

JPY

01/10/2014



DUKASCOPY
RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

September 24

00:00 - 15:30

- Australian CB Leading Indicator
- Nomura/JMMA Flash PMI
- UBS Consumption Indicator, SNB Quarterly Bulletin
- German IFO Survey
- U.S. MBA Mortgage Applications, New Home Sales

Turquoise Area

September 25

01:30 - 18:00

- RBA Governor Speech
- ECB President Speech
- U.S. Durable Goods Orders, Jobless Clams, Flash Market PMI
- BoE Governor Speech

Blue Area

September 25 - 26

23:00 - 16:30

- Japanese National CPI, Tokyo CPI, Foreign Bond Investment
- German Gfk Survey
- U.S. GDP, Personal Consumption Expenditures, Michigan CSI

Purple Area

September 29

01:30 - 16:00

- UK Consumer Credit, Mortgage Approvals, Net Lending to Individuals
- German Flash CPI, HICP
- U.S. Personal Income, Personal Spending, Pending Home Sales

Orange Area

September 29 - 30

23:00 - 16:00

- UK Gfk Survey
- Japanese Overall Household Spending, Unemployment, Flash Industrial Production, Retail Trade, Housing Starts
- German Retail Sales, Unemployment, Euro zone Flash CPI
- UK GDP

JPY Currency Index Range

0.22%

0.95%

0.34%

0.38%

0.29%

Average JPY Volatility Index

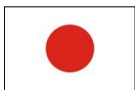
1.02

1.07

0.96

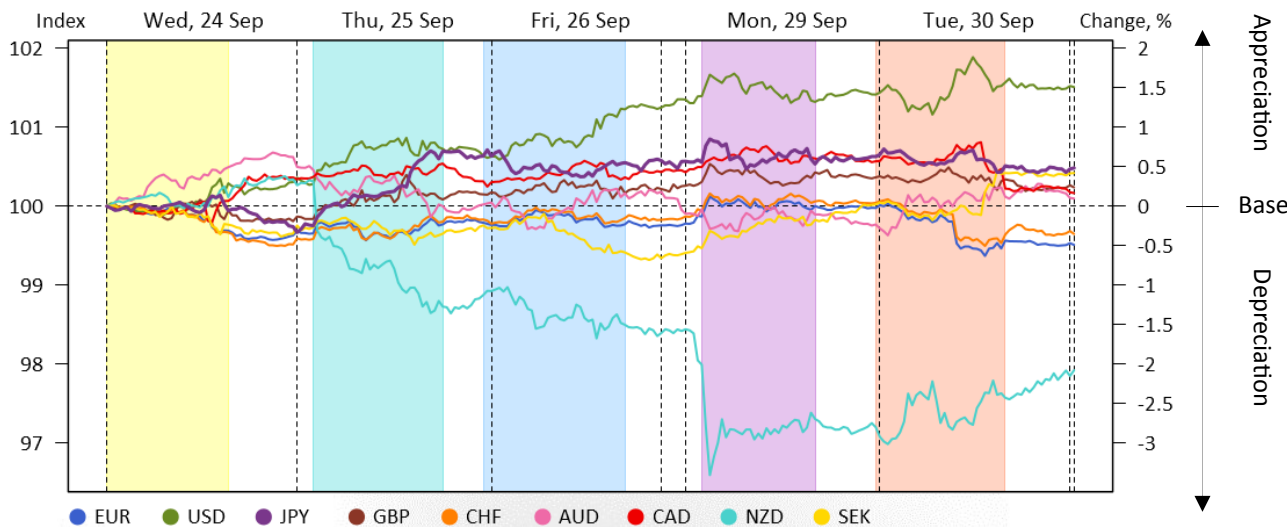
1.18

1.02



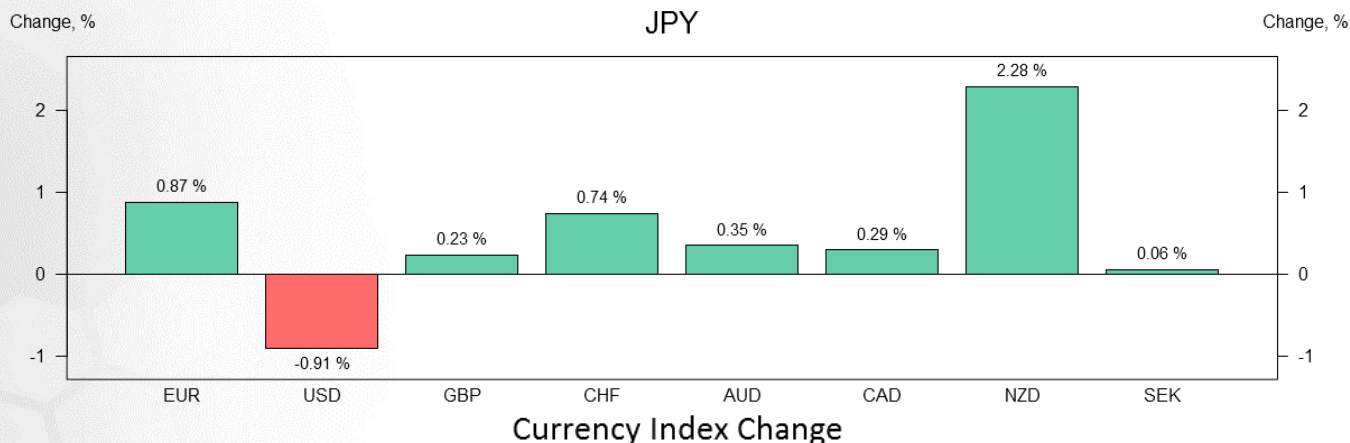
Relative Currency Strength

Currency Indices

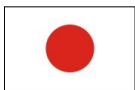


Almost a month-long decrease of the yen index, caused by the Japan's Pension Fund reform, seemed to have come to an end, and the past periods saw it start to recover. During the past five trading days the JPY Index was sharing the second-best's status with the CAD gauge, but disappointing Canadian GDP pushed the Loonie down, and the yen ended the period losing only to the Greenback. The 2.08% decrease made the Kiwi the main loser of the period. The NZD Index was on a downtrend since the beginning of the period, and the confirmation of the RBNZ intervention in the currency market last month resulted in a dramatic fall of the Kiwi to its new one-year low.

After spending the first day on the baseline, the JPY index started to grow on Thursday, against the background of the RBA governor's speech, and by the time of the inflation numbers releases reached the level of 100.7. In the meantime, Glenn Stevens' speech has caused the Pacific currencies to decline, and AUD and NZD indexes lost over 0.45 and 0.62 points, respectively. September 29 was rich with the Japanese data releases. Nevertheless, the index only gained 0.1 points and almost immediately started to fall. Greater-than-expected housing starts data roused another short-lived growth of the yen, and the index ended the period at the 100.48 mark.

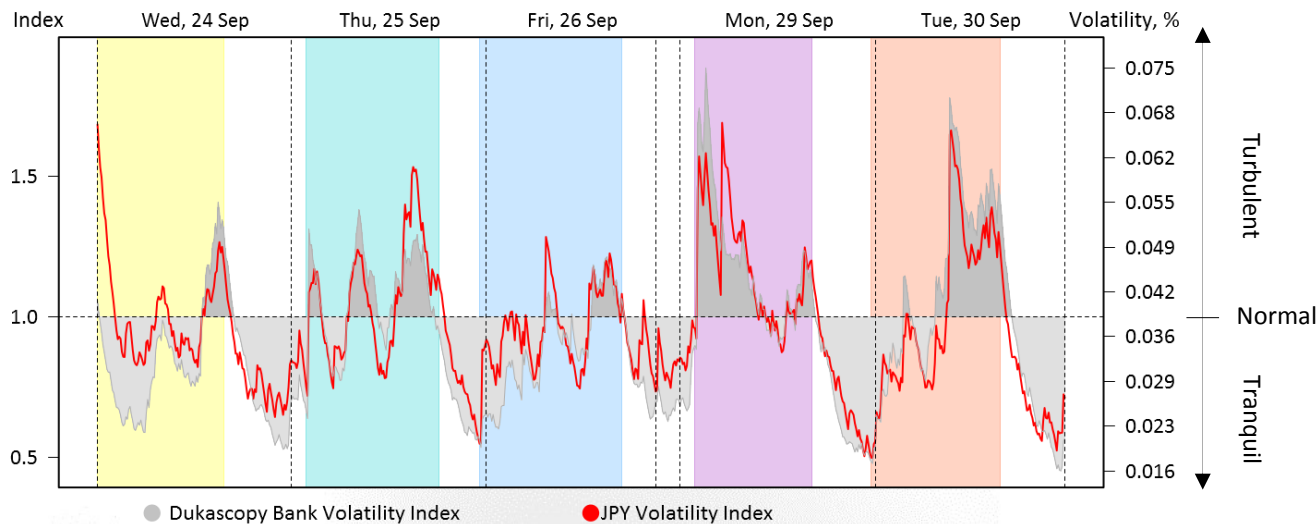


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.49%	1.51%	0.48%	0.24%	-0.35%	0.1%	0.17%	-2.08%	0.42%
20	-0.54%	3.76%	-0.85%	1.98%	-0.44%	-2.85%	1.03%	-2.88%	0.81%
130	-3.19%	6.69%	0.34%	3.65%	-2.04%	0.39%	5.27%	-4.51%	-5.97%
250	-0.86%	6.81%	-5.38%	7.01%	0.87%	-0.17%	-2.38%	0.37%	-6.26%



Volatility

Volatility



The period was associated with moderate volatility values and medium portion of elevated volatility for both the market and the yen. As can be seen from tables, the New Zealand dollar was the period's most volatile currency – its the Volatility Index reached the 5.27 level early on Monday. Moreover, the greatest peak of the market volatility took place at the same moment, and the JPY Volatility Index reached its maximum of 1.69 a couple of hours later. Despite the fact that a host of influential news on Japan's economy was released during the period, there was no evidence of significantly growing turbulence which means no strong reaction to them.

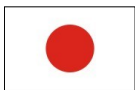
The first day of the period was relatively tranquil – the only noticeable spike of market volatility was caused by unexpectedly high home sales in the U.S. Three consequent peaks on Thursday followed the speeches of RBA, ECB and BoE heads. Japanese CPI release in the evening did make the volatility grow, but it didn't even reach its historical average. JPY volatility followed the same pattern against the background of Monday's news from Japan. On the other hand, Euro zone CPI announcement on Tuesday morning caused the greatest spike of the EUR Volatility Index currency's and second highest of the market's gauge.

Elevated Volatility (% of the observed period)

Market	JPY	EURJPY	USDJPY	GBPJPY	CHFJPY	AUDJPY	CADJPY	NZDJPY	SEKJPY
36	38	28	30	15	29	53	43	62	28

Volatility Index (for the observed period)

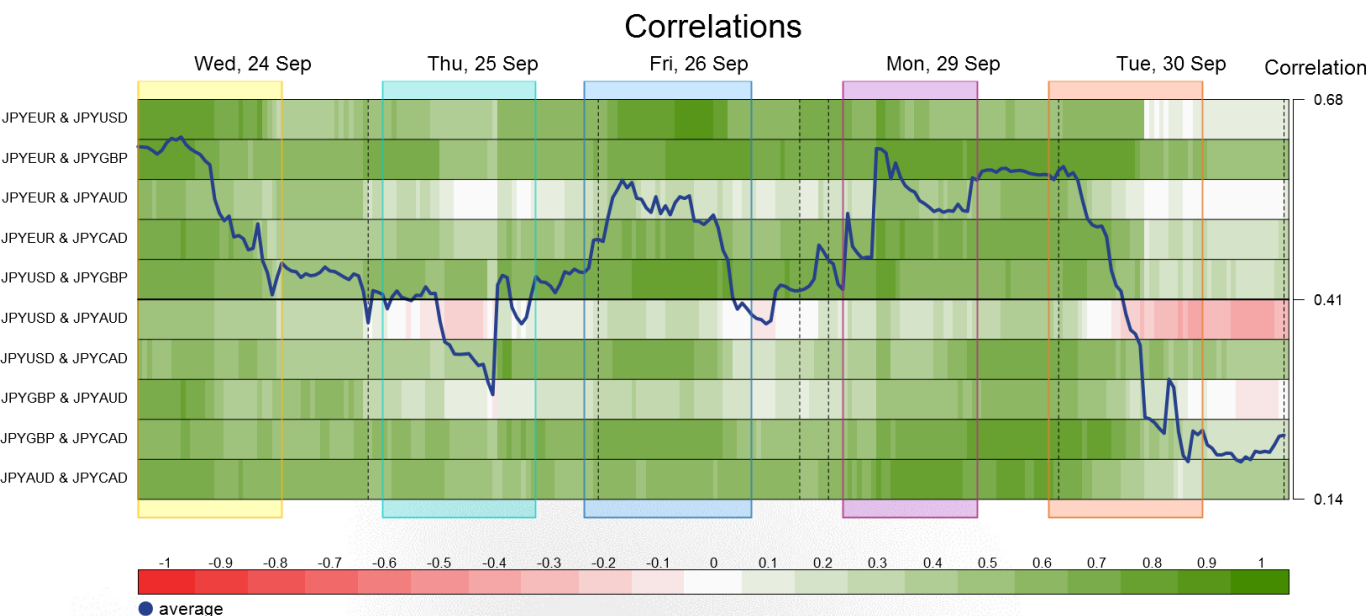
	Market	JPY	EURJPY	USDJPY	GBPJPY	CHFJPY	AUDJPY	CADJPY	NZDJPY	SEKJPY
Max	1.89	1.69	3.22	2.91	1.81	2.85	2.34	1.85	4.91	2.27
Min	0.45	0.5	0.36	0.34	0.34	0.35	0.43	0.25	0.44	0.4
Average	0.92	0.96	0.91	0.93	0.77	0.92	1.07	0.94	1.23	0.89



Currency Significance

During the period the correlations of JPY pairs were mostly on their historical average levels. Only Tuesday stood out for low correlations that are reflected in the heavy lower tails of the component distributions.

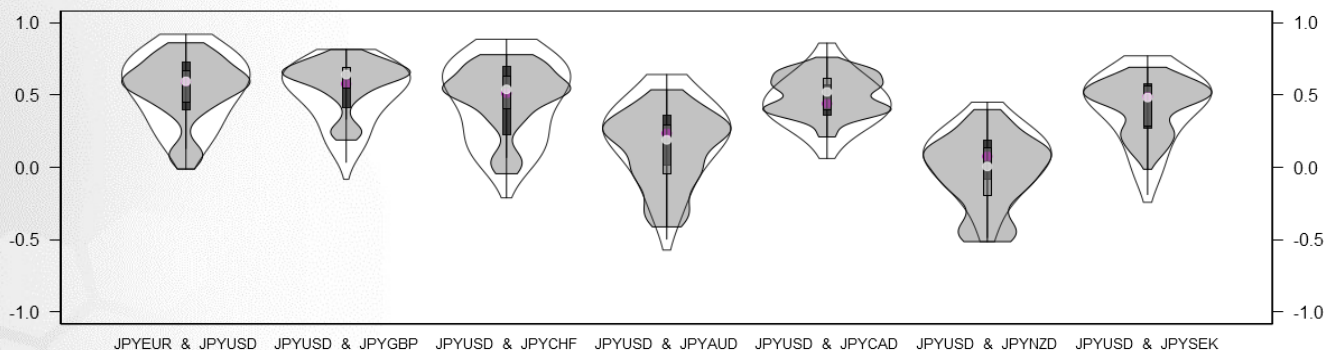
The average correlation of JPY pairs, which measures yen's significance on the market, started the period at a high 0.62 level, but in absence of influential news on Japan's economy reduced down to the 0.4 mark towards the end of the day. The Aussie, the Euro, and the pound were in focus on Thursday, as the heads of the National Banks gave their comments on economic conditions,



which resulted in weakening of the yen's significance. However, the gauge rose notably overnight, when mixed data on CPI and positive data on investment in domestic market was released. The end of the week was associated with U.S. GDP release, so significance of the yen declined.

The beginning of the current trading week was marked with high correlations of the JPY pairs. During Monday the gauge varied around the 0.57 mark and remained on this relatively strong level against the background of late releases of variety of Japan's macroeconomic indicators, including unexpectedly optimistic unemployment rate and retail sales. Nevertheless, all observed correlations weakened dramatically on Tuesday, when significantly positive change in German unemployment and UK and Canada's GDP announcements made the currencies market drivers.

Correlations (5 vs 20 days)

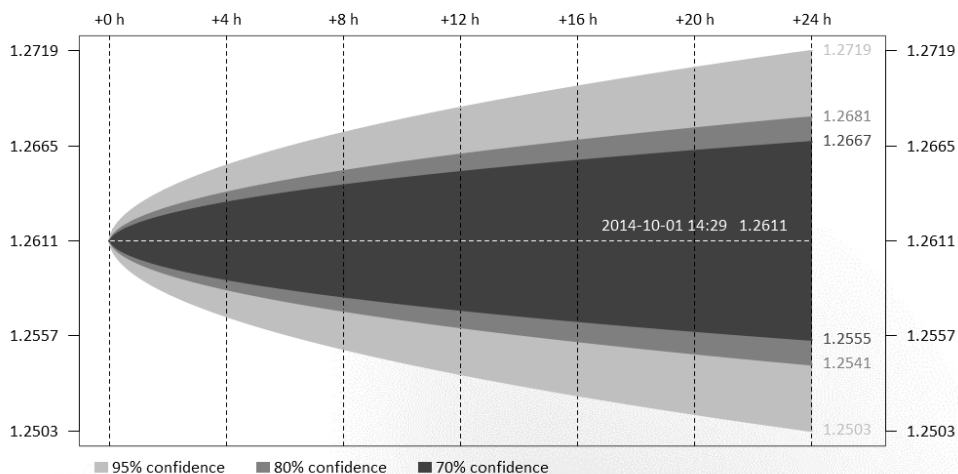


Mean Correlation Coefficient (with JPYUSD)

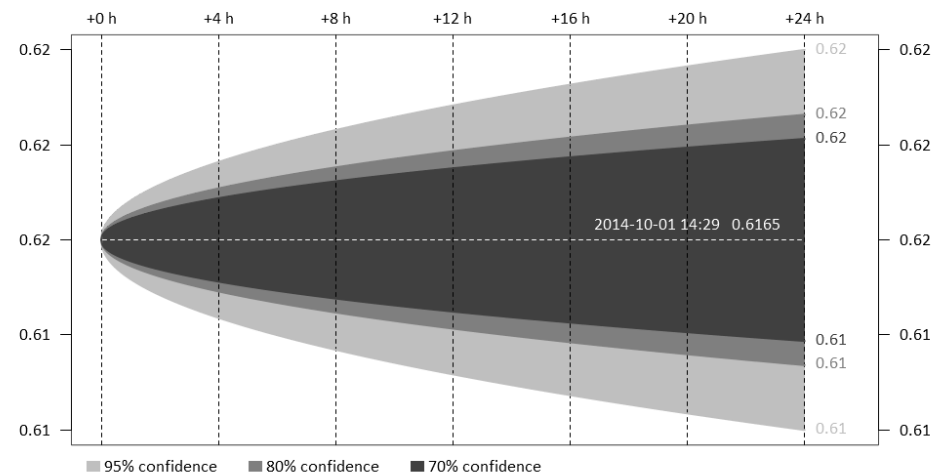
Days	JPYEUR	JPYGBP	JPYCHF	JPYAUD	JPYCAD	JPYNZD	JPYSEK
5	0.54	0.59	0.49	0.12	0.5	-0.04	0.43
20	0.54	0.52	0.47	0.19	0.46	0.04	0.42
130	0.59	0.61	0.48	0.34	0.56	0.21	0.44
250	0.65	0.65	0.52	0.41	0.62	0.32	0.5

Confidence Intervals for Next 24 Hours

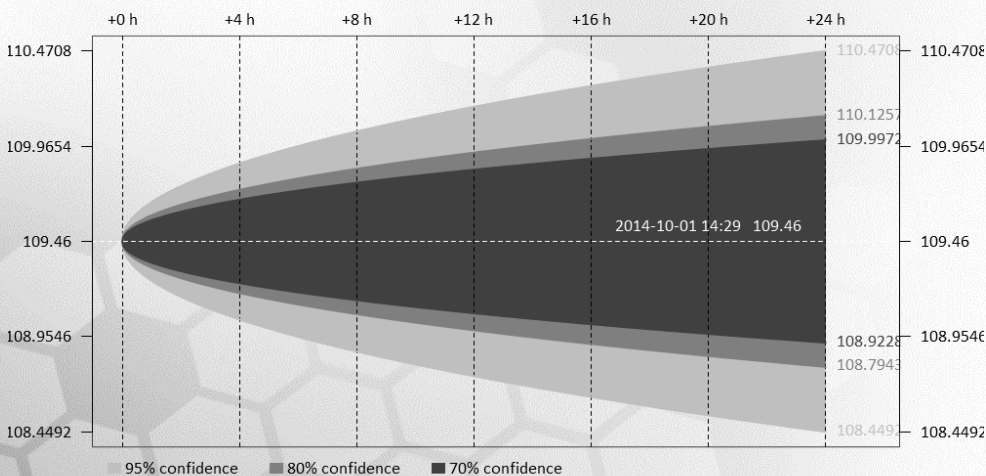
EURUSD Potential Rates



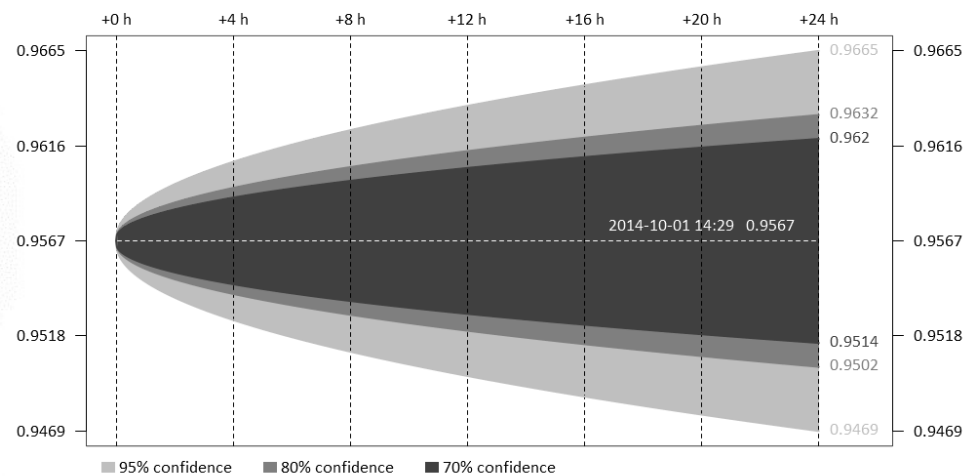
GBPUSD Potential Rates



USDJPY Potential Rates



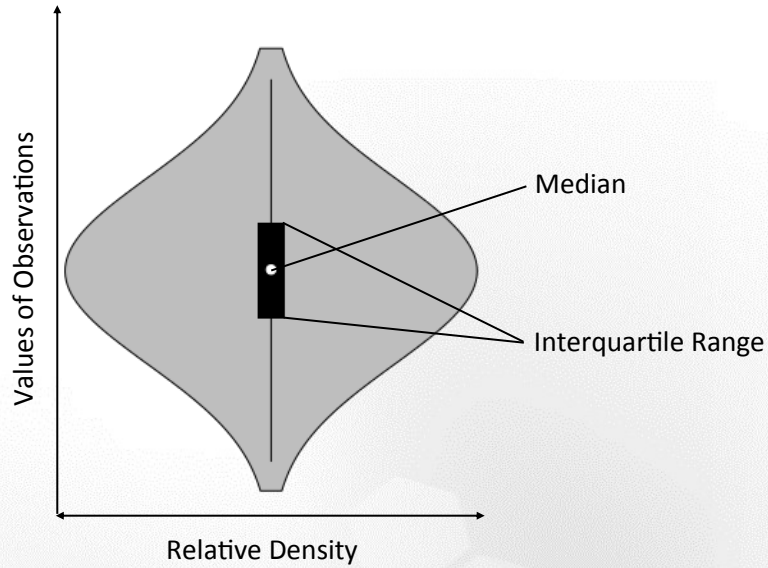
USDCHF Potential Rates



EXPLANATIONS

Violin Plot

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



Methodologies

Volatility Index

Confidence Interval



Newest releases and archive:

- Fundamental Analysis
- Technical Analysis
- Press Review
- Market Research
- Expert Commentary
- Dukascopy Sentiment Index
- Trade Pattern Ideas
- Global Stock Market Review
- Commodity Overview
- Economic Research
- Quarterly Report
- Aggregate Technical Indicator

Additional information:

- Dukascopy Group Home Page
- Market News & Research
- FXSpider
- Live Webinars
- Dukascopy TV
- Daily Pivot Point Levels
- Economic Calendar
- Daily Highs/Lows
- SWFX Sentiment Index
- Movers & Shakers FX
- Forex Calculators
- Currency Converter
- Currency Index
- CoT Charts

Social networks:



Disclaimer

Everything in this article, including opinions and figures, is provided for informational purposes only and may not be interpreted as financial advice or solicitation of products. Dukascopy group assume no responsibility for the completeness or the accuracy of any data contained in this article. Financial figures indicated in this article have not been verified by the Dukascopy group. Views, opinions and analyses are those of the author of the article, and are not endorsed by the Dukascopy group.

Dukascopy group waive any and all warranties, express or implied, regarding, but without limitation to, warranties of the merchantability or the fitness for a particular purpose, with respect to all information in this article. Dukascopy group shall under no circumstances be responsible for any direct, indirect, consequential, contingent or any other damages sustained in connection with the use of this article.