



USD

08/12/2014



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Dominant Events of the Period

Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
December 1	December 2	December 3	December 4	December 5
07:00 - 19:00	07:30 - 17:30	00:00-16:00	13:00-18:00	11:30-15:30
<ul style="list-style-type: none"> German <u>Manufacturing PMI</u> Italian GDP UK <u>Manufacturing PMI, Consumer Credit</u> RBC <u>Manufacturing PMI</u> US <u>Manufacturing PMI, Fed's Dudley Speech</u> 	<ul style="list-style-type: none"> UK <u>Construction PMI</u> Fed's Yellen Speech Fed's Fischer Speech US <u>Construction Spending</u> 	<ul style="list-style-type: none"> Australian GDP Japanese <u>Services PMI</u> UK <u>Services PMI</u> Euro Zone <u>Retail Sales</u> US <u>ADP Employment Change</u> BoC <u>Interest Rate Statement</u> 	<ul style="list-style-type: none"> ECB <u>Press Conference</u> US <u>Jobless Claims</u> Canadian <u>Ivey PMI</u> 	<ul style="list-style-type: none"> Canadian <u>Net Change in Employment</u> US <u>Nonfarm Payrolls, Unemployment Rate, Average Hourly Earnings, Average Weekly Hours, Labor Force Participation Rate, Factory Orders, Consumer Credit Change</u>

USD Currency Index Range

0.82%	0.63%	0.29%	0.61%	0.68%
1.95	1.36	1.5	2.62	3.46

Max USD Volatility Index

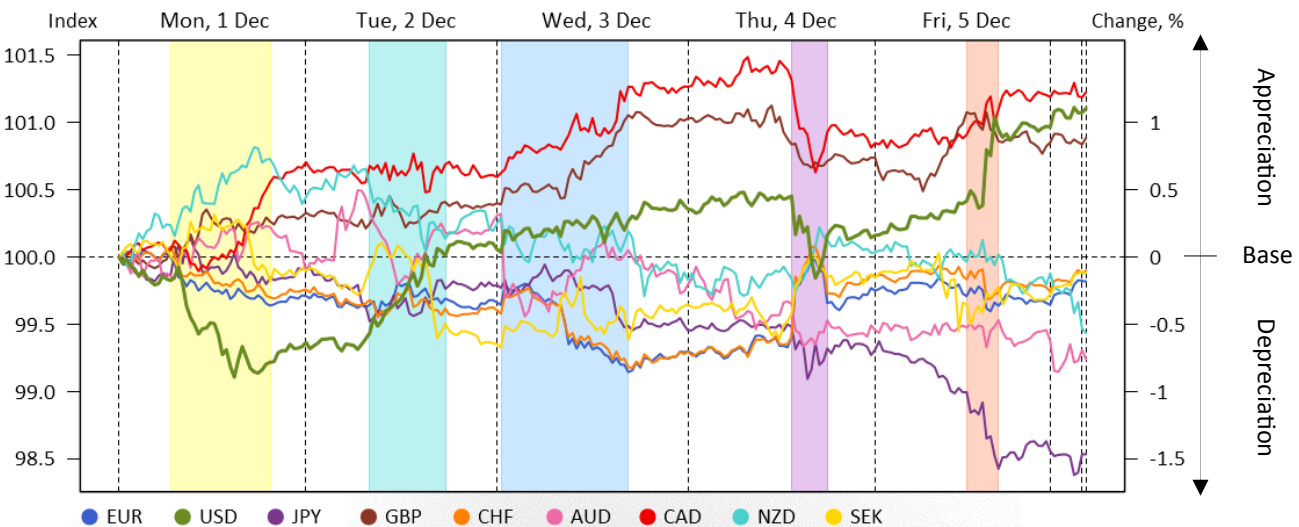


Relative Currency Strength

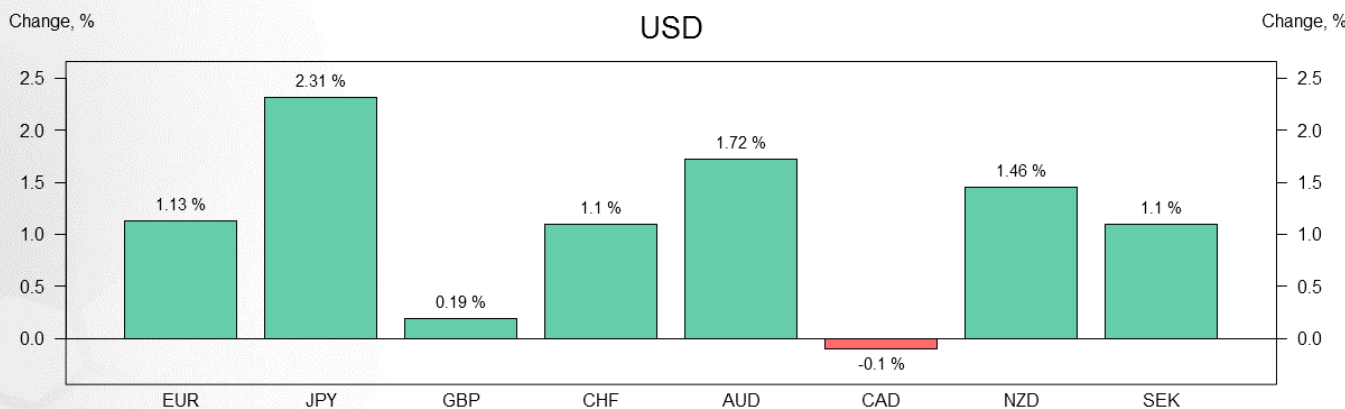
Currency Indexes

The past week was a success for the dollar, as it posted considerable gains against its major peers and ended up only 0.1% below the Loonie - the period's leader. Their Australian counterpart, in turn, was one of the worst performers, and its index suffered the greatest fall, losing 0.62 points over the GDP reading. The greatest, and equally large, surge was observed in the EUR Index, as the single currency was boosted by the ECB statement.

While the overall movement of the USD Index ended up forming a neat uptrend, the measure had numerous sharp ups and downs during the period.



The dollar opened the week with a decline, and the index tumbled to its lowest value of 99.11 points. However, stronger-than-expected manufacturing data seemed to have offered some support, and the downfall reversed into recovery. The momentum carried onto the next two days, and the index gained over 1 point to become the third best performer, only slipping on the weaker-than-expected employment release on Wednesday. The rise was interrupted on Thursday, as the index crushed below the baseline amidst disappointing jobless claims and falling oil prices, but the slip was brief, and the gauge reclaimed its position almost immediately. On Friday, nonfarm payrolls boosted the dollar, and the USD Index surged 0.41 points, outpacing the pound's gauge and posting its greatest weekly gain since early November.



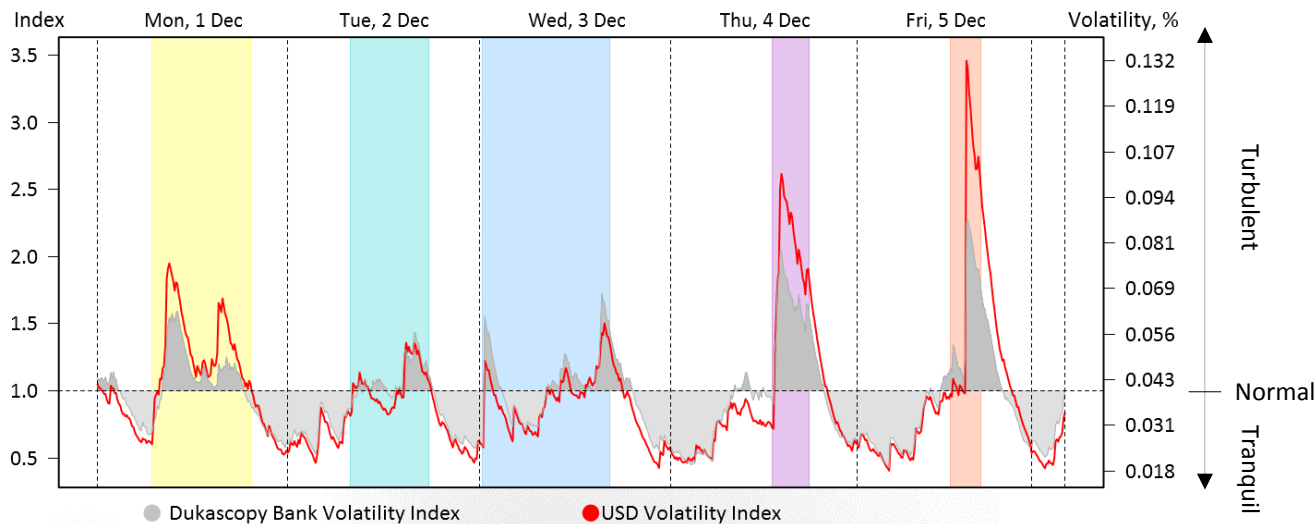
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.18%	1.1%	-1.47%	0.89%	-0.1%	-0.76%	1.22%	-0.57%	-0.12%
20	0.94%	2.41%	-4.81%	0.16%	0.93%	-2.28%	1.35%	0.88%	0.13%
130	-1.23%	10.58%	-8.71%	1.88%	0.34%	-2.78%	5.52%	-1.15%	-4.25%
250	-2.21%	10.13%	-8.46%	4.62%	-0.34%	-0.43%	1.96%	1.41%	-6.69%



Volatility

Volatility



The week was rather turbulent for the market in terms of elevated volatility proportion. Nevertheless, the values of the index were not very high, with the average at 0.95 points. The USD Volatility Index, in turn, had some noticeable spikes, indicating turbulence twice as great as historical. The greatest spikes of almost all index components were associated with Friday's surprisingly high US nonfarm payrolls data. However, USD pairs with AUD and CAD experienced the highest volatility on Wednesday, against the background of disappointing Australian GDP release and Canadian rate decision, respectively.

For the Greenback the period started with unusually volatile Monday, as the currency was falling against its counterparts during the day. Minor volatility growth was observed amid Fed's Yellen speech on Tuesday, while the Wednesday's spikes of market volatility were associated with news on Australian and Canadian economies. On the next day, the USD Volatility Index reached the 2.6 level after the announcement of ECB interest rate decision and US jobless claims release. The highest volatility of both the dollar and the market was observed on Friday, and, as mentioned before, was fueled by the US nonfarm payrolls.

Elevated Volatility (% of the observed period)

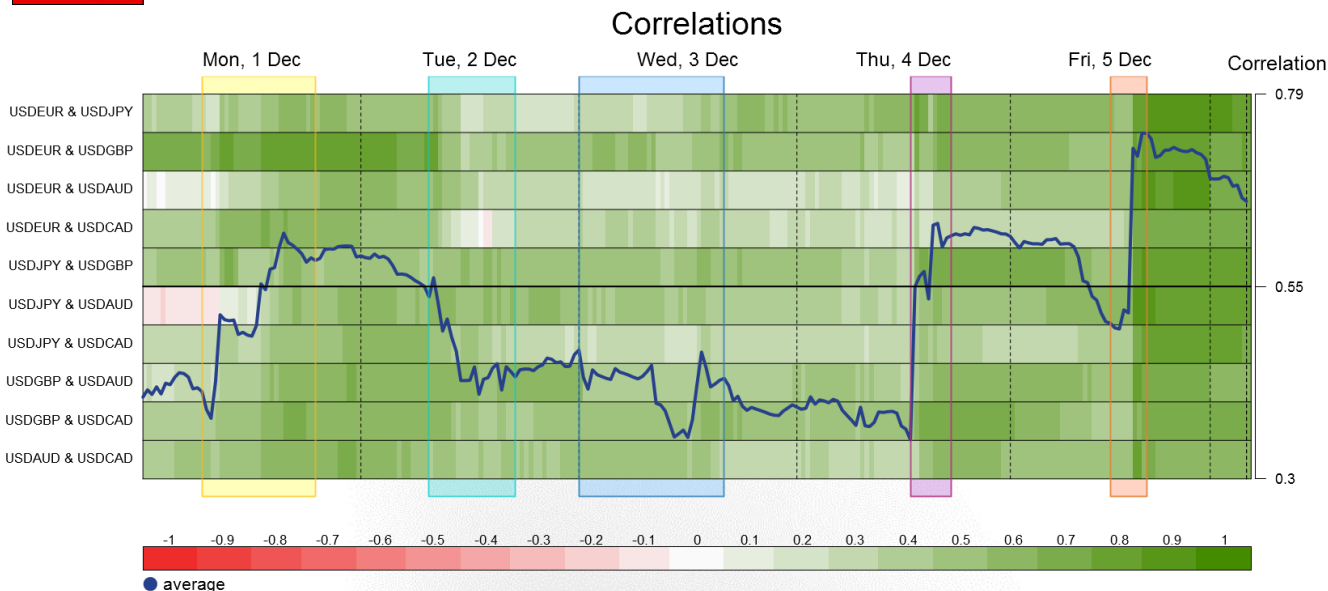
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	41	33	30	17	41	30	41	42	36	46

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.27	3.46	4.32	3.87	2.72	5.34	3.94	3.02	2.66	4.4
Min	0.42	0.4	0.27	0.23	0.28	0.26	0.29	0.27	0.32	0.27
Average	0.95	0.95	0.95	0.76	0.91	0.96	1.03	0.99	0.95	1.07



Currency Significance

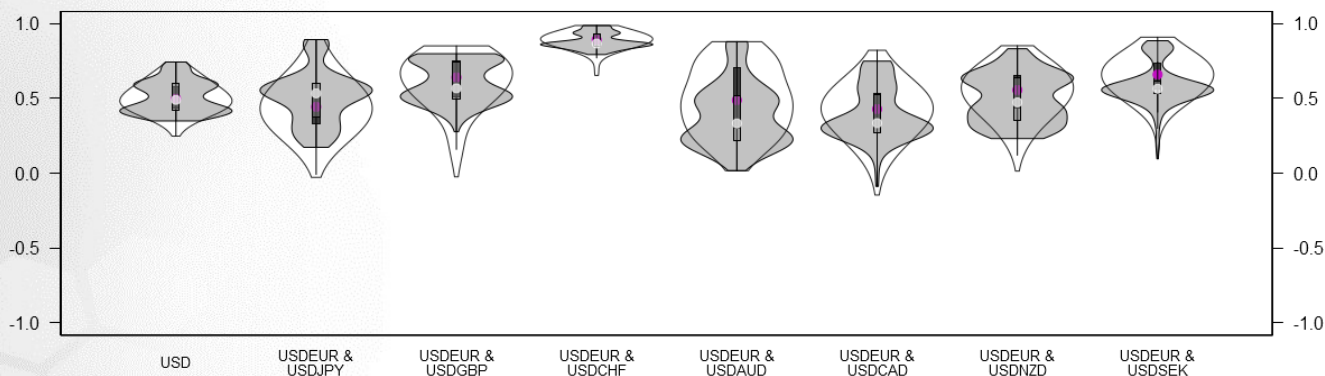


The past week was rather tranquil for the US dollar correlations, and there were only a few ups and downs. Mean values of the observed components mostly stayed on the same level compared with the previous week. In turn, tails of the correlation distributions became heavier, indicating the instability of components during the period. The most noticeable changes occurred with the bond between EUR/USD and USD/JPY. An upward trend was observed in the component throughout the whole period, and the gauge ended the week on a very strong level of 0.89, with its average gaining 0.16 points over the previous reading.

The composite kept above the significance threshold, fluctuating in a quite wide range of 0.35 to 0.74.

Monday was marked by the US manufacturing PMI report. The composite started to grow from the morning, and by the time of the data release, it reached the level of the 0.61. However, then followed the slump of the gauge, and during the next few days the composite kept around 0.41 points. On Thursday, the US jobless claims data managed the measure to jump to 0.62 mark, and it held the level till Friday. The plenty of Friday's news caused another surge of the USD significance, and the composite reached its maximum of both the week and the month.

Correlations (5 vs 20 days)

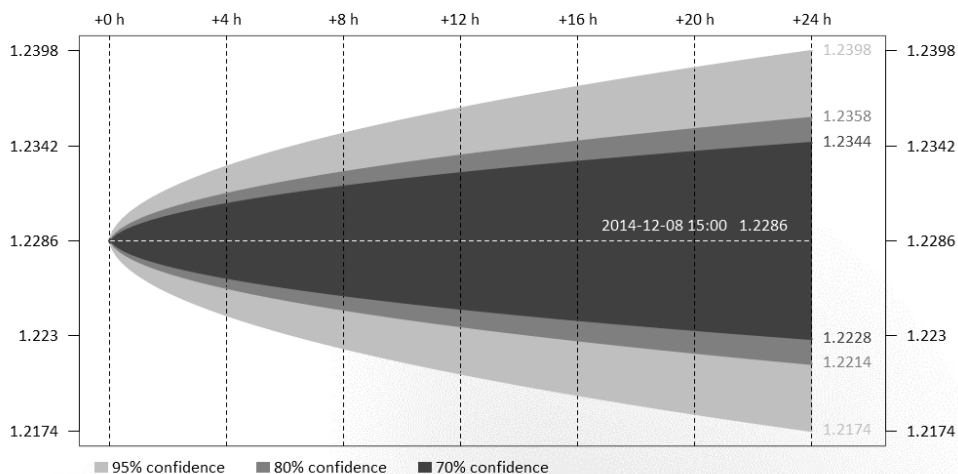


Mean Correlation Coefficient (with USDEUR)

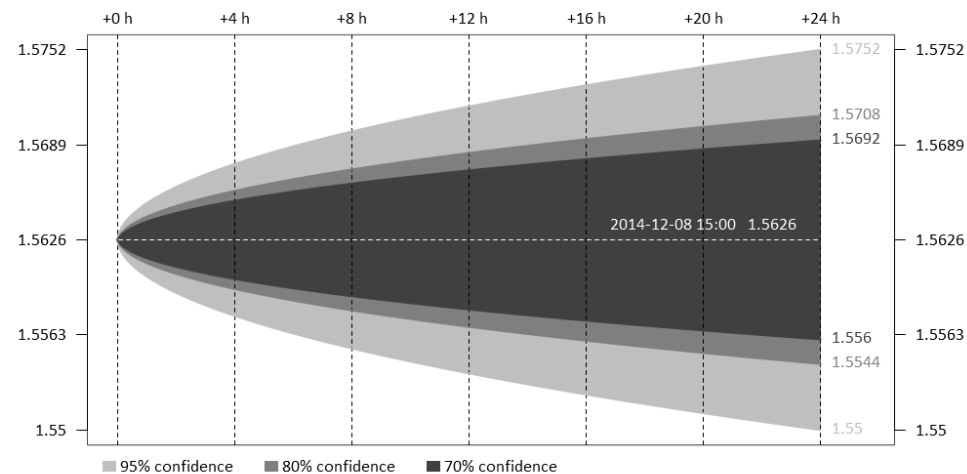
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.51	0.51	0.6	0.88	0.38	0.4	0.5	0.59
20	0.51	0.45	0.61	0.89	0.49	0.42	0.54	0.65
130	0.46	0.43	0.47	0.89	0.46	0.35	0.49	0.61
250	0.37	0.29	0.46	0.86	0.34	0.26	0.38	0.6

Confidence Intervals for Next 24 Hours

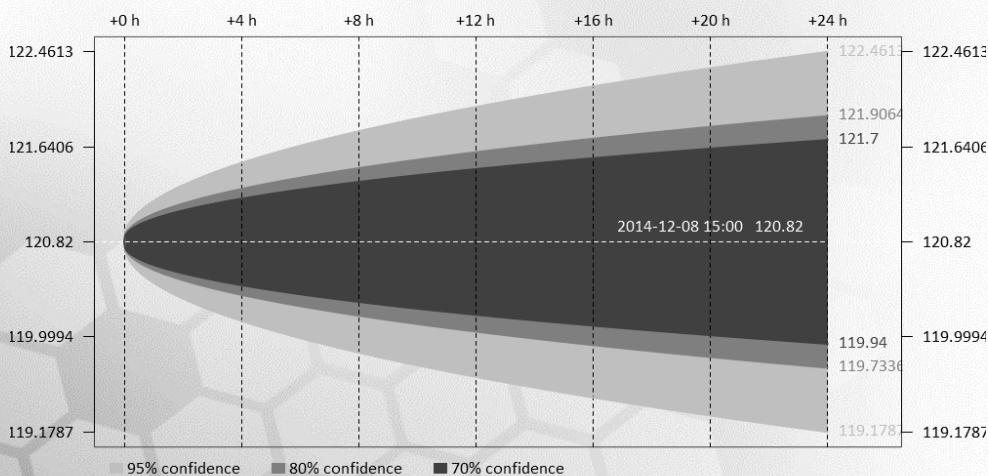
EURUSD Potential Rates



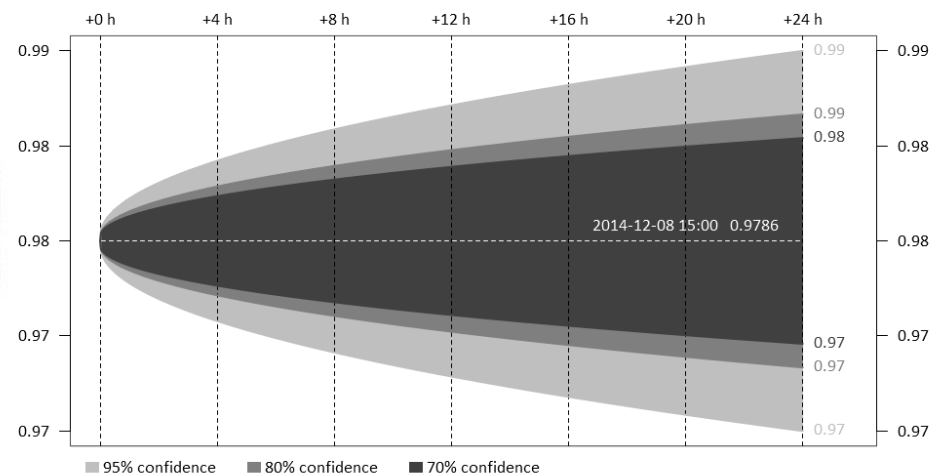
GBPUSD Potential Rates



USDJPY Potential Rates



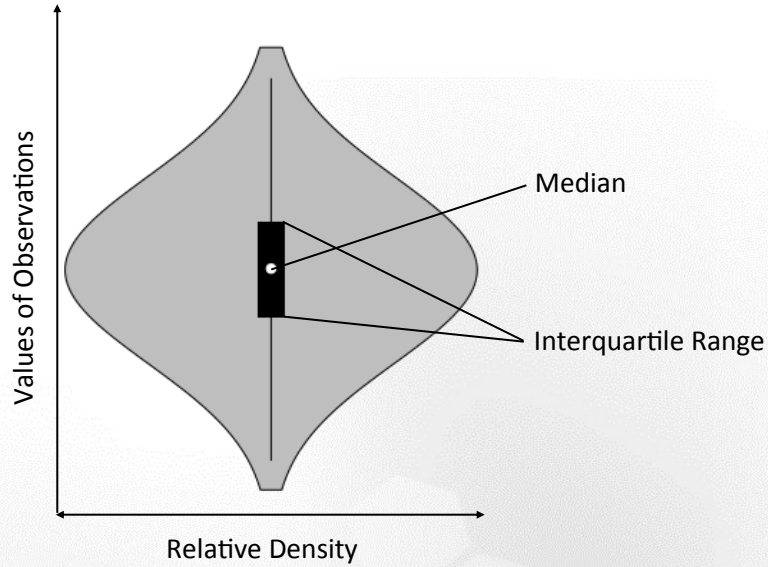
USDCHF Potential Rates



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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