



USD

16/02/2015



DUKASCOPY
RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area
February 11-12
23:00 - 03:00

- 'Normandy Four' Meeting
- Japanese Machinery Orders
- Australian Employment Change, Unemployment Rate

Turquoise Area
February 12
07:00 - 18:00

- German CPI
- Swedish Unemployment Rate, Riksbank's Rate Decision
- Euro zone Industrial Production
- BoE Quarterly Inflation Report
- US Jobless Claims, Retail Sales

USD Currency Index Range	0.24%	0.99%
Max USD Volatility Index	1.09	2



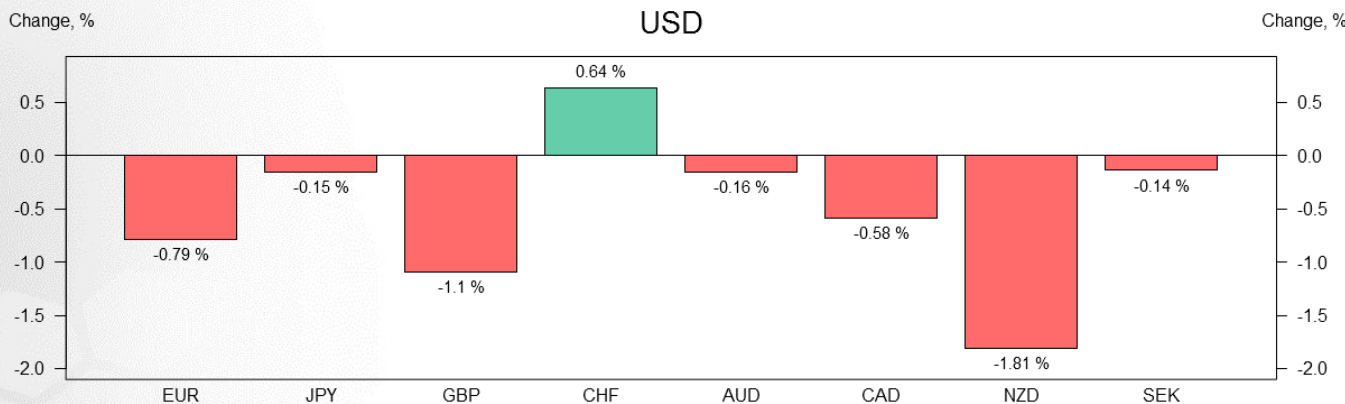
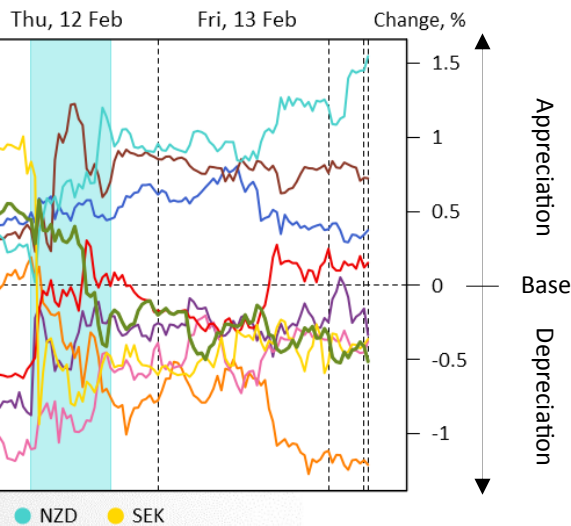
Relative Currency Strength

Currency Indexes

For the second week in row, the Kiwi was one of the best performers with approximately 1.5% appreciation of its index. The pound's index, which was in an uptrend since Tuesday, gained 0.7% and thus showed second best result. The Swiss franc, in turn, lost 1.2% of its value within two last days and became the worst performer. A rest of the currency indexes in the end of the trading week were ranked between the 99.5 and 100.5 points levels.

During the week there were very few economic events that noticeably influenced the observed currency indexes. Moreover, all of them took place on Thursday. The day started with a drop of the

Aussie, which reacted to disappointing Australian employment data. Few hours later the release of high Swedish unemployment rate, which increased by 1.4% and reached 8.4% in January, and the Riksbank's decision to cut the repo rate to -0.1% induced the sharp 2.0 points fall of the krona's index. The GBP Currency Index at the same day grew to the 101.2 mark as the BoE's inflation report was published. The day was critical for the Greenback. Steady strengthening of the currency during the first half of the week was replaced by the sharp depreciation after the negative change in retail sales. The index declined to the 99.5 points and remained on this level till the end of the week.



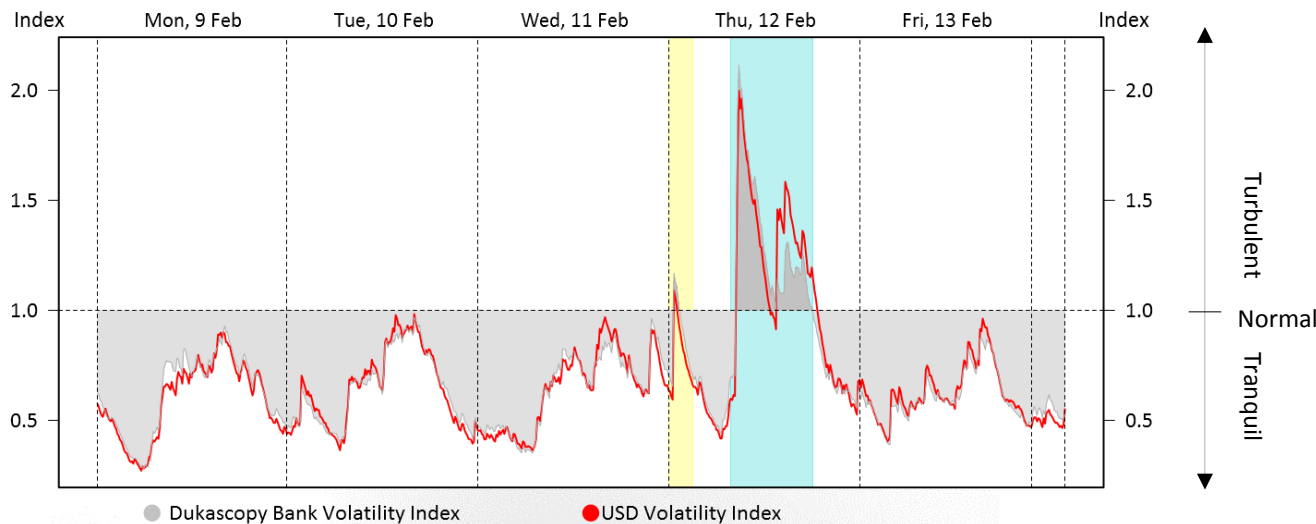
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.37%	-0.52%	-0.34%	0.72%	-1.21%	-0.38%	0.15%	1.55%	-0.36%
20	1.28%	2.87%	1.9%	5.06%	-4.35%	-2.89%	-1.19%	-1.25%	-1%
130	-4.72%	13.04%	-3.28%	4.19%	10.26%	-7.03%	-1.76%	-0.86%	-10.27%
250	-6.63%	13.97%	-3.35%	4.56%	9.07%	-3.15%	-0.1%	1.52%	-15.93%



Volatility

Volatility



The past week was extremely tranquil for the market and all observed currencies. The Greenback and the market volatility indexes climbed above the historical level only in 8% and 9% of time, respectively. Portions of the elevated volatility for almost all components decreased by 1% to 39% compared with previous week's values. The most noticeable fall was observed in AUD/USD and NZD/USD volatilities. The USD/JPY index showed the sharpest volatility peak of 5.2 points. The yen's index as well as pairs containing JPY also showed the highest portion of the elevated volatility past week.

For both the market and the US dollar Thursday was the only significantly volatile day of the past week, when the indexes managed to overcome the 1-point level, and moreover made it twice. The meeting of the Normandy Four as well as Australian employment data release caused the increase of the market and USD volatility, however, spikes were only 1.17 and 1.05 high. The Riksbank's decision to cut the repo rate pushed the volatility up. Thus, the market and the dollar indexes surged to the 2.12 and 2 marks respectively. The last peak of the USD volatility took place at midday. The gauge jumped to 1.58 level right after US retail sales data came out.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
9	8	13	18	16	5	12	16	10	17

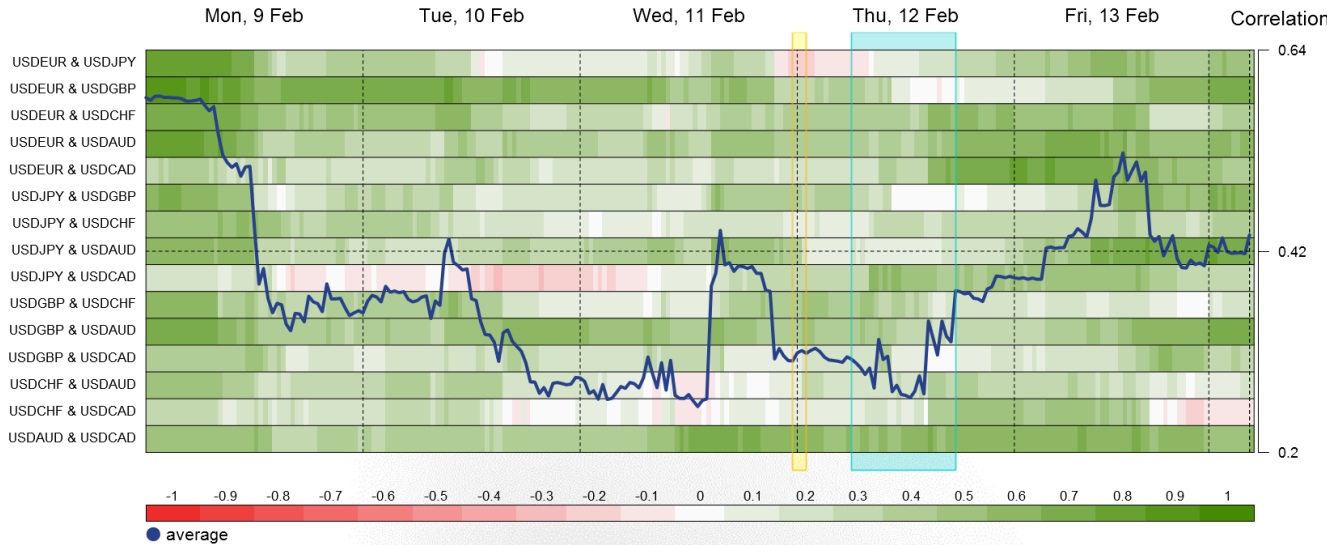
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.12	2	1.74	5.2	3.08	1.34	2.89	2.63	1.76	5.06
Min	0.28	0.27	0.24	0.28	0.29	0.15	0.25	0.18	0.32	0.25
Average	0.69	0.69	0.64	0.79	0.73	0.55	0.68	0.67	0.69	0.83



Currency Significance

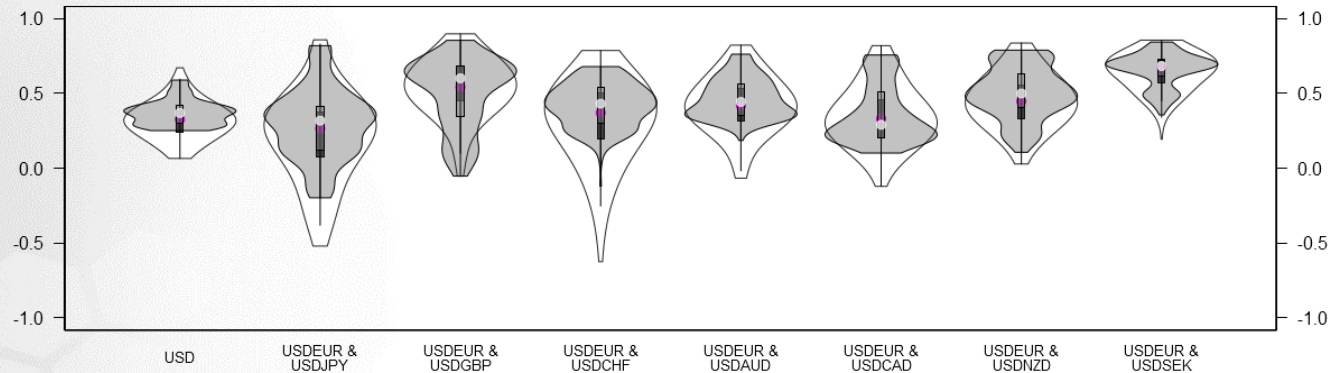
Correlations



Unlike volatility indexes, the dollar significance measure was rather changeable during the past week. The composite experienced quite a few ups-and-downs and fluctuated from 0.25 to 0.59. The composite has gained 0.08 points compared to the previous period. The development was also observed in USD/EUR correlations with USD pairs containing the yen, the franc and Pacific currencies. The most significant strengthening was noticed in bond between USD/EUR and USD/JPY, in the five-day period average value of the component rose by 0.19 points. Moreover, distributions of correlations have shifted up and gathered around the averages.

Significance of the Greenback slightly decreased from 0.59 to 0.44 within the observed period. The first major dip took place on Monday when the composite lost about 0.33 points. The UK manufacturing and industrial production made the gauge to climb to 0.43. However, the peak was followed by the weakening of the dollar significance and the composite slowly drifted down to the lowest level of the week. On Thursday the US jobless claims data caused the recovering of the USD significance measure. The composite gradually rose during the rest of the period and reached second highest value of 0.53 points on Friday. Unexpectedly low US Michigan consumer sentiment index managed the measure to fall and it stayed on the 0.42 level till the end of the period.

Correlations (5 vs 20 days)

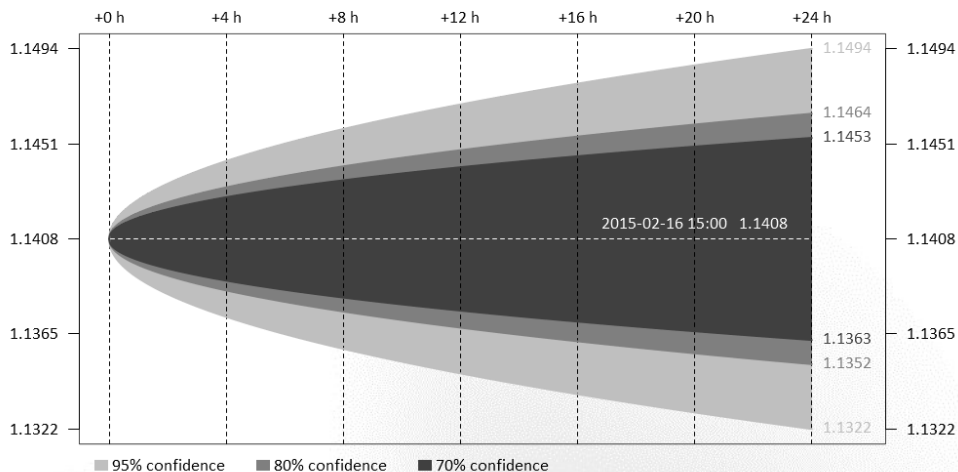


Mean Correlation Coefficient (with USDEUR)

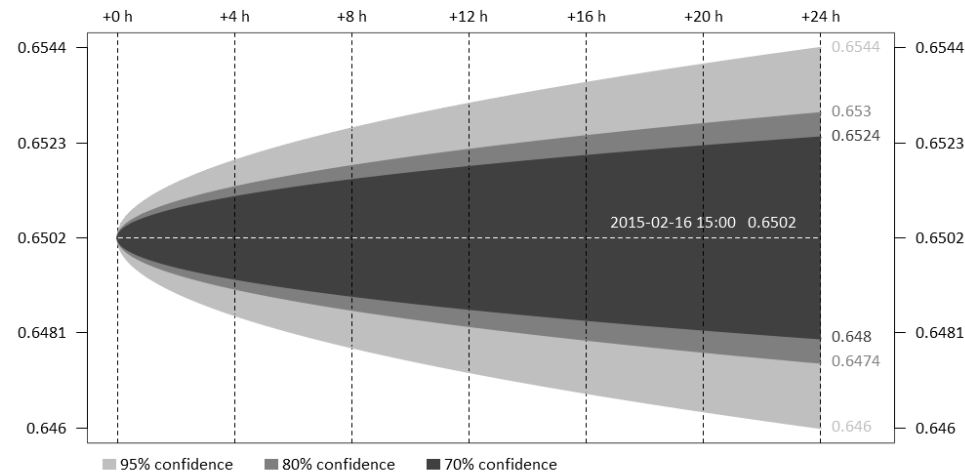
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.37	0.3	0.5	0.42	0.47	0.36	0.51	0.66
20	0.32	0.21	0.54	0.32	0.42	0.35	0.45	0.65
130	0.47	0.44	0.56	0.79	0.49	0.4	0.52	0.65
250	0.39	0.32	0.48	0.82	0.38	0.29	0.43	0.61

Confidence Intervals for Next 24 Hours

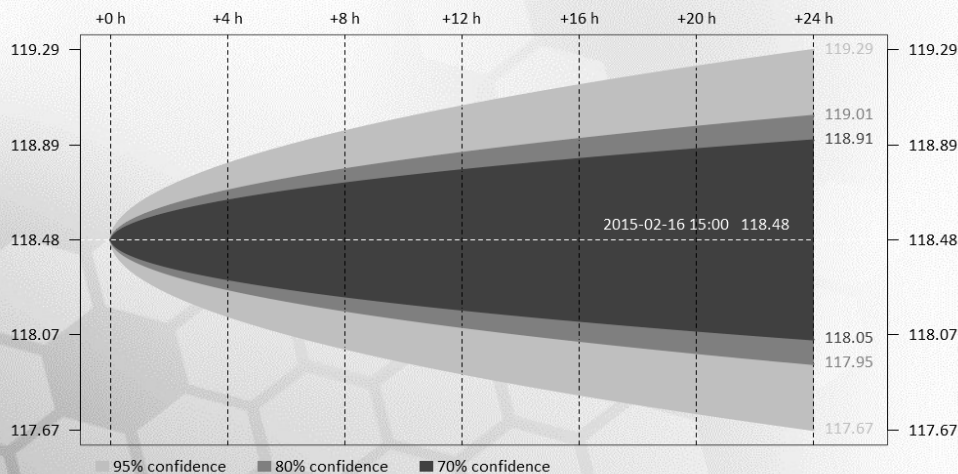
EURUSD Potential Rates



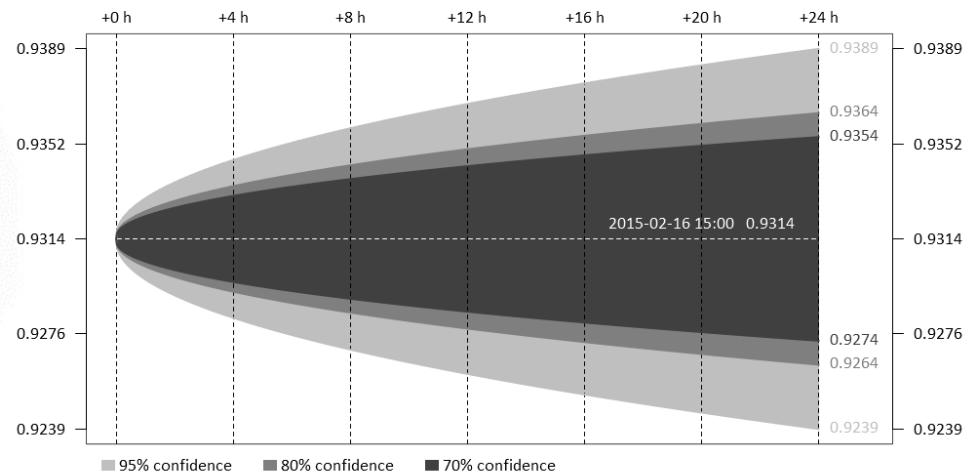
GBPUSD Potential Rates



USDJPY Potential Rates



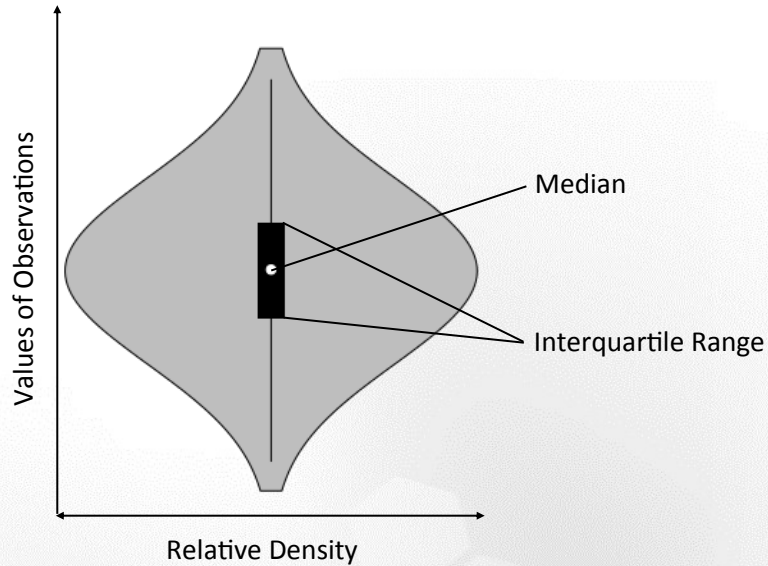
USDCHF Potential Rates



EXPLANATIONS

Violin Plot

Violin Plot is a combination of a Box Plot and rotated Kernel Density Plot



Methodologies

Volatility Index

Confidence Interval



Newest releases and archive:

- Fundamental Analysis
- Technical Analysis
- Press Review
- Market Research
- Expert Commentary
- Dukascopy Sentiment Index
- Trade Pattern Ideas
- Global Stock Market Review
- Commodity Overview
- Economic Research
- Quarterly Report
- Aggregate Technical Indicator

Additional information:

- Dukascopy Group Home Page
- Market News & Research
- FXSpider
- Live Webinars
- Dukascopy TV
- Daily Pivot Point Levels
- Economic Calendar
- Daily Highs/Lows
- SWFX Sentiment Index
- Movers & Shakers FX
- Forex Calculators
- Currency Converter
- Currency Index
- CoT Charts

Social networks:



Disclaimer

Everything in this article, including opinions and figures, is provided for informational purposes only and may not be interpreted as financial advice or solicitation of products. Dukascopy group assume no responsibility for the completeness or the accuracy of any data contained in this article. Financial figures indicated in this article have not been verified by the Dukascopy group. Views, opinions and analyses are those of the author of the article, and are not endorsed by the Dukascopy group.

Dukascopy group waive any and all warranties, express or implied, regarding, but without limitation to, warranties of the merchantability or the fitness for a particular purpose, with respect to all information in this article. Dukascopy group shall under no circumstances be responsible for any direct, indirect, consequential, contingent or any other damages sustained in connection with the use of this article.