**DUKASCOPY**

RESEARCH PRODUCTS

# Market Research

# Dominant Events of the Period

## Yellow Area

*April 20*

*06:30 - 15:30*

- *German PPI*
- *BoC Governor Poloz's Speech*

## Turquoise Area

*April 21*

*07:00 - 16:30*

- *German, Euro Zone ZEW Survey*

## Blue Area

*April 22*

*07:30 - 16:00*

- *BoE Minutes, MPC Vote*
- *US Housing Price Index, Existing Home Sales*
- *Euro Zone Flash Consumer Confidence*

## Purple Area

*April 23*

*07:00 - 15:30*

- *German, French, Euro Zone Flash Markit PMI*
- *US Jobless Claims, Flash Markit Manufacturing PMI, New Home Sales*

## Orange Area

*April 24*

*06:00 - 16:00*

- *German Ifo Survey*
- *US Durable Goods Orders*
- *Eurogroup Meeting*

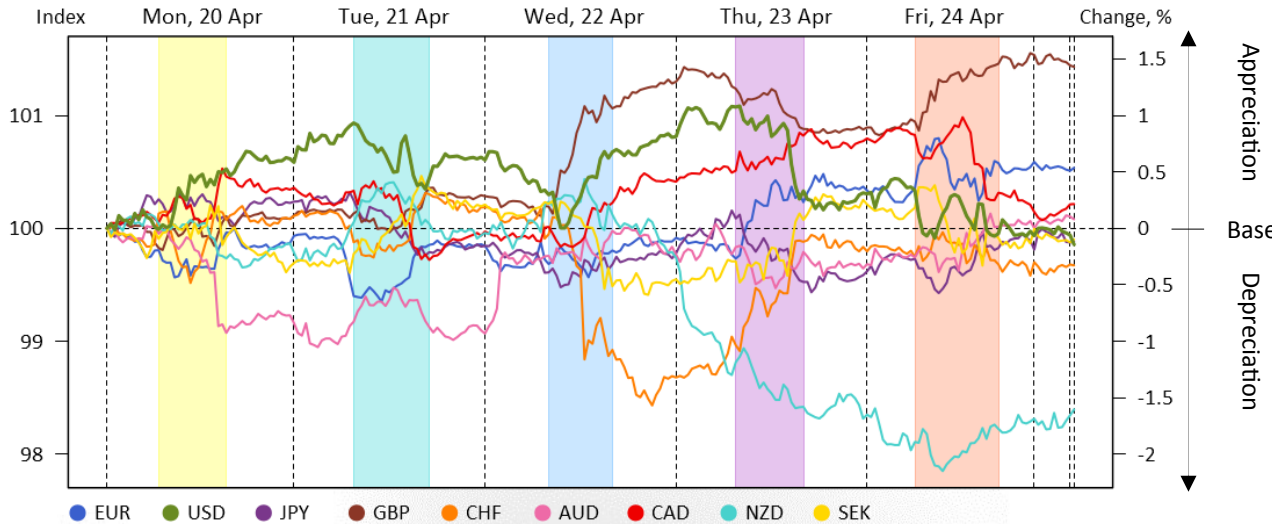| | Yellow | Turquoise | Blue | Purple | Orange |
|---|---|---|---|---|---|
| USD Currency Index Change | 0.54% | -0.49% | 0.38% | -0.74% | -0.38% |
| Max USD Volatility Index | 1.34 | 1.42 | 1.4 | 1.45 | 1.48 |

# Relative Currency Strength

## Currency Indexes



The past period proved to be a bumpy ride for the USD Index, as it struggled and failed to recover from the previous week's loses, ultimately winding up slightly below the baseline. Among other losers, the franc's measure suffered the sharpest fall after the SNB announced the expansion of its negative rate policy on Wednesday. The Kiwi's gauge, in turn, went into the lengthiest downslide when the RBNZ's assistant governor McDermott said the bank could consider lowering interest rates on signs of worsening inflationary situation. Meanwhile, the GBP Index posted the greatest weekly gain, pushed up by the hawkish BoE minutes.

Throughout the period, the movements of the USD Index were wavery, confined between the 100 and 101 points marks. Nevertheless, the measure managed to hold above most of its peers during the first three and a half days, paring the previous week's 2% losses despite the pressure of uncertainty about the next rate move. On Thursday, however, the Greenback was hit by the US fundamentals, and as jobless claims, new home sales, and manufacturing PMI estimate all disappointed expectations, the USD Index lost 0.6 points and fell below the strengthening gauges of the Loonie and the Euro. Afterwards, the dollar's measure zigzagged towards the baseline, with the Greenback itself posting weekly gains only against the Kiwi and the Swiss franc.
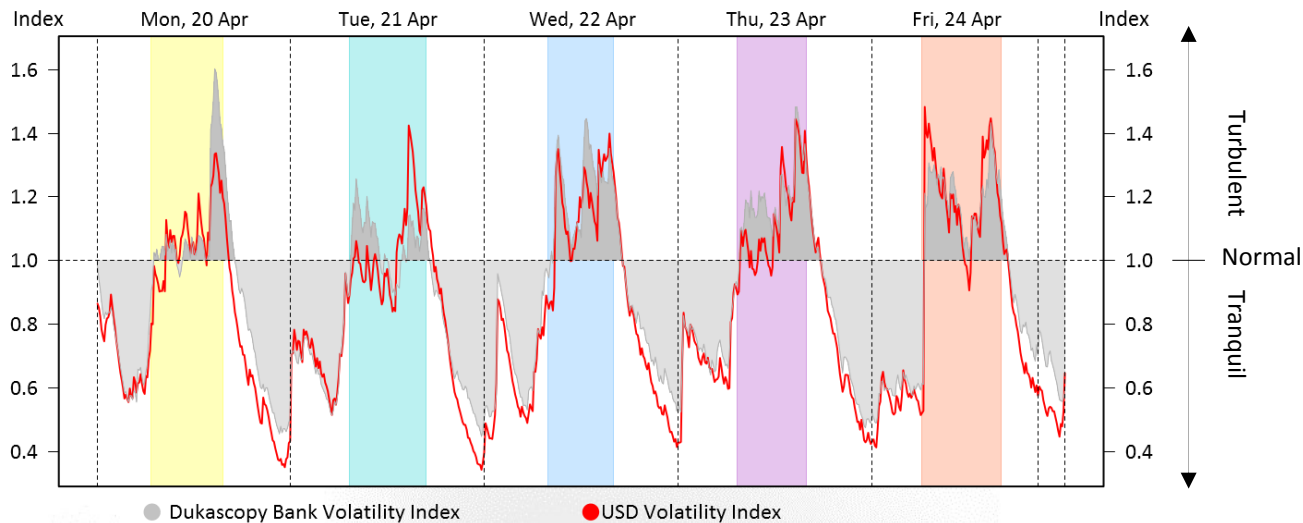
## USD
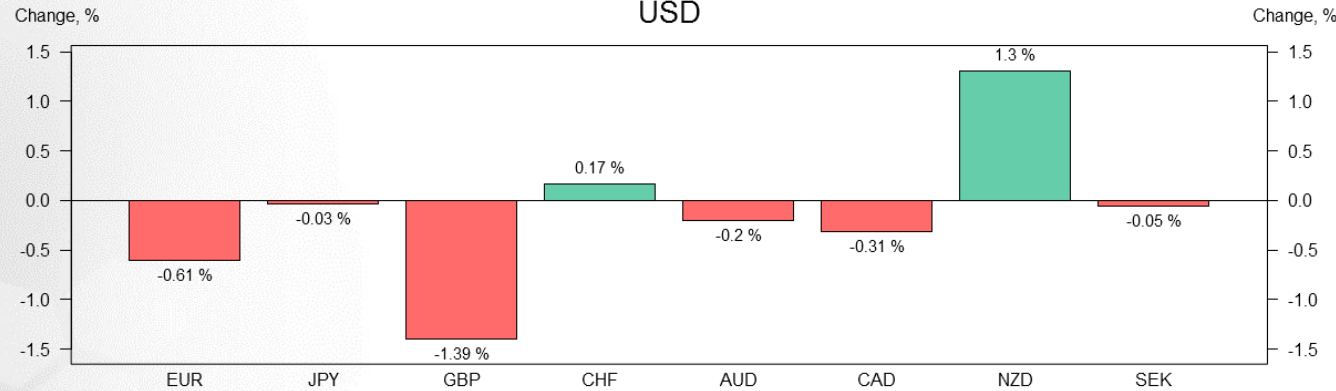


### Currency Index Change

| Days | EUR | USD | JPY | GBP | CHF | AUD | CAD | NZD | SEK |
|------|------|------|------|------|------|------|------|------|------|
| 5 | 0.54% | -0.14% | -0.12% | 1.43% | -0.33% | 0.08% | 0.21% | -1.6% | -0.1% |
| 20 | -1.21% | -0.97% | -0.79% | 1.27% | -0.16% | 0.51% | 2.93% | -0.05% | -1.82% |
| 130 | -8.66% | 8.4% | -1.96% | 2.3% | 8.82% | -4.25% | -0.05% | 5.33% | -10.9% |
| 250 | -11.77% | 15.34% | -1.64% | 3.96% | 6.48% | -3.66% | 4.45% | 1.94% | -15.1% |

# Volatility

## Volatility



Index | Mon, 20 Apr | Tue, 21 Apr | Wed, 22 Apr | Thu, 23 Apr | Fri, 24 Apr | Index

Turbulent / Normal / Tranquil

● Dukascopy Bank Volatility Index  ● USD Volatility Index

The past week was quite turbulent for both the market and the US dollar, as the Greenback's and the DB volatility indexes held above their historical levels for the 33% and 38%, respectively. However, the latest values were lower than the previous readings, making the past five trading days 7%-34% less volatile for the USD index and its components. The exception was the USD/CHF index, whose portion of elevated volatility rose by 44%, indicating the greatest turbulence among the dollar's pairs. As for the values of volatility itself, the peaks were rather low, with the highest spike of the USD index not reaching even the 1.5 point mark.

The market began the week with the highest peak of the period. Starting to rise after the German PPI report, both the Greenback and the market indexes crossed the 1 point mark by the time the US CFNAI came out. However, the greatest peaks were reached later, right after the BoC Governor's speech. In the next three days, the spikes of volatility of both the market and the dollar held aroound the same level of 1.4 points. The surges were caused by the US housing price index and the BoE MPC report on Wednesday, as well as unexpectedly low US economic data on Thursday. The USD Volatility Index spiked to its greatest value on Friday, which was marked by the Eurogroup meeting and the US durable goods orders.

## Elevated Volatility (% of the observed period)

| Market | USD | EURUSD | USDJPY | GBPUSD | USDCHF | AUDUSD | USDCAD | NZDUSD | USDSEK |
|--------|-----|--------|--------|--------|--------|--------|--------|--------|--------|
| 38 | 33 | 36 | 19 | 31 | 44 | 17 | 20 | 26 | 39 |

## Volatility Index (for the observed period)

| | Market | USD | EURUSD | USDJPY | GBPUSD | USDCHF | AUDUSD | USDCAD | NZDUSD | USDSEK |
|---------|--------|------|--------|--------|--------|--------|--------|--------|--------|--------|
| Max | 1.6 | 1.48 | 2.22 | 1.59 | 1.9 | 2.49 | 2.15 | 1.71 | 1.53 | 1.92 |
| Min | 0.45 | 0.34 | 0.23 | 0.32 | 0.3 | 0.33 | 0.3 | 0.28 | 0.31 | 0.32 |
| Average | 0.88 | 0.84 | 0.84 | 0.79 | 0.82 | 0.97 | 0.8 | 0.76 | 0.84 | 0.88 |

# Currency Significance
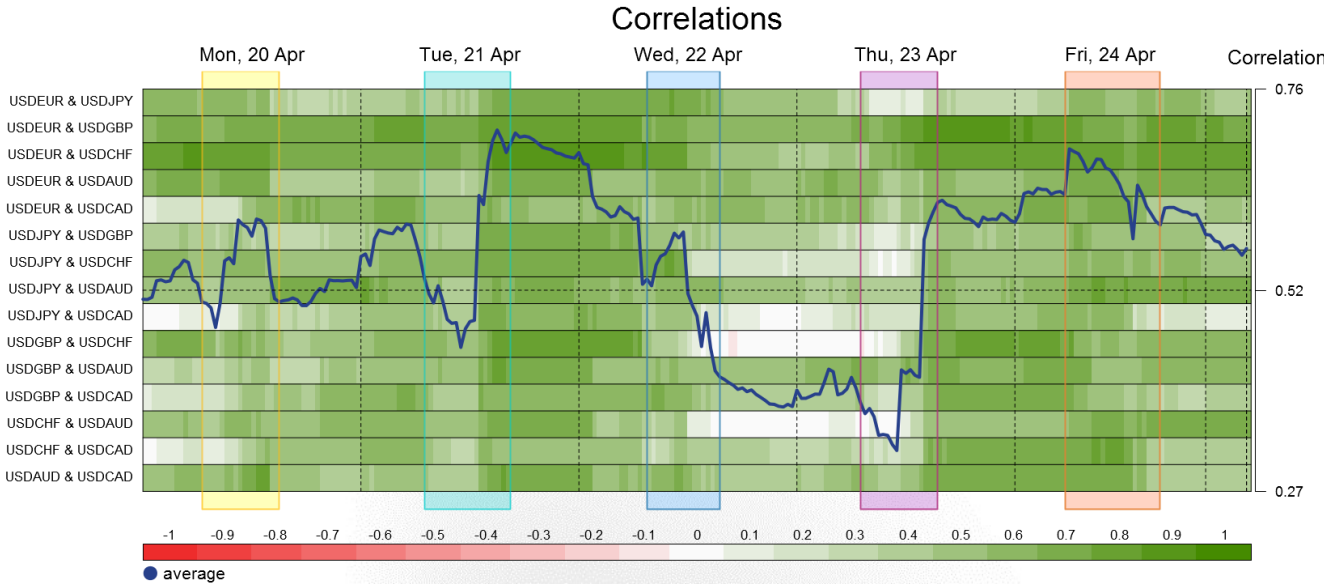
## Correlations



The average correlation of the USD pairs was very changeable during the week, varying in a wide range of 0.33-0.71 points. The mean levels of almost all USD/EUR components were below their monthly readings, which pointed out relative insignificance of the Greenback. At the same time, USD/CHF was the only instrument whose bond with the most traded pair was weaker than its yearly measure. It is worth noting that the Swiss franc was one of the main competitors for the dollar, as its significance measure surged to the 0.89 points mark on Wednesday, which managed the USD gauge to drop to 0.3-0.4 points – the lowest level of the week.

The gauge started the week at a moderate 0.5 level, as the Loonie took the leading position after Friday's CPI release. The RBA's Stevens speech in the evening was followed by an increase in the Aussie pairs' correlations, and did not allow the dollar's measure to grow. The composite notably grew for the first time on Tuesday, reaching its maximum when the US dollar spiked shortly against all its counterparts. However, the significance burst was short-lived, as Australian CPI and BoE minutes were released the next day, raising the correlations of AUD and GBP pairs. The most conspicuous change of the gauge took place on Thursday, when the values of all its components rose in reaction to disappointing jobs and home sales numbers, as well as preliminary manufacturing PMI data.
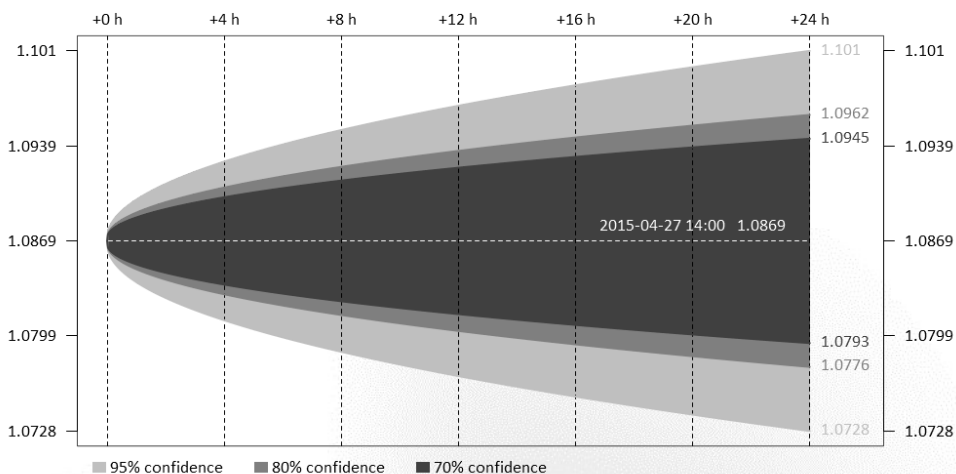
## Correlations (5 vs 20 days)
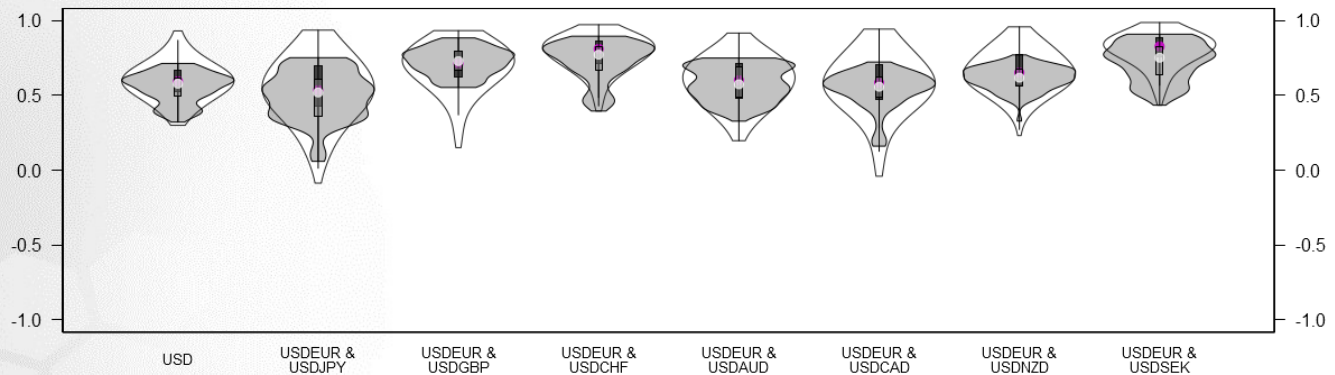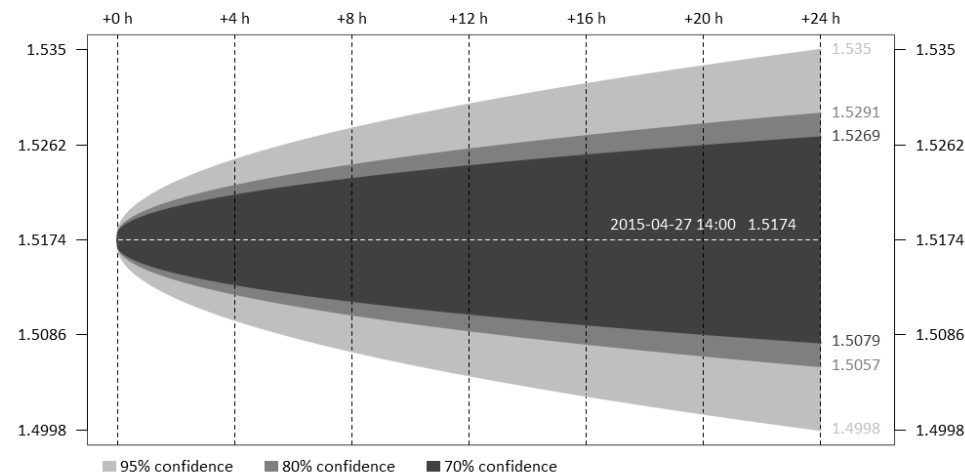


## Mean Correlation Coefficient (with USDEUR)

| Days | USD | USDJPY | USDGBP | USDCHF | USDAUD | USDCAD | USDNZD | USDSEK |
|------|------|--------|--------|--------|--------|--------|--------|--------|
| 5 | 0.55 | 0.5 | 0.72 | 0.73 | 0.58 | 0.54 | 0.61 | 0.73 |
| 20 | 0.59 | 0.54 | 0.69 | 0.78 | 0.59 | 0.58 | 0.66 | 0.81 |
| 130 | 0.47 | 0.43 | 0.61 | 0.7 | 0.52 | 0.43 | 0.55 | 0.67 |
| 250 | 0.44 | 0.4 | 0.52 | 0.79 | 0.45 | 0.36 | 0.49 | 0.63 |

# Confidence Intervals for Next 24 Hours

### EURUSD  Potential Rates



2015-04-27 14:00   1.0869

■ 95% confidence   ■ 80% confidence   ■ 70% confidence

### GBPUSD  Potential Rates



2015-04-27 14:00   1.5174

■ 95% confidence   ■ 80% confidence   ■ 70% confidence

### USDJPY  Potential Rates



2015-04-27 14:00   119.37

■ 95% confidence   ■ 80% confidence   ■ 70% confidence

### USDCHF  Potential Rates



2015-04-27 14:00   0.9549
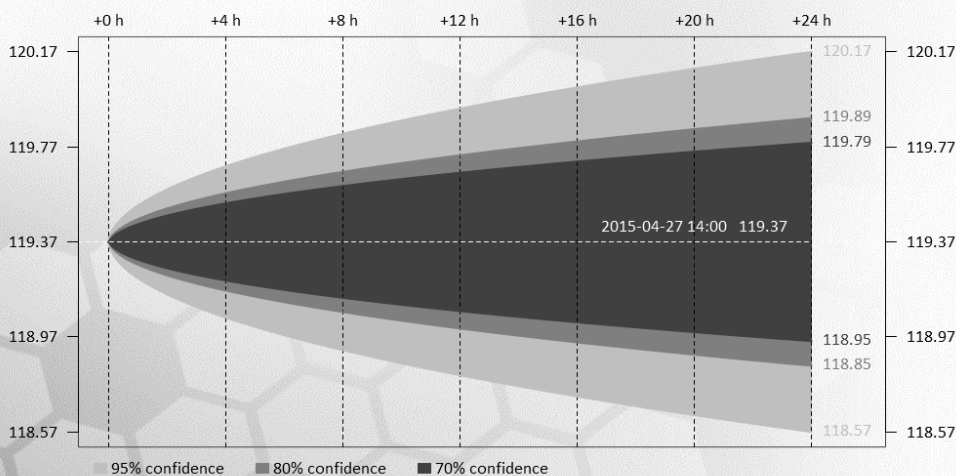
■ 95% confidence   ■ 80% confidence   ■ 70% confidence
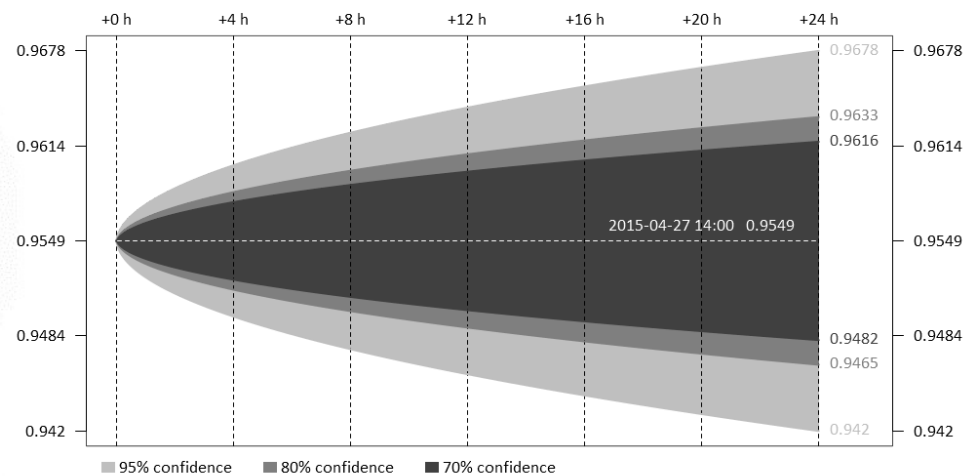
## Violin Plot

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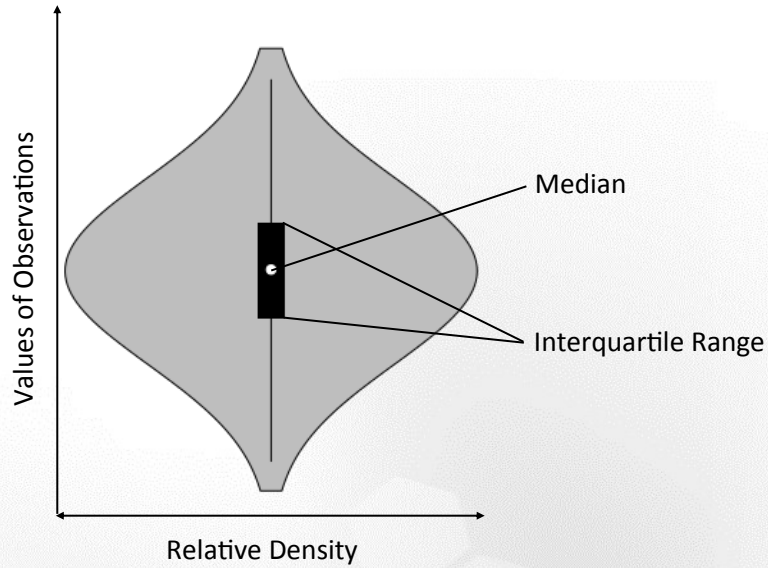
## Methodologies

Volatility Index

Confidence Interval

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## Swiss Forex Bank & Marketplace

| | | | |
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