



USD

27/10/2014



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Dominant Events of the Period

<p style="text-align: center;">Yellow Area</p> <hr/> <p style="text-align: center;"><i>October 21</i></p> <hr/> <p style="text-align: center;"><i>10:00 - 16:30</i></p> <hr/> <ul style="list-style-type: none"> ■ <u><i>US Redbook Index, Existing Home Sales</i></u> 	<p style="text-align: center;">Turquoise Area</p> <hr/> <p style="text-align: center;"><i>October 22</i></p> <hr/> <p style="text-align: center;"><i>07:30 - 16:00</i></p> <hr/> <ul style="list-style-type: none"> ■ <u><i>BoE Minutes, Rate Vote</i></u> ■ <u><i>US CPI</i></u> ■ <u><i>Canadian Retail Sales, BoC Rate Statement, Monetary Policy Report</i></u> 	<p style="text-align: center;">Blue Area</p> <hr/> <p style="text-align: center;"><i>October 23</i></p> <hr/> <p style="text-align: center;"><i>12:00 - 15:00</i></p> <hr/> <ul style="list-style-type: none"> ■ <u><i>US Jobless Claims, Housing Price Index, Flash Manufacturing PMI, CB Leading Indicator</i></u>
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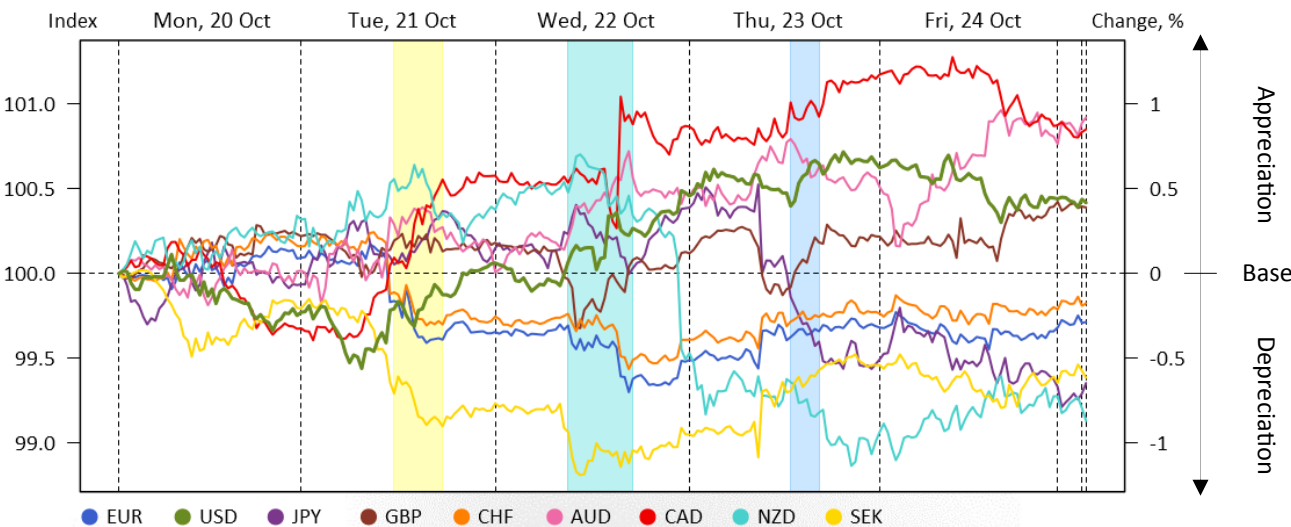
USD Currency Index Range	0.25%	0.34%	0.27%
Max USD Volatility Index	1.04	1.67	0.96



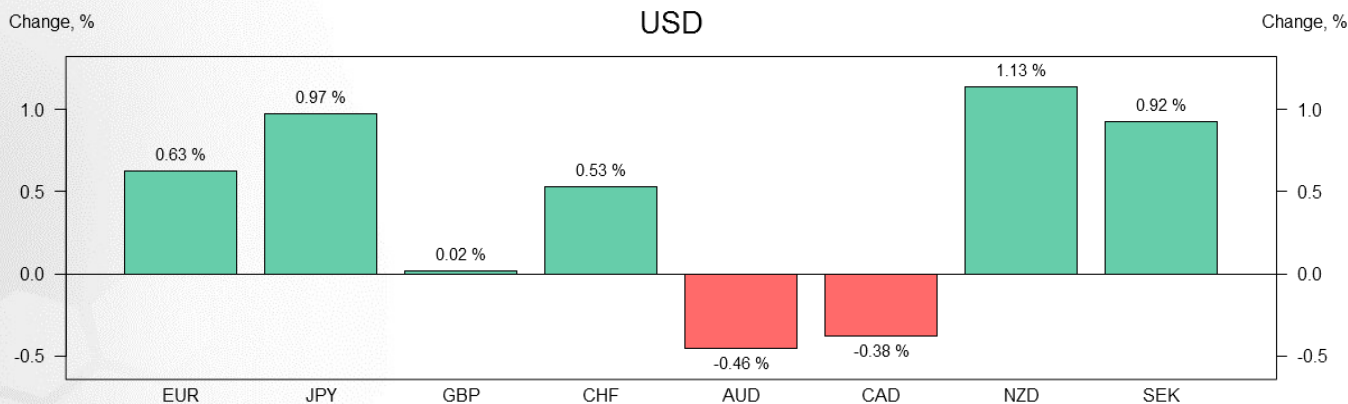
Relative Currency Strength

Currency Indices

Tables have turned for the USD and the EUR Indexes, as they continued to hold on different sides of the baseline, but traded places in the appreciation/depreciation areas. After spending two weeks below the base value, the USD Index turned to uptrend and finished the period with a third-best result. The Greenback strengthened against six of its eight observed peers, posting the greatest weekly gains in pairs with the New Zealand dollar, the yen, and the Swedish krona. On the long-term basis, the index continued to report the highest yearly and half-yearly growth, while its monthly change dropped slightly below zero.



Tuesday was the turning point for the USD Index, as it started the day with rapid appreciation against the background of the weakening Euro. Subsequent fundamentals managed to support the growth, and on Wednesday, after firmer-than-expected inflation data, the index positioned itself securely above the baseline. Another spur came later the same day from the New Zealand's disappointing CPI, which pushed back the expected rate lift and sent the Kiwi 0.6% down against the dollar on a half-hourly basis. On Thursday, reasonably low jobless claims and rebounded gauge of future US economic activity managed the index to hold above the 100.5 points level, but the measure started to soften on Friday and consequently lost 0.1 points to post a 0.4% gain.



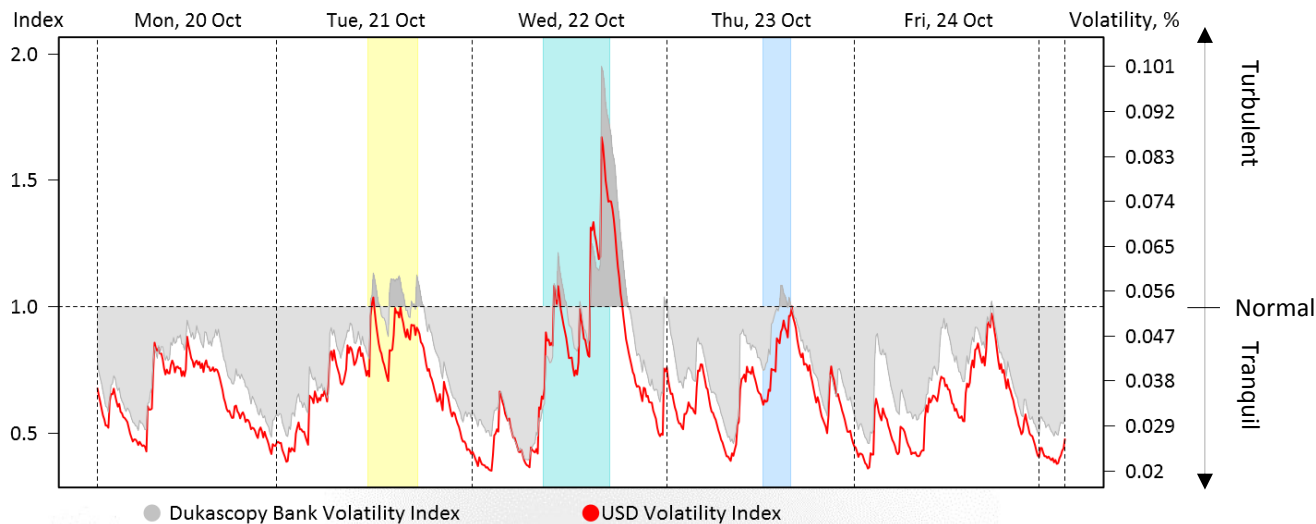
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.29%	0.42%	-0.65%	0.39%	-0.18%	0.92%	0.85%	-0.87%	-0.61%
20	-0.06%	-0.07%	1.31%	-1.03%	-0.03%	0.88%	-0.79%	-0.29%	0.27%
130	-3.31%	6.42%	0.11%	1.57%	-2.12%	0.73%	4.74%	-3.41%	-4.5%
250	-2.03%	7.57%	-3.88%	6.99%	0.37%	-1.96%	-0.6%	1.45%	-7.92%



Volatility

Volatility



The week was marked by extremely low volatility levels. The portion of market's elevated volatility was only 11%, while USD volatility was above its historical average in only 4% of time. Such low proportions of overturbulence allow the week to be considered the most tranquil one since the beginning of the year. As it is seen from the tables, the period's most volatile currency was the Canadian dollar. Its Volatility Index reached the 4.47 value on Wednesday, against the background of the BoC rate decision report and the following press conference, when the market's volatility also spiked to its week's maximum. Thus, it became the most turbulent event of the period.

In absence of influential news, the beginning of the trading week was calm, and the USD Volatility Index did not reach even the 1 point level. The market's volatility sharply increased amid the MPC rate vote release on Wednesday morning and spiked later, when the optimistic US inflation data was released and BoC monetary policy decisions were reported. In the evening, the disappointing New Zealand's CPI numbers provoked a noticeable 1.88 peak of the NZD/USD Volatility Index. The market's volatility exceeded its average historical level one more time on Thursday, after the US jobless claims announcement.

Elevated Volatility (% of the observed period)

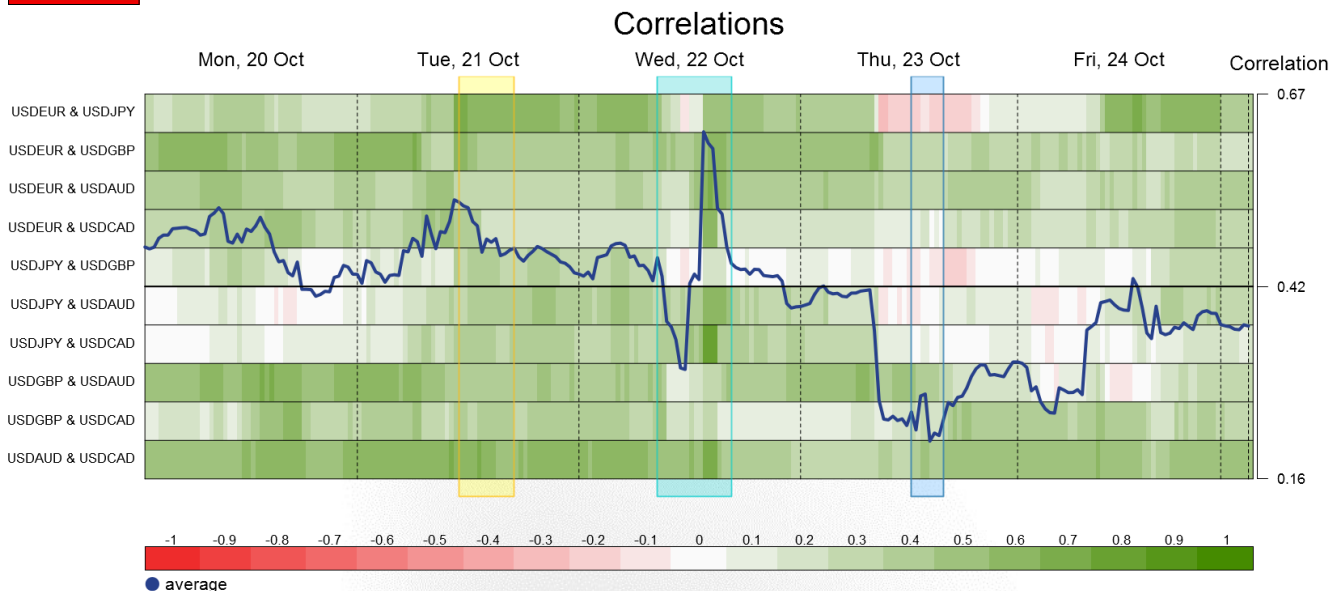
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
11	4	14	7	13	13	8	15	6	14

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.95	1.67	1.87	1.3	1.85	1.92	1.56	6.56	1.88	1.57
Min	0.39	0.35	0.23	0.27	0.28	0.2	0.28	0.22	0.26	0.17
Average	0.77	0.66	0.63	0.67	0.68	0.66	0.66	0.77	0.62	0.65



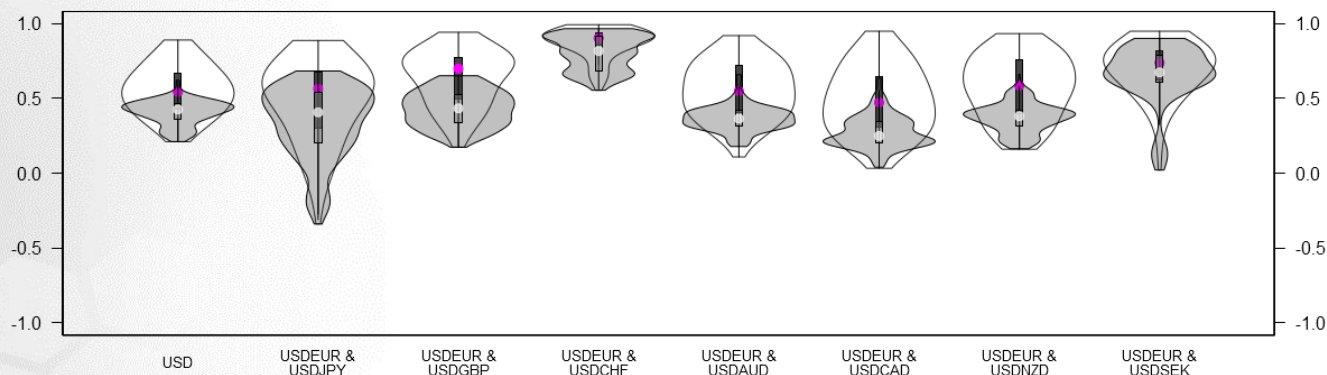
Currency Significance



The US dollar's significance was weakening for the second consecutive week, and mean correlations between EUR/USD and other USD pairs lost 0.12 – 0.41 points from their beginning of the month values. The decline was most noticeable in bonds with the Pacific currencies and the Loonie. The correlation distributions notably shifted down closer to their lower tails. Nevertheless, compared with the long-term values, mean correlations stayed on the same level, with some even gaining 0.01 – 0.06 points. The composite itself held around the 0.4 points level during the past week, losing about 0.3 points over the values reported two weeks ago.

Starting the week on the mark of 0.47 points, the composite followed a downtrend throughout almost the whole observed period. In the first two days, the measure was holding in the range between 0.4 and 0.53, but on Wednesday the pound's decrease, caused by the BoE MPC minutes, led to a weakening in the components with the pound, and, as a result, the composite as a whole. The main surge of the USD significance measure occurred at the time of the US CPI release. The composite jumped to 0.62 points, but failed to stay on this level. On Thursday, ahead of the number of European data reports, the measure dropped to its minimum level. After the US jobless claims and PMI releases it began to rise, and by the end of the period reached the level of 0.36 points.

Correlations (5 vs 20 days)

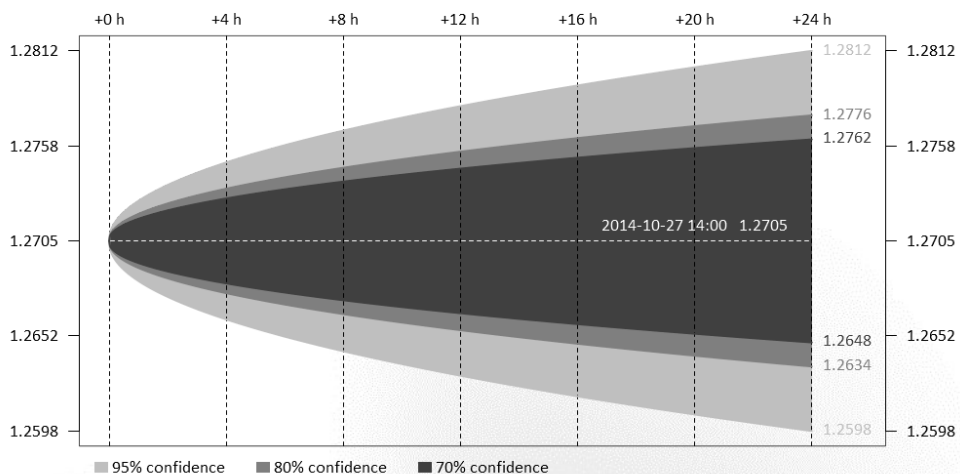


Mean Correlation Coefficient (with USDEUR)

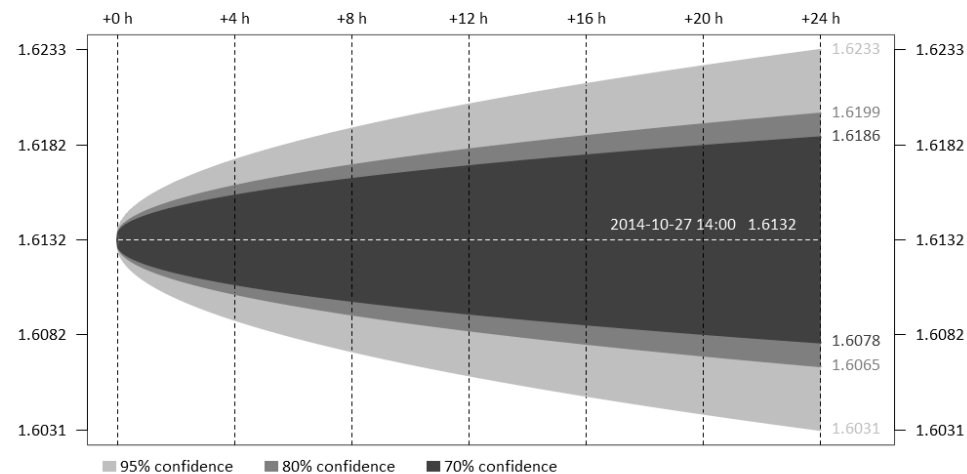
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.4	0.33	0.43	0.8	0.36	0.27	0.37	0.66
20	0.55	0.49	0.64	0.87	0.55	0.48	0.57	0.71
130	0.41	0.36	0.43	0.88	0.38	0.29	0.43	0.59
250	0.36	0.27	0.45	0.86	0.33	0.24	0.36	0.6

Confidence Intervals for Next 24 Hours

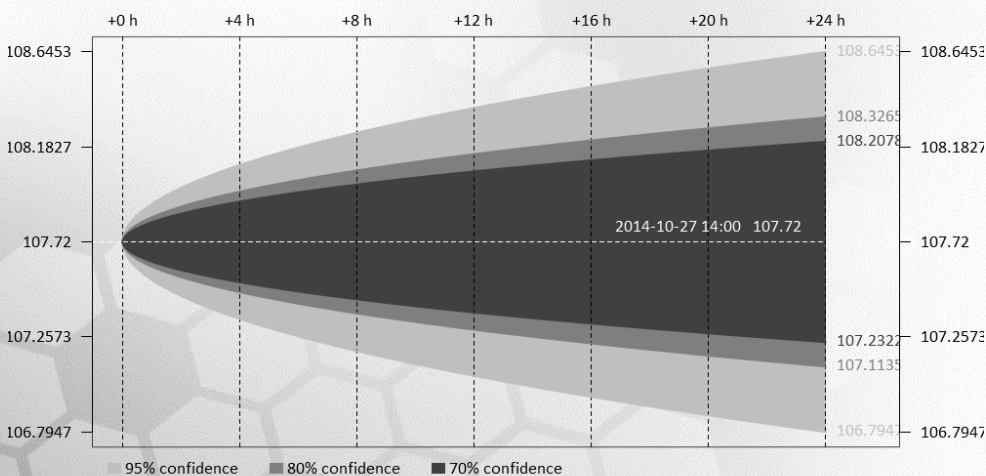
EURUSD Potential Rates



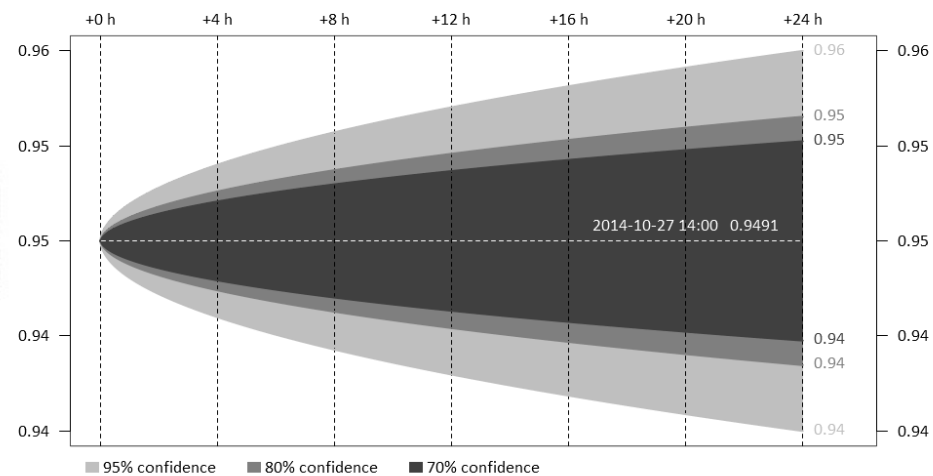
GBPUSD Potential Rates



USDJPY Potential Rates



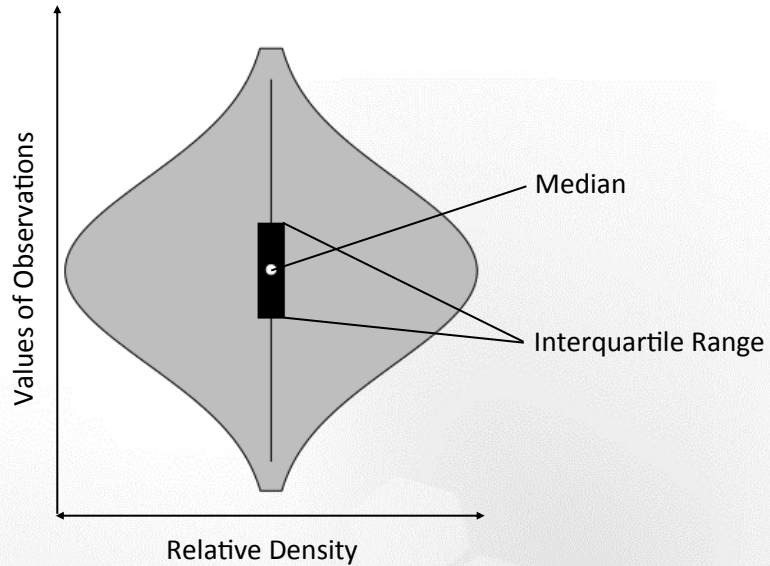
USDCHF Potential Rates



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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