



USD

01/06/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

May 26

06:00 - 16:00

- Swiss Employment Level
- US Durable Goods Orders, Flash Markit PMI, Consumer Confidence

Turquoise Area

May 27

10:00 - 16:00

- BoC Interest Rate Decision

Blue Area

May 28

01:00 - 17:30

- Australian Private Capital Expenditure
- UK Flash GDP, Total Business Investment
- Euro Zone Economic Sentiment
- US Jobless Claims, Pending Home Sales

Purple Area

May 29

09:00 - 15:30

- US GDP Estimate, Chicago PMI
- Canadian GDP

USD Currency Index Change

0.69%

0.23%

0.23%

0.16%

Max USD Volatility Index

1.33

1.7

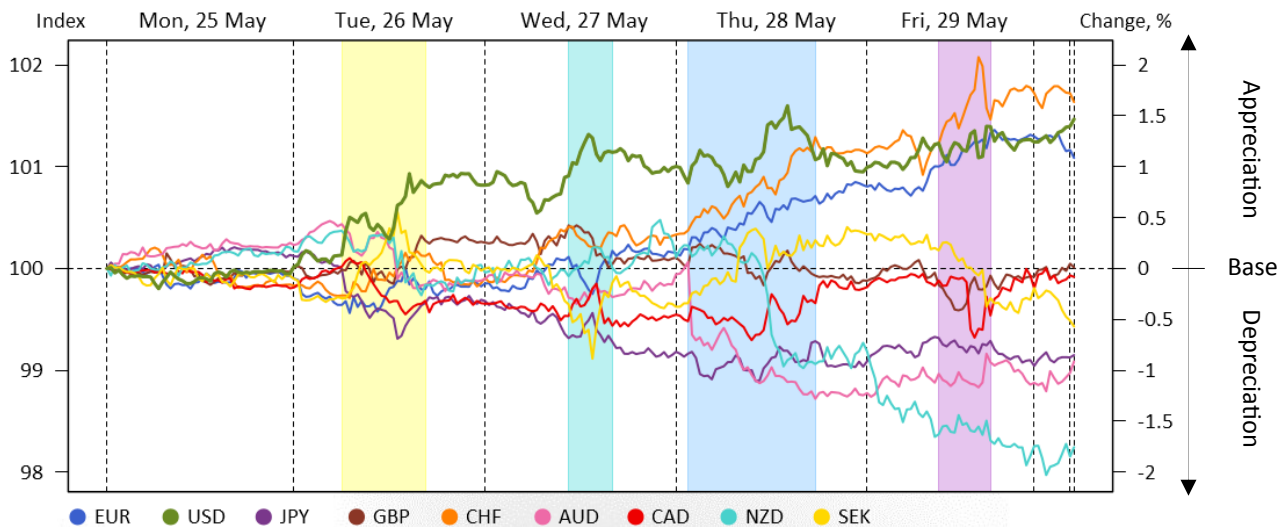
1.36

1.86



Relative Currency Strength

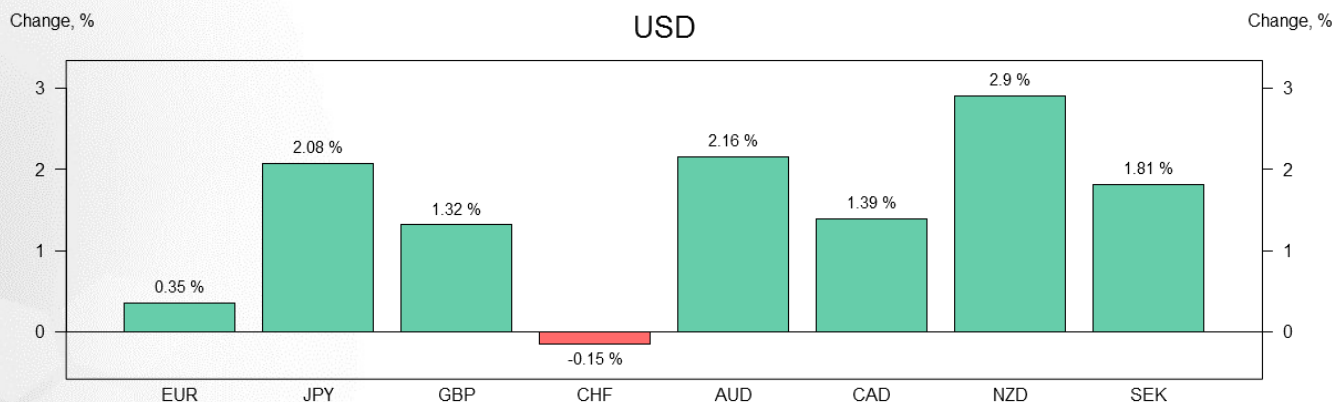
Currency Indexes



The past week was notable for persistent movements of the observed indexes, and the measures were clearly divided into winners (CHF, USD, and EUR) losers (Asia-Pacific currencies), and inbetweeners that kept close to the baseline. The dollar was holding a strong leading position throughout its May 26-28 rally, but on Thursday the Euro's and the franc's recovery started to gain pace, and their indexes closed on the Greenback's gauge. The EUR Index never quite managed to properly outpace its US counterpart, but the franc's measure surged one point over the USD Index as the Swiss currency reversed its direction sharply after dipping on soft GDP numbers. On the

other side of the baseline, the JPY Index moved on a slow downtrend during most of the period, while the Aussie's and the Kiwi's gauges crashed on Thursday, when the former was hit by poor business investment data and the latter — by concerns over the implications of the trimmed dairy payout forecast.

The USD Index made its main moves in the middle of the week. Tuesday saw its first surge, backed partly by upbeat core durable goods orders, new home sales, and consumer sentiment, and the index jumped well above its peers to hold the advantage until Thursday. Then the rally paused ahead of the Friday's GDP revision, and the better-than-expected release did not manage to revive it.



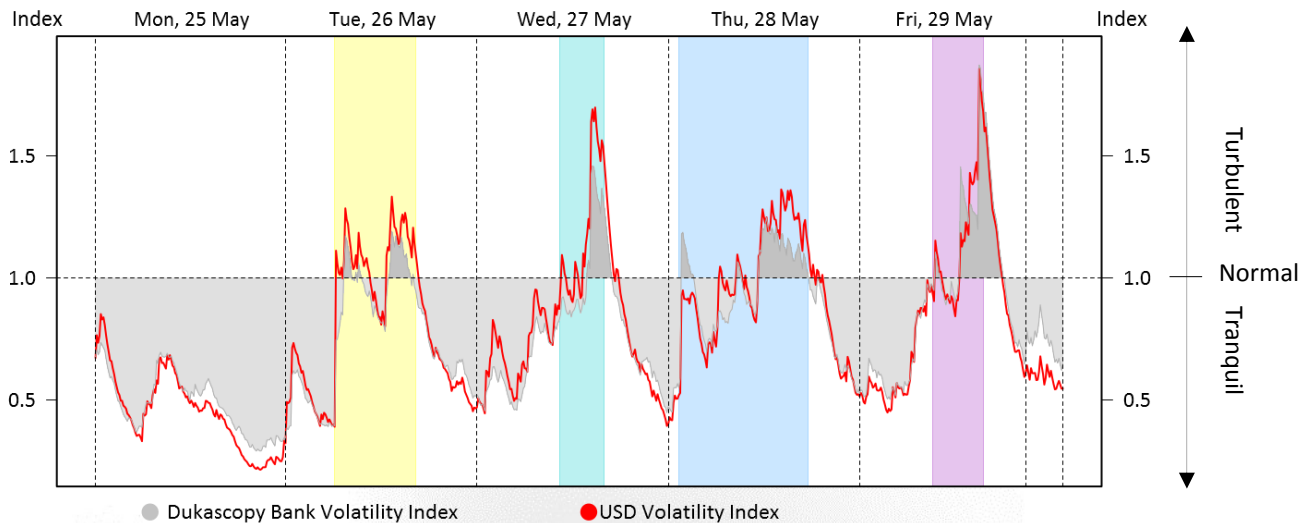
Currency Index Change

| Days | EUR | USD | JPY | GBP | CHF | AUD | CAD | NZD | SEK |
|------|--------|--------|--------|-------|--------|--------|--------|--------|---------|
| 5 | 1.09% | 1.47% | -0.85% | 0.01% | 1.63% | -0.91% | -0.08% | -1.75% | -0.57% |
| 20 | 0.24% | 2% | -1.61% | 3.14% | 1.54% | -0.51% | -0.54% | -4.53% | -0.27% |
| 130 | -7.01% | 7.06% | 2.32% | 4.63% | 10.29% | -3.86% | -2.14% | -3.61% | -8.57% |
| 250 | -8.13% | 16.59% | -5.81% | 6.1% | 10.76% | -5.55% | 0.89% | -3.63% | -11.21% |



Volatility

Volatility



The past week was rather calm for the market. The yen became the most turbulent currency, with index holding above its average historical level in 27% of time, however, its values did not exceed the 1.6 mark. The Kiwi, in turn, turned out to be the most tranquil with only 13% portion of elevated volatility, as the only surge of the currency activity was observed on Thursday after Fonterra trimmed its forecast payout for the New Zealand's largest commodity export. While the highest peak of market volatility index coincided with the spike of the dollars turbulence caused by the batch of the US releases, there were two other conspicuous economic events, which shocked the domestic

currencies to a higher degree.

Monday as a bank holiday was extremely tranquil, and the first market activity increase was observed in the beginning of Tuesday's European session. While the day was rich with the US economic news, they did not influence the currency dramatically, and volatility peaks were rather feeble. The second most notable surge of both the market and USD volatility took place on Wednesday, when optimistic Swedish economic surveys were published. The week ended with mixed data on US preliminary GDP, Chicago PMI and consumer sentiment, which managed the USD Volatility Index to reach the 1.86 mark.

Elevated Volatility (% of the observed period)

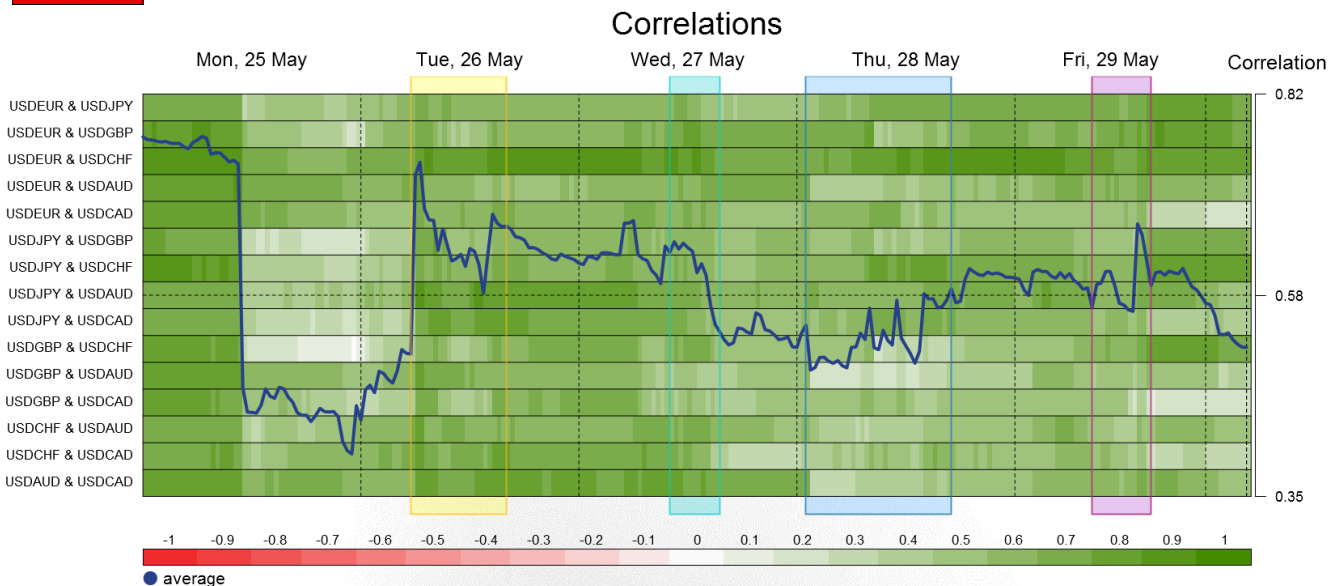
| Market | USD | EURUSD | USDJPY | GBPUSD | USDCHF | AUDUSD | USDCAD | NZDUSD | USDSEK | |
|--------|-----|--------|--------|--------|--------|--------|--------|--------|--------|----|
| | 19 | 24 | 20 | 48 | 6 | 27 | 18 | 24 | 17 | 24 |

Volatility Index (for the observed period)

| | Market | USD | EURUSD | USDJPY | GBPUSD | USDCHF | AUDUSD | USDCAD | NZDUSD | USDSEK |
|---------|--------|------|--------|--------|--------|--------|--------|--------|--------|--------|
| Max | 1.87 | 1.86 | 1.87 | 3.21 | 1.33 | 3.44 | 3.2 | 3.5 | 1.79 | 2.34 |
| Min | 0.29 | 0.21 | 0.17 | 0.21 | 0.13 | 0.22 | 0.19 | 0.16 | 0.12 | 0.15 |
| Average | 0.76 | 0.77 | 0.73 | 1.12 | 0.6 | 0.8 | 0.76 | 0.82 | 0.73 | 0.76 |



Currency Significance

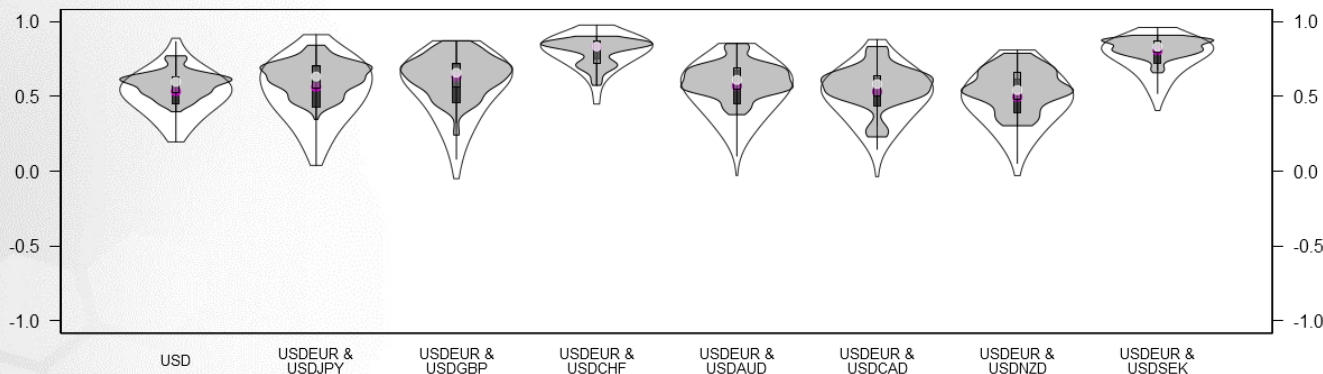


The US dollar's significance measure was rather unstable during the past week and ranged from 0.4 to 0.77. Nevertheless, averages of the Greenback aggregate and its USD/EUR components remained almost unchanged compared with the previous readings. Thus the maximal change was only 0.06 points large, while the composite has lost 0.02. Compared with the monthly values, the readings have slightly strengthened. The greatest increase (+0.09) was observed in correlations between USD/EUR and USD/JPY, which started to rise on Wednesday after the unexpected improvement of the

Japanese retail sales data. Furthermore, on Thursday, after the Japanese economic data came out, the component's development became even more rapid and it reached the 0.84 level.

The previous week's US CPI data pushed the dollar's significance to an extreme level of 0.89. Thus the composite started the period at the rather high level of 0.77. However, later on Monday morning the measure tumbled, losing 0.3 points in one go. Tuesday was more successful both for the dollar and for its correlation composite, and the surge of the former caused a spike in the latter. On Wednesday, the BoC interest rates decision pushed the composite down to the 0.5 mark, and there were no significance jumps afterwards.

Correlations (5 vs 20 days)

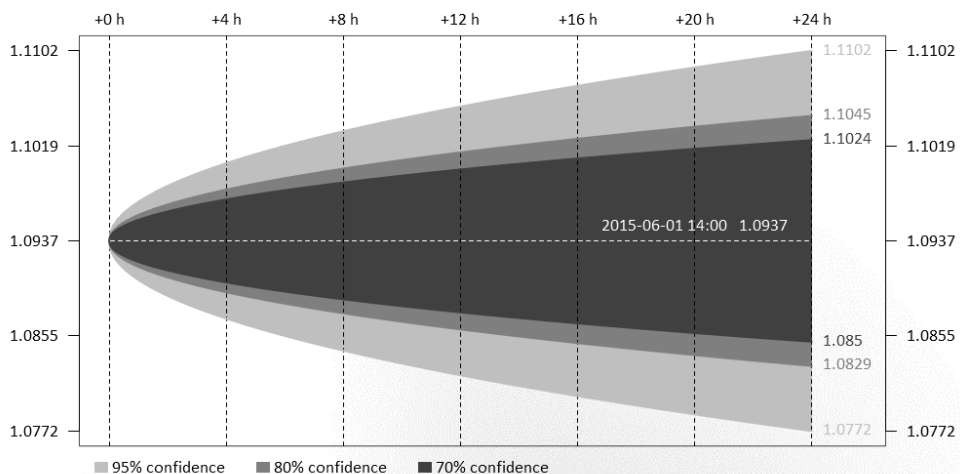


Mean Correlation Coefficient (with USDEUR)

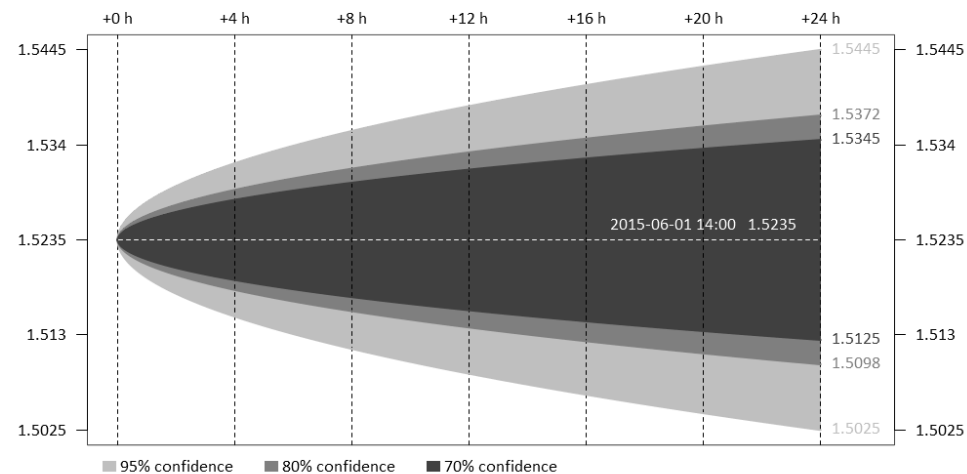
| Days | USD | USDJPY | USDGBP | USDCHF | USDAUD | USDCAD | USDNZD | USDSEK |
|------|------|--------|--------|--------|--------|--------|--------|--------|
| 5 | 0.58 | 0.63 | 0.64 | 0.8 | 0.61 | 0.57 | 0.56 | 0.83 |
| 20 | 0.52 | 0.54 | 0.58 | 0.8 | 0.56 | 0.51 | 0.49 | 0.78 |
| 130 | 0.48 | 0.44 | 0.6 | 0.68 | 0.53 | 0.46 | 0.54 | 0.69 |
| 250 | 0.47 | 0.43 | 0.54 | 0.78 | 0.49 | 0.4 | 0.51 | 0.65 |

Confidence Intervals for Next 24 Hours

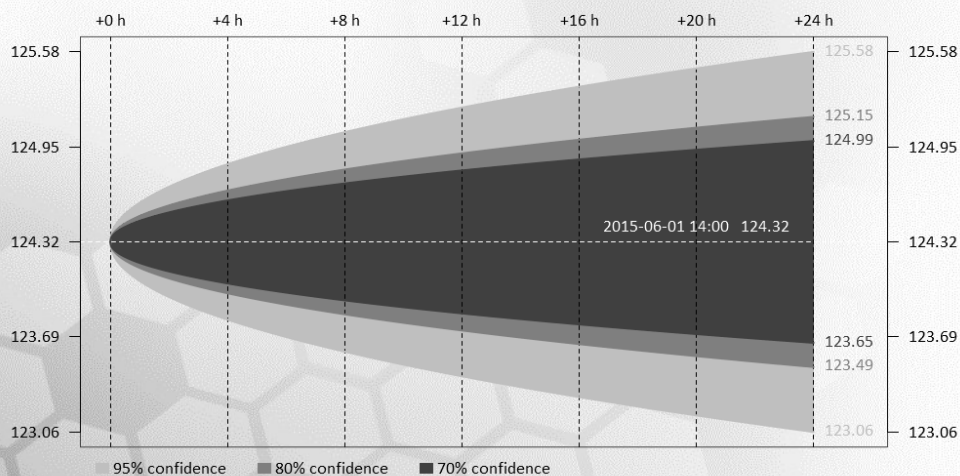
EURUSD Potential Rates



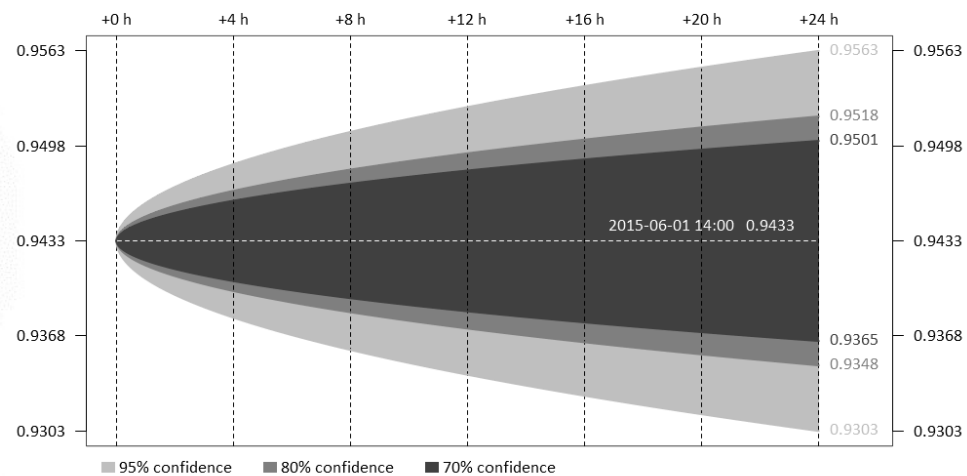
GBPUSD Potential Rates



USDJPY Potential Rates



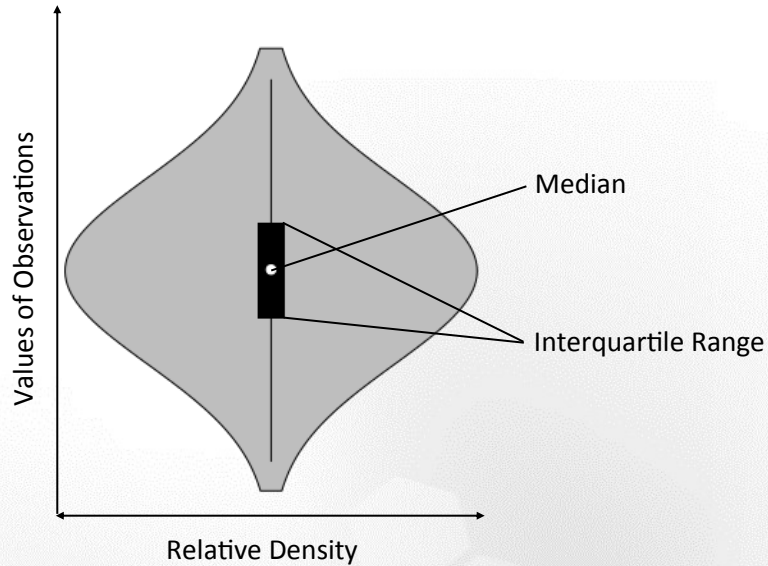
USDCHF Potential Rates



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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