



**USD**

11/05/2015



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# Dominant Events of the Period

## Yellow Area

May 4

13:30 - 14:30

- US Factory Orders

## Turquoise Area

May 5

05:30 - 15:00

- UK PMI Construction
- EC Economic Growth Forecasts
- US Trade Balance, ISM Non-Manufacturing PMI

## Blue Area

May 5-6

22:00 - 16:30

- New Zealand Unemployment Rate
- Euro Zone Markit PMI, Retail Sales
- UK Markit Services PMI
- US ADP Employment Change
- Fed Yellen's Speech
- Canadian Ivey PMI

## Purple Area

May 7

06:30 - 15:30

- UK Parliamentary Election
- German Factory Orders
- US Jobless Claims
- Canadian Building Permits

## Orange Area

May 7-8

20:30 - 15:00

- German Trade Balance
- UK Trade Balance
- US Average Hourly Earnings, Unemployment Rate, Nonfarm Payrolls
- Canadian Unemployment Rate

USD Currency Index Change

0.08%

-0.57%

-0.63%

0.56%

-0.04%

Max USD Volatility Index

1.41

1.96

1.53

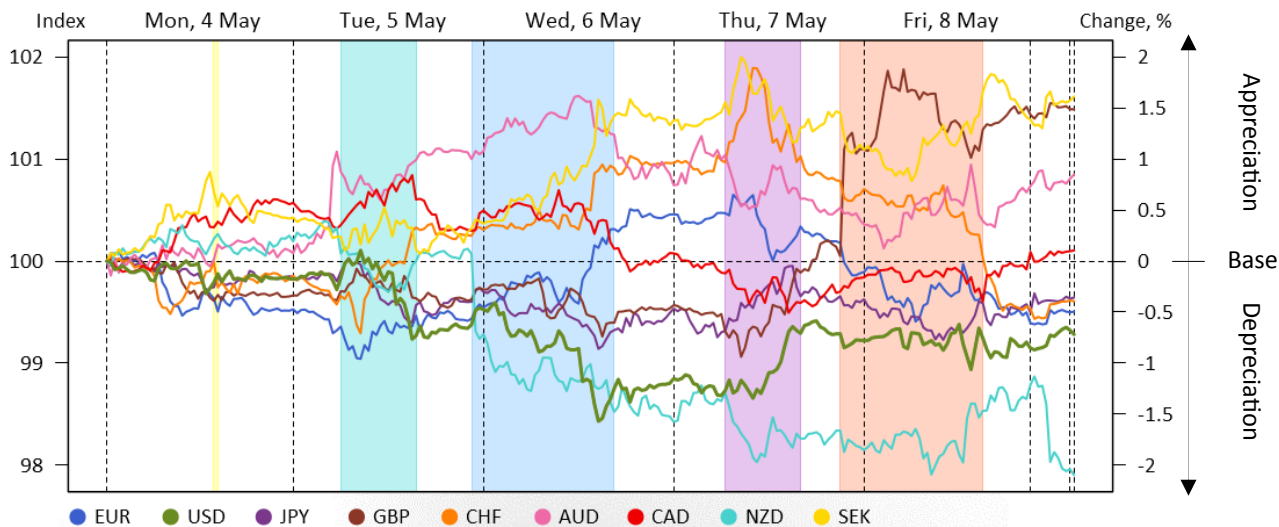
1.35

2.58



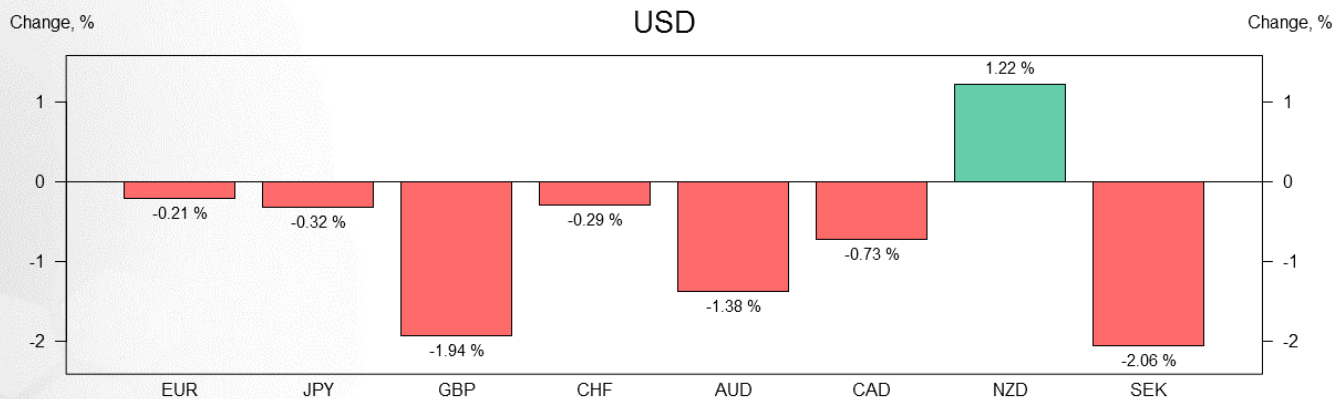
# Relative Currency Strength

## Currency Indexes



The New Zealand dollar became the worst performer of the period for the third week in a row, this time hit by unexpectedly high unemployment rate released on Tuesday. The week was also far from successful for the Greenback, and the USD Index spent the period in the negative area, ultimately posting the second worst result. Meanwhile, the pound's gauge, which also showed a downside, managed to recover, boosted by the UK parliamentary election, and posted one of the greatest weekly gains.

After spending the beginning of the period just a tenth of a point below the baseline, the US dollar started to weaken rapidly on Tuesday, hurt by disappointing US trade deficit. Later, even despite encouraging US ISM non-manufacturing PMI (57.8 vs 56.2), the Greenback continued to decline. The lowering of the US ADP employment change, as well as Fed's Yellen speech, pushed the index down, and it decreased to the week's minimum value (98.43). However, on Thursday, against the background of US jobless claims data release, the Greenback recovered to the 99.2 level, and stayed there till the end of the period.



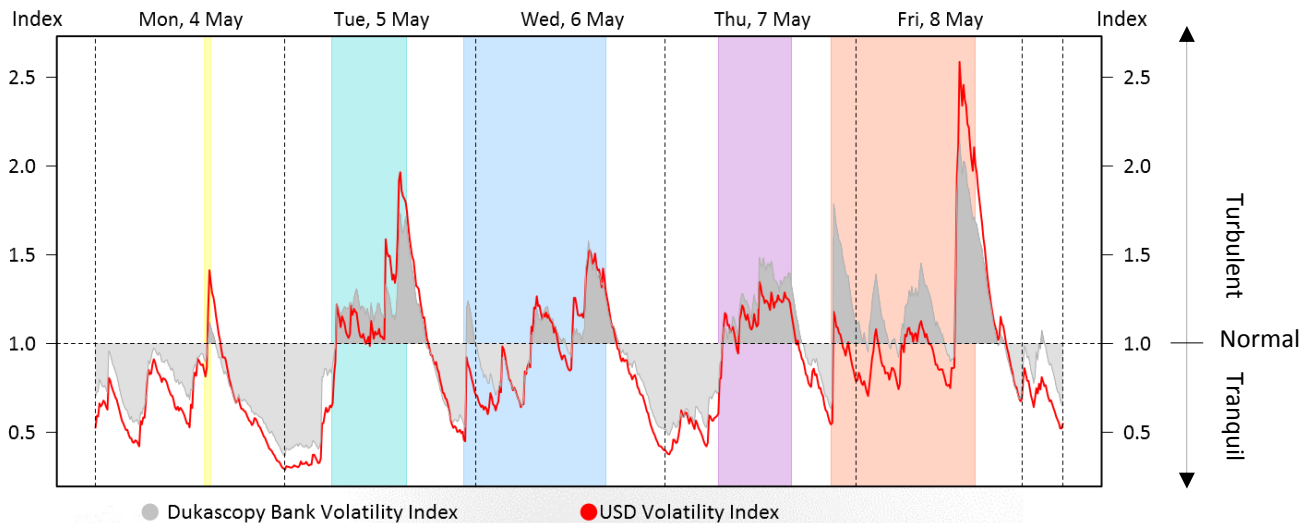
### Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.5%	-0.72%	-0.36%	1.49%	-0.39%	0.85%	0.1%	-2.1%	1.61%
20	2.72%	-3.57%	-3.33%	2.13%	1.79%	1.15%	0.73%	-4.45%	4.42%
130	-6.49%	5.33%	0.34%	2.58%	9.77%	-4.23%	-1.41%	0.2%	-6.91%
250	-8.76%	14.38%	-3.84%	4.56%	8.83%	-4.23%	2.77%	-2.46%	-11.27%



# Volatility

## Volatility



Though being calm in general, the dollar did push its turbulence measure above the market's gauge several times during the week, with volatility swings being caused both by surges and dips of the Greenback. On Monday, attention was drawn to the dollar by an uptick in the Treasury yields, and the momentary rise of its volatility index was a lonely surge in the otherwise calm day. Tuesday and Wednesday also saw brief moments of the index's domination, as the dollar weakened on a wider-than-expected trade deficit and downbeat ADP release, and wavered on positive, but apparently not influential enough ISM PMI. The most notable upsurge, however, happened on Friday, when the index jumped above the 2.5 mark as the dollar zigzagged on a bunch of data from the US Department of Labor.

The dollar was largely "underturbulent" compared to the market, holding its volatility measure below the composite index for most of the past week. Its elevated volatility portion and average turbulence also lacked behind those of its peers, and the Loonie's readings were the only ones to signal calmer behavior. The least stable, in turn, were the Kiwi and the pound. The former kept its volatility index above the historical average for 51% of time, the measure reflecting the uneven tumble of the currency after a disappointing unemployment release. The pound, heavily influenced by the UK parliamentary elections, was little behind its peer, with its longest period of overturbulence starting on late Thursday and lasting throughout the whole Friday's European session.

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

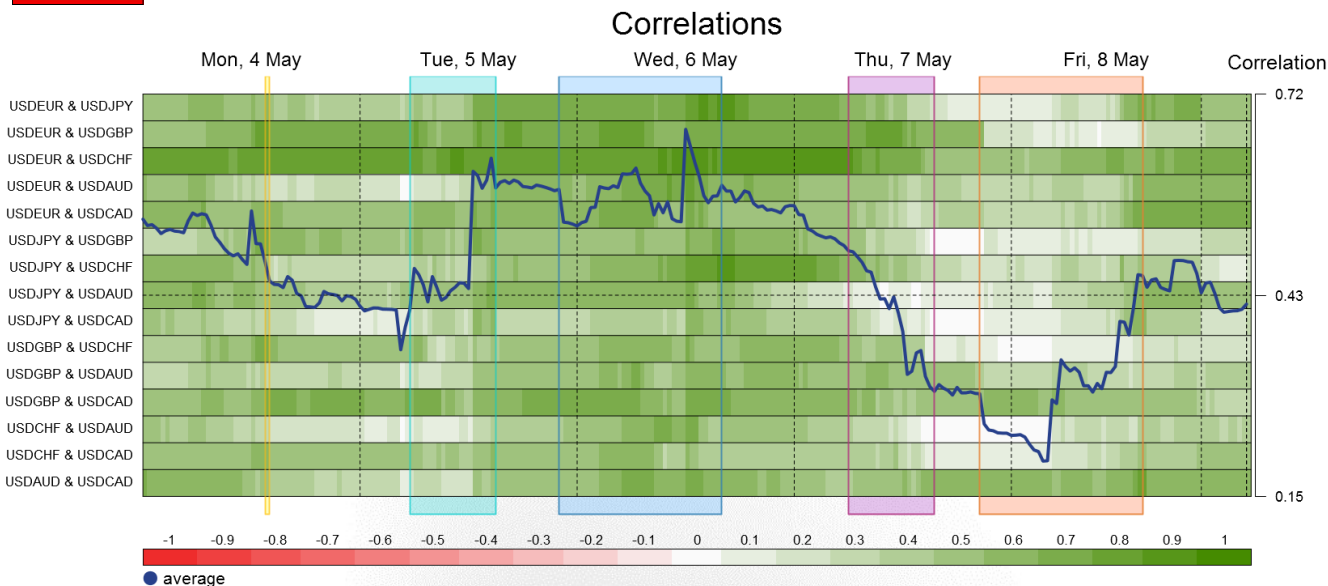
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	44	35	33	23	48	36	32	20	34	36

### Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.14	2.58	2.4	3.16	6.2	3.19	2.75	2.13	3.45	3.81
Min	0.37	0.29	0.2	0.26	0.18	0.18	0.27	0.22	0.38	0.17
Average	0.97	0.89	0.83	0.8	1.07	0.87	0.93	0.75	0.96	0.89



# Currency Significance

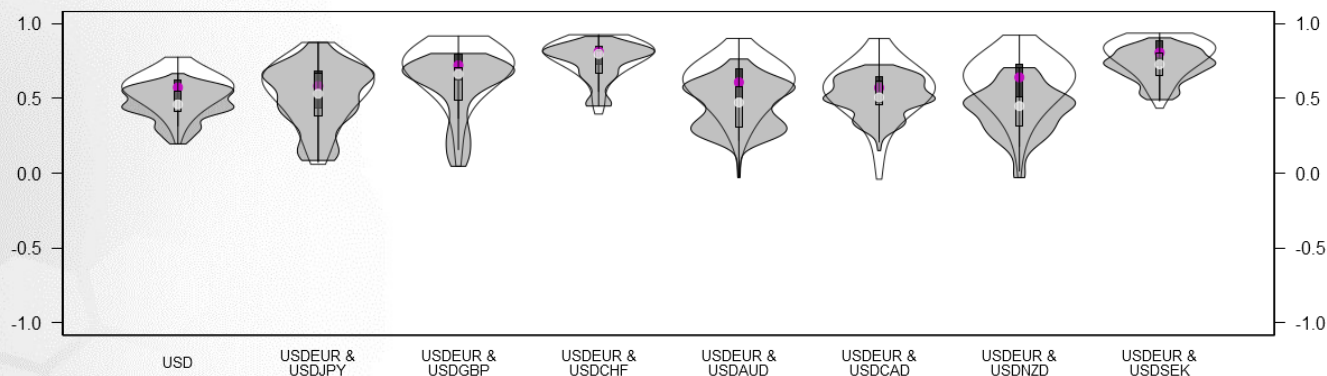


The dollar's significance measure held on a relatively low level during the week, with its USD/EUR components losing 0.05-0.23 points. The most notable decrease was observed in the pair's bonds with the Pacific currencies, whose composites kept leading positions throughout the week. Such superiority could be explained by a host of Australian news releases, such as RBA interest rate decision, retail sales, employment change, as well as New Zealand's unemployment rate. The pound was another currency to produce high significance readings. The UK parliamentary election exit poll announcement on Thursday evening managed the

pound to appreciate against its peers and, thus, strengthened bonds between its crosses. As a result, the pound's significance measure reached the 0.9 mark.

The Greenback's composite started the period at its average historical level, but slid to 0.35 points in absence of influential news on Monday. The US trade balance shocked the market at Tuesday noon, and the weakening of the dollar was reflected in the composite's surge. Disappointing employment data on Wednesday strengthened the correlations even more, and the gauge reached the week's high of 0.67 points. Nevertheless, a few hours later the USD significance started on a steady downslide, dropping to 0.2 as the pound came into focus. The composite returned to its average level after the unemployment

## Correlations (5 vs 20 days)

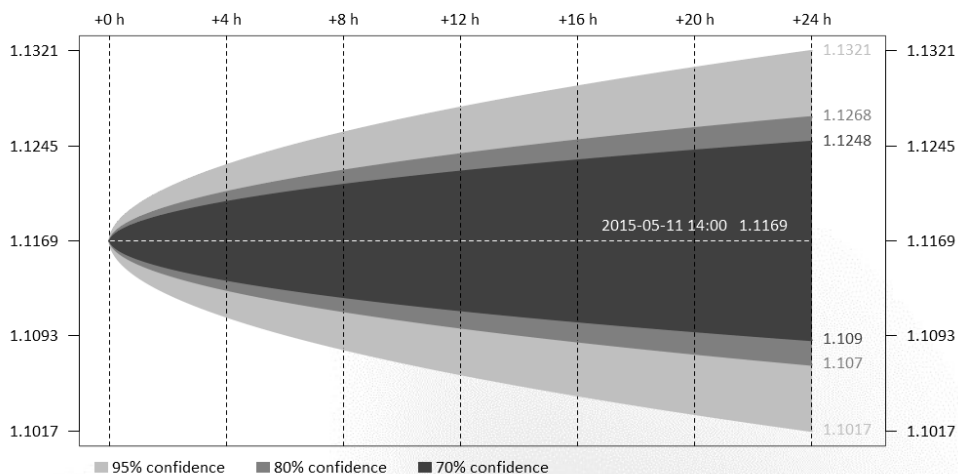


## Mean Correlation Coefficient (with USDEUR)

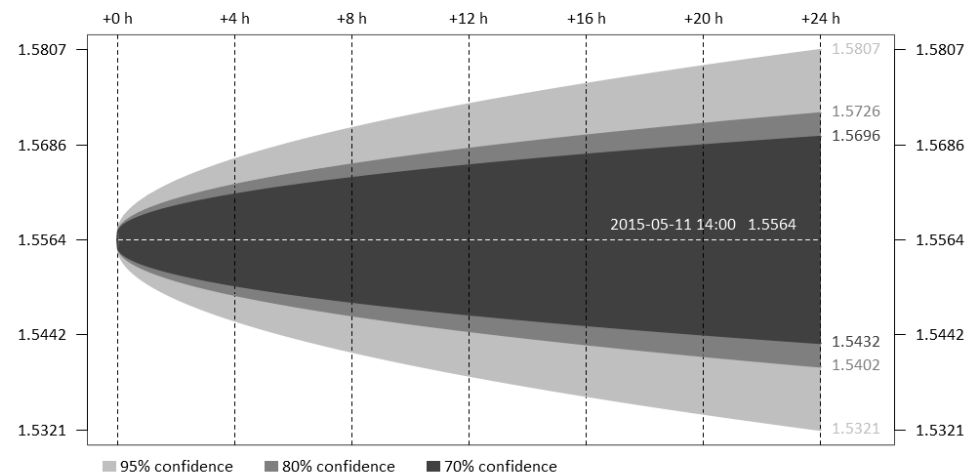
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.46	0.51	0.56	0.74	0.45	0.51	0.42	0.72
20	0.55	0.54	0.68	0.77	0.59	0.55	0.61	0.78
130	0.47	0.43	0.61	0.69	0.52	0.44	0.54	0.68
250	0.45	0.41	0.53	0.79	0.47	0.38	0.5	0.64

# Confidence Intervals for Next 24 Hours

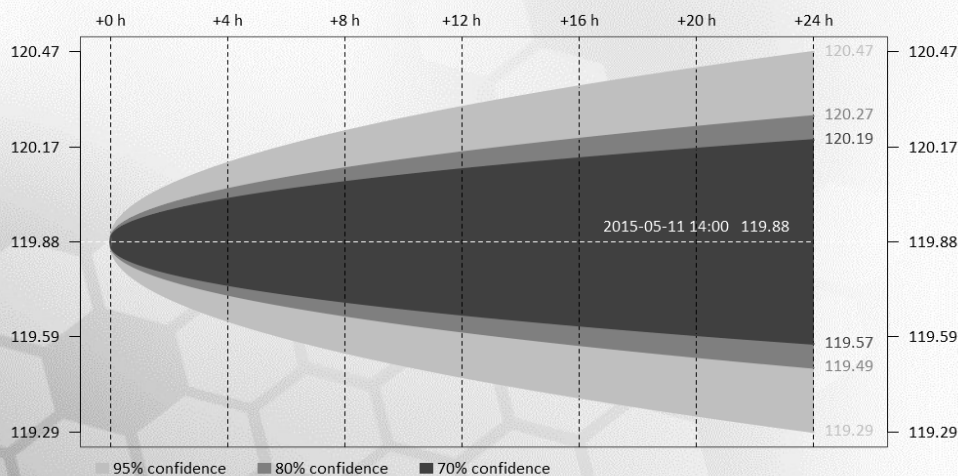
EURUSD Potential Rates



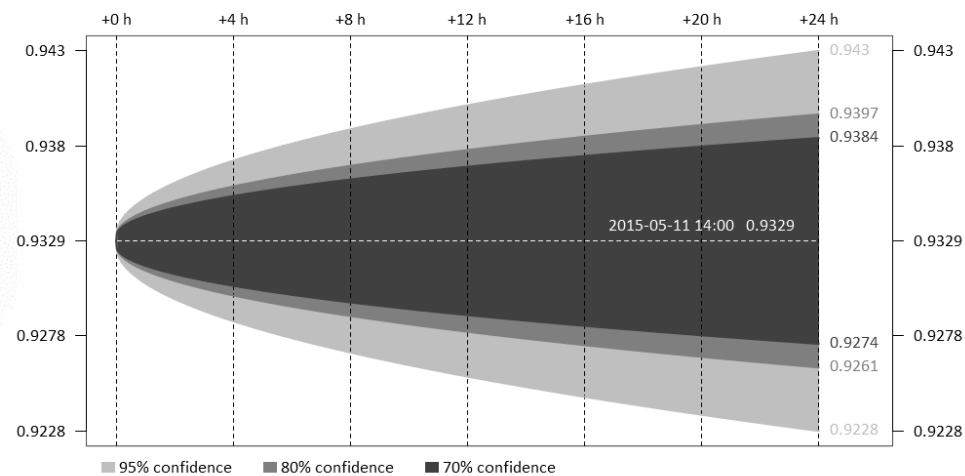
GBPUSD Potential Rates



USDJPY Potential Rates



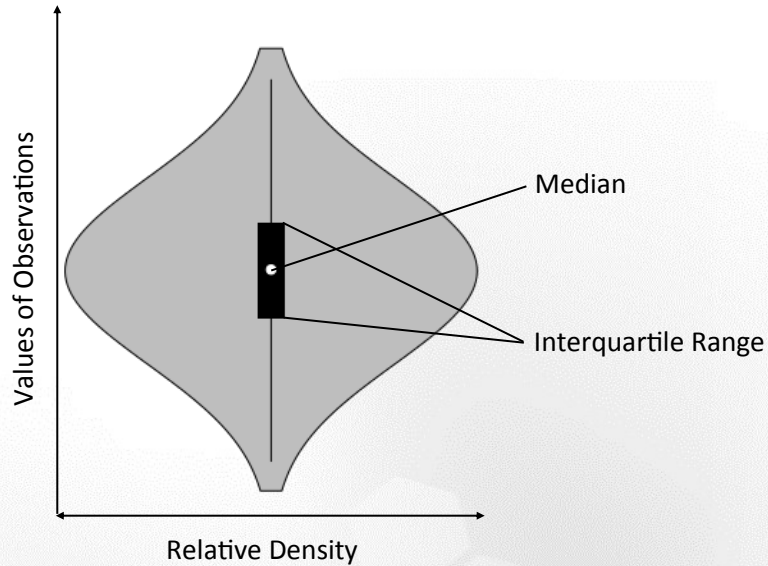
USDCHF Potential Rates



# 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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