



USD

20/07/2015



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Market Research





Dominant Events of the Period

Yellow Area

July 13

06:30 - 13:30

- Euro Summit
- Eurogroup Meeting

Turquoise Area

July 14

07:00 - 14:30

- Swedish CPI
- UK CPI
- German ZEW Economic Sentiment
- BoE Governor Carney's Speech
- US Retail Sales

Blue Area

July 15

12:00 - 15:30

- US PPI, Industrial Production
- Fed's Yellen Speech
- BoC Interest Rate Decision
- New Zealand's GDT Price Index

Purple Area

July 16

07:00 - 15:00

- Euro Zone CPI, Trade Balance
- ECB Monetary Policy Statement and Press Conference
- US Jobless Claims

Orange Area

July 17

12:00 - 15:00

- US CPI, Housing Starts, Building Permits
- Canadian CPI

USD Currency Index Change

0.59%

-0.3%

0.71%

0.1%

0.13%

Max USD Volatility Index

2.15

1.8

1.75

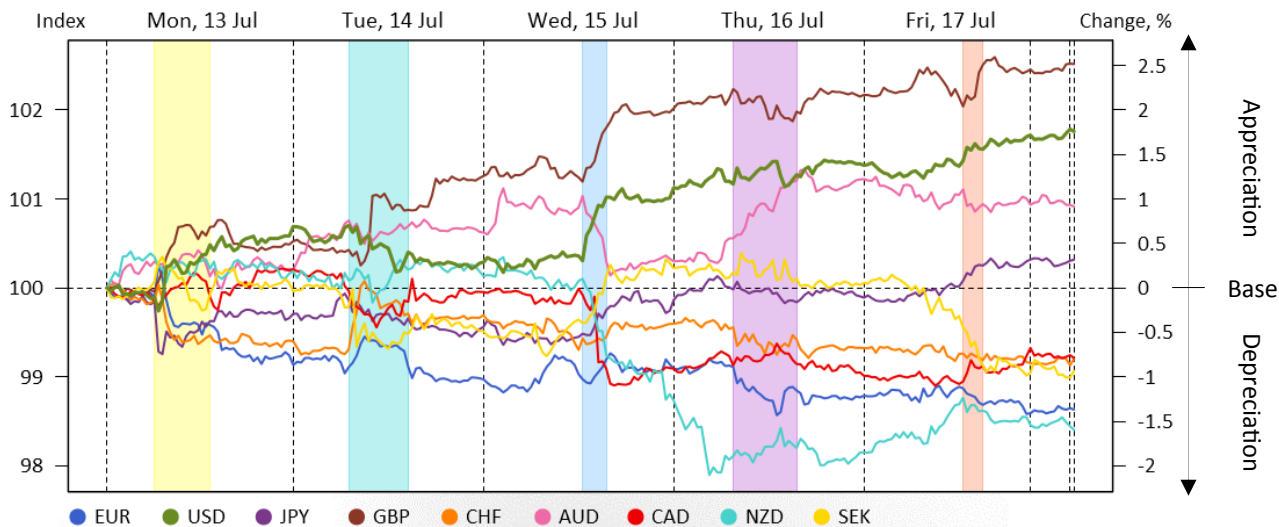
1.34

1.09



Relative Currency Strength

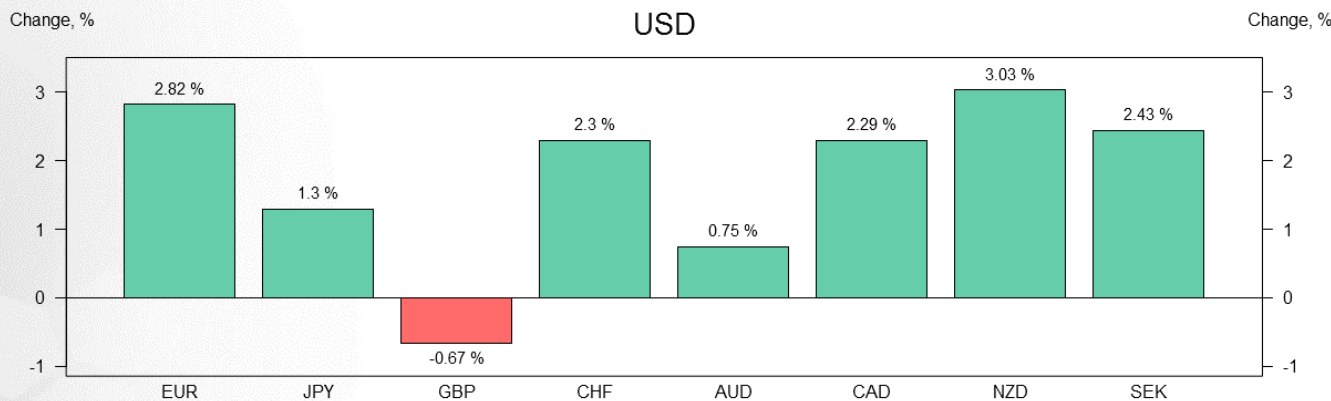
Currency Indexes



As the Greek crisis passed into the background, and searching for a safe haven stopped being the main priority for investors, the interest rates' race came back into focus, bringing forward new leading performers. The pound and the dollar were both boosted by the promises of not-too-distant rate hikes, with the indexes solidifying their dominance over the peers on Wednesday and moving up hand-in-hand until the end of the period. Wednesday also saw the tumble of the commodity currencies, as the CAD and the AUD Indexes lost around 1 point during the Blue Period, while the Kiwi's gauge carried its decline over into the next day, ending up more than 2 points

below the baseline. The Aussie's measure, unlike its fellow-sufferers, pared its losses on Thursday and finished the week with the third greatest gain.

The USD Index made its main move on Wednesday, when it crossed above the 101 mark with stronger-than-expected PPI numbers and Janet Yellen's reassurances on the possibility of a 2015 rate hike. Afterwards, the upward movement was supported by greater-than-expected fall in jobless claims announced on Thursday, and increase in CPI and housing starts reported on Friday, though none of the releases earned any sharp reactions from the Greenback. All in all, at the beginning of the new week the dollar posted over 2% growth against most of its peers, and a 1.8% aggregate growth.



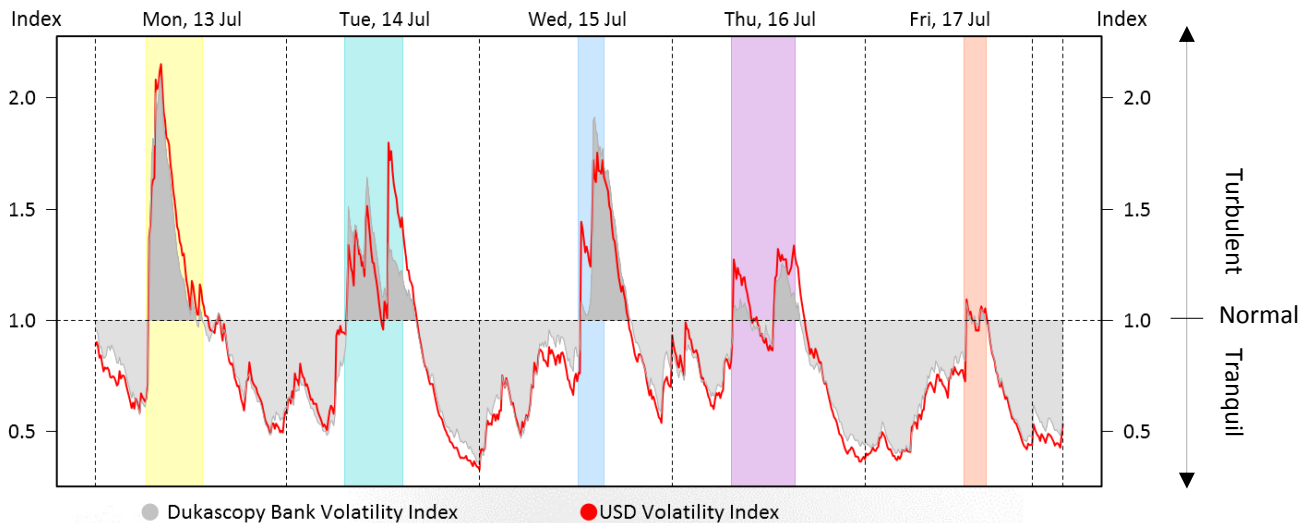
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-1.37%	1.76%	0.32%	2.52%	-0.8%	0.92%	-0.79%	-1.6%	-0.93%
20	-0.77%	3.71%	3.61%	2.33%	-0.55%	-1.76%	-2.17%	-2.46%	-2.83%
130	-0.1%	6.51%	1.56%	10.72%	-3.12%	-5.05%	-0.82%	-11.24%	1.14%
250	-5.73%	19.29%	-3.48%	9.08%	11.6%	-8.09%	-2.18%	-13.28%	-7.18%



Volatility

Volatility



Against the background of the turbulent start of July, the previous trading week appeared rather calm, as only 24% of market volatility values were above the average historical level. The yen seemed especially calm, showing significantly increased volatility at only 12% after two weeks of great over-turbulence. Meanwhile, the most impressive readings were posted by the pound and the New Zealand dollar, both suffering 33% high portion of elevated volatility. However, the period's sharpest reaction came from the Loonie, which tumbled with the BoC decision to cut the interest rate. Its index reached the 4.8 mark, but the USD/CAD index exceeded the 5.0 level and, thus, demonstrated the highest reading among the

Greenback's pairs during the period.

The first day of the period was associated with the announcement of the decision to start negotiations on an ESM programme for Greece, which was followed by the most conspicuous spike of both the market and the USD volatility indexes. The second highest peak of the Greenback's volatility took place on Tuesday and was provoked by the retail sales release, which came out unexpectedly negative in June. The Canadian interest rate decision gave another impulse to the market, but the rest of the week the USD Volatility Index spent mostly in the tranquil area, as the US jobless claims and even inflation and building data releases did not significantly influence the currency's strength.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	24	26	20	9	41	20	34	34	34	25

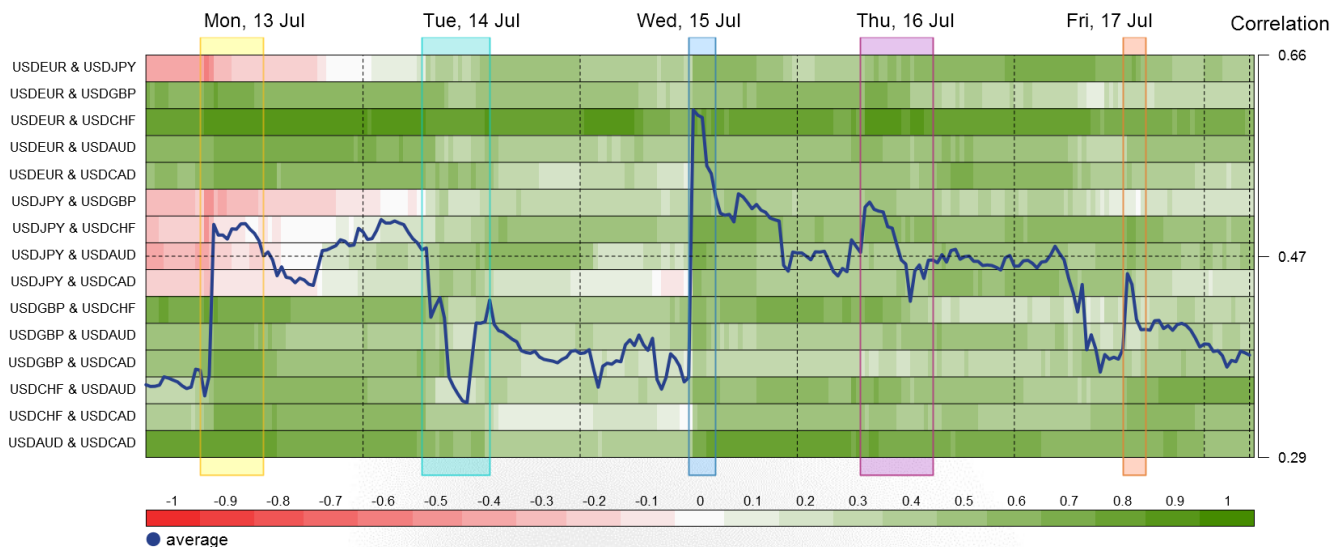
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.09	2.15	3.2	2.04	4.07	2.52	2.2	5.17	2.38	2.73
Min	0.35	0.33	0.24	0.18	0.26	0.17	0.26	0.28	0.3	0.24
Average	0.83	0.83	0.77	0.62	0.96	0.72	0.89	0.96	0.95	0.79



Currency Significance

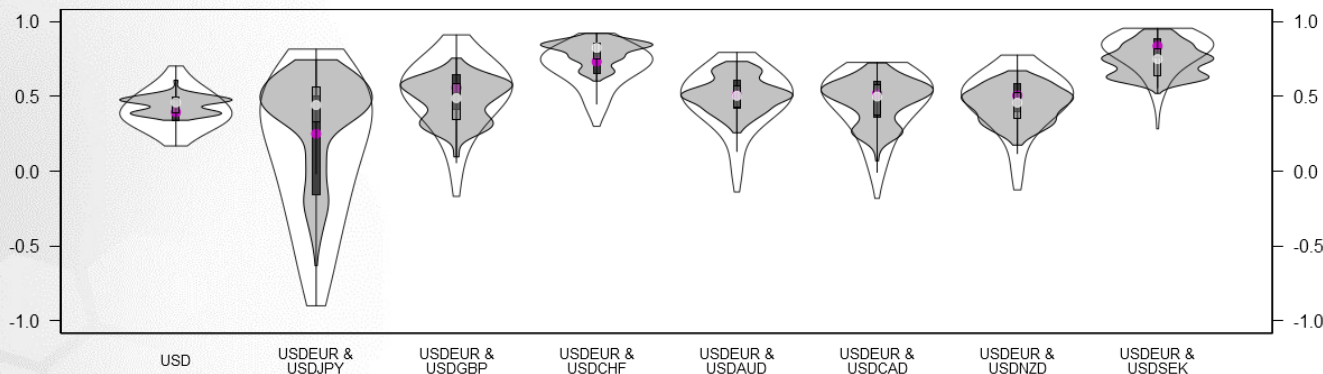
Correlations



As the yen's rally came to an end, its hold over the correlations on the market subsided, and the dollar's significance measure edged up closer to its usual range. Among the USD/EUR components, the ones with USD/JPY and USD/CHF underwent the greatest change. The former shifted away from the lower values, bringing its average from weakly negative to moderately positive and in line with long-term readings. The latter, in turn, strengthened above historical, pointing out the past period's synchronicity between the Euro and the franc.

The dollar's correlation composite strengthened notably compared to the previous two weeks' readings, and managed to go through its first spike while the yen was still pulling the USD/JPY components into the negative area. That spike took place as the Greenback picked up on Monday, and the next sharp surge of the measure was also caused by the dollar's strengthening. Thus, on Wednesday, as the USD Index rallied on the wave of strong fundamentals and Janet Yellen's comments, the composite peaked to the period's high of 0.61. Afterwards the measure was easing down, challenged mostly by the pound's and the krona's gauges, as the British currency surged up and the Swedish one lost its ground.

Correlations (5 vs 20 days)

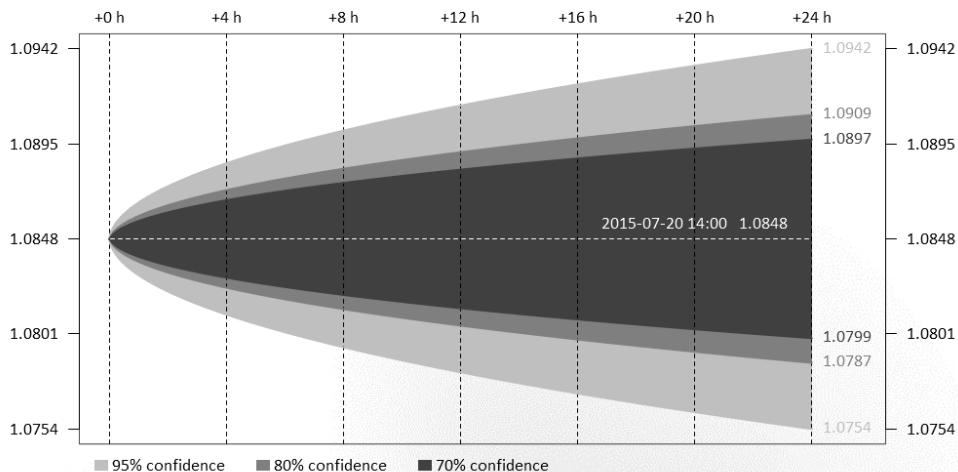


Mean Correlation Coefficient (with USDEUR)

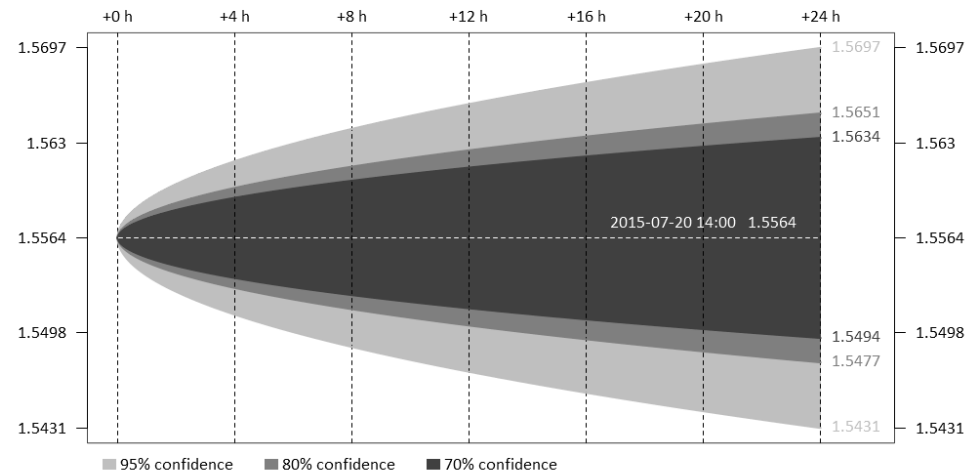
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.44	0.35	0.47	0.8	0.51	0.47	0.45	0.74
20	0.41	0.15	0.51	0.7	0.49	0.46	0.47	0.8
130	0.49	0.38	0.6	0.66	0.54	0.5	0.54	0.77
250	0.48	0.42	0.57	0.76	0.51	0.44	0.53	0.69

Confidence Intervals for Next 24 Hours

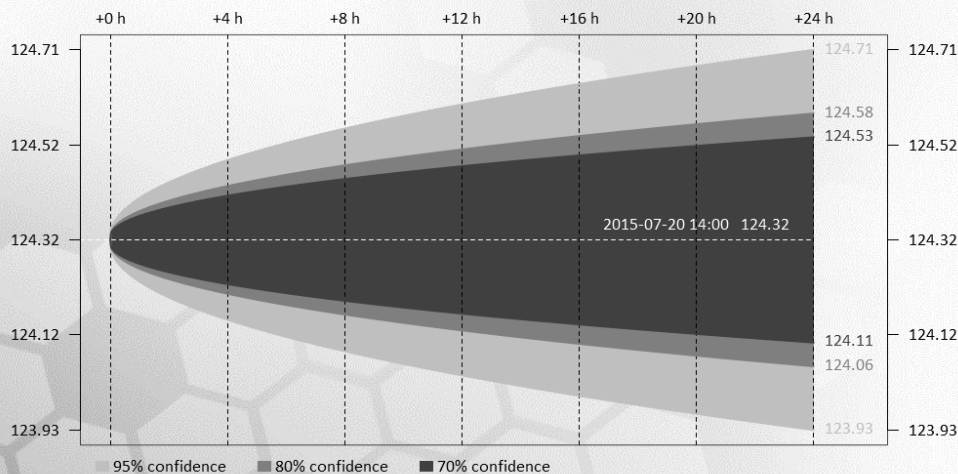
EURUSD Potential Rates



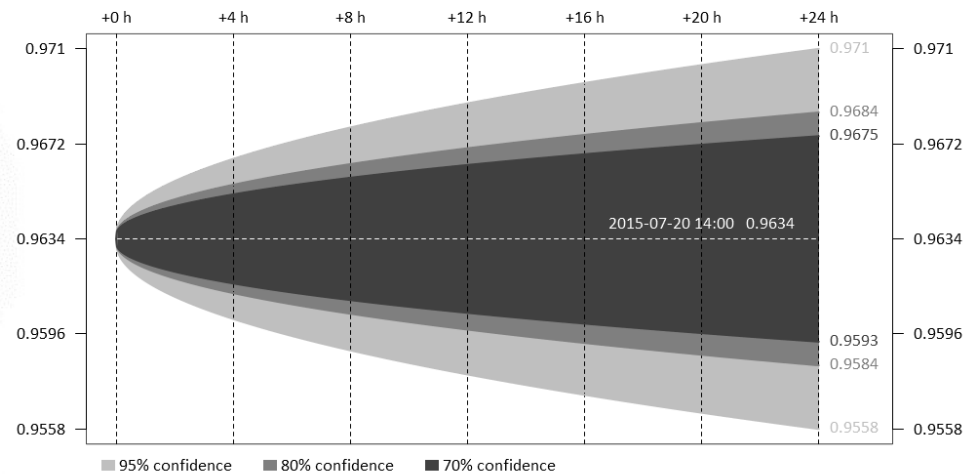
GBPUSD Potential Rates



USDJPY Potential Rates



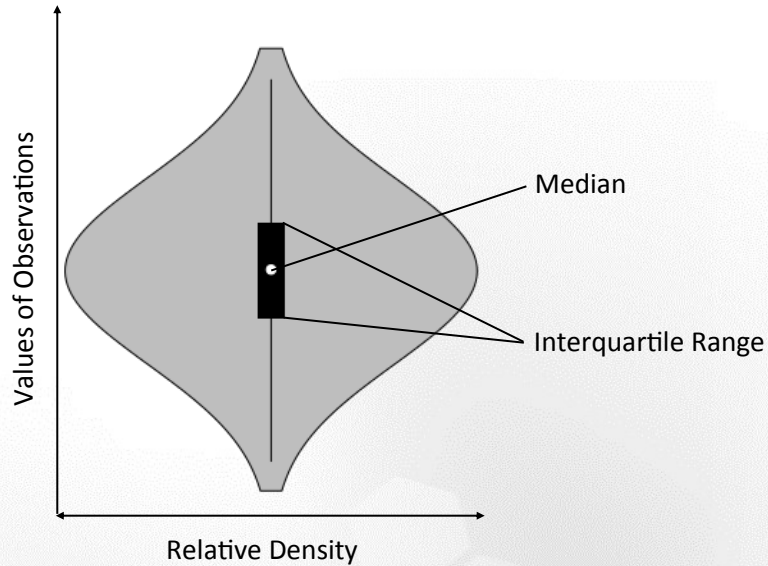
USDCHF Potential Rates



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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