



USD

20/04/2015



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Market Research





Dominant Events of the Period

Yellow Area

April 13

01:30 - 14:00

- Chinese Trade Balance

Turquoise Area

April 14

06:30 - 13:30

- UK CPI, PPI
- Euro Zone Industrial Production
- US Retail Sales, PPI

Blue Area

April 15

07:00 - 20:00

- ECB Interest Rate Decision, Press Conference
- US Capacity Utilization, Industrial Production
- BoC Interest Rate Decision, Press Conference

Purple Area

April 16

00:00 - 19:30

- Australian Unemployment Rate, Employment Change
- US Housing Starts, Building Permits, Jobless Claims
- Fed's Stanley Fischer Speech

Orange Area

April 17

06:30 - 15:00

- UK Claimant Count, ILO Unemployment Rate, Average Earnings
- Euro Zone CPI
- US CPI, Flash UoM Consumer Sentiment Index, CB Leading Indicator
- Canadian CPI, Retail Sales

USD Currency Index Change

0.37%

-0.83%

-0.76%

-1.06%

0.14%

Max USD Volatility Index

1.48

2.53

1.77

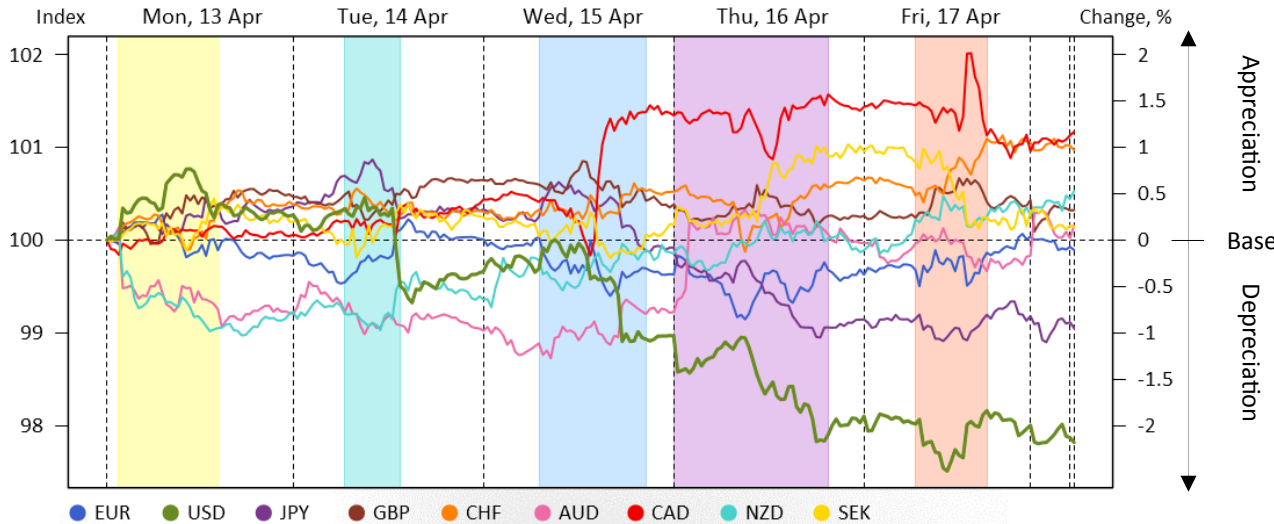
1.97

1.96



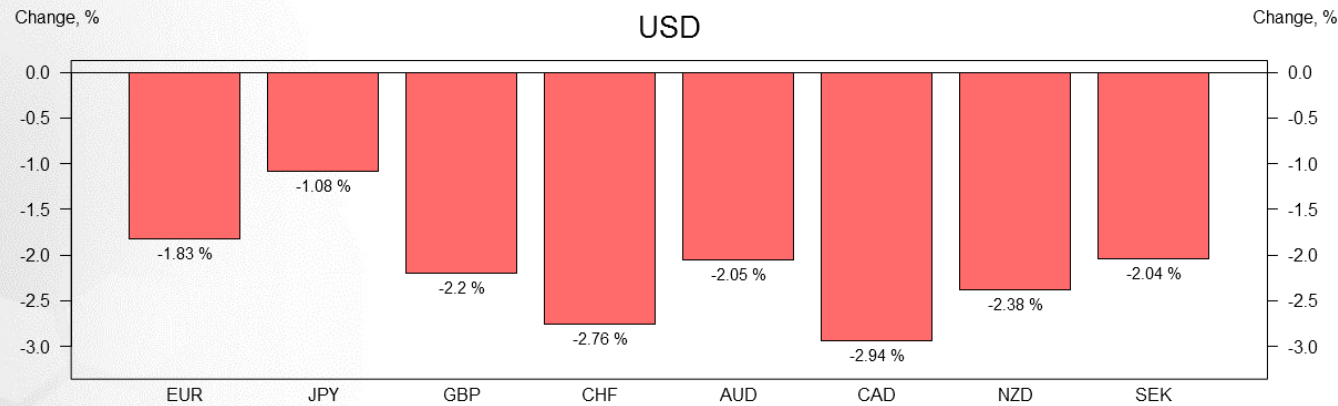
Relative Currency Strength

Currency Indexes



After enjoying a week of steady growth in the previous period, the USD Index was again hit by disappointing fundamentals, sending the measure into a downside and ultimately putting it over 1% below its closest peer. Meanwhile, most of the other observed indexes were more tranquil, with their changes less sharp and their trends less pronounced. Notable exceptions were the Loonie's and the Aussie's gauges, with the former surging against the background of the BoC conference and inflation and sales numbers, and the latter dipping in response to the poor Chinese trade balance and then jumping on optimistic Australian labor data.

The USD Index took its heaviest hit on Tuesday, when lower-than-expected rise in retail sales sent it 0.83 points down and into the depreciation area. Afterwards, the gauge struggled to recover, but only managed to touch the baseline before a series of dips on Wednesday afternoon took it below all of its peers. Amid the Loonie's surge and the Aussie's rapid recovery, the Greenback's decline was fueled by disappointing industrial production data and the surprise fall of the NY manufacturing index, giving the USD Index no ground for a rebound. On Thursday, initial jobless claims posted an unexpected rise and building permits fell short of forecasts, deepening the index's losses and landing it on the 98 points level, where it remained till the end of the week.



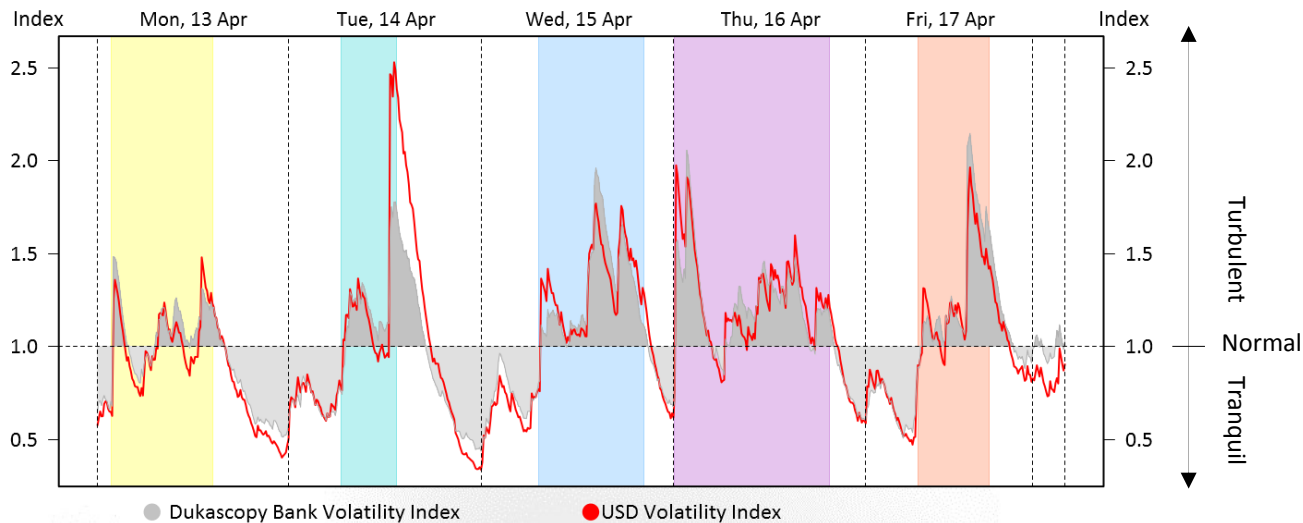
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.11%	-2.18%	-0.95%	0.32%	0.97%	0.16%	1.16%	0.53%	0.14%
20	-1.12%	-0.91%	-0.03%	-0.57%	1.95%	-0.9%	2.3%	0.21%	-1.2%
130	-9.55%	8.92%	-2.29%	1.23%	8.76%	-3.4%	0.42%	6.33%	-11.43%
250	-12.14%	15.44%	-1.28%	2.51%	7.08%	-4.47%	4.03%	3.59%	-14.72%



Volatility

Volatility



The past week saw the portion of elevated volatility rise above 50% for the first time in two months, but the burst of activity could be easily explained by the host of influential economic releases. The most conspicuous volatility peaks were associated with the news on Canada's economy. Optimistic BoC Governor Poloz's statement and bullish monetary policy report drove the currency's volatility measure to the 3.95 mark. But that proved not to be the limit, as on Friday, after the announcement of surprisingly high CPI, it reached the 5.0 level. Thus, the event became the most resonant during the week, and the market volatility surged to the 2.15 mark.

The week started unusually with a significant increase of volatility – the huge decrease in China's trade balance was reflected in the Greenback's and the Pacific currencies' rates, and the DB Volatility Index spiked to 1.5 points. Tuesday, in turn, was the most turbulent day for the dollar. Positive in contrast to the previous value, but still lower than expected retail sales influenced the currency dramatically, and the index met the 2.53 level – the week's high. The volatility spikes on the following days were associated with the news on the Greenback's counterparts – the Canadian dollar on Wednesday and the Aussie on Thursday morning, when the decreasing Australian unemployment was released. One more notable increase of the USD volatility took place on Friday, against the background of the lower-than-expected CPI announcement.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	54	49	50	31	38	39	51	43	48	49

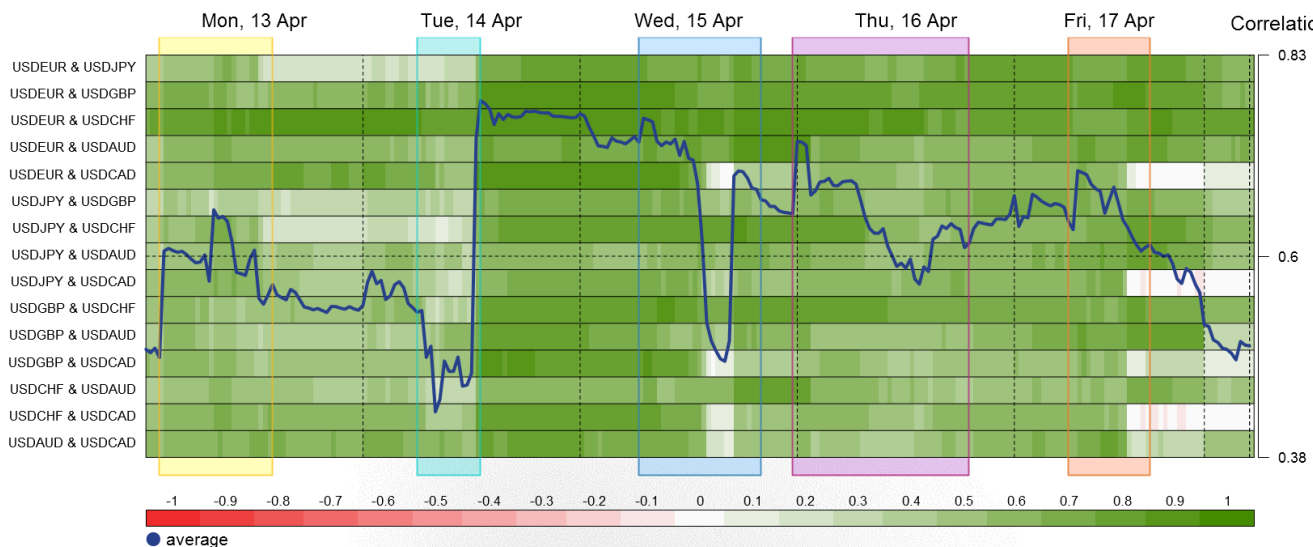
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.15	2.53	3.07	2.42	3.66	1.93	4.07	4	3.7	2.58
Min	0.44	0.34	0.27	0.37	0.27	0.23	0.3	0.29	0.35	0.34
Average	1.03	1.02	1.09	0.92	0.93	0.93	1.07	1.12	1.05	1.01



Currency Significance

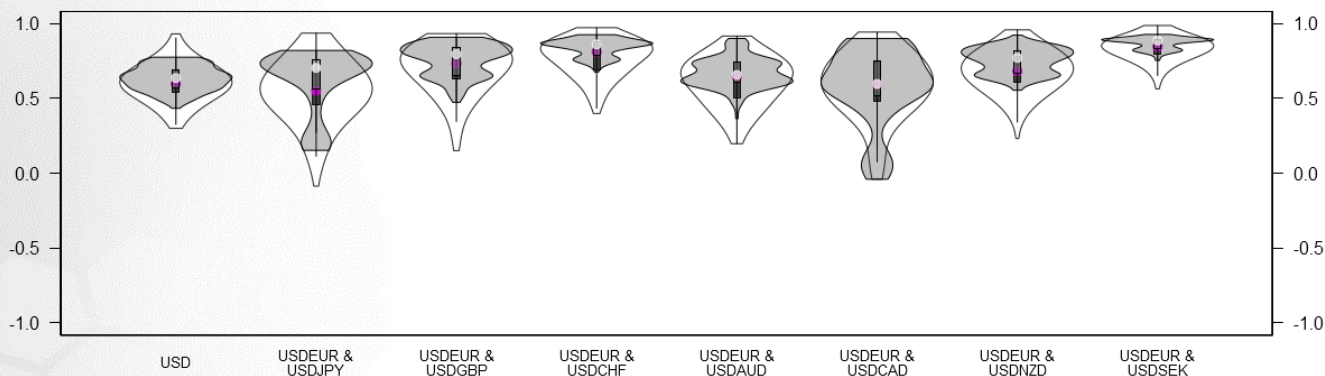
Correlations



The past period was peculiar for the US dollar's significance measure, as it had a clear competitor in the form of its Canadian counterpart. The two major falls of the USD composite — one on Wednesday and one on Friday, — were both caused by the weakening of bonds between USD/CAD and other pairs, and took place amid the surges of the Loonie's measure. The Australian dollar's composite was another gauge that aimed for the top place. It dominated over its peers during the first day of the period, though failed to bring any serious disturbances to the Greenback's measure.

The dollar's correlation composite seemed to pick up exactly the same events as the other measures, without pointing out any new significant developments. The gauge surged to its maximum with the US retail sales release on Tuesday, and then was knocked down by the spike of the Loonie's significance during Wednesday's BoC conference. After that, the dollar's measure was holding relatively steady around the level of 0.65-0.70 points while the Greenback was declining, and tumbled on Friday, when the Canadian currency's movement once again took over the market. Admittedly, the USD composite only lost 0.2 points and finished the period on the 0.50 mark, posting the third-best result in a tie with the krona's gauge.

Correlations (5 vs 20 days)

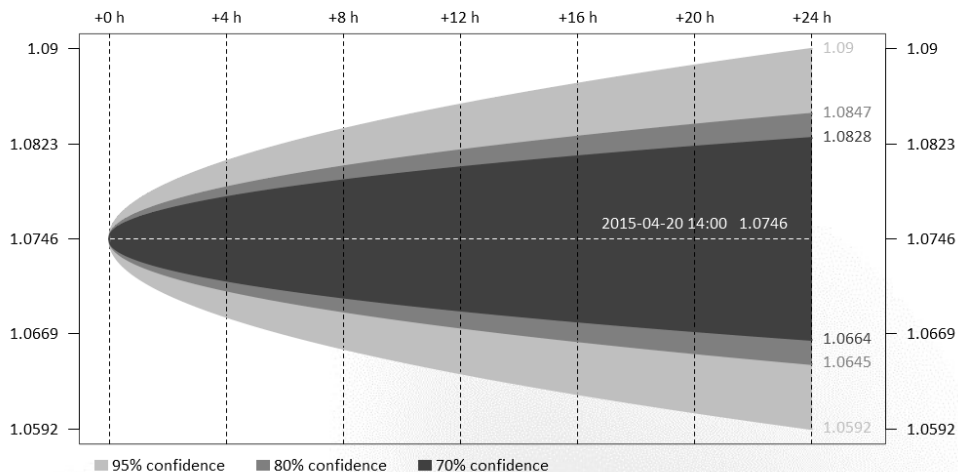


Mean Correlation Coefficient (with USDEUR)

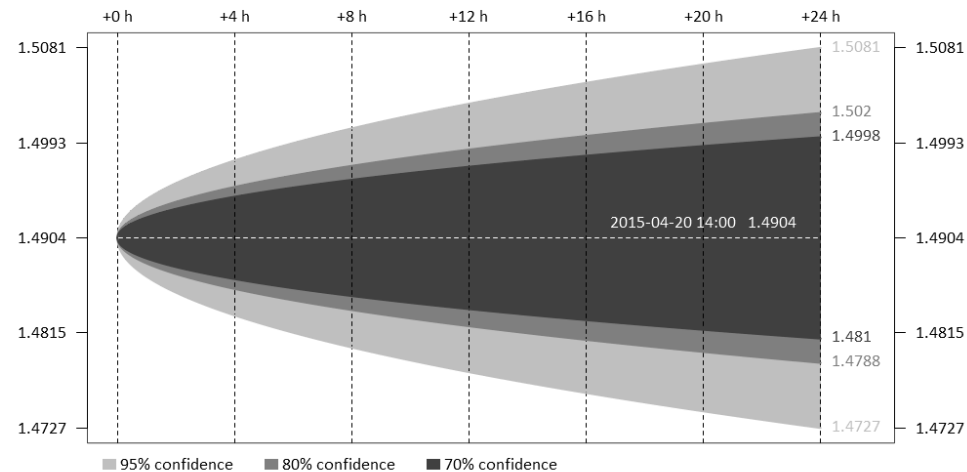
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.63	0.61	0.76	0.84	0.67	0.58	0.75	0.87
20	0.6	0.55	0.7	0.77	0.62	0.58	0.68	0.84
130	0.47	0.42	0.6	0.7	0.52	0.42	0.54	0.67
250	0.44	0.39	0.51	0.79	0.44	0.35	0.48	0.63

Confidence Intervals for Next 24 Hours

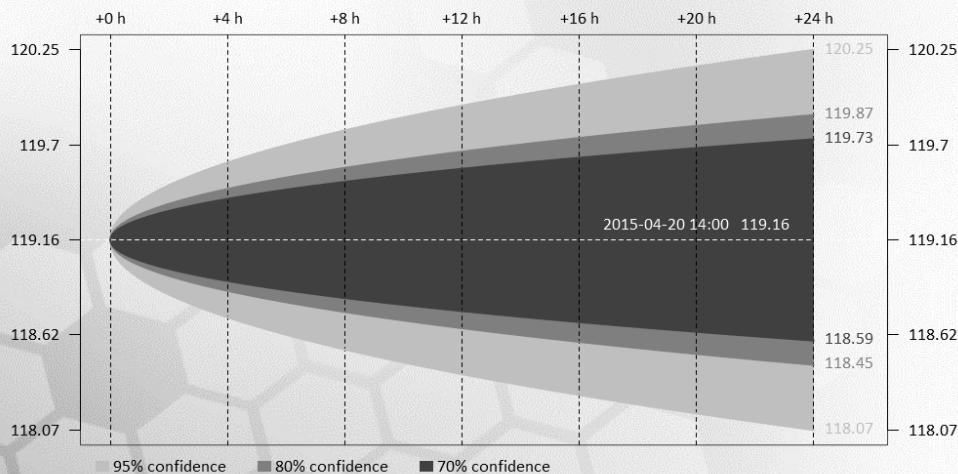
EURUSD Potential Rates



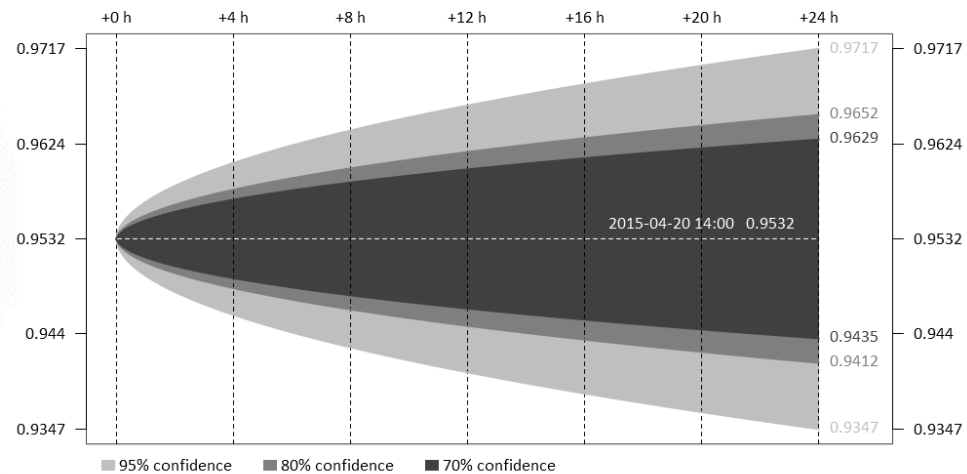
GBPUSD Potential Rates



USDJPY Potential Rates



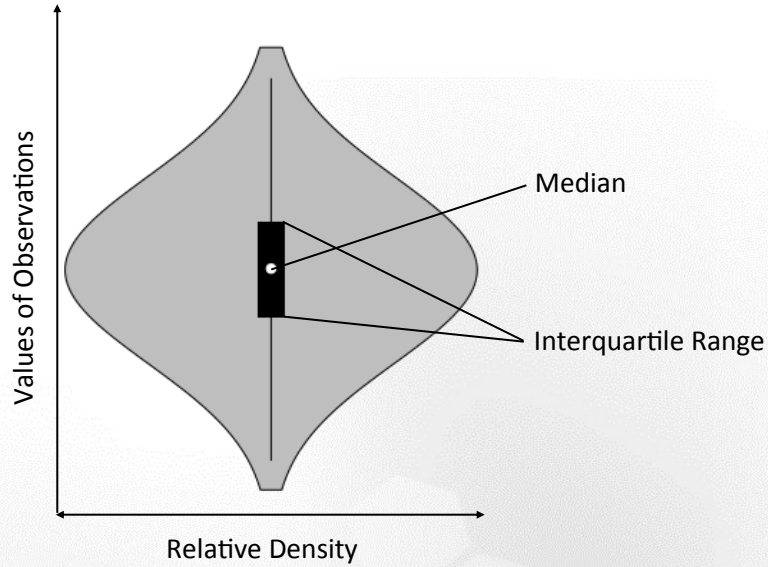
USDCHF Potential Rates



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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