



USD

02/02/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

January 26

03:00 - 16:30

- German Ifo Survey
- Eurogroup Meeting

Turquoise Area

January 27

08:00 - 17:30

- EcoFin Meeting
- UK Flash GDP, BBA Mortgage Approvals
- US Durable Goods Orders, Flash Markit PMI, New Home Sales, Consumer Confidence

Blue Area

January 28

00:00 - 20:30

- Australian CPI
- German Gfk Consumer Confidence Survey
- BOE's Governor Speech
- Fed's Monetary Policy Statement
- RBNZ Monetary Policy Statement

Purple Area

January 29

07:30 - 17:00

- German Unemployment Rate, Flash CPI, HICP
- Euro Zone Consumer Confidence
- US Jobless Claims, Pending Home Sales

Orange Area

January 30

09:00 - 20:00

- UK Consumer Credit
- Euro Zone Flash CPI, Unemployment Rate
- Canadian GDP
- US Flash GDP, Flash Personal Consumption Expenditures, Chicago PMI, UoM Consumer Sentiment Index

USD Currency Index Range

0.32%

0.74%

0.88%

0.87%

0.4%

Max USD Volatility Index

1.36

1.6

1.88

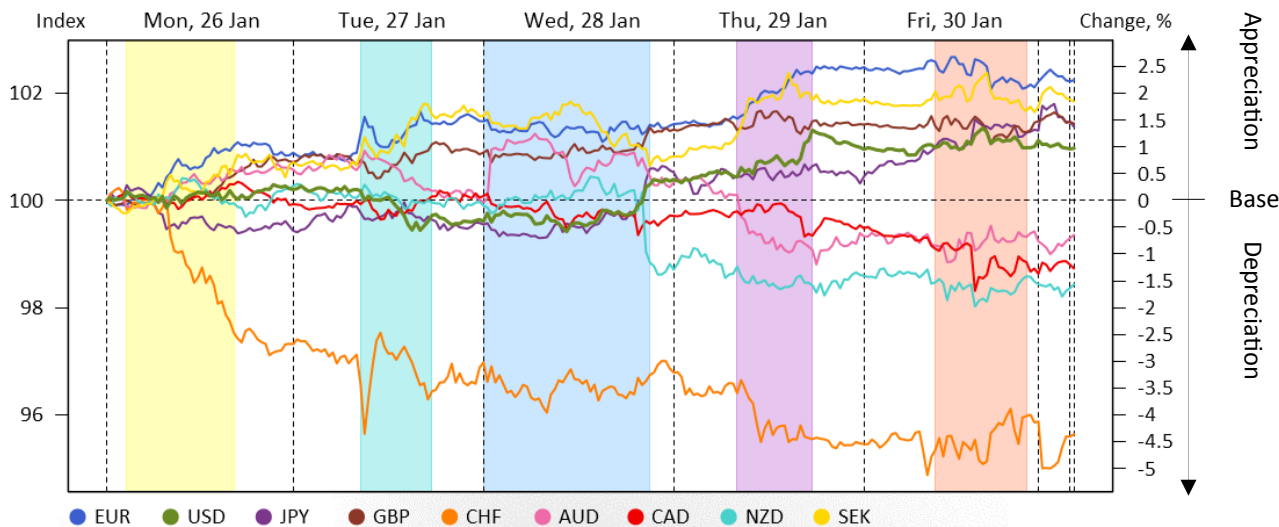
1.5

1.71



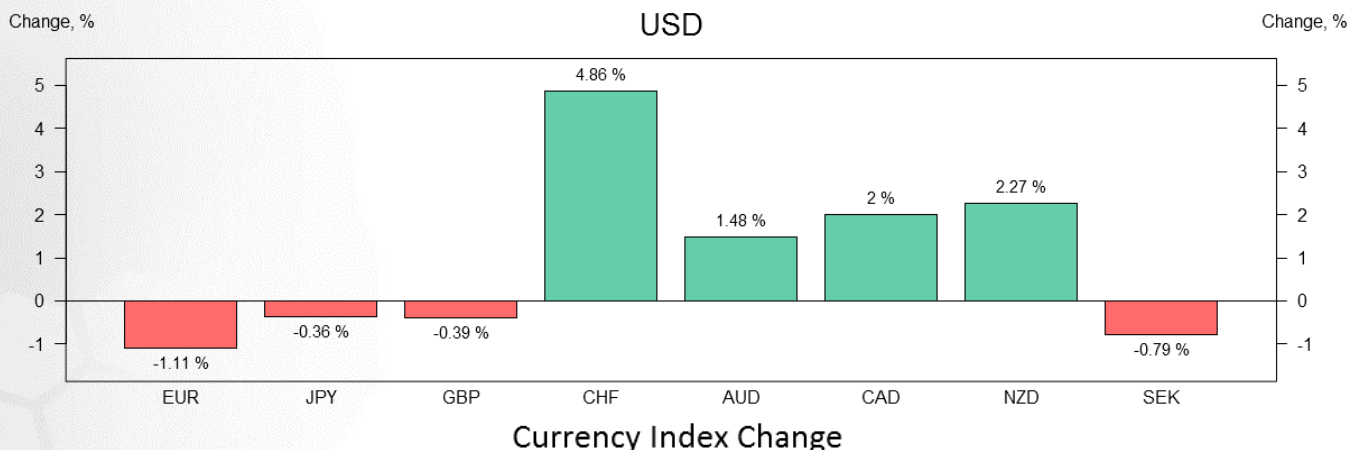
Relative Currency Strength

Currency Indexes



Majority of the currency indexes grew against the background of progressive weakening of the Swiss franc during the period. Finishing the trading week with a 5% loss, the franc became the worst performer. The Kiwi was the second worst, as its index dropped by 1.5% after the monetary policy statement suggested a possible future decrease in interest rate. The Euro has demonstrated the best results, as it fully recovered from Friday's losses on Monday and continued to rise later, gaining more than 2% during the week. The Greenback's index, in turn, was ranked in the middle, significantly appreciating against four and slightly declining against another four of its peers.

Minor changes in the USD Currency Index were observed during the first three days of the week. The measure decreased by 0.5% after the release of unexpected negative change in durable goods orders on Tuesday. It recovered on Wednesday, after the Fed's statement and decision to keep the rate unchanged and against the background of the Kiwi's sharp fall. The index reached the 101 points level after the announcement of optimistic jobless claims and growing pending home sales. It remained almost unchanged during the rest of the week, even when preliminary GDP data turned out to be much more pessimistic than expected. Thus the gauge ended the trading week with a 1% gain.

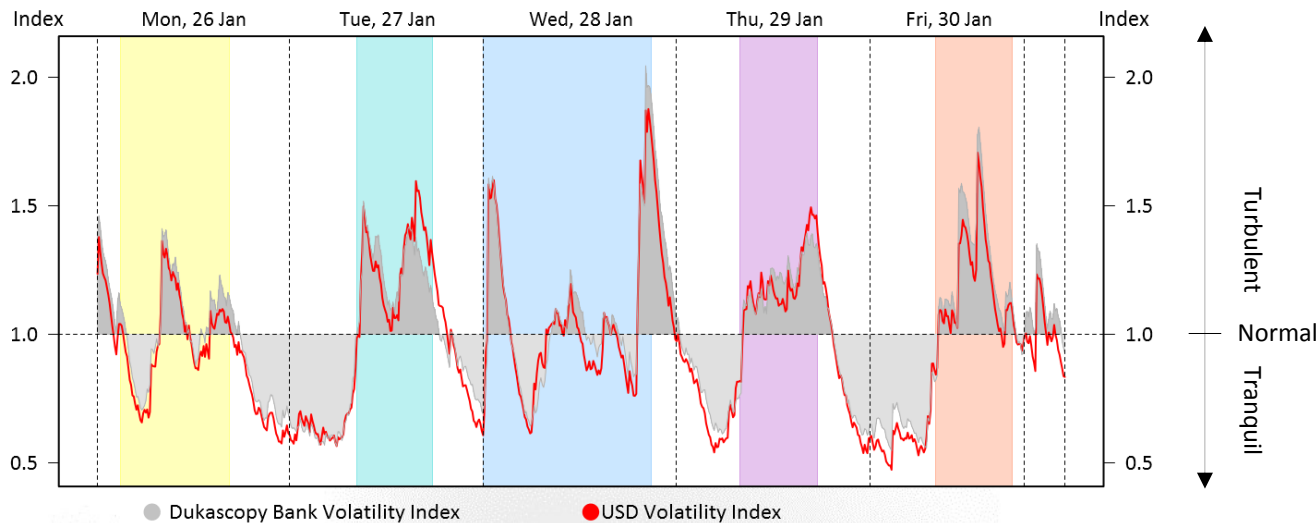


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	2.25%	0.97%	1.37%	1.43%	-4.36%	-0.64%	-1.27%	-1.57%	1.84%
20	-4.24%	1.81%	5.27%	0.43%	12.09%	-2.19%	-6.17%	-3.86%	-2.75%
130	-5.42%	13.81%	-1.13%	0.95%	12.33%	-5.95%	-3.35%	-3.86%	-7.17%
250	-7.18%	12.61%	-2.95%	2.95%	10.82%	-0.7%	-2.35%	0.29%	-13.51%



Volatility

Volatility



It seemed that the past week's turbulence was all about speculations on future interest rates moves across the globe. On Wednesday morning, Australian CPI numbers missed the forecast by only 0.1%, cooling the tension around a possible rate cut in February and lifting the Aussie against its peers. Later in the day, RBNZ did the opposite and pushed the Kiwi down, saying that the next adjustment might take the rate either higher or lower. The dollar's volatility index jumped to its highest peak on the New Zealand news, and to the fourth highest on the Australian event. The Fed released its statement between the two occurrences, showing no signs of backing down from the widely awaited rate hike later this year,

and prompted the Greenback's turbulence measure to its third greatest value and 0.1 points above the market's gauge. On Friday, the Loonie tumbled as the Canadian GDP posted a 0.2% decline, raising concerns over a possible rate cut in March, while the US flash GDP disappointed the forecasts, and the second highest peak of the USD Volatility Index was taken. Notably, the dollar's volatility components jumped higher than the respective currencies' composites on the Australian and the Canadian news, reaching 5.5% vs 4.0% and 3.2% vs 2.4%, respectively. Among other events, the US consumer confidence surging far above the forecasts caused a movement that kept the USD volatility above the market's gauge for four hours on Tuesday afternoon, with the maximum value of the gap reaching 0.2 points.

Elevated Volatility (% of the observed period)

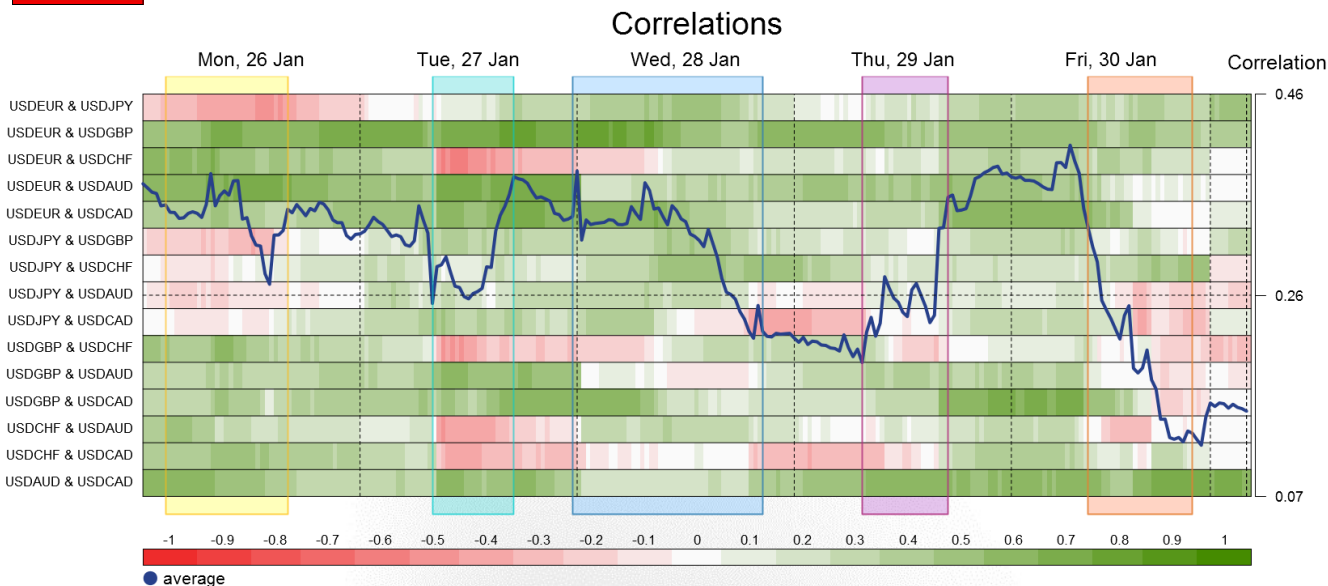
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
	52	46	39	21	36	39	52	30	42

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.05	1.88	2.35	2.93	2.01	2.16	5.48	3.24	4.27	2.03
Min	0.55	0.47	0.3	0.22	0.33	0.22	0.39	0.23	0.53	0.3
Average	1.01	0.97	0.94	0.83	0.93	0.95	1.12	0.91	1.13	0.93



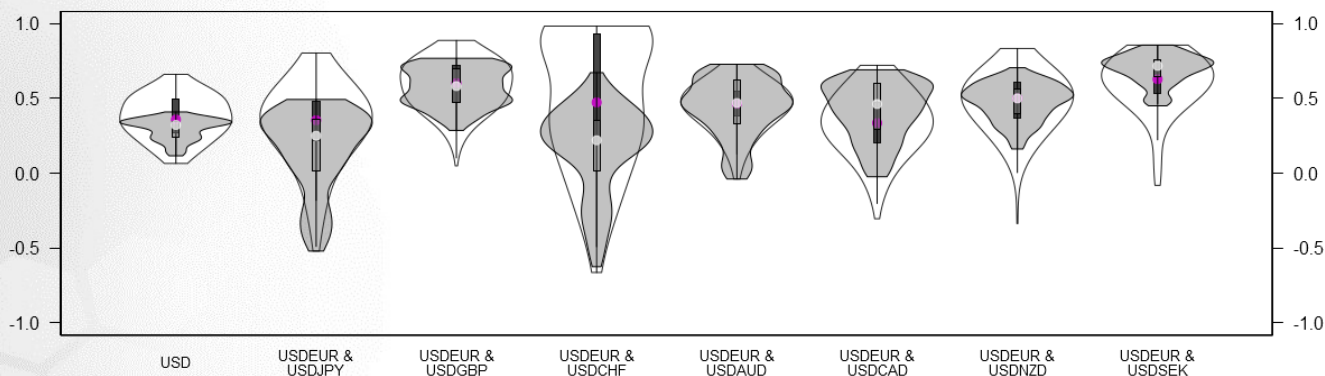
Currency Significance



The US dollar significance measure's attempt to recover in the previous period was cut short in the past week, and the gauge showed a downward trend during the observed days. As a result, averages of the composite and some of the components decreased. Thus, the composite lost 0.02 points, but the EUR/USD bonds with USD/JPY and USD/CHF weakened by 0.13 and 0.16 points, respectively. In turn, EUR/USD average correlations with other dollar's pairs rose by 0.02-0.18 points. However, despite the increase of some averages, all observed components showed a tendency toward reduction, and ended the period on relatively low levels.

The significance measure started the period on the 0.37 mark and spent the beginning of the week fluctuating in a range from 0.25 to 0.38 points. Nevertheless, on Wednesday afternoon the strength of most of the components weakened, and the composite started to gradually decline. By Thursday morning the measure reduced to the 0.19 mark, but then abruptly turned to recovery. The composite started to grow right after the German unemployment data came out. Other impetuses for the growth of the composite were German CPI and US jobless claims releases, and on Friday morning the measure was at 0.41. The unexpectedly low Euro zone CPI then caused another fall of the measure, and it dropped to 0.12, ending the week on its minimum level.

Correlations (5 vs 20 days)

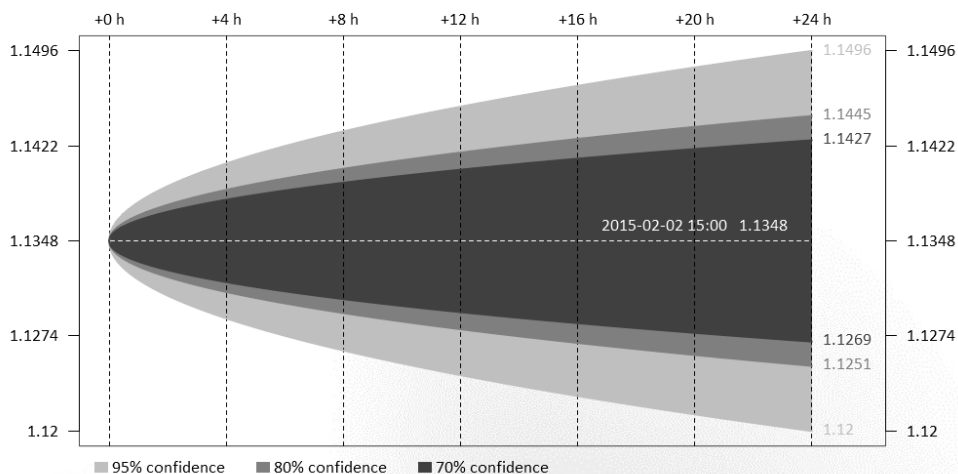


Mean Correlation Coefficient (with USDEUR)

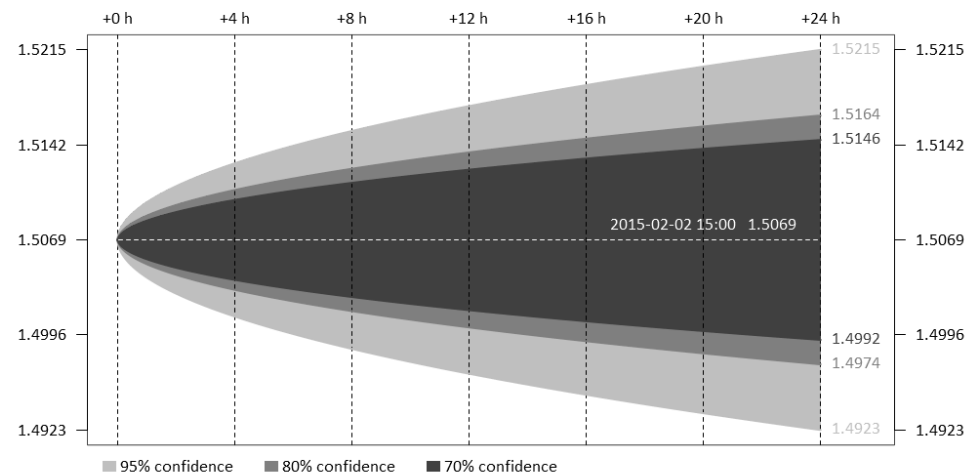
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.29	0.15	0.57	0.16	0.44	0.41	0.48	0.7
20	0.37	0.32	0.59	0.48	0.45	0.33	0.48	0.61
130	0.47	0.46	0.55	0.82	0.49	0.39	0.52	0.64
250	0.39	0.32	0.48	0.84	0.37	0.28	0.41	0.6

Confidence Intervals for Next 24 Hours

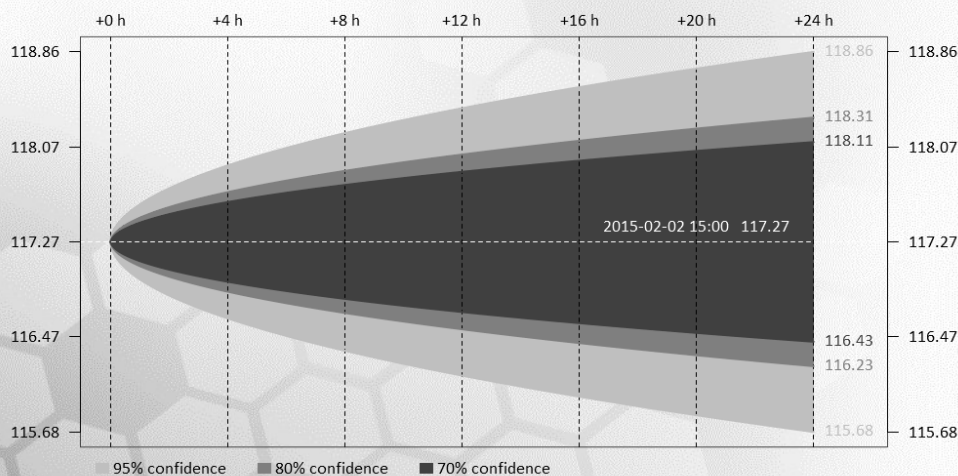
EURUSD Potential Rates



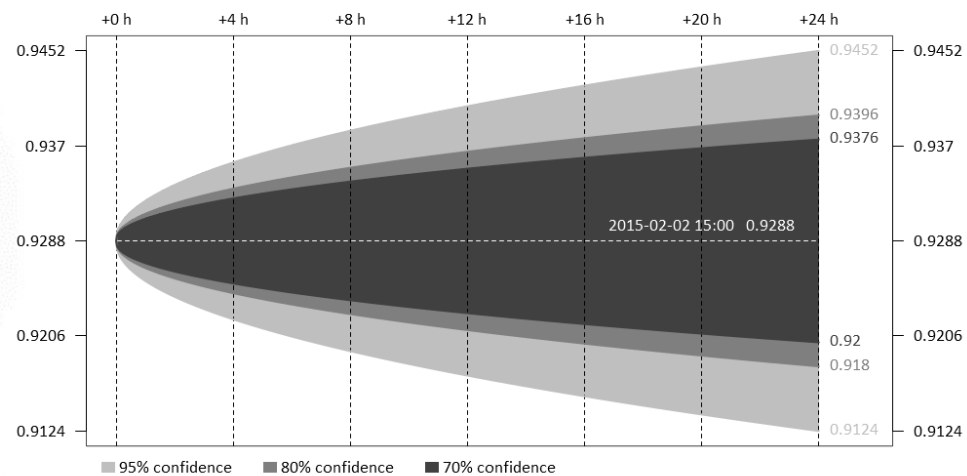
GBPUSD Potential Rates



USDJPY Potential Rates



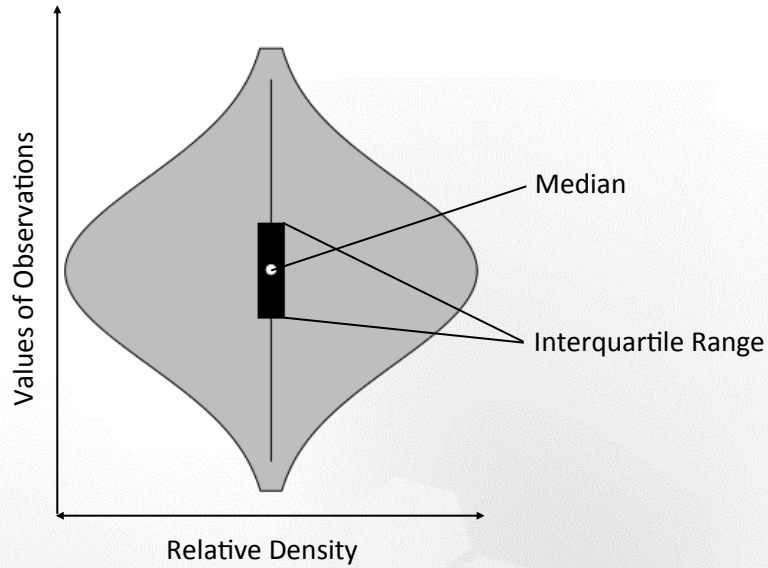
USDCHF Potential Rates



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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