



USD

06/10/2014



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Market Research





Dominant Events of the Period

Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
September 29	September 30	October 1	October 2	October 3
01:30 - 16:00	03:00 - 16:00	01:00 - 16:00	01:00 - 19:00	12:00 - 15:30
<ul style="list-style-type: none"> <u>UK Consumer Credit, Mortgage Approvals, Net Lending to Individuals</u> <u>Euro zone Economic Sentiment</u> <u>German Flash CPI, HICP</u> <u>U.S. Personal Income, Personal Spending, Pending Home Sales</u> 	<ul style="list-style-type: none"> <u>Japanese Housing Starts</u> <u>German Retail Sales, Unemployment, Euro zone Flash CPI</u> <u>UK GDP</u> <u>Euro zone Unemployment Rate</u> <u>U.S. Consumer Confidence</u> 	<ul style="list-style-type: none"> <u>Australian Retail Sales</u> <u>German, Euro zone Manufacturing PMI</u> <u>UK Manufacturing PMI</u> <u>U.S. Manufacturing PMI, ADP Employment Change</u> <u>RBC Manufacturing PMI</u> 	<ul style="list-style-type: none"> <u>Australian Trade Balance</u> <u>ECB Monetary Policy Statement</u> <u>U.S. Jobless Claims, Factory Orders</u> 	<ul style="list-style-type: none"> <u>U.S. Nonfarm Payrolls, Unemployment Rate, Non-Manufacturing PMI, Average Hourly Earnings, Average Weekly Hours, Labor Force Participation, Trade Balance, Services PMI, Composite PMI</u>

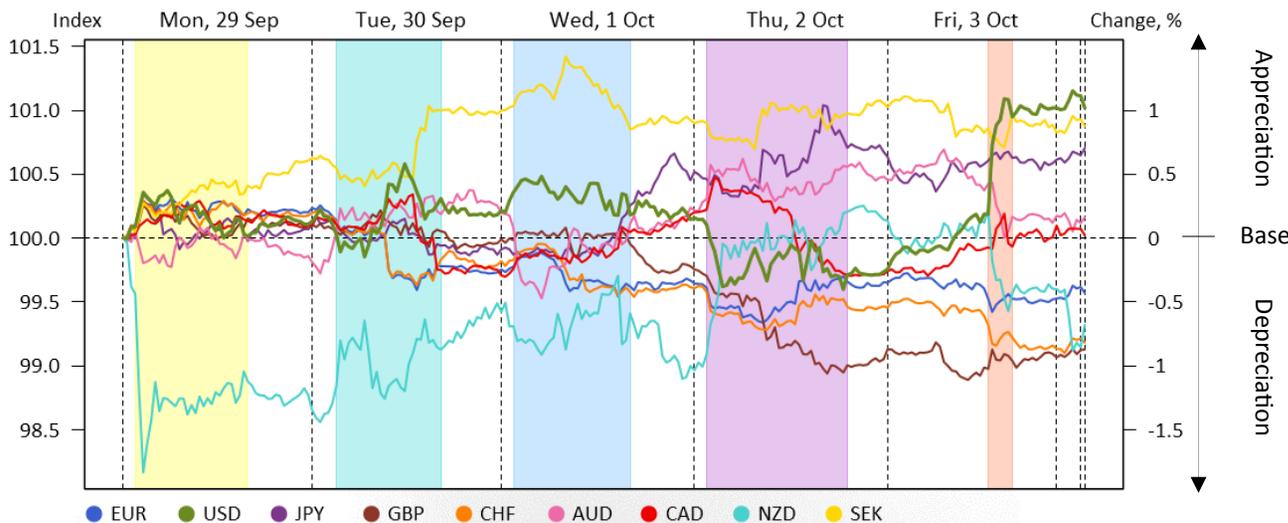
USD Currency Index Range	0.37%	0.73%	0.3%	0.51%	0.9%
Average USD Volatility Index	1.08	1.22	1.1	1.41	2.47



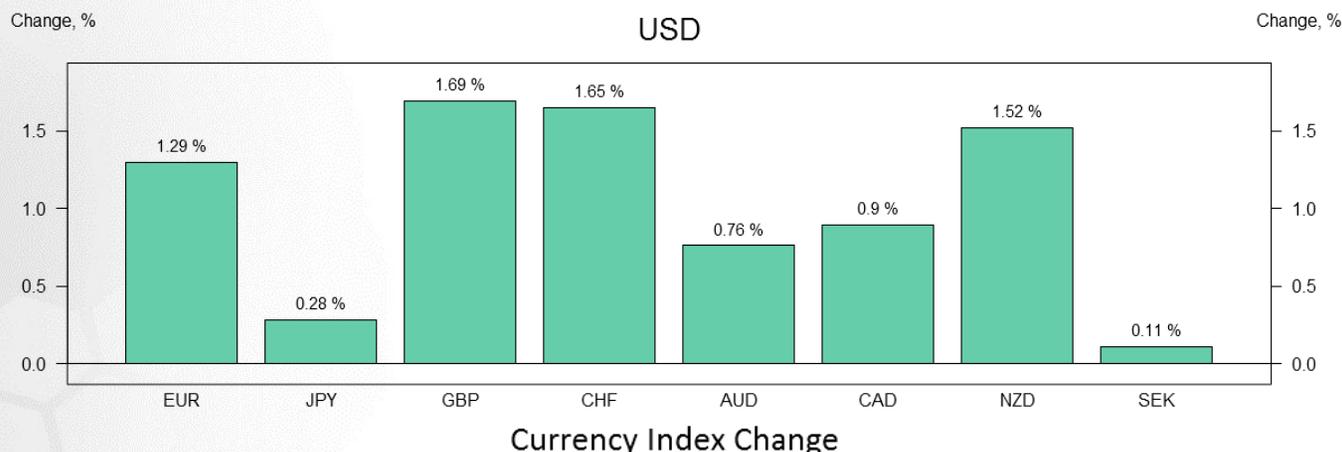
Relative Currency Strength

Currency Indices

After a period of rapid growth in the end of September, the USD Index spent the previous week much closer to the baseline, mostly holding among average performers. However, Friday proved to be a defining day, as the index jumped above its top-three counterparts and finished the period with the greatest weekly gain. Its long-term changes also came to stand on the highest levels among the observed currencies, with monthly gauge at around +4%, and half-yearly and yearly measures at over +7%. The dollar gained more than 1% against half of its peers, including greater than 1.6% growth against the pound and the Swiss franc.



During the two weeks prior to the past period, the USD Index held steadily in the appreciation area, but in the previous week suffered several drops that brought it below the baseline. In its sharpest falls, the index first lost 0.4 points on Tuesday, as consumer confidence posted the greatest decline since past October, but Chicago PMI signaled slower expansion of manufacturing activity, and 0.2 points more on Thursday, against the background of rapidly recovering Kiwi. Nevertheless, the main shift was associated with strengthening and took place on Friday. As the unemployment rate fell below 6%, trade deficit narrowed, and nonfarm payrolls grew more than expected, the USD Index gained 0.9 points and posted the period's best result.

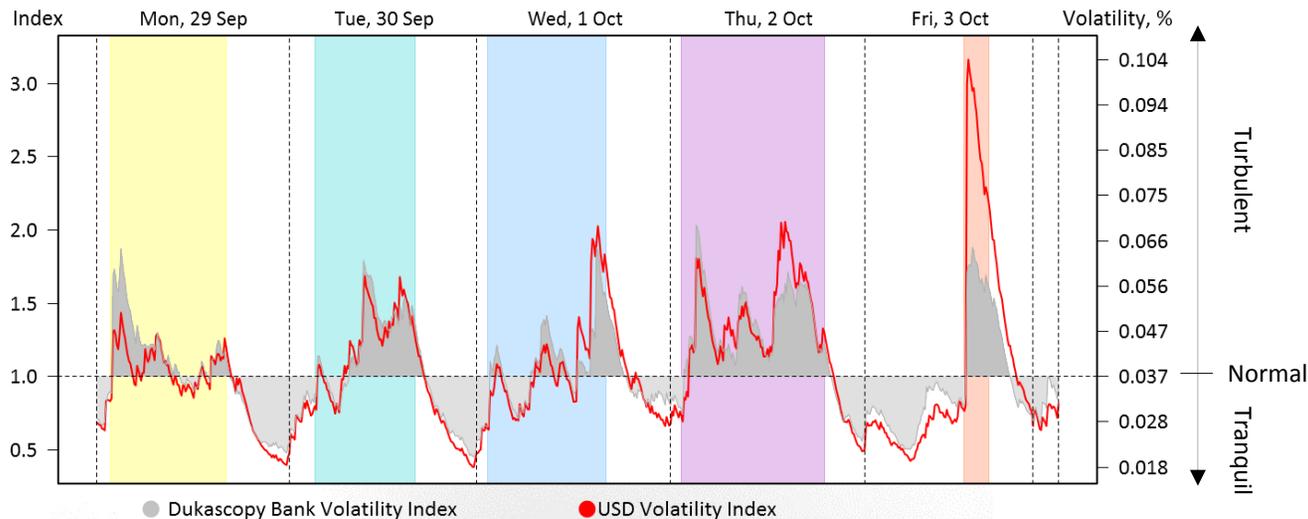


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.43%	1.02%	0.7%	-0.87%	-0.82%	0.16%	0.02%	-0.68%	0.88%
20	0.38%	4.05%	-0.57%	2.37%	-0.06%	-4.33%	0.48%	-3.69%	1.46%
130	-3.03%	7.03%	0.41%	2.8%	-2.02%	-0.55%	4.67%	-4.22%	-4.72%
250	-1.06%	7.96%	-5.51%	7.61%	0.68%	-1.48%	-2.05%	-0.06%	-6.1%



Volatility

Volatility



Overturbulence measure crept back to 50% after seemingly returning to its historical levels at the end of September. With 47% of elevated volatility, the dollar was more turbulent than the pound, the Swedish krona, and the Loonie, but much calmer than its Pacific peers, whose gauges stood at around 60%. The USD Volatility Index posted the average of over 1 point and the second highest maximum, reaching above 3 points for the first time since the Fed's monetary policy press conference on September 17. Its most turbulent component was NZD/USD index, while EUR/USD gauge reported the highest spike.

There were three moments when the USD Volatility Index rose notably higher than that of the market. It stood 0.6 points above the market gauge on Wednesday, when the ISM survey signalled a cooling in the U.S. manufacturing expansion and construction spending fell for the second time in three months. On Thursday, the gap reached 0.5 points and was mostly supported by the EUR/USD component amid strong U.S. jobless data, weak factory orders, and ECB president's speech. But the greatest spike took place on Friday, against the background of numerous U.S. fundamentals releases, as the USD Volatility Index surged to its maximum and towered 1.4 points above the overall index.

Elevated Volatility (% of the observed period)

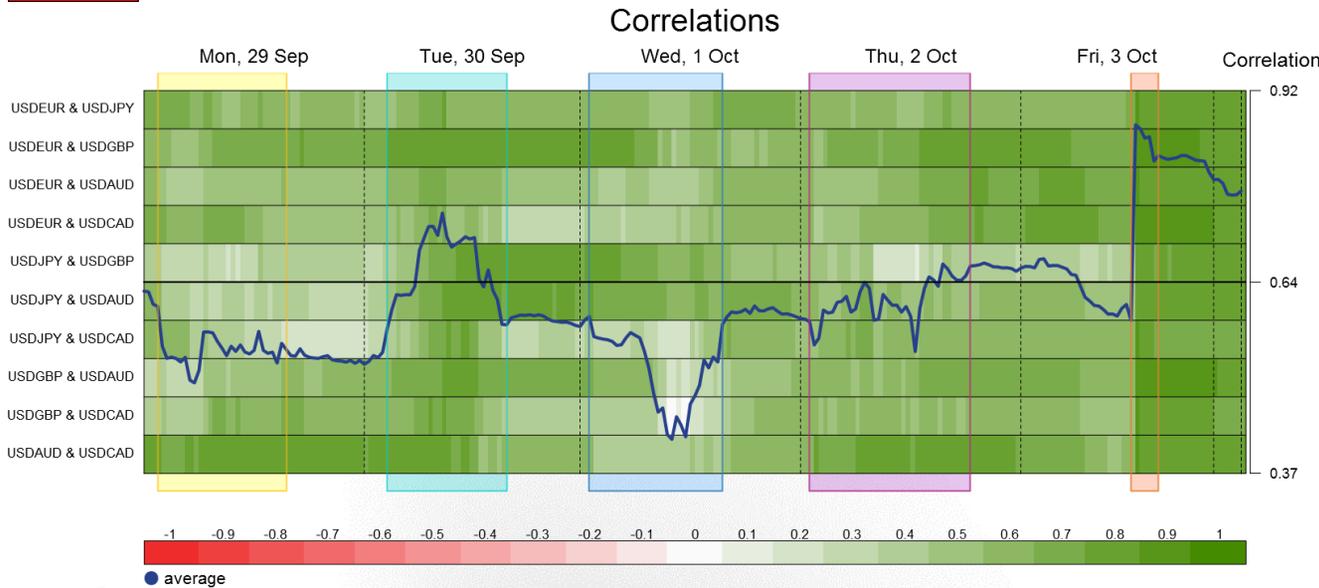
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
	49	47	41	46	31	39	57	32	68

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.03	3.16	5.06	3.16	2.42	3.83	2.77	2.71	4.35	2.78
Min	0.45	0.38	0.29	0.33	0.24	0.29	0.32	0.33	0.47	0.27
Average	1.05	1.04	1.03	1.08	0.83	0.98	1.11	0.86	1.38	0.92



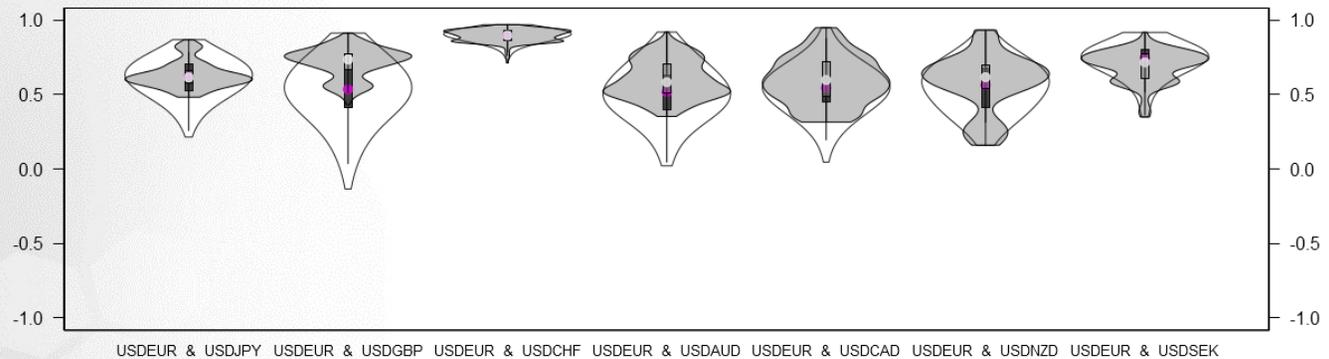
Currency Significance



The U.S. dollar's significance measure was fluctuating around 0.59 points mark during the period, and managed to rise up to the level of 0.82 at the end of the week. Almost all components showed the upward trend, and average correlations strengthened compared to the previous values. Correlations between EUR/USD and USD/SEK were the only ones to deviate from the pattern. Releases of the European manufacturing PMI weakened the bonds with pairs containing European currencies, with especially significant fall observed in pairs with the Sweden krona.

Holding on the level of 0.54 during the first day of the period, on Tuesday the composite began to rise and by the time of the German unemployment rate release reached the peak of the rise. However, the unexpectedly low U.S. consumer confidence roused the decline of the measure. Wednesday's reports about the lowering of the most European countries PMI pushed the measure down to the week's minimum value of 0.42. Nevertheless, by the time the U.S. manufacturing PMI data came out, the composite recovered to the 0.6 level. Friday was marked by a high number of U.S. news, and it caused a considerable growth of the measure. At midday the composite jumped to 0.87, and stayed on the level of 0.82 till the end of the period.

Correlations (5 vs 20 days)

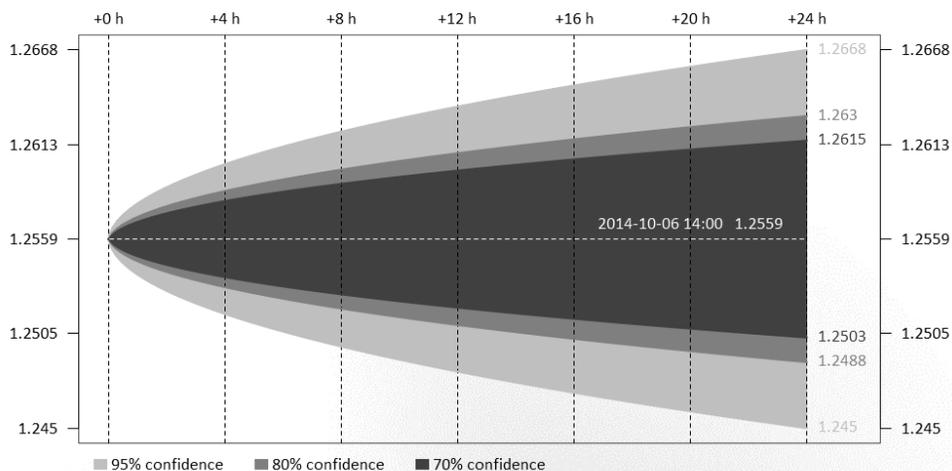


Mean Correlation Coefficient (with USDEUR)

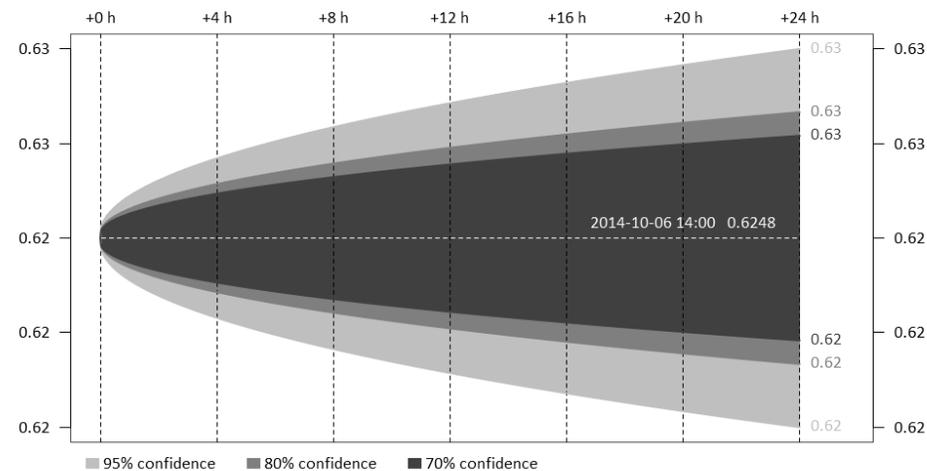
Days	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.63	0.71	0.89	0.6	0.6	0.58	0.69
20	0.61	0.52	0.9	0.51	0.53	0.55	0.73
130	0.34	0.41	0.88	0.34	0.25	0.4	0.58
250	0.26	0.45	0.86	0.31	0.23	0.35	0.59

Confidence Intervals for Next 24 Hours

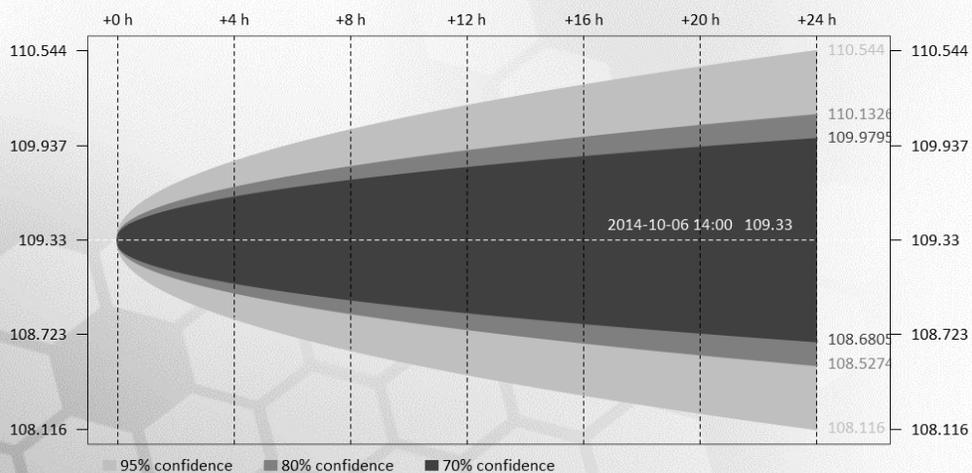
EURUSD Potential Rates



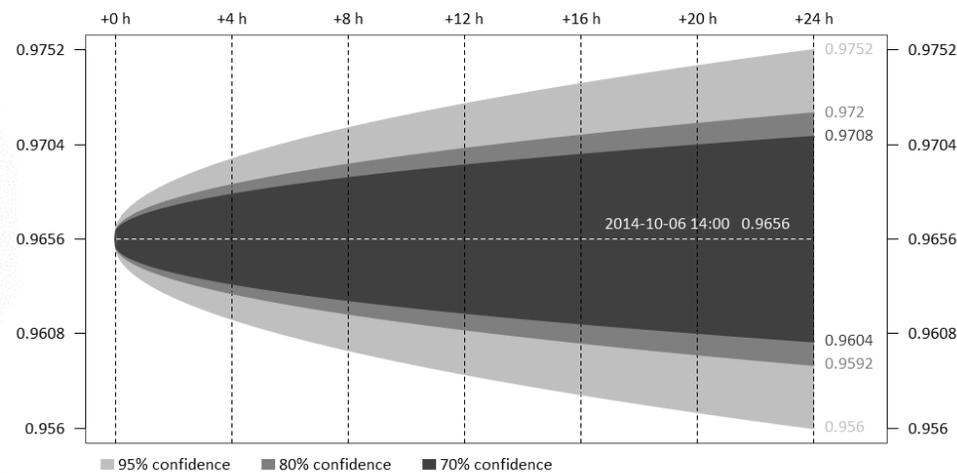
GBPUSD Potential Rates



USDJPY Potential Rates



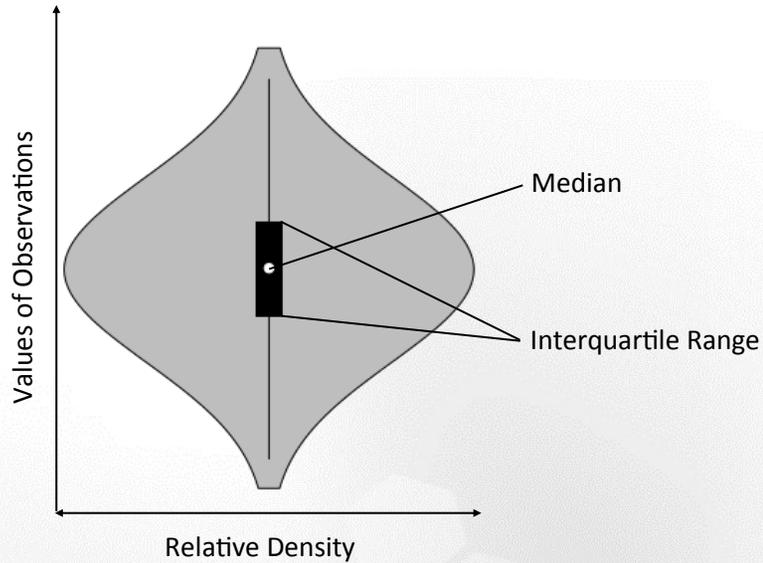
USDCHF Potential Rates



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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