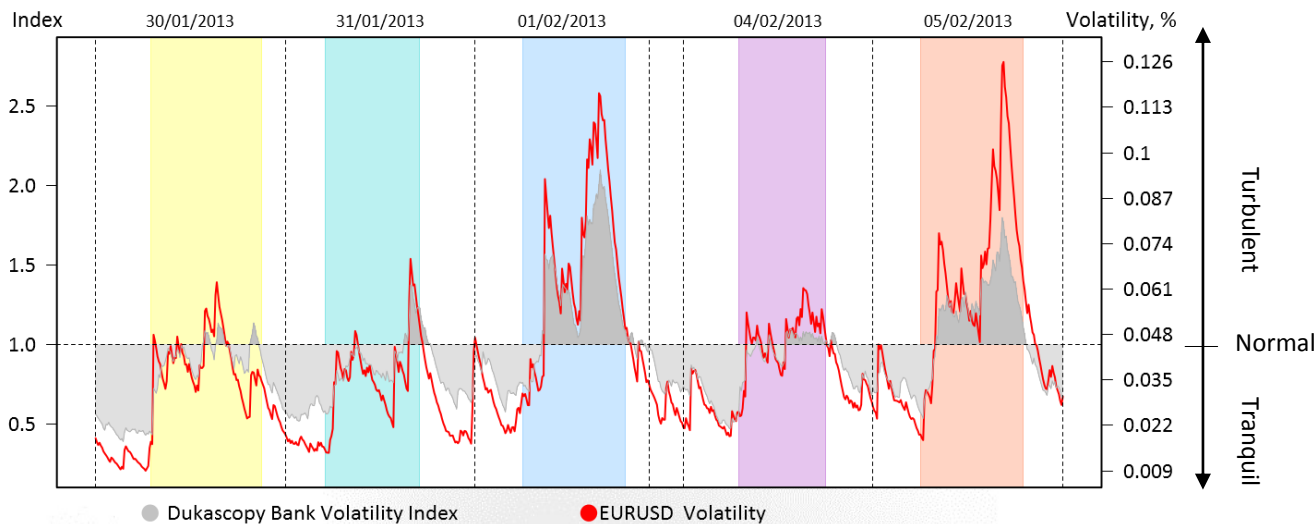
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	SEK	NZD
5	0.79%	0.00%	-3.41%	-0.71%	1.81%	-1.02%	0.57%	0.95%	1.01%
20	4.24%	0.20%	-8.70%	-2.56%	2.17%	-1.27%	-0.84%	4.25%	0.98%
130	9.55%	-0.60%	-20.82%	-0.32%	6.63%	-2.90%	-0.22%	5.97%	2.65%



Volatility

Volatility



The days of increased volatility have become significantly more pronounced relatively to tranquil days in the foreign exchange market. While the Dukascopy Bank Volatility Index reached values of 2.1 and 1.8 on Feb 1 and Feb 5 respectively, the measure of turbulence in the market during the rest of the days has hardly exceeded a mark of normal variability, staying below it for the most of the time. Overall, DBVI was elevated for 31% of the time since Jan 30, but on Feb 1 and Feb 5 this measure grew up to 57 and 48 per cent accordingly.

There is also another change in responsiveness of the exchange rates, as the rise in their sensitivity is now associated with the start of the New York trading session rather than with the beginning of the European one, as was noted previously.

While AUD/USD proved to be the most frequently volatile currency pair, since more than a half (52%) of its volatility index observations were above 1, the highest value was attained by EUR/USD volatility index instead, which was maximally 2.8. Alternatively, USD/JPY is the least changeable currency pair comparatively to its usual behaviour and its pace of change is thus gradually tapering off.

Elevated Volatility (% of the observed period)

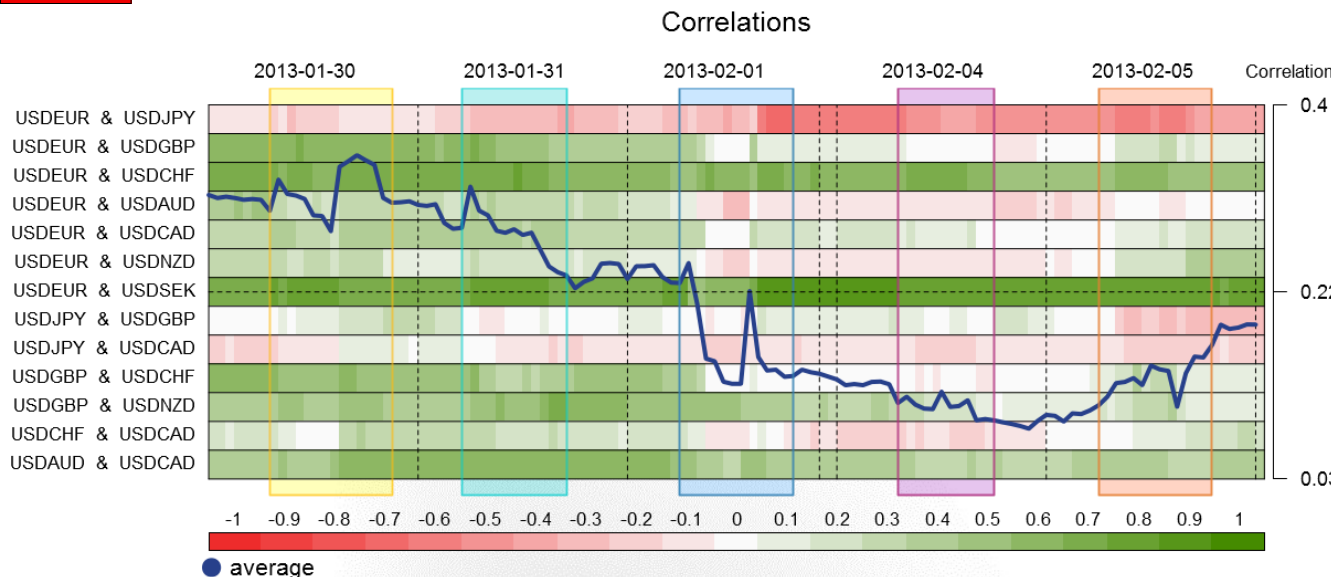
Market	EUR/USD	USD/JPY	GBP/USD	AUD/USD	USD/CAD	USD/CHF	EUR/JPY	EUR/GBP	EUR/CHF	USD/SEK	NZD/USD
	31	23	40	52	37	34	24	41	30	33	42

Volatility Index (for the observed period)

	Market	EUR/USD	USD/JPY	GBP/USD	AUD/USD	USD/CAD	USD/CHF	EUR/JPY	EUR/GBP	EUR/CHF	USD/SEK	NZD/USD	
Max		2.1	2.8	1.8	2.7	2.6	2.4	2.1	2.2	3	2	2.6	2.7
Min		0.4	0.2	0.4	0.3	0.5	0.3	0.2	0.4	0.3	0.2	0.3	0.5
Average		0.9	0.9	0.8	0.9	1.1	0.9	0.9	0.9	1	0.8	0.9	1



Currency Significance

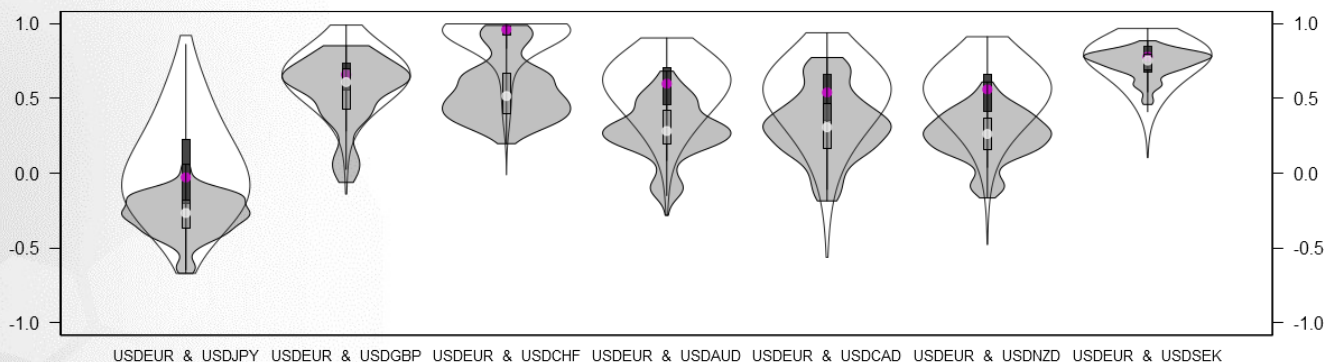


The significance of the U.S. Dollar has plummeted over the last five days, as the average correlation coefficient declined from 0.31 down to 0.18 (with the lowest point at 0.08), implying that already low influence of the currency has become even less noticeable. The largest drop in the measure of currency's importance occurred on Feb 1, when a number of reports on the state of the Eurozone economy was published. Neither news on non-farm employment change nor news on unemployment claims managed to halt this tendency, but had only a short-lived effect that was quickly negated.

A majority of the studied correlations have turned lower. The average 50-hour rolling correlation between USD/EUR and USD/JPY for the last 130 days was -0.09 , meaning no linear interrelationship among them, but lately has wandered further into the negative territory, as for the last five days it was already -0.42 , an already significant value that implies a tendency of these two currency pairs to move in the opposite directions.

The similar picture is observed with correlations of USD/EUR with USD/AUD and USD/NZD that recently started to tend to zero, exhibiting absence of interdependence. On the other hand, such links as USD/EUR & USD/CHF and USD/EUR & USD/SEK are not broken and stay strong over the course of time.

Correlations (20 vs 130 days)

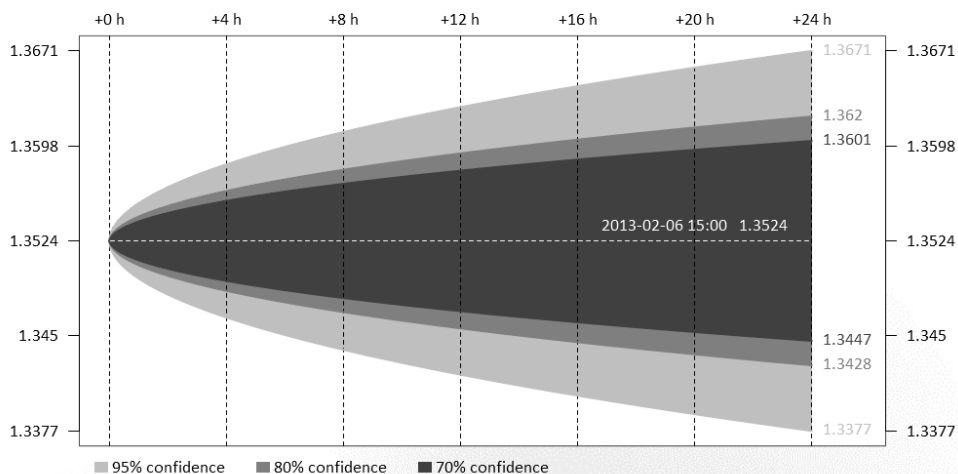


Mean Correlation Coefficient (with USDEUR)

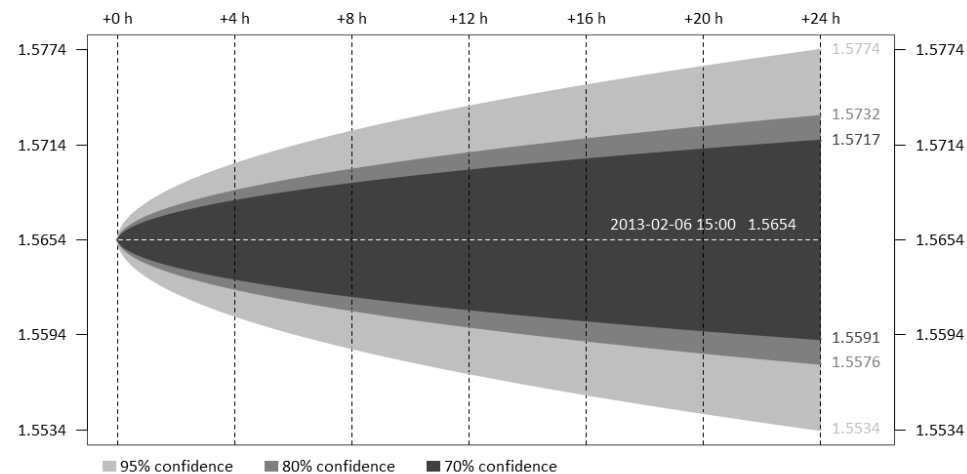
Days	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	-0.42	0.21	0.6	0.03	0.19	0.07	0.77
20	-0.28	0.54	0.56	0.27	0.32	0.25	0.73
130	-0.09	0.62	0.86	0.49	0.41	0.44	0.67

Confidence Intervals for Next 24 Hours

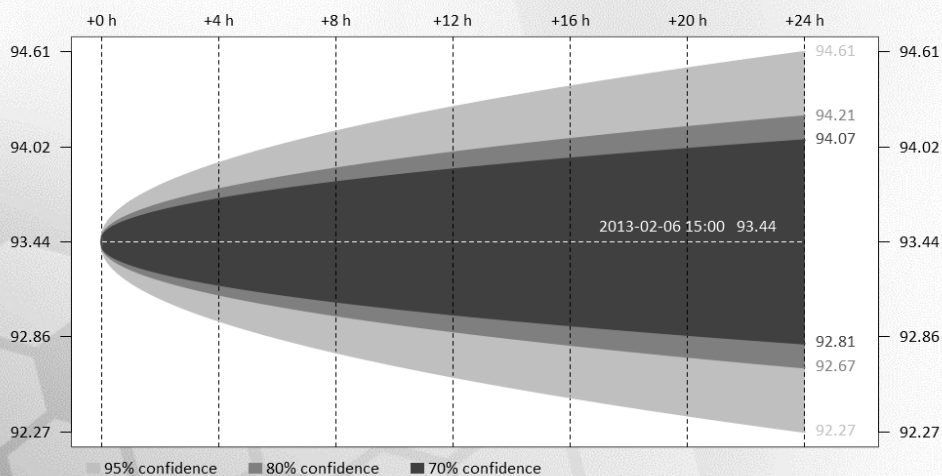
EURUSD Potential Rates



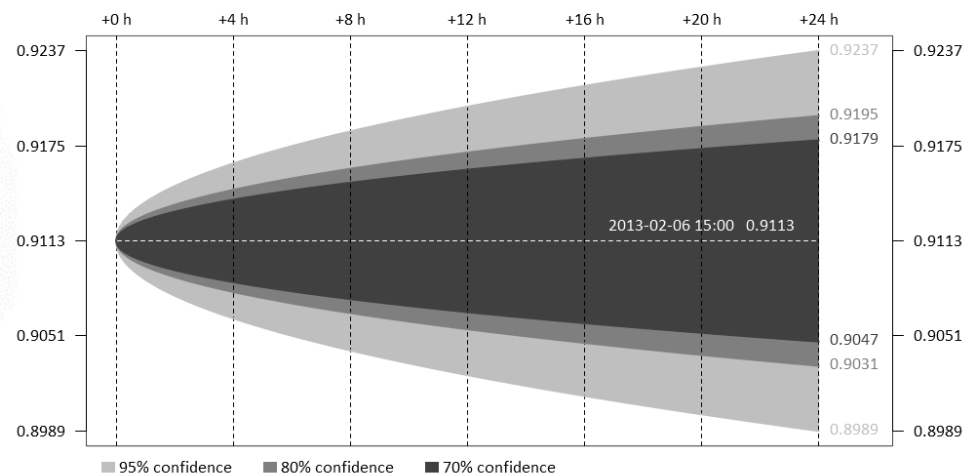
GBPUSD Potential Rates



USDJPY Potential Rates



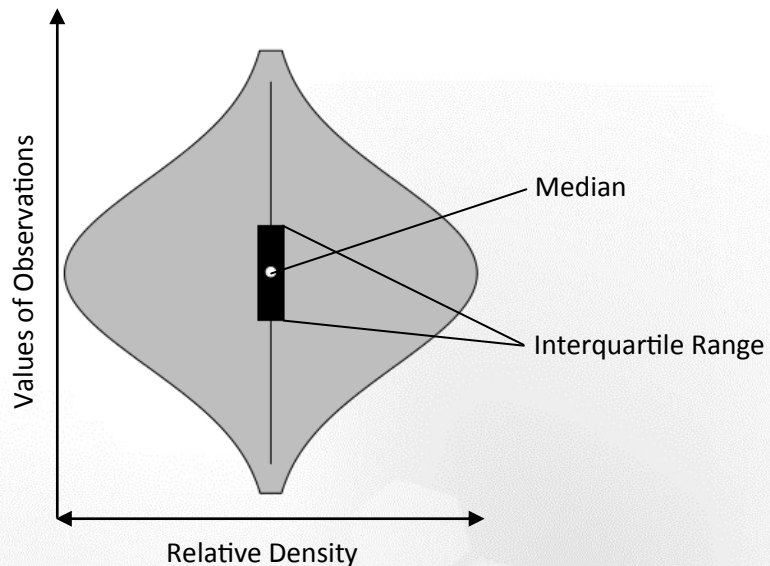
USDCHF Potential Rates



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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