



CHF

14/06/2013



DUKASCOPY
RESEARCH PRODUCTS



Market Research



Dominant Events for the Swiss Franc

Yellow Area

June 7

08:00 - 18:00

- SNB Foreign Currency Reserves [\[link\]](#)
- German Industrial Production [\[link\]](#)
- U.S. Non-Farm Employment Change and Unemployment Rate [\[link\]](#)

Turquoise Area

June 10

12:00 - 18:00

- Swiss Retail Sales [\[link\]](#)
- Eurozone Investor Confidence [\[link\]](#)
- FOMC Member Bullard Speech [\[link\]](#)

Blue Area

June 11

06:00 - 19:00

- BOJ Monetary Policy Statement [\[link\]](#)
- U.S. Small Business Confidence [\[link\]](#)

Purple Area

June 12

06:00 - 18:00

- German CPI [\[link\]](#)
- Eurozone Industrial Production [\[link\]](#)
- U.S. Federal Budget Balance [\[link\]](#)

Orange Area

June 13

06:00 - 15:00

- Swiss PPI [\[link\]](#)
- U.S. Retail Sales and Unemployment Claims [\[link\]](#)

CHF Currency Index Range

0.52%	0.47%	0.76%	0.81%	1.16%
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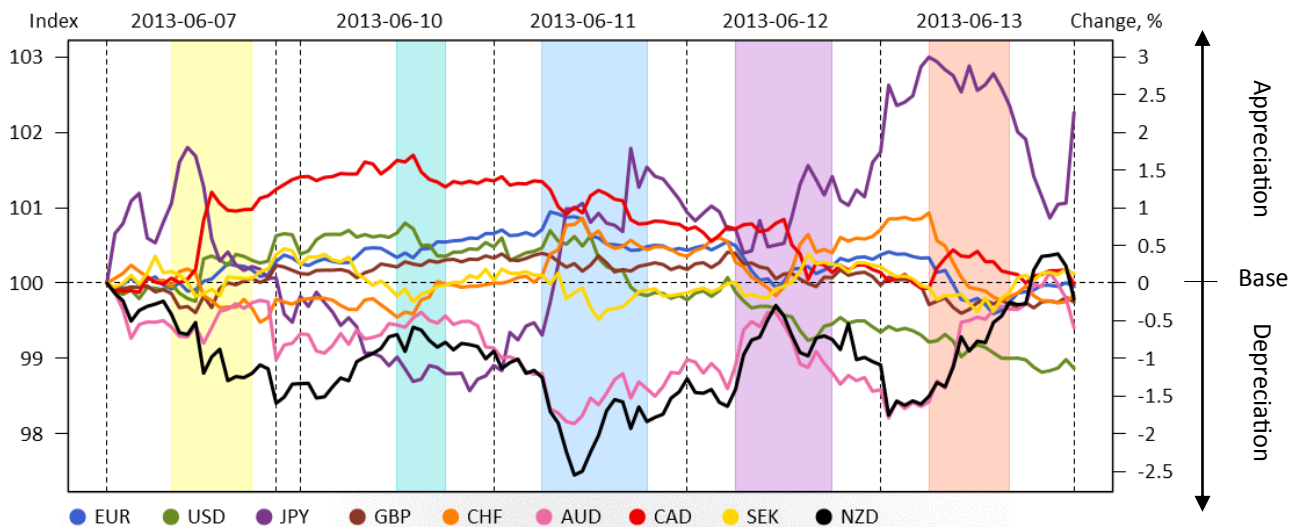
Average USD/CHF
Volatility Index

1.38	1.19	1.09	0.95	1.18
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Relative Currency Strength

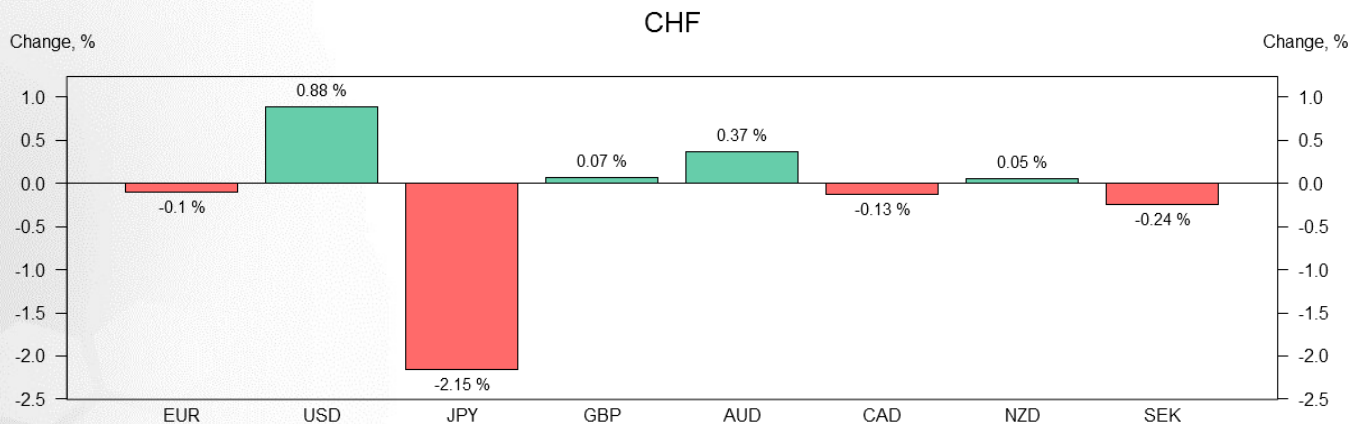
Currency Indices



On Jun 13 the Swiss Franc was only a fraction (0.16%) lower than on Jun 7, meaning that presently the currency is largely directionless. Still, within this five-day period it managed to soar 0.9% above the initial level and dip 0.5% below the starting point of 100. We could argue that these deviations were a result of Swiss and Eurozone macroeconomic data published lately, namely, SNB foreign currency reserves, Swiss retail sales, Eurozone industrial production, etc. However, this held true only for the first few days and was not topical at the end.

EUR and CHF, being strongly correlated, started to react inversely to moves in antipodeans, i.e. Australian and New Zealand dollars. The latter have become considerably more active and now to a large extent influence their counterparts, striking examples of which were observed the last two days, when the largest changes in the European currencies coincided with strong fluctuations in AUD and NZD. These were also the cases when EUR and CHF were behaving contrary to the direction implied by the fundamental data that were in fact positive.

All in all we still do not see positive for Switzerland tendency in the exchange rates: the national currency appreciated 2.7% in 20 days and 4.2% in 130 days.



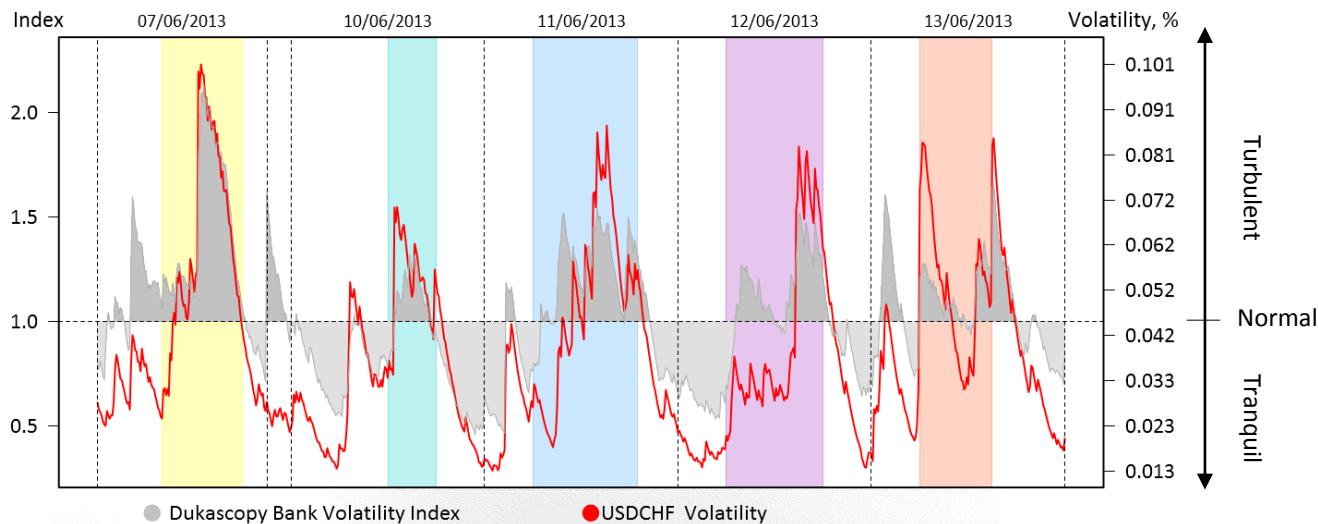
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	SEK	NZD
5	-0.05%	-1.13%	2.26%	-0.25%	-0.16%	-0.59%	-0.02%	0.12%	-0.21%
20	1.67%	-2.38%	7.82%	0.82%	2.72%	-4.76%	-2.11%	0.71%	-3.18%
130	6.17%	3.33%	-11.36%	0.41%	4.22%	-7.33%	-0.22%	6.24%	-1.45%



Volatility

Volatility



Looking at the graph we can now see three distinct stages of volatility development throughout a day. At first there is an increase in activity right after the midnight at the start of session in Tokyo. Then, after a brief pause, the rates begin to move at even faster rate with the commencement of European trading hours. However, following a few hours of increased volatility, it recedes until the exchange in New York is opened. Working hours of this market are accompanied with the highest levels of turbulence in the Forex, as this time interval overlaps with European session. Accordingly, peaks of Dukascopy Bank Volatility Index are usually recorded around 1 p.m. GMT.

The current week stands out of the last ones in terms of volatility. It might have not been marked with the highest DBVI values, but the frequency of larger price changes than it is historically implied was greatly increased. Out of all this week's 721 DBVI values, 51% were higher than a level of 1.

If we are to identify the most volatile currencies, all the Asian ones would fall under this category. Although this list is generally limited only to the Japanese Yen, Aussie and kiwi were also able to join the club, mainly because of the Australian labour market statistics and the recent RBNZ monetary policy statement, both of which benefited the respective currencies.

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
51	34	65	28	53	31	32	67	45	22	41	55

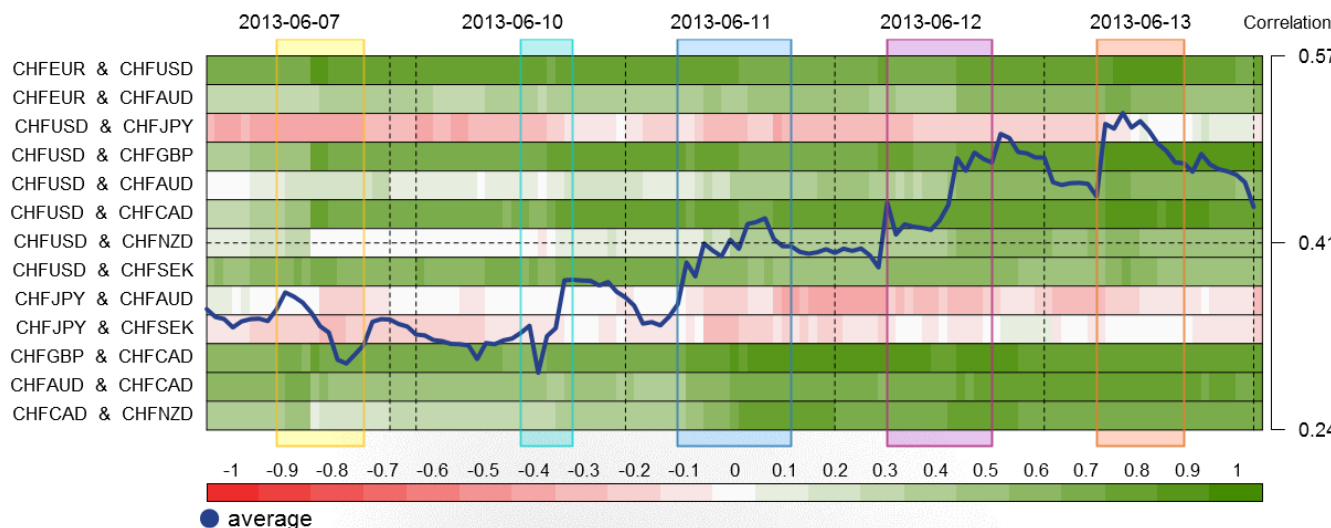
Volatility Index (for the observed period)

	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	2.6	3.6	2.6	3.6	2.7	2.2	3.9	2.2	2.1	2.1	2.9
Min	0.5	0.3	0.5	0.2	0.4	0.3	0.3	0.5	0.2	0.2	0.2	0.5
Average	1	0.9	1.2	0.9	1.1	0.9	0.9	1.2	1	0.8	0.9	1.1



Currency Significance

Correlations

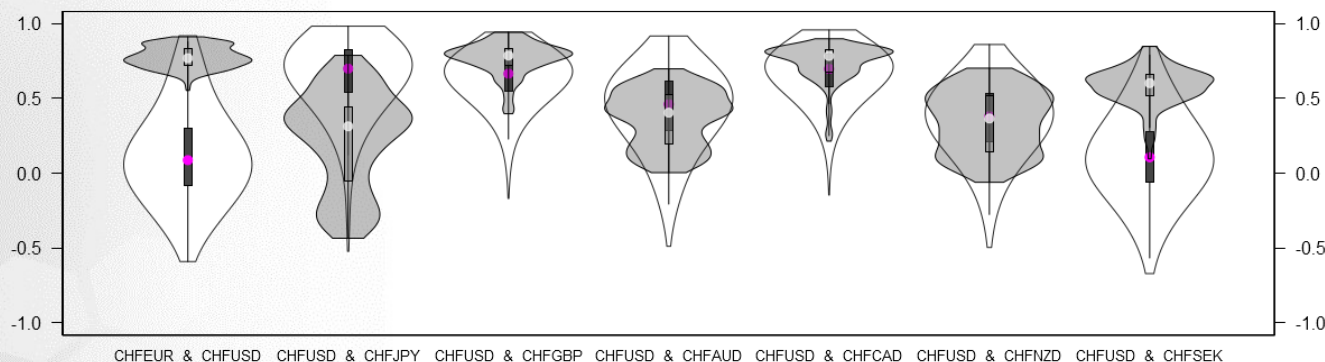


Although there were no obvious reasons for the Franc's significance to increase, on average the 50-hour rolling correlation coefficients among CHF crosses strengthened. There were news that related to the well-being of the Swiss economy, but the level of currency's important advanced gradually. Accordingly, we must look elsewhere to find the reasons why, for example, CHF/USD with CHF/EUR and CHF/USD with CHF/SEK are becoming similar, being that their latest correlation coefficients are 0.4 points higher than during the last six months.

Interrelationship between CHF/USD and CHF/JPY, on the other hand, surprised to the downside. Previously significant direct correlation of 0.5 has become two times weaker in a monthly perspective than in a half of a year and even turned negative in a weekly perspective.

Consequently, when developing a trading strategy, it is better to apply it to those currency pairs interdependency between which is stable, such as CHF/USD and CHF/GBP. It should considerably increase accuracy and reliability of the forecasts made on the basis of instruments' correlation.

Correlations (20 vs 130 days)



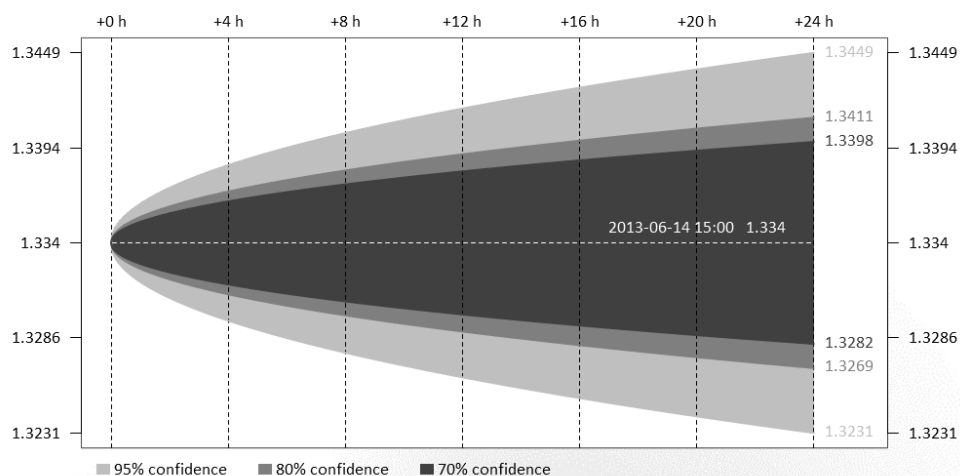
Mean Correlation Coefficient (with CHFUSD)

Days	CHFEUR	CHFJPY	CHFGBP	CHFAUD	CHFCAD	CHFNZD	CHFSEK
5	0.78	-0.19	0.78	0.36	0.78	0.33	0.58
20	0.77	0.22	0.76	0.37	0.74	0.34	0.58
130	0.31	0.51	0.62	0.57	0.75	0.46	0.26

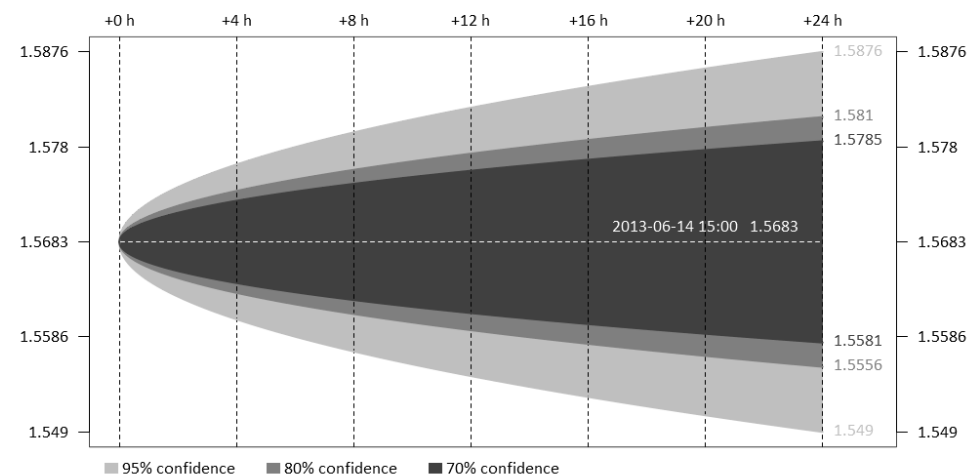
Friday, June 14, 2013
15:30 GMT

Confidence Intervals for Next 24 Hours

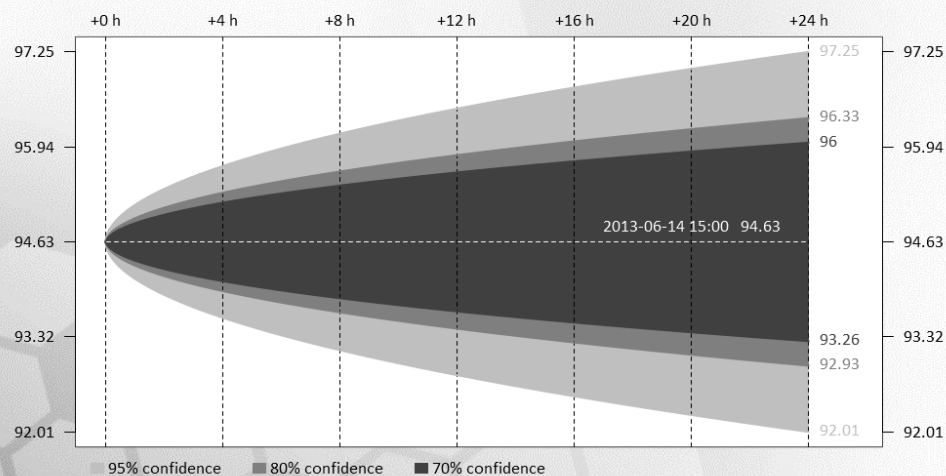
EURUSD Potential Rates



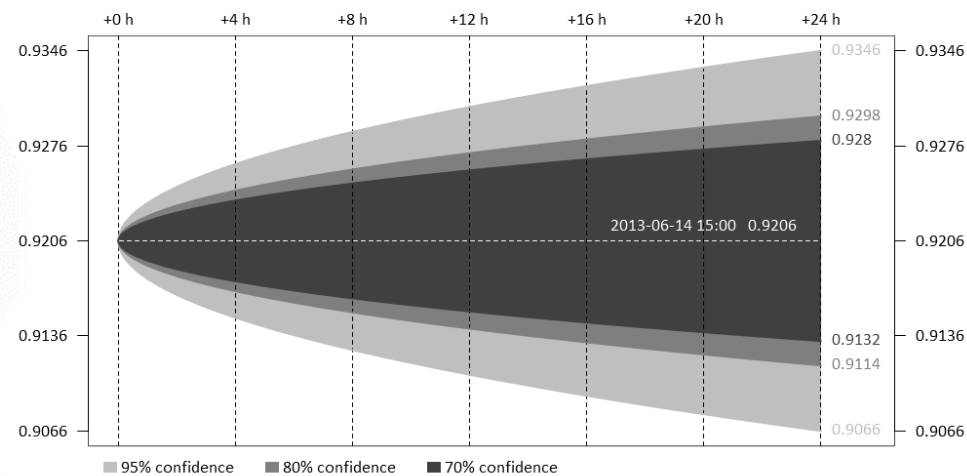
GBPUSD Potential Rates



USDJPY Potential Rates



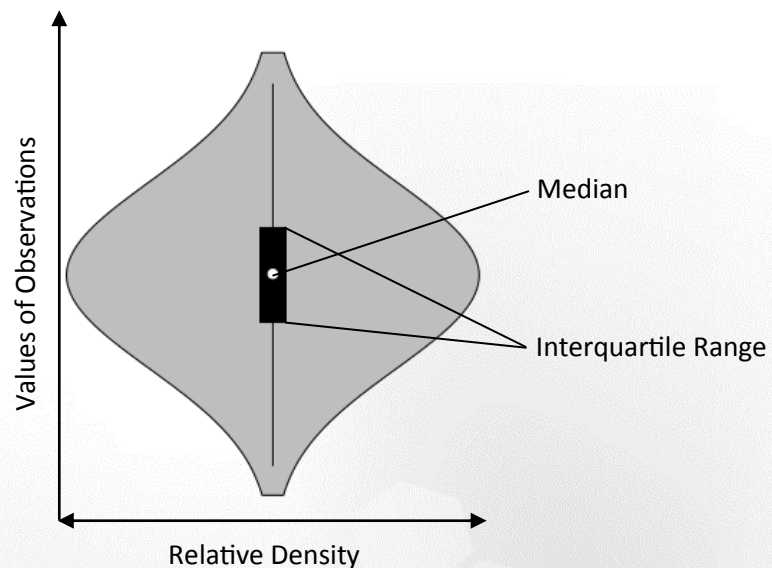
USDCHF Potential Rates



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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