



AUD

29/07/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

July 22

01:00 - 15:00

- BoE MPC Vote, Minutes
- US Housing Price Index, Existing Home Sales

Turquoise Area

July 23

06:30 - 12:30

- Swedish PPI, Unemployment Rate
- UK Retail Sales
- US Jobless Claims
- Canadian Retail Sales

Blue Area

July 24

01:30 - 15:30

- Chinese Flash Manufacturing PMI
- German, Euro Zone Flash PMI
- Swedish Trade Balance
- US Flash Manufacturing PMI, New Home Sales

Purple Area

July 28

00:30 - 09:30

- Swedish Retail Sales
- UK Advanced GDP

Orange Area

July 28

20:30 - 21:30

- RBNZ Governor Wheeler's Speech

AUD Currency Index Change

-0.2%

0.04%

-0.88%

0.57%

0.04%

Max AUD Volatility Index

1.56

1.4

2.5

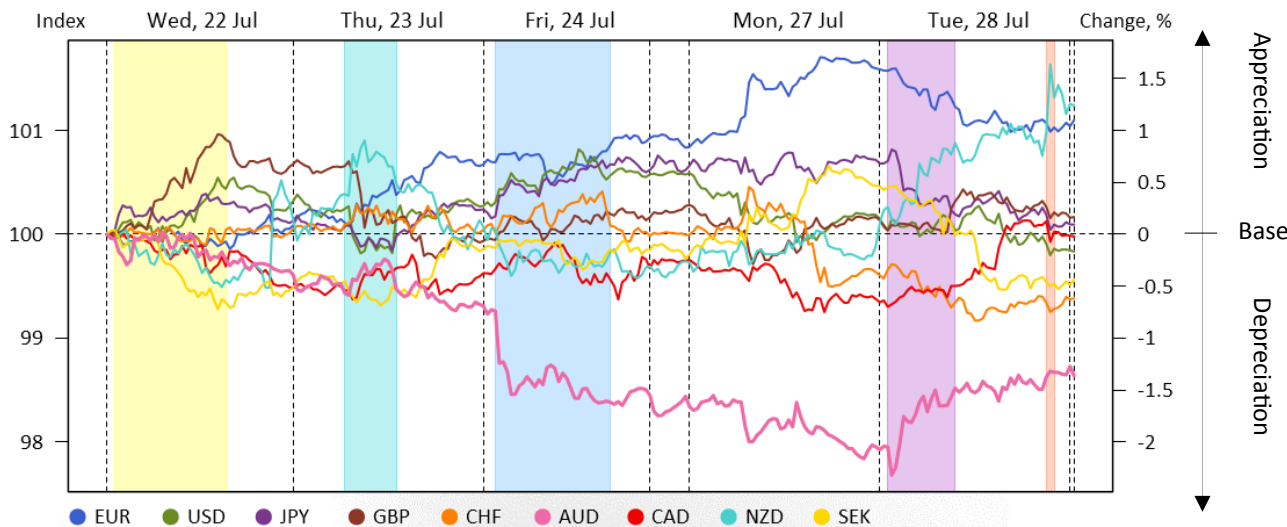
1.85

1.53



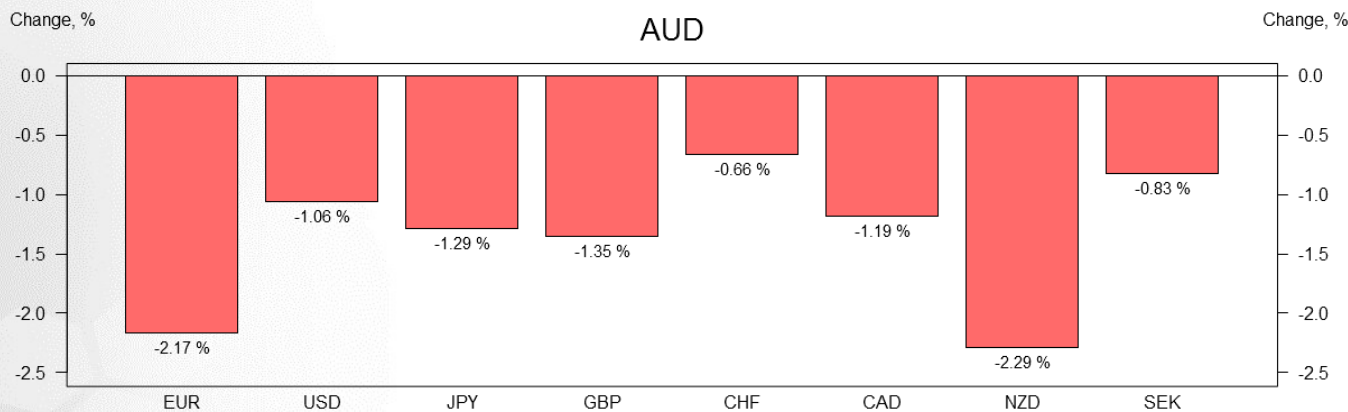
Relative Currency Strength

Currency Indexes



During the period the majority of the currency indexes was varying in a range of -1% - +1% from the base value. Only a few gauges – the NZD, EUR and AUD indexes – went outside the boundaries, with the later tumbling below its peers, and the first two finishing the period well above others. While the Euro was appreciating throughout the whole period, fuelled by improving sentiment about the Greek issue, the Kiwi was notably fluctuating, posting gains after the RBNZ’s rate statement and Governor Wheeler’s optimistic economic conditions assessment, and weakening at the back of decreasing trade balance announcement.

The Aussie was undoubtedly the worst performer during the period. Starting from Wednesday, when the Australia’s CPI of the second quarter was released slightly lower-than-expected, the AUD Index never crossed above the base value. Steady depreciation during the period’s first two days was accelerated by a 0.8 points drop following the announcement of another fall of China’s manufacturing PMI. No recovery was observed during the next days, and by Tuesday morning the gauge reached its minimum of 97.68 points. Nevertheless, later, in absence of any economic releases, the two Pacific majors rallied, so the AUD Currency Index pared some losses and finished the period with a -1.37% weekly change.



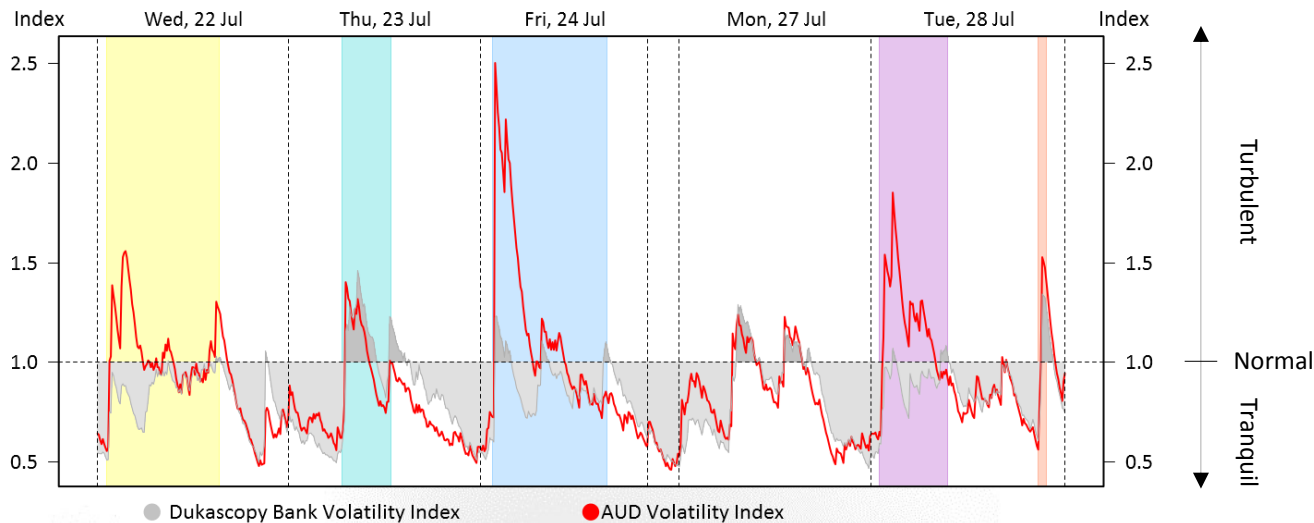
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.1%	-0.17%	0.09%	0.17%	-0.62%	-1.37%	-0.02%	1.24%	-0.43%
20	1.72%	1.73%	1.26%	1.27%	-0.41%	-3.64%	-1.82%	0.95%	-1.43%
130	0.94%	3%	-1.8%	7.3%	-1.19%	-3.42%	0.8%	-6%	-0.42%
250	-3.94%	17.86%	-3.89%	8.34%	10.93%	-10.09%	-2.38%	-9.42%	-7.41%



Volatility

Volatility



With its rapid descent and early Tuesday rebound, the Aussie became the week's second most volatile currency, topped only by its New Zealand counterpart. The greatest portion of turbulence was contributed by the AUD/USD and GBP/USD components, ushered not only by the Aussie's moves, but also by its peers' fluctuations, as the dollar and the pound both posted over 25% elevated volatility portions. Meanwhile, the period's sharpest reaction came from AUD/NZD, when the Kiwi surged against its peers after the RBNZ eased its opinion on the currency's excessive strength. The move was notably critical for

AUD/NZD, as its 3.98 volatility index spike stood well above the Kiwi's mean turbulence surge of 3.16.

The AUD volatility index suffered three major above-market surges in the past five trading day. The first one happened as the Aussie opened the period by zigzagging on the back of the CPI release. On Friday morning, volatility jumped to the period's high as the Australian dollar was hit by the data showing the Chinese manufacturing activity slowed more than expected. Finally, early Tuesday saw the commodity currencies unexpectedly pick up, with the Aussie taking the highest jump and boosting its volatility for the greatest part of the morning.

Elevated Volatility (% of the observed period)

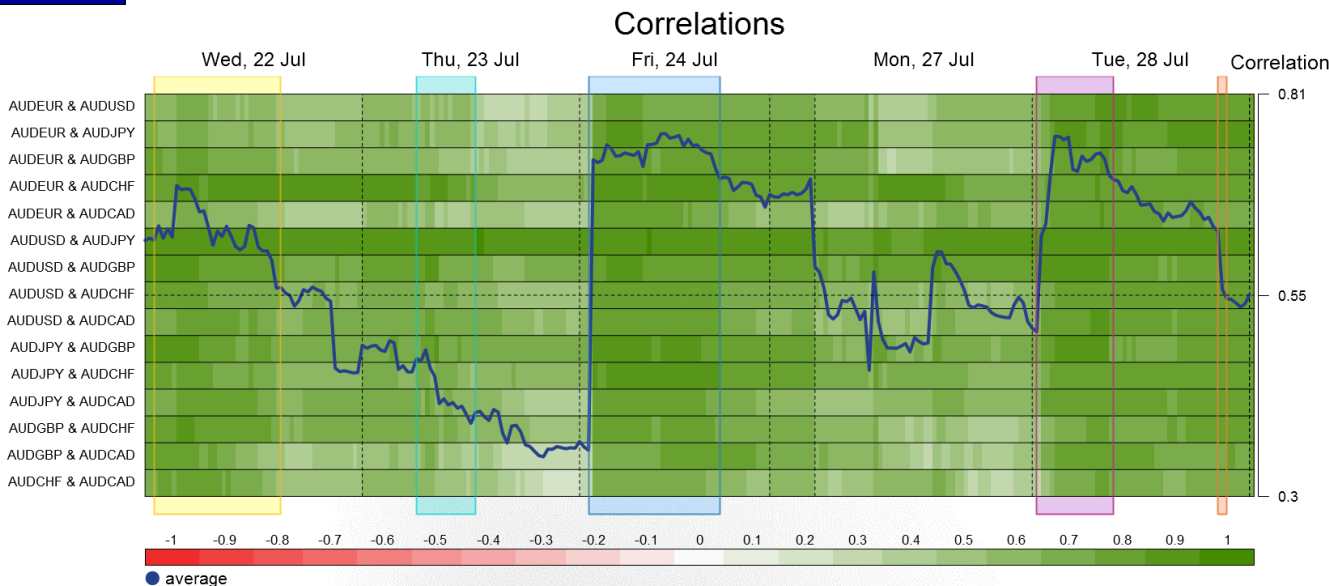
Market	AUD	EURAUD	AUDUSD	AUDJPY	GBPAUD	AUDCHF	AUDCAD	AUDNZD	AUDSEK	
	17	28	32	38	20	38	33	28	34	17

Volatility Index (for the observed period)

	Market	AUD	EURAUD	AUDUSD	AUDJPY	GBPAUD	AUDCHF	AUDCAD	AUDNZD	AUDSEK
Max	1.46	2.5	2.75	2.77	2.45	2.98	2.43	3	3.98	2.23
Min	0.47	0.46	0.41	0.33	0.31	0.36	0.32	0.4	0.38	0.36
Average	0.83	0.9	0.92	0.96	0.81	0.95	0.89	0.93	0.99	0.79



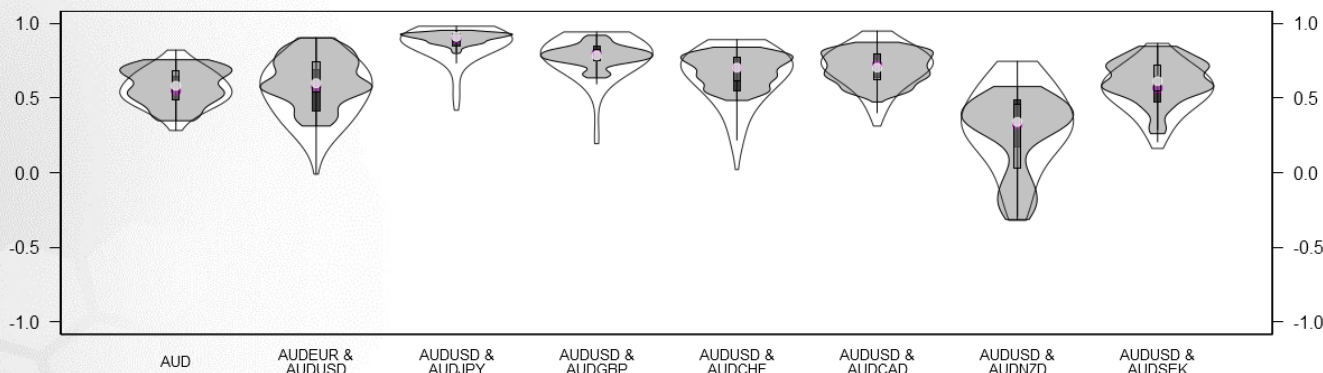
Currency Significance



The Aussie's across-the-board weakening boosted its significance measure, lifting its pairs' average correlations above the historical and making the distributions trim their lower tails. However, in terms of market influence, the Australian dollar competed with its New Zealand counterpart and lost, meaning that the AUD/NZD was largely affected by the Kiwi's pull. Thus the AUD/NZD component was the only one among the AUD/USD combinations to post a lower-than-historical average and stretch the distribution into the negative area.

The AUD composite started the period with a weakening, as the Kiwi's, the dollar's, and the pound's measures were dominating their counterparts, but jumped almost 0.4 points to 0.74 when the Aussie tumbled on Friday. Afterwards, the composite slid from its high as the new week opened, but remained among the strongest significance measures, fluctuating between 0.45 and 0.6. Another surge came from the Aussie's recovery on Tuesday, but was pared almost completely when the AUD composite was pushed down by a late spike in Kiwi's significance, which jumped after the RBZN governor Wheeler's speech.

Correlations (5 vs 20 days)

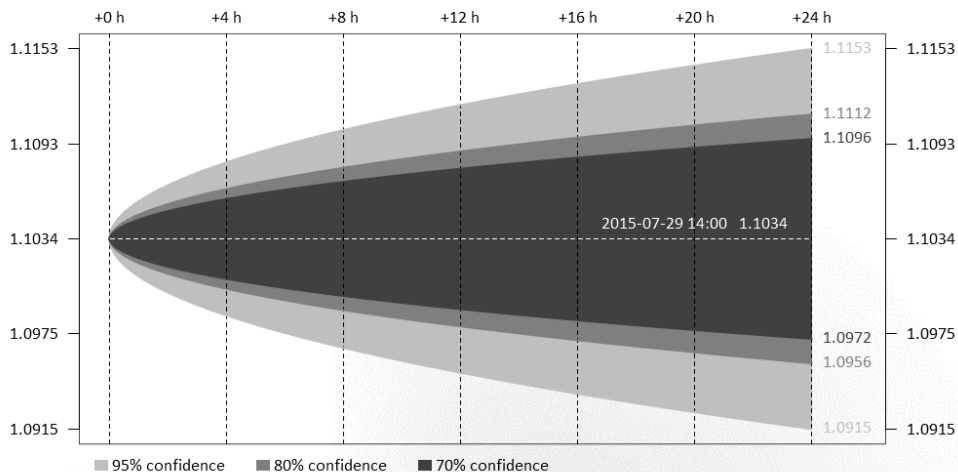


Mean Correlation Coefficient (with AUDUSD)

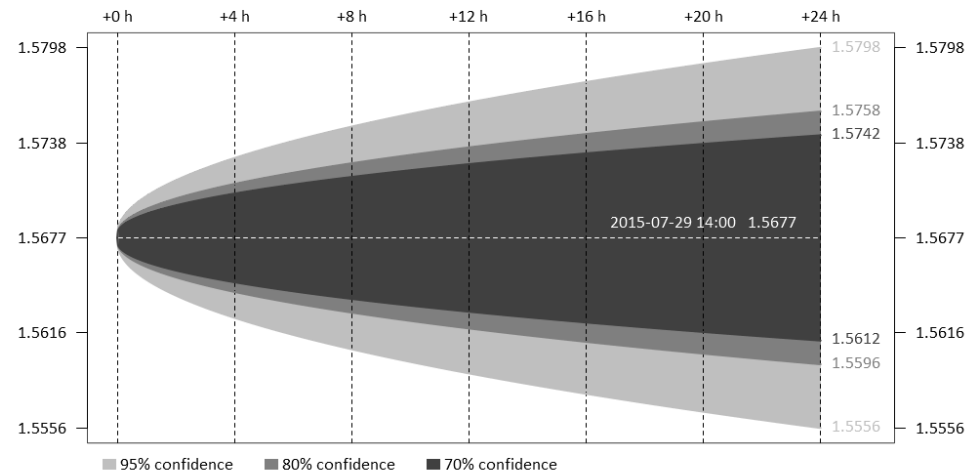
Days	AUD	AUDEUR	AUDJPY	AUDGBP	AUDCHF	AUDCAD	AUDNZD	AUDSEK
5	0.58	0.63	0.9	0.79	0.69	0.7	0.25	0.62
20	0.56	0.56	0.87	0.78	0.65	0.71	0.31	0.56
130	0.51	0.46	0.8	0.7	0.53	0.66	0.27	0.43
250	0.52	0.57	0.71	0.73	0.58	0.67	0.23	0.49

Confidence Intervals for Next 24 Hours

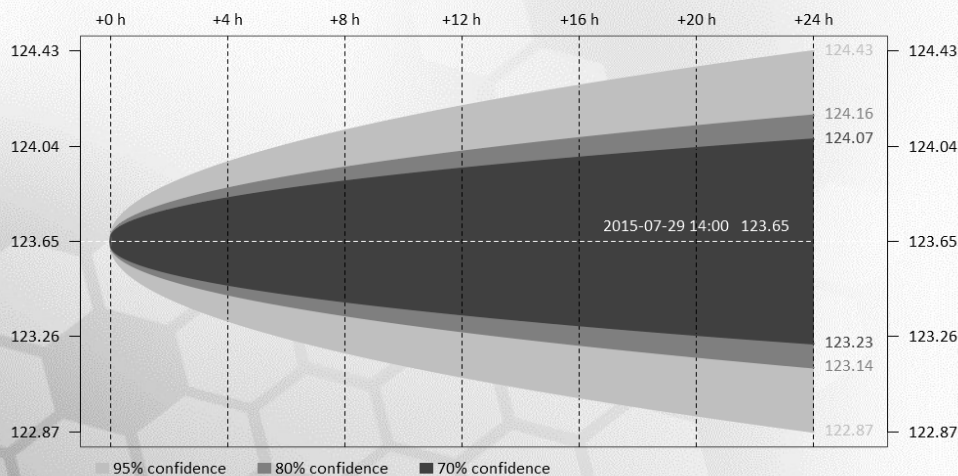
EURUSD Potential Rates



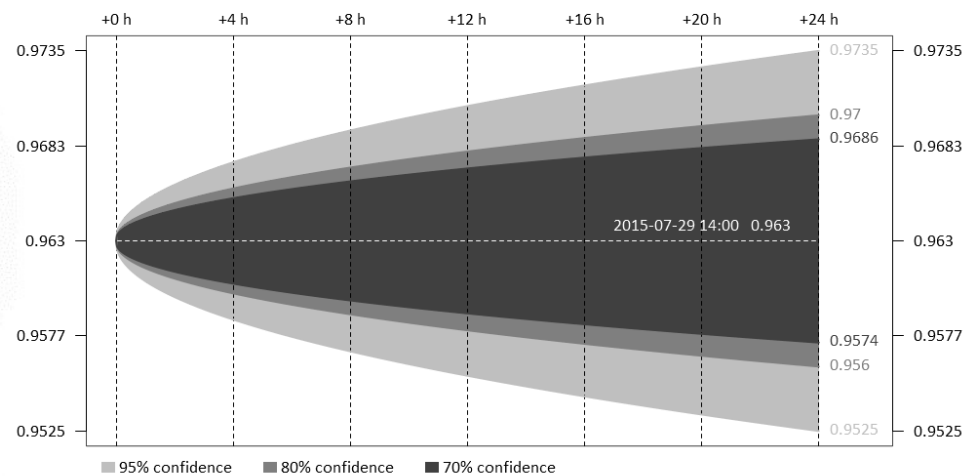
GBPUSD Potential Rates



USDJPY Potential Rates



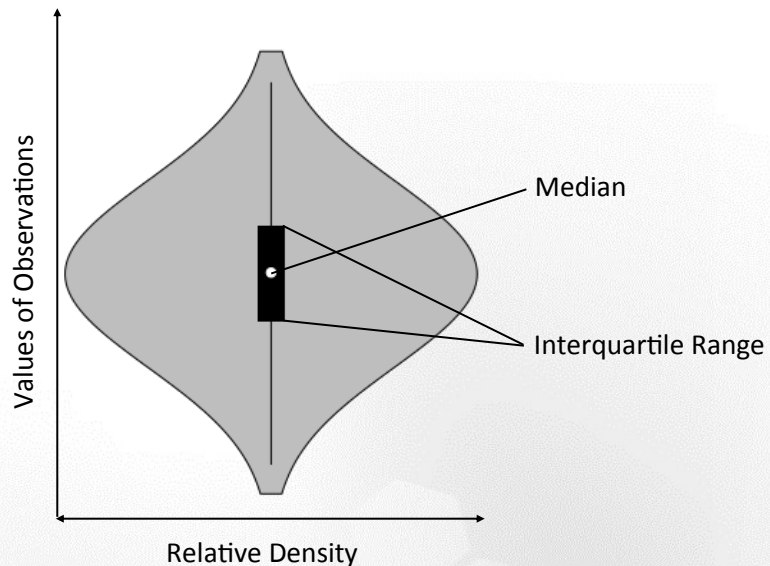
USDCHF Potential Rates



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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