



USD

13/10/2014



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Market Research





Dominant Events of the Period

Yellow Area

October 6

12:00 - 20:00

- Canadian Ivey PMI

Turquoise Area

October 7

05:00 - 20:30

- BOJ Interest Rate Decision
- German Industrial Production
- Swiss CPI
- UK Manufacturing Production
- US Consumer Credit Change; Fed Dudley, Kocherlakota Speech

Blue Area

October 8

05:00 - 20:00

- Swiss Unemployment Rate
- UK Halifax HPI
- Canadian Housing Starts
- US MBA Mortgage Applications, FOMC Minutes

Purple Area

October 9

00:30 - 19:00

- Australian Unemployment Rate
- German Trade Balance
- UK Asset Purchase Facility, Official Bank Rate
- US Jobless Claims
- ECB President Draghi Speaks

Orange Area

October 10

06:30 - 15:00

- UK Trade Balance
- Canadian Net Change in Employment, Unemployment Rate, BoC Business Outlook Survey

USD Currency Index Range

0.7%

0.42%

0.88%

0.91%

0.47%

Max USD Volatility Index

1.96

1.47

3.09

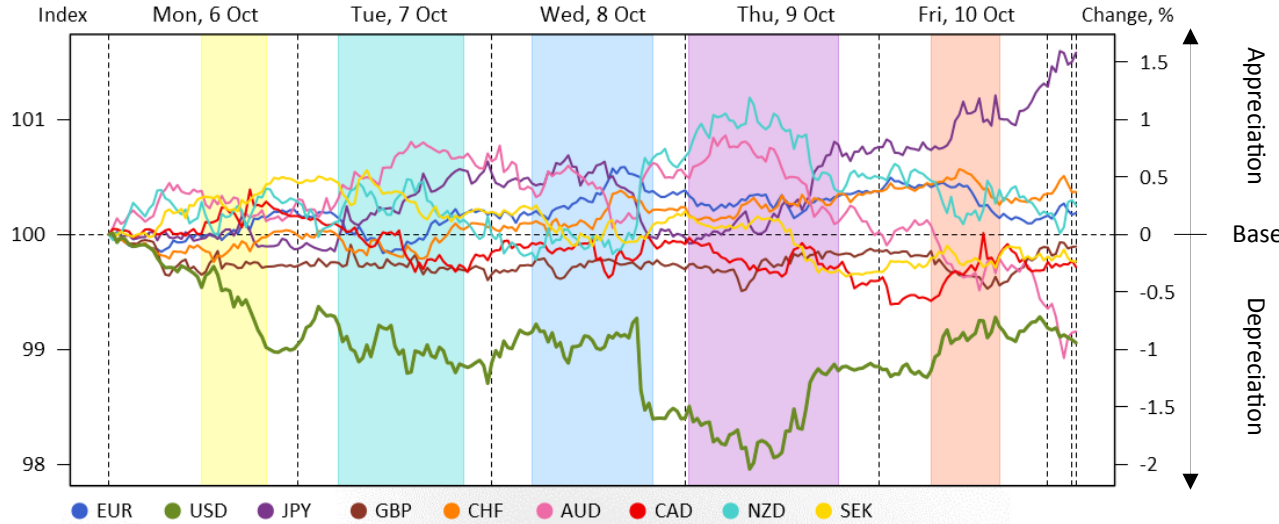
1.74

1.53



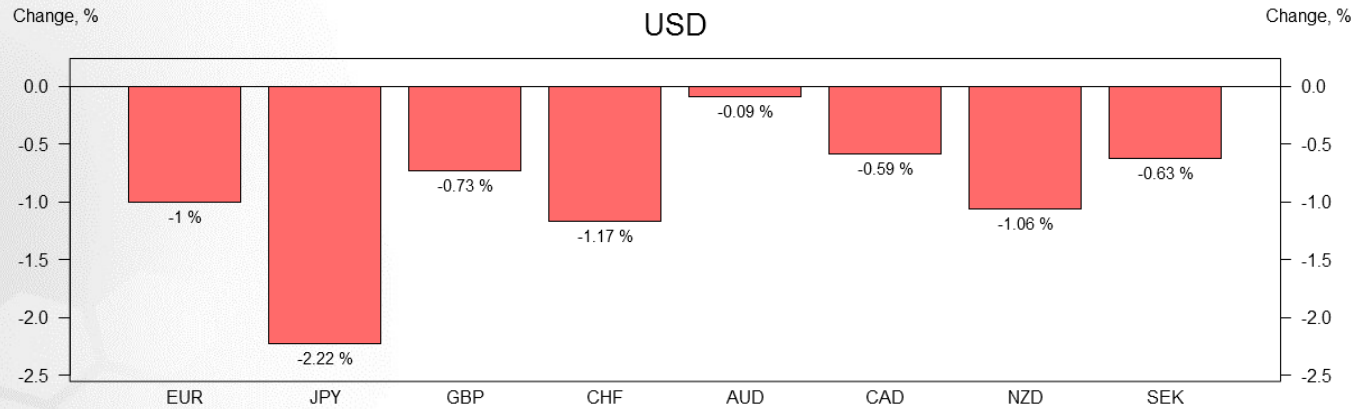
Relative Currency Strength

Currency Indices



After many weeks of strong performance, the previous period's febleness turned into the last week's downfall, as the USD Index posted its first substantial loss since late June. The index spent the period below its counterparts, losing almost 1% of the base value over the week and shifting its monthly growth to +1.8% from previous +4.0%. The Greenback weakened against all its observed peers, dropping 2.2% against the Yen and more than 1% against the Swiss franc, the New Zealand dollar, and the Euro.

After a 0.9 points upsurge on Friday, October 3, the USD Index started the week on a downtrend, easing from the high base value. The gauge fluctuated around 99 points until Wednesday, when the overall dovish tone of the FOMC minutes and the officials' concerns about the strength of the dollar brought the index 0.6 points down. By Thursday morning, the index reached its period's minimum value of 98 points, 1.6 points below its closest peer. The day's events, however, offered a base for recovery, and the index shifted back to 99 points, as the reports showed a decline in jobless claims, and the dollar regained ground against the Euro after Mario Draghi in his speech in Washington once again brought up the slowing growth in the Euro zone and the necessity for fiscal reforms.



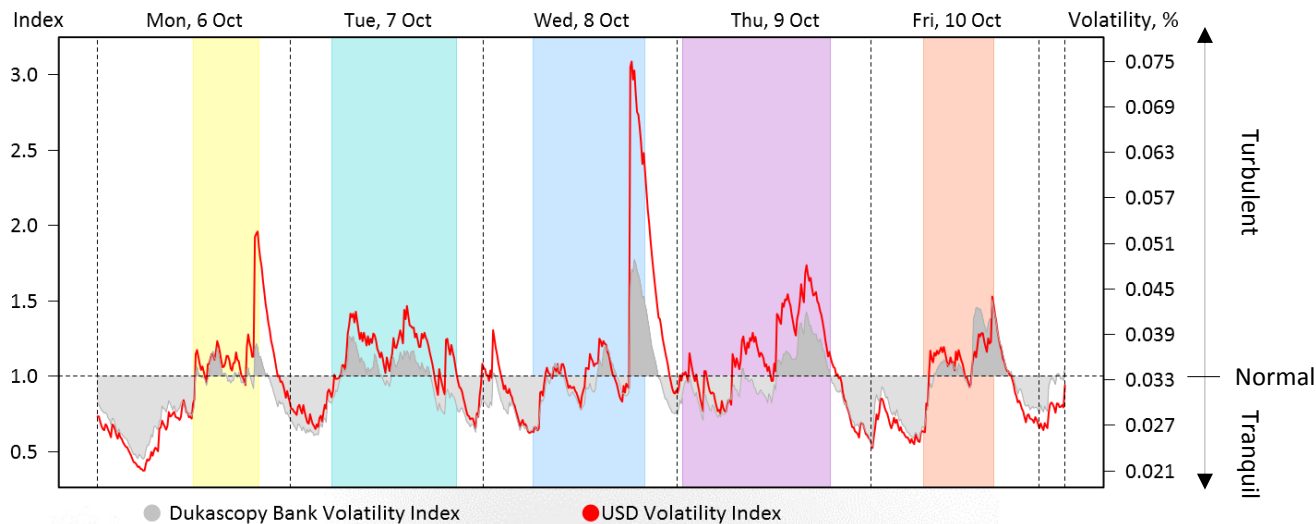
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.19%	-0.94%	1.58%	-0.1%	0.37%	-0.84%	-0.28%	0.26%	-0.23%
20	-0.85%	1.76%	2.07%	0.82%	-0.71%	-2.25%	0.91%	-2.36%	0.69%
130	-3.28%	7.33%	1.19%	2.74%	-2.63%	-1.65%	5.39%	-4.19%	-4.28%
250	-1.21%	6.63%	-3.3%	7.52%	1.02%	-2.74%	-1.99%	-0.16%	-5.84%



Volatility

Volatility



The Greenback was the most turbulent currency of the observed period, as its portion of elevated volatility stood at 50%. Other currencies and the market as a whole, in turn, had their indexes above the historical level in only about 30% of the week. Nevertheless, with the exception of a few spikes, the overall level of dollar's volatility was not high and did not exceed 1.3 mark. As for the components, USD/JPY was above the 1 point mark for 62% of the time, while the EUR/USD Volatility Index reached the period's highest peak of 3.53.

On Monday, the movement of the USD volatility index began ahead of the US 3-month and 6-month bills auction. The evening's fall of the US dollar managed the USD Volatility Index to surge up to 1.96 – the second highest peak of the week. The bunch of news on Tuesday did not especially affect the USD volatility, and the index barely reached over the 1.2 level. The FOMC minutes became the most important news of the period for the Greenback, and right after the report came out the index jumped to the 3.09 mark. During the rest of the week, the USD Volatility Index spikes were feeble, caused mostly by the UK, the Euro zone and Canadian events, and did not exceed the 1.55 level.

Elevated Volatility (% of the observed period)

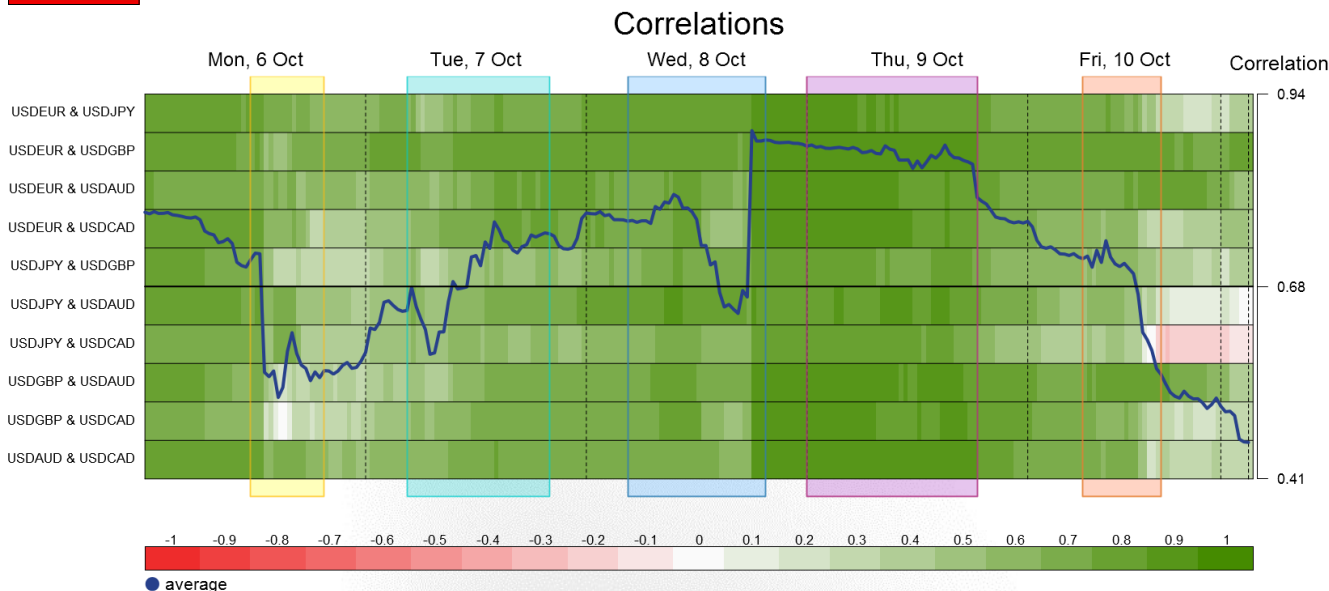
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
33	50	52	62	26	54	53	39	44	46

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.77	3.09	3.53	3	3.26	3.31	3.36	3.01	2.95	2.86
Min	0.45	0.37	0.23	0.34	0.25	0.25	0.43	0.27	0.48	0.27
Average	0.92	1.02	1.09	1.11	0.86	1.06	1.06	0.98	1	0.98



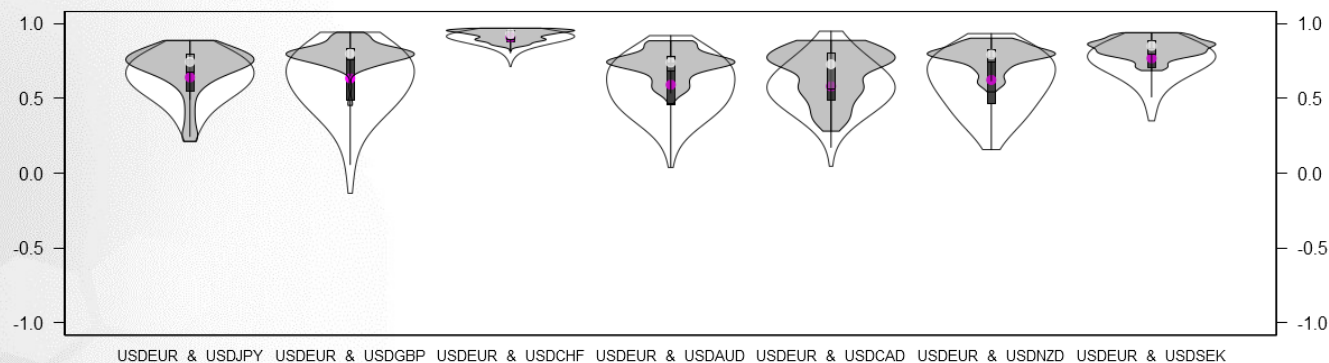
Currency Significance



The USD significance measure was holding a course of gradual growth since late September, and during the past week, with an impressive average of 0.72 points, was reporting the Greenback's strongest influence, challenged only by the Kiwi's gauge. The strengthening was observed across all USD/EUR components, as their distributions shifted closer to longer-term upper tails and averages notably exceeded historical levels. The tendency was especially pronounced in the pair's combinations with USD/GBP, USD/AUD, and USD/NZD.

The USD significance measure made two sharp moves during the period and spent the rest of the time slowly reversing the movements. On Monday, it fell from 0.7 to 0.5 as the pound's significance suddenly peaked, causing the USD/GBP components weaken and bring the composite down. Another surge took place on Wednesday, when the measure reached its period's maximum of 0.9 points as the dollar weakened after the FOMC minutes release. The composite held above 0.85 until Thursday evening, but tumbled during Friday, as the yen's and the Canadian dollar's gauges gained momentum.

Correlations (5 vs 20 days)

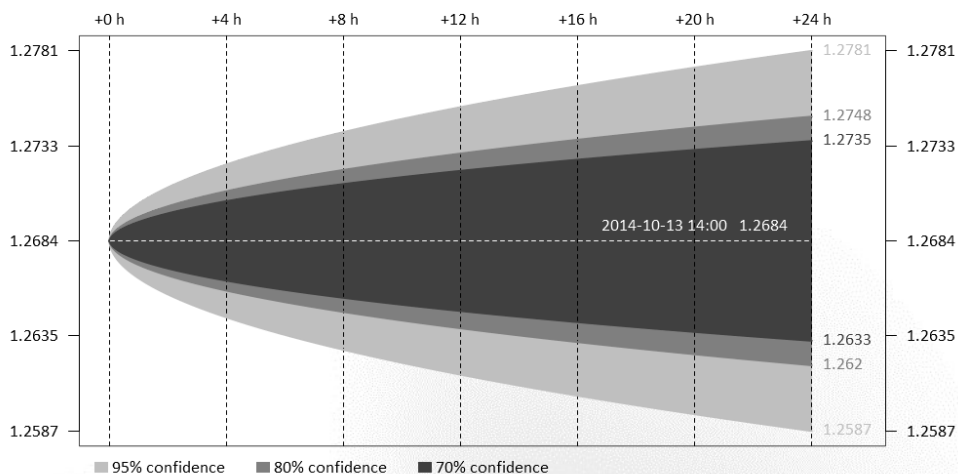


Mean Correlation Coefficient (with USDEUR)

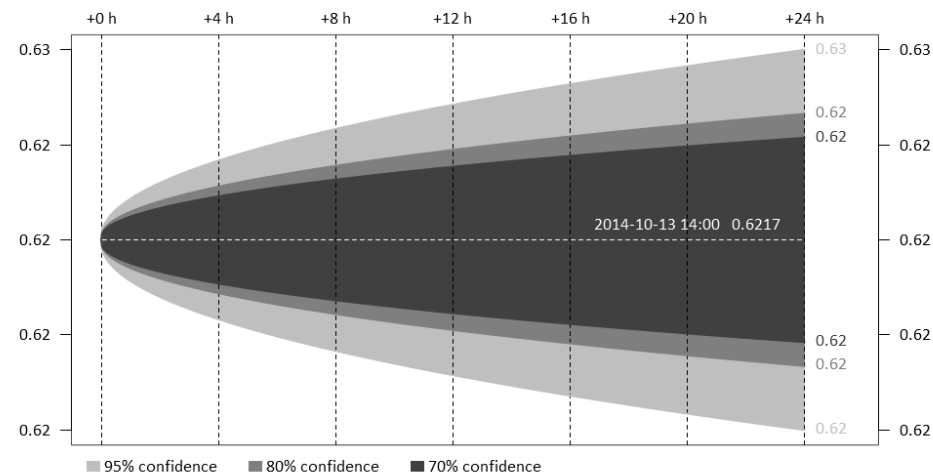
Days	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.7	0.8	0.92	0.73	0.67	0.78	0.84
20	0.63	0.62	0.9	0.59	0.58	0.61	0.75
130	0.35	0.42	0.88	0.36	0.27	0.41	0.6
250	0.27	0.45	0.86	0.32	0.24	0.36	0.6

Confidence Intervals for Next 24 Hours

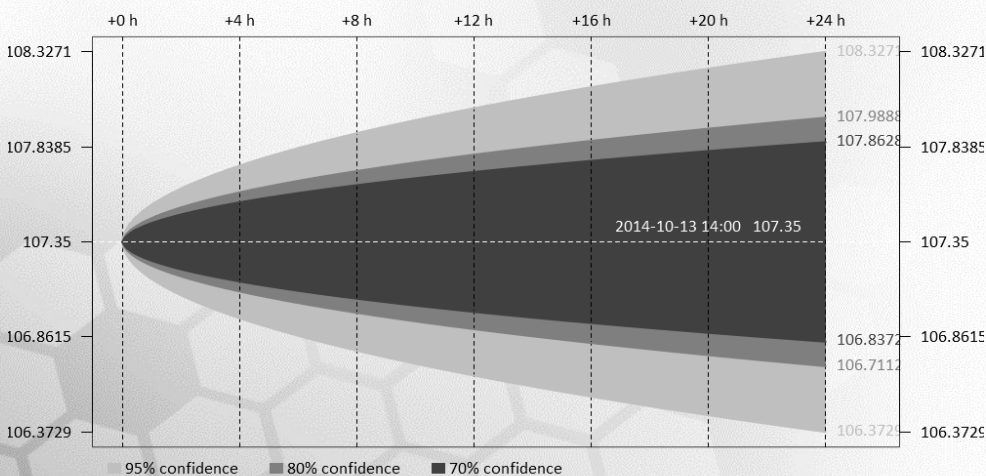
EURUSD Potential Rates



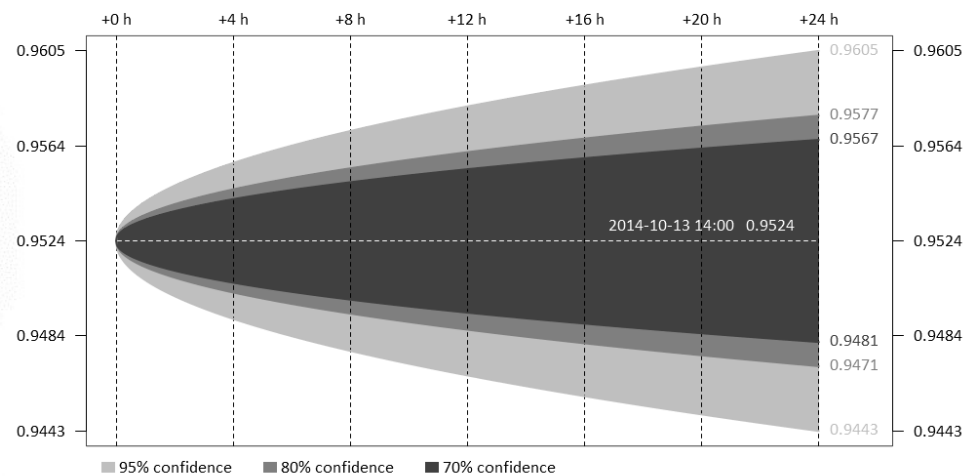
GBPUSD Potential Rates



USDJPY Potential Rates



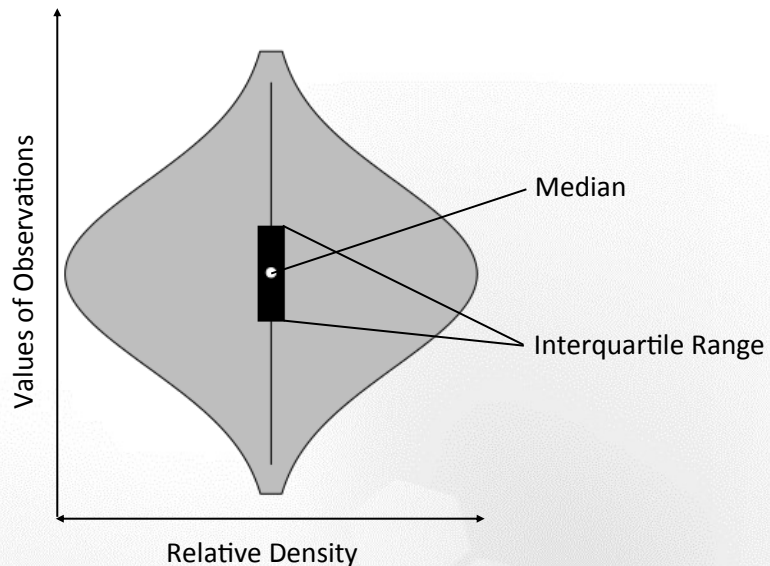
USDCHF Potential Rates



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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