



**AUD**

06/05/2015



**DUKASCOPY**  
RESEARCH PRODUCTS



**Market Research**





# Dominant Events of the Period

## Yellow Area

April 29

05:00 - 23:00

- US GDP
- Fed Interest Rate Decision
- RBNZ Interest Rate Decision and Monetary Policy Statement
- German CPI

## Turquoise Area

April 30

03:00 - 19:30

- BoJ Interest Rate Decision and Monetary Policy Statement
- Euro zone CPI
- German Unemployment Change
- Japan CPI

## Blue Area

May 1

05:00 - 17:00

- UK Manufacturing PMI
- US ISM Manufacturing PMI

## Purple Area

May 5

01:30 - 20:00

- Australian Trade Balance
- RBA Interest Rate Decision and Rate Statement
- European Commission Growth Forecasts
- US Trade Balance

AUD Currency Index Change

-0.46%

-1.24%

-0.19%

0.91%

Max AUD Volatility Index

1.65

2.15

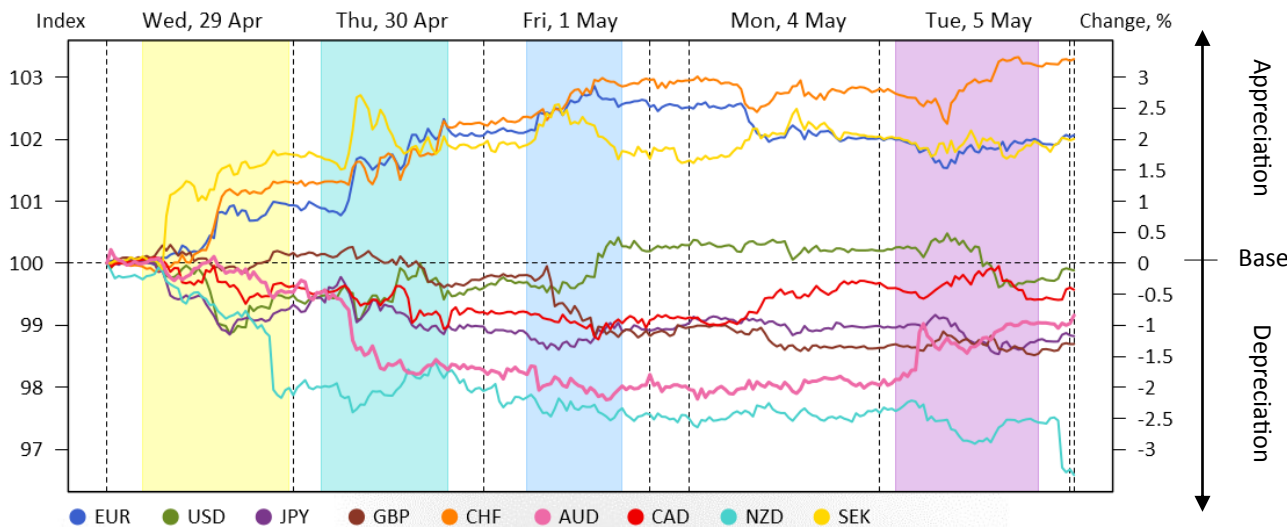
1.81

2.29



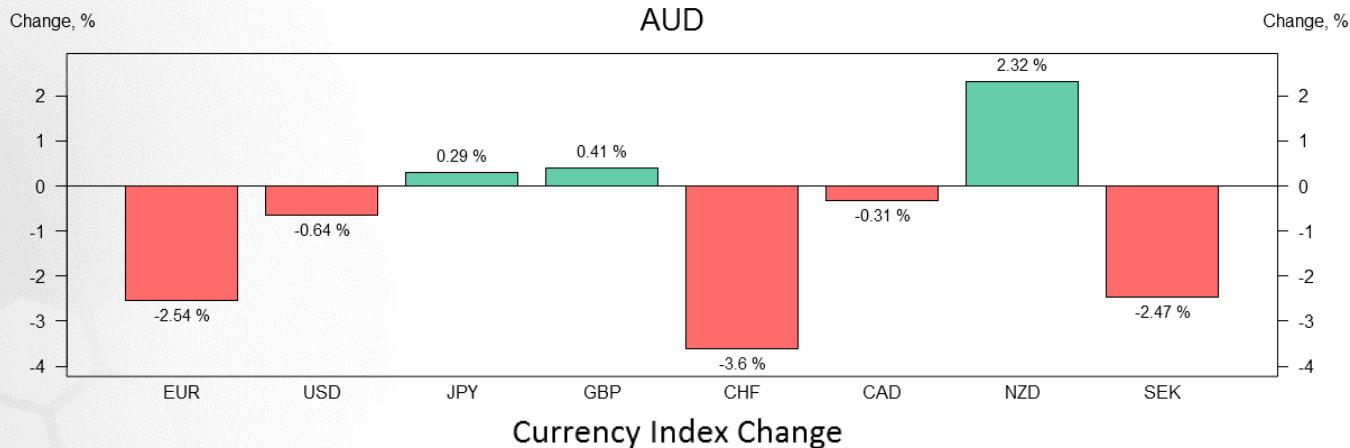
# Relative Currency Strength

Currency Indexes



Last week, we have observed a clear divergence between gainers and losers. Swiss Franc, Euro and Swedish Krona were the only period's positive performers, and all of them surged more than 2%. On the other hand, other currencies dropped, and the Aussie used to be among them. Overall, during the weekly time this currency fell by 0.84%, while a clear underperformer was the Kiwi (-3.41%), which registered the most noticeable slump for a second week in a row. It gave the opportunity for the Aussie to register its fastest advance of 2.32% exactly against its New Zealand's peer.

The Australian Dollar has mainly followed its counterpart from New Zealand during the period, which declined significantly on Wednesday, reacting strongly to the RBNZ's interest rate decision. Other important events of the period included US GDP data and the FOMC statement, which initially provided the Buck with negative impetus. Later on, however, US Dollar managed to erase losses and remain broadly unchanged on a weekly basis. Meanwhile, the only important news in Australia were published on Tuesday, where the Reserve Bank decided to cut the interest rate by 25 basis points to 2%. At the same time, the Aussie has surprisingly reacted to the upside and daily growth reached 1%.

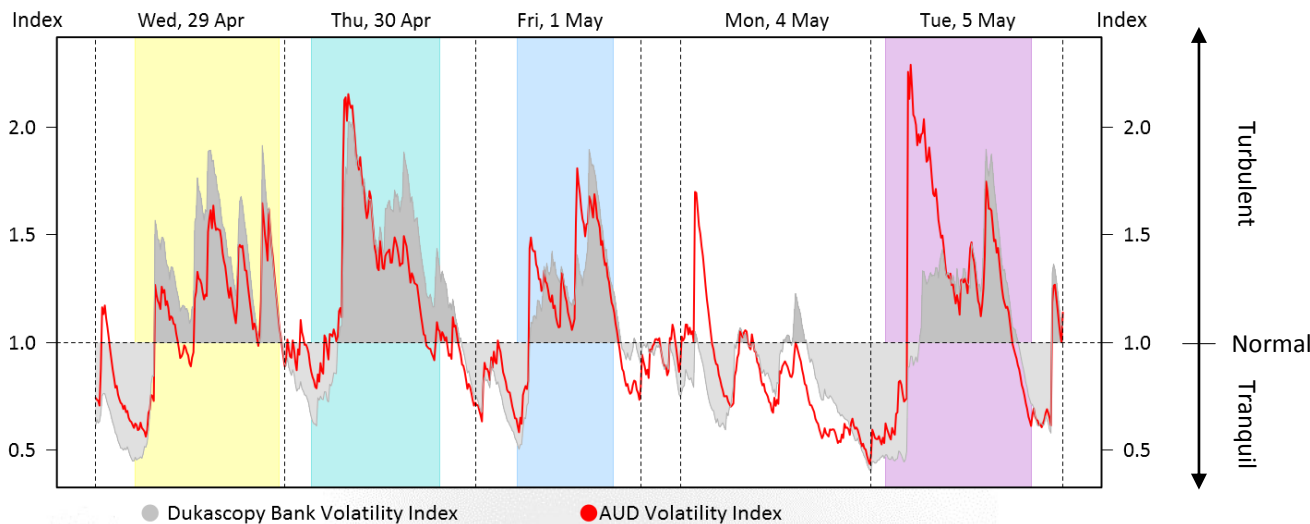


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	2.06%	-0.12%	-1.17%	-1.3%	3.29%	-0.84%	-0.43%	-3.41%	2%
20	1.33%	-1.95%	-2.4%	0.03%	1.94%	1.56%	1.33%	-3.01%	1.89%
130	-6.87%	5.35%	0.63%	0.42%	10.3%	-4.03%	-0.07%	1.91%	-8.23%
250	-9.49%	14.76%	-3.34%	2.83%	8.61%	-2.78%	3.89%	-1.86%	-12.53%



# Volatility

## Volatility



The past week was marked by very high portion of the elevated volatility, compared both with our previous reports on this currency and with the market average level, as the AUD Volatility Index held above the historical level for more than 52% of the observed period. Market elevated volatility, in turn, was slightly below at 51%. Among Aussie's index components, AUD/SEK currency pair was elevated in 60% of the time, followed by AUD/NZD with 56%. Nevertheless, with a few exceptions, volatility indexes did not exceed a 2 points level. The most noticeable volatility spikes occurred in pair AUD/NZD, whose index surged to 5.77 points during the peak.

As can be seen from the volatility chart, volatility indicators for the Australian Dollar were quite uplifted during all but one day of the period, while on Monday the market for this currency remained subdued amid lack of fundamental drivers both from Australia and abroad. The most considerable spikes in Aussie's turbulence took place on Thursday and Tuesday. The earliest between them has been broadly caused by a bunch of data from Europe. Most importantly, the Euro zone escaped the deflation territory and its CPI stood at zero in April. On Tuesday, however, the RBA's decision to decrease interest rates sent the Australian Dollar's volatility to its weekly high of 2.29 points.

### Elevated Volatility (% of the observed period)

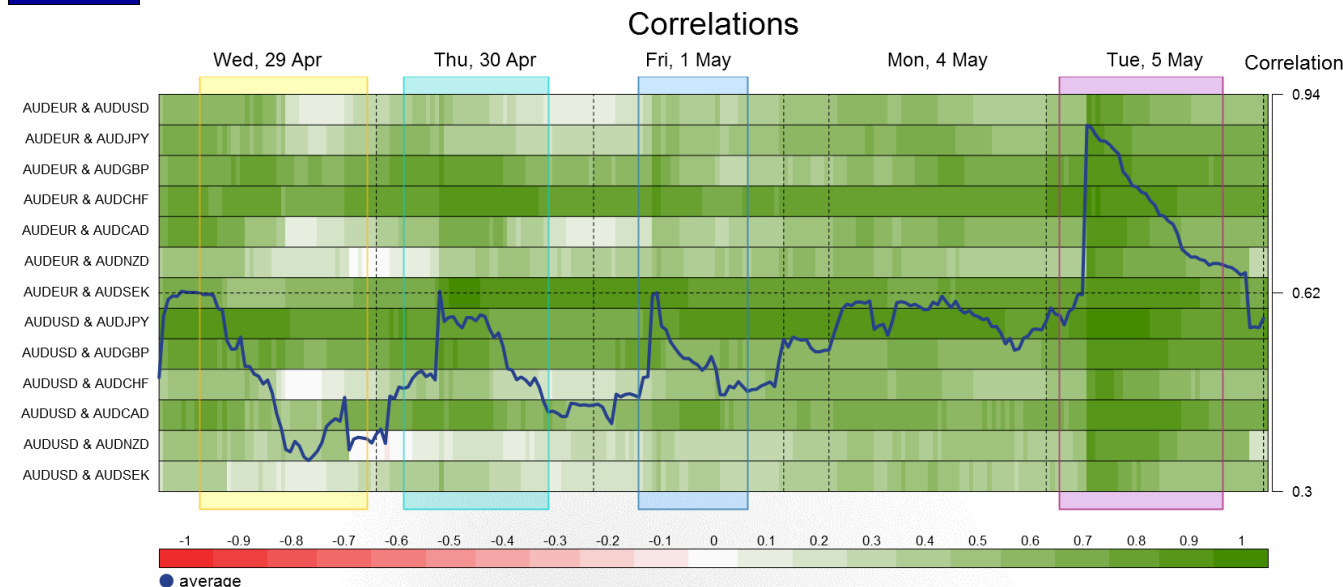
Market	AUD	EURAUD	AUDUSD	AUDJPY	GBPAUD	AUDCHF	AUDCAD	AUDNZD	AUDSEK
	51	52	48	41	45	45	47	38	56

### Volatility Index (for the observed period)

	Market	AUD	EURAUD	AUDUSD	AUDJPY	GBPAUD	AUDCHF	AUDCAD	AUDNZD	AUDSEK
Max	2.02	2.29	3.02	2.08	2.35	2.24	2.54	2.17	5.77	4.16
Min	0.4	0.44	0.48	0.31	0.36	0.32	0.41	0.41	0.55	0.41
Average	1.06	1.07	1.13	0.96	1.01	1.01	1.08	0.95	1.22	1.23



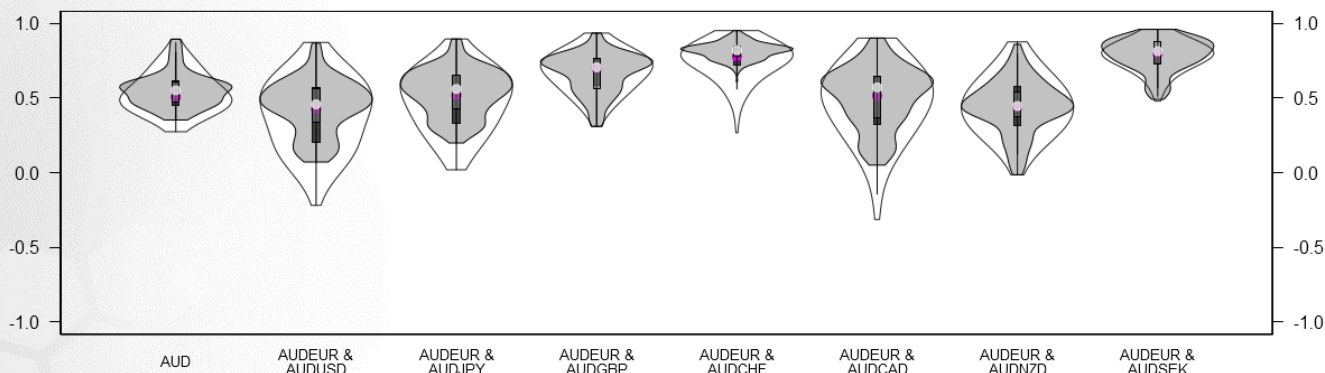
# Currency Significance



The AUD composite's correlations continued to hold on exceptionally high levels throughout the period, particularly compared with the many other currencies from our previous reviews. The average level of the week stood as high as 0.55 points, which has been slightly above both monthly, 6-month and yearly figures. It resulted in the shorter than usually tails of violins, which prolonged below zero only in a few cases, such as AUD/EUR's correlation with AUD/CAD. In the meantime, the composite itself used to be tranquil in terms of volatility and registered only one strong spike, helped by news from the Australia's central bank on Tuesday.

The period has already been started at relatively low levels for the composite, which stayed at 0.49 points. However, following a drop as low as 0.35 points the same day on Wednesday, the Australian Dollar's significance began rebounding gradually. At the same time, for as long as four trading days the average correlations between all AUD currency pairs stood below 0.62 points, which is the historical average level. However, influenced by the data release from the Reserve Bank of Australia, the composite climbed as high as 0.89 points, meaning that reaction to the rate cut used to be very similar for different currency pairs of the Australian Dollar. Despite that, the mix of other statistics pushed the composite back to the norm to close at 0.60 by the end of the period on May 5.

## Correlations (5 vs 20 days)

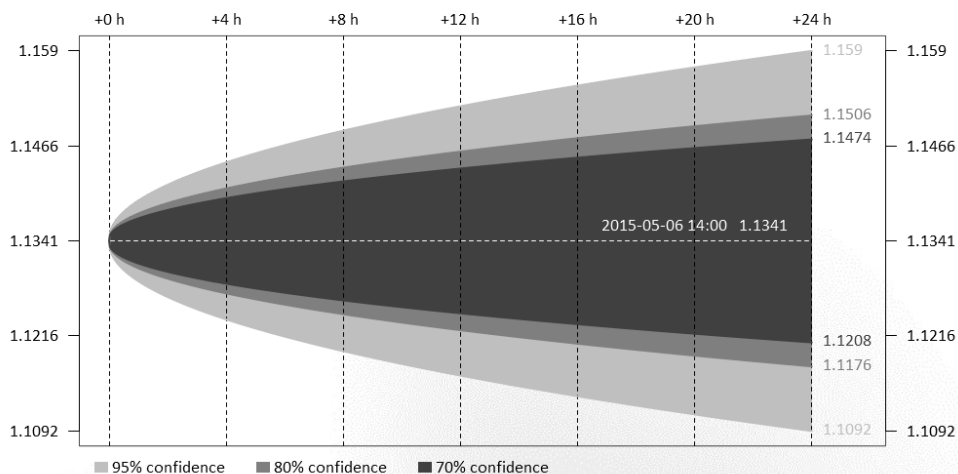


## Mean Correlation Coefficient (with AUDEUR)

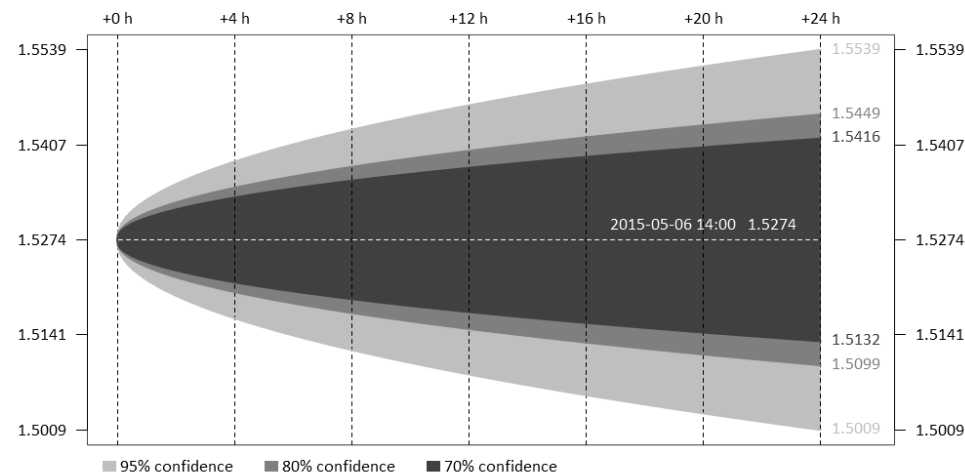
Days	AUD	AUDUSD	AUDJPY	AUDGBP	AUDCHF	AUDCAD	AUDNZD	AUDSEK
5	0.55	0.44	0.54	0.67	0.82	0.51	0.44	0.79
20	0.54	0.39	0.48	0.67	0.76	0.48	0.45	0.78
130	0.53	0.56	0.54	0.69	0.76	0.52	0.37	0.74
250	0.54	0.64	0.59	0.69	0.86	0.54	0.34	0.73

# Confidence Intervals for Next 24 Hours

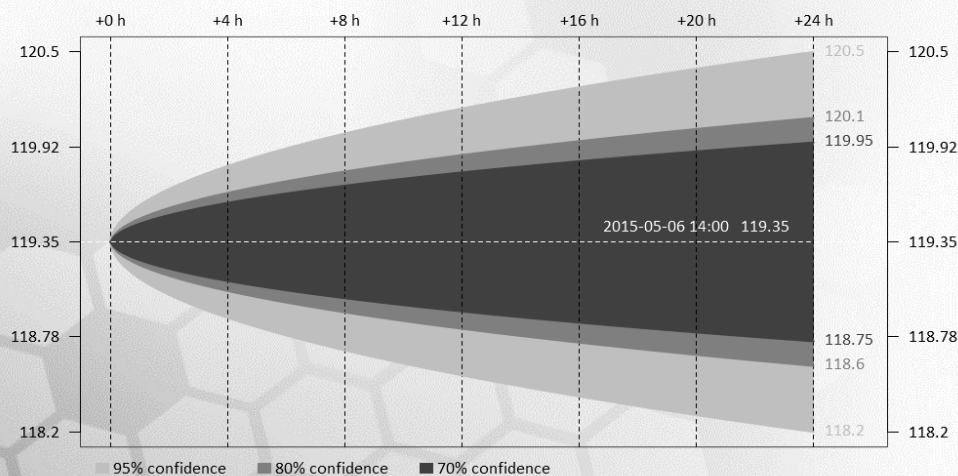
EURUSD Potential Rates



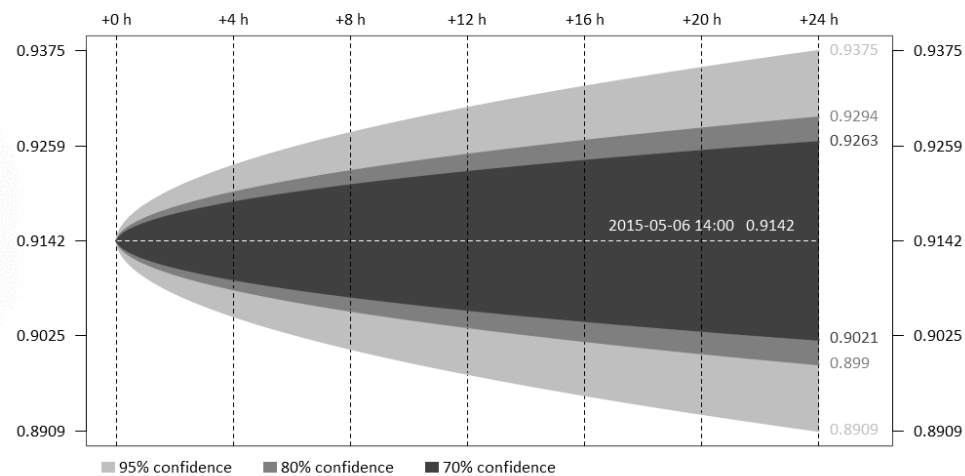
GBPUSD Potential Rates



USDJPY Potential Rates



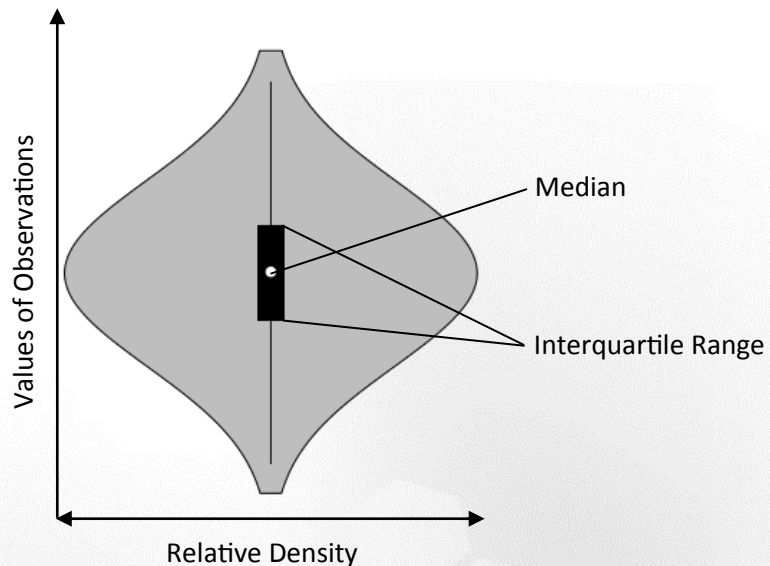
USDCHF Potential Rates



# 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.