



USD

01/12/2014



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

November 24

08:00 - 09:30

- Swiss Employment Level
- German Ifo Business Climate

Turquoise Area

November 25

07:00 - 16:00

- German GDP
- RBA Deputy Gov. Lowe Speech
- UK Inflation Report Hearings
- US Preliminary GDP, CB Consumer Confidence

Blue Area

November 26

08:00-16:30

- UK Second Estimate GBP
- German 10-y Bond Auction
- USD Core Durable Goods Orders; Unemployment Claims; Personal Spending, New Home Sales

Purple Area

November 27

07:30-17:00

- German Prelim CPI, Unemployment Change, GfK Consumer Climate
- OPEC Meeting
- ECB President Draghi Speech

Orange Area

November 28

07:00-17:00

- German Retail Sales
- Swiss KOF Leading Indicator
- Euro Zone Preliminary CPI, Unemployment Rate
- Canadian GDP

USD Currency Index Range

0.19%

0.34%

0.59%

0.58%

0.38%

Max USD Volatility Index

1.17

1.56

1.42

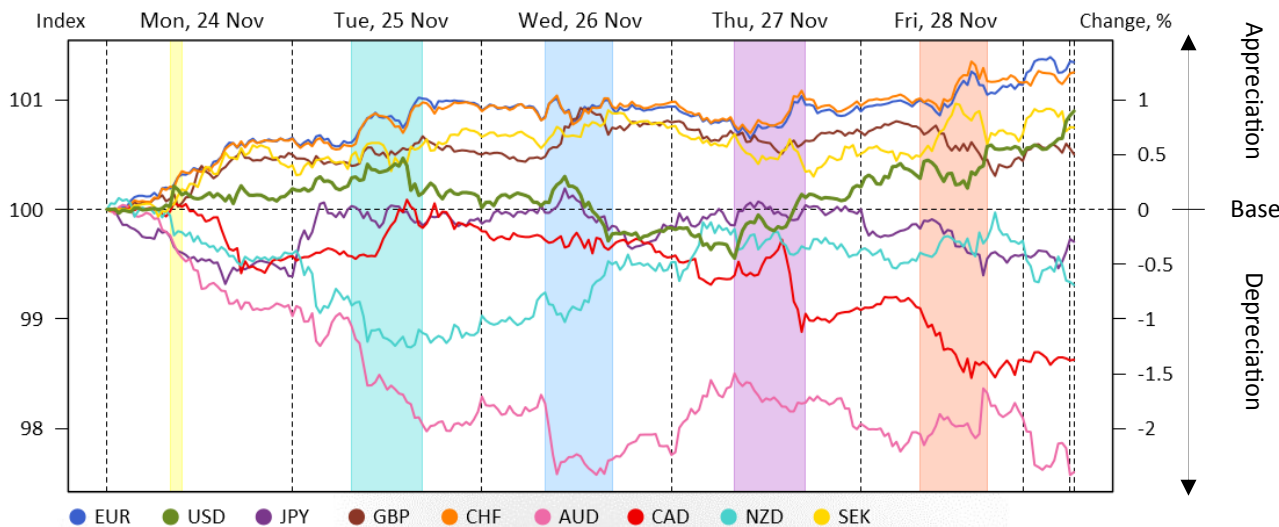
1.3

1.21



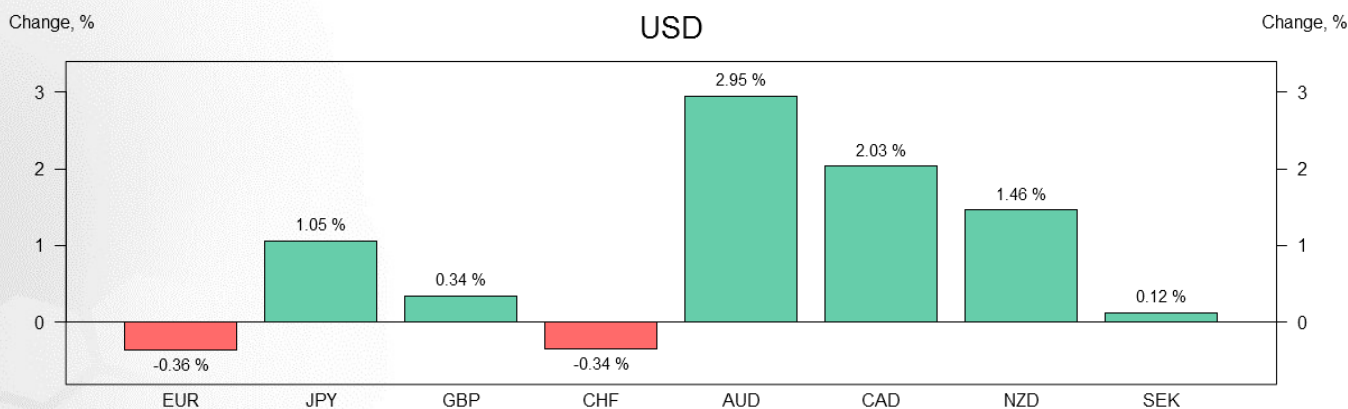
Relative Currency Strength

Currency Indexes



Because of Mario Draghi's pessimistic comments on the Euro zone's economy on Friday, November 21, the single currency started the week at weak position and was growing steadily throughout the observed period. Thus, the Euro and its Swiss counterpart became the top performers of the week. The Greenback continued its steady appreciation and took the third place in terms of index growth. The Aussie, in turn, showed the worst results. Its index managed to lose almost twice as much as the gauge of the second worst performer, the Loonie, which, just like the Euro, returned to the previous Thursday's level.

During the start of the week the most active changes were observed in the Pacific currency pairs. The Australian and New Zealand national currencies dropped against the background of falling oil prices, lowering RBNZ inflation expectations, and RBA governor's assessment of the Australian economic situation as challenging. Minor fluctuations in Greenback's rate were observed on Tuesday, as unexpectedly high preliminary GDP and disappointing consumer confidence were released. A bunch of lower-than-expected data on US economy, from personal income to consumer sentiment, weakened USD positions a day before the Thanksgiving. Very conspicuous was the CAD Index sharp drop on Thursday, when it lost 0.8% of its value, reacting to the fall in oil prices.



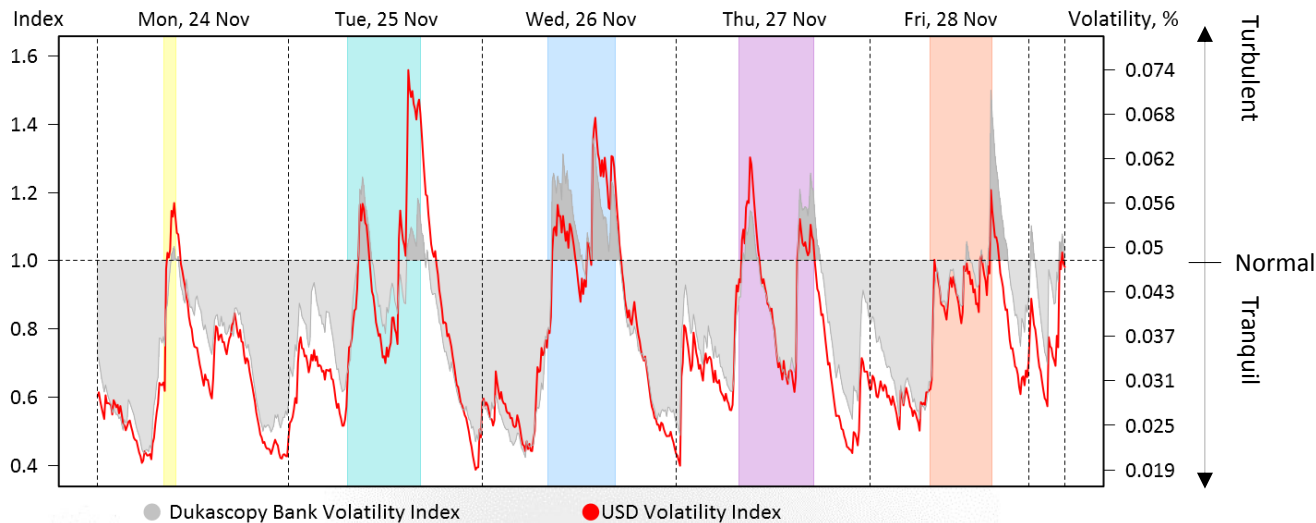
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.34%	0.9%	-0.3%	0.5%	1.25%	-2.4%	-1.37%	-0.69%	0.75%
20	1.31%	1.7%	-4.31%	-0.83%	1.47%	-2.16%	0.11%	1.89%	0.65%
130	-1.14%	9.27%	-8.03%	1.23%	0.48%	-1.31%	3.19%	-0.34%	-3.3%
250	-1.46%	8.58%	-8.17%	3.11%	1.09%	-0.28%	0.02%	3.26%	-6.14%



Volatility

Volatility



The market's volatility levels remain changeable, and the past week fell on another period of subdued turbulence, with elevated volatility portion below 20% and the index peaks on moderate heights. The dollar's readings were well in line with the overall market's mood, and its components mainly followed the paths dictated by the Greenback's counterparts. USD/JPY was the dollar's calmest pair, both in terms of the overturbulence portion and the maximum index value, while USD/CAD, GBP/USD, and AUD/USD showed the most disturbance.

Despite being mostly unanimous with the market's

gauge, the dollar's Volatility Index did manage to stand out on a few occasions. It jumped 0.1 points above the market's index on Monday, though mostly fueled by the European fundamentals, when the dollar's rally against the Euro was turned around by a surge in the German Ifo sentiment. The next two spikes were caused by the US releases, and showed a much more substantial deviation from the market's turbulence. On Tuesday, as the dollar slipped on deteriorated consumer confidence and zero growth in home prices, the USD Volatility Index towered 0.5 points over the market's composite and 0.2 points over its closest peer. A bunch of disappointing news on Wednesday was accompanied by a less pronounced, but equally prolonged surge, while the peak on Thursday was formed by the dollar's strengthening against its European counterparts.

Elevated Volatility (% of the observed period)

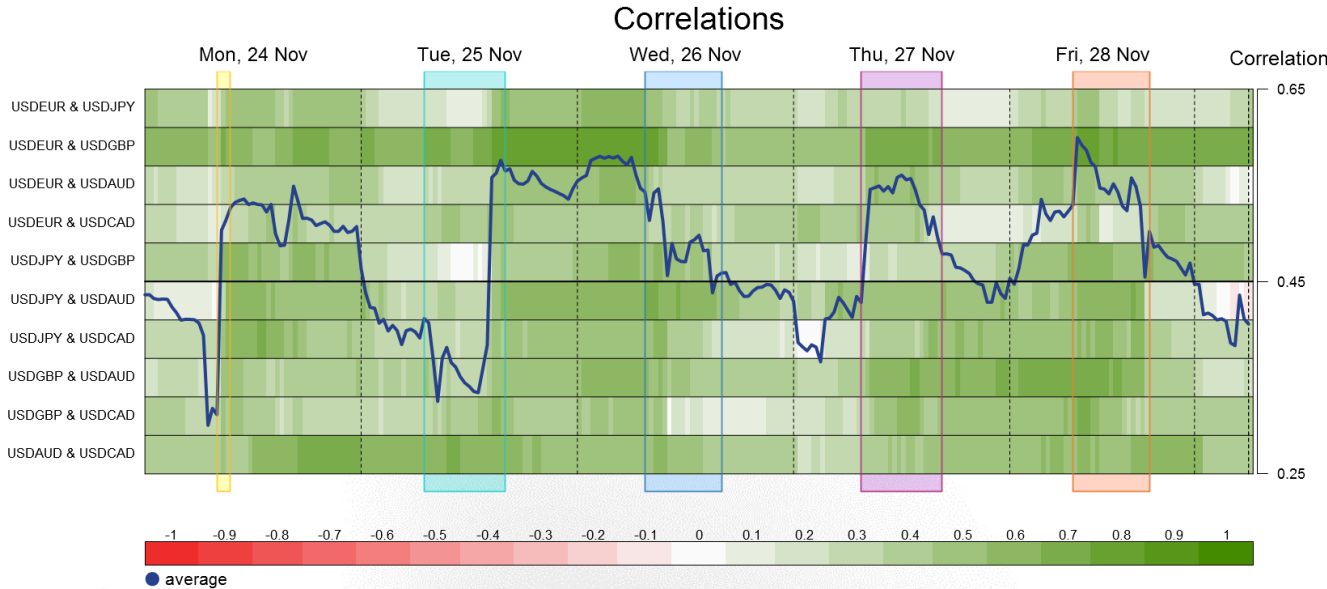
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
	19	18	4	27	20	26	28	15	21

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.5	1.56	2.06	1.4	2.14	1.97	1.96	2.54	1.5	2.25
Min	0.42	0.39	0.25	0.28	0.27	0.26	0.34	0.28	0.4	0.23
Average	0.8	0.76	0.7	0.59	0.81	0.71	0.85	0.86	0.8	0.77



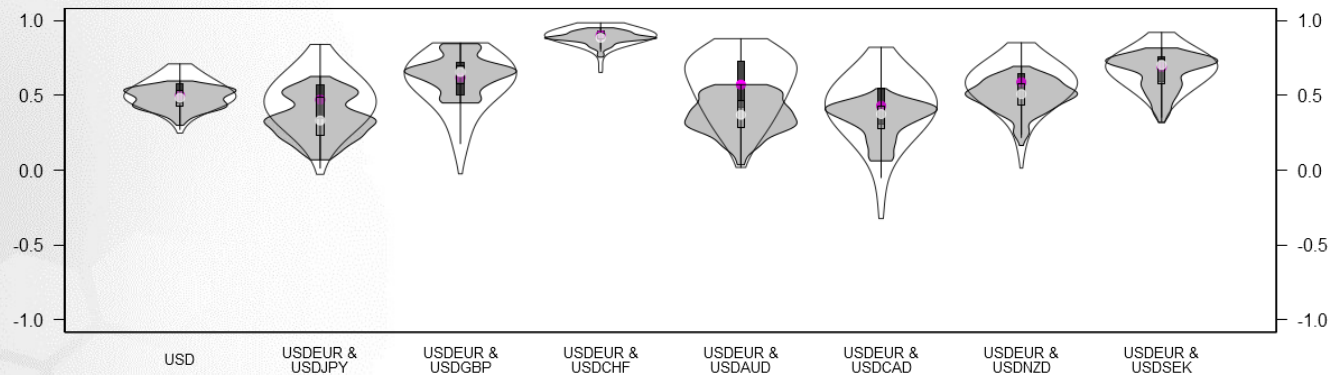
Currency Significance



The past period was quite a turbulent one for the dollar's significance measure. There were some ups-and-downs, and the measure fluctuated in a range from 0.3 to 0.6 points. However, the composite's average value, as well as the averages of most of its components, stayed at about the same level as in the previous week. The most noticeable changes were observed in the EUR/USD correlations with AUD/USD and USD/CAD, whose average values reduced by 0.2 and 0.1 points, respectively. Compared with the longer-term records, the average correlations somewhat declined, and the lower tails of distributions shifted down and became heavier.

The USD measure started the period with a sharp fall to the week's minimum, but succeeded in a swift recovering and spent the rest of Monday on the level of 0.55. On Tuesday, the overall level of most components began to decrease, and by the time of German GDP release the composite reached the day's minimum. However, after the US GDP estimate came out, the measure surged to 0.57 mark. Wednesday was marked by the plenty of US news, and the composite was falling against the background of nonuniform reactions till Thursday morning. The rest of the week was rather positive for the measure, though all its peaks were caused by the European news. Thus, the measure reached the week's maximum value after the German retail sales were released.

Correlations (5 vs 20 days)

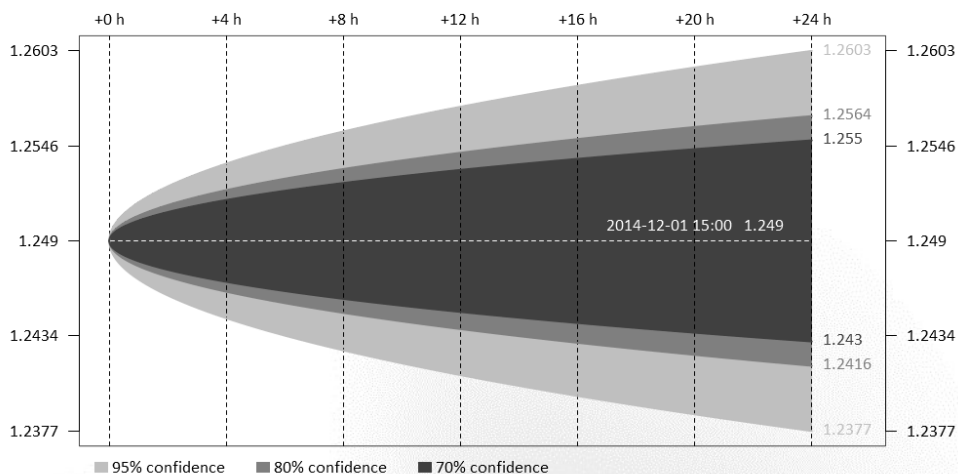


Mean Correlation Coefficient (with USDEUR)

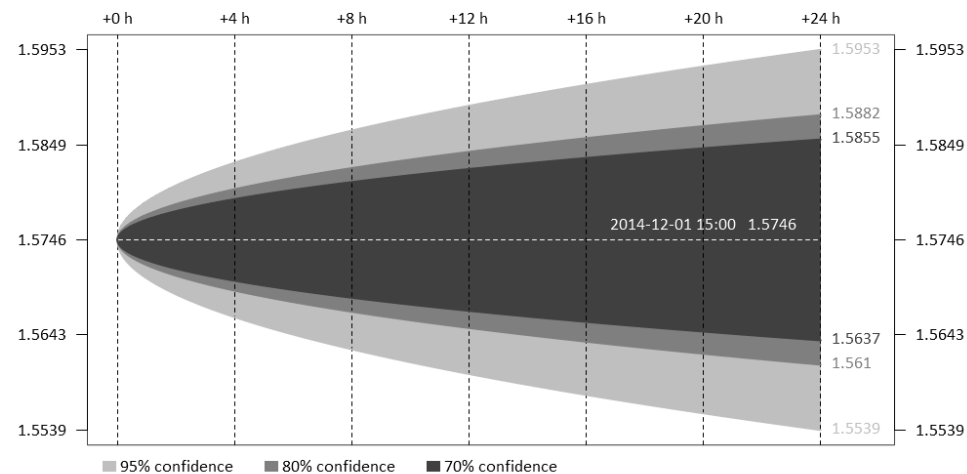
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.48	0.35	0.65	0.89	0.37	0.34	0.5	0.65
20	0.51	0.46	0.6	0.9	0.56	0.41	0.56	0.68
130	0.45	0.42	0.47	0.89	0.45	0.35	0.49	0.61
250	0.37	0.29	0.45	0.86	0.34	0.25	0.38	0.6

Confidence Intervals for Next 24 Hours

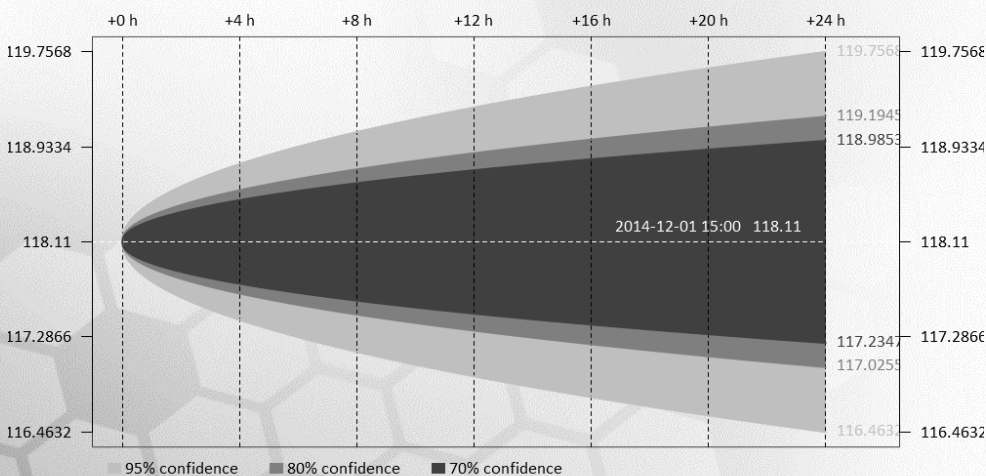
EURUSD Potential Rates



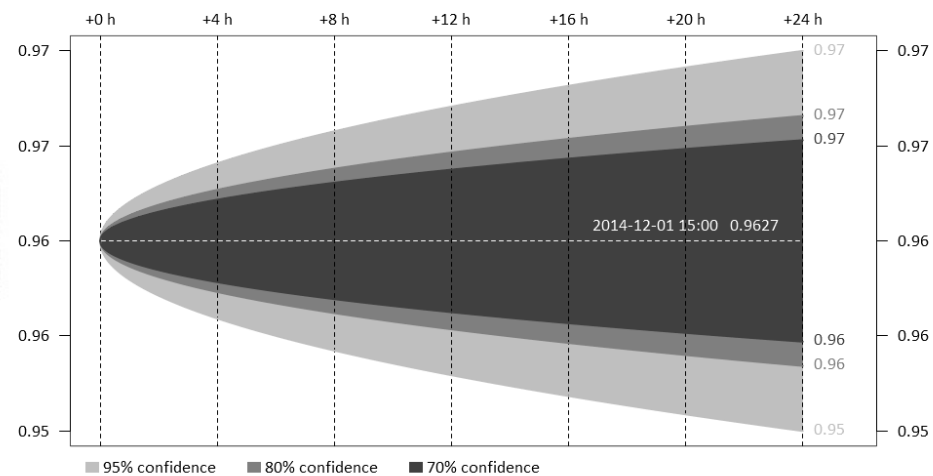
GBPUSD Potential Rates



USDJPY Potential Rates



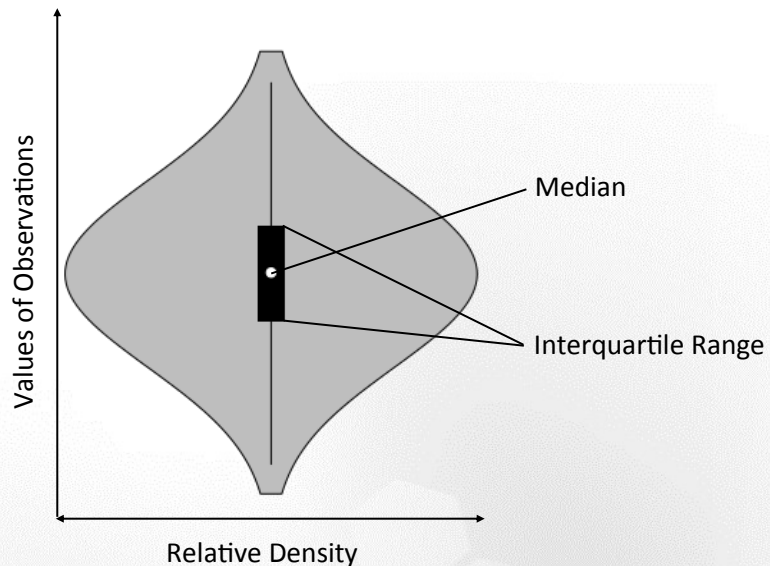
USDCHF Potential Rates



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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