



USD

29/12/2014



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

December 22

07:30 - 16:00

- Euro Zone Flash Consumer Confidence
- US Existing Home Sales

Turquoise Area

December 17

06:00 - 16:00

- UK BBA Mortgage Approvals, GDP
- US Durable Goods Orders, GDP, Personal Consumption Expenditures, Personal Income, Personal Spending, UoM Consumer Sentiment Index
- Canadian GDP

Blue Area

December 18

07:30 - 16:00

- Swiss KOF Leading Indicator
- US MBA Mortgage Applications, Jobless Claims
- BoJ Monetary Policy Meeting Minutes, Governor Kuroda Speech

USD Currency Index Range

0.28%

0.42%

0.14%

Max USD Volatility Index

0.91

1.07

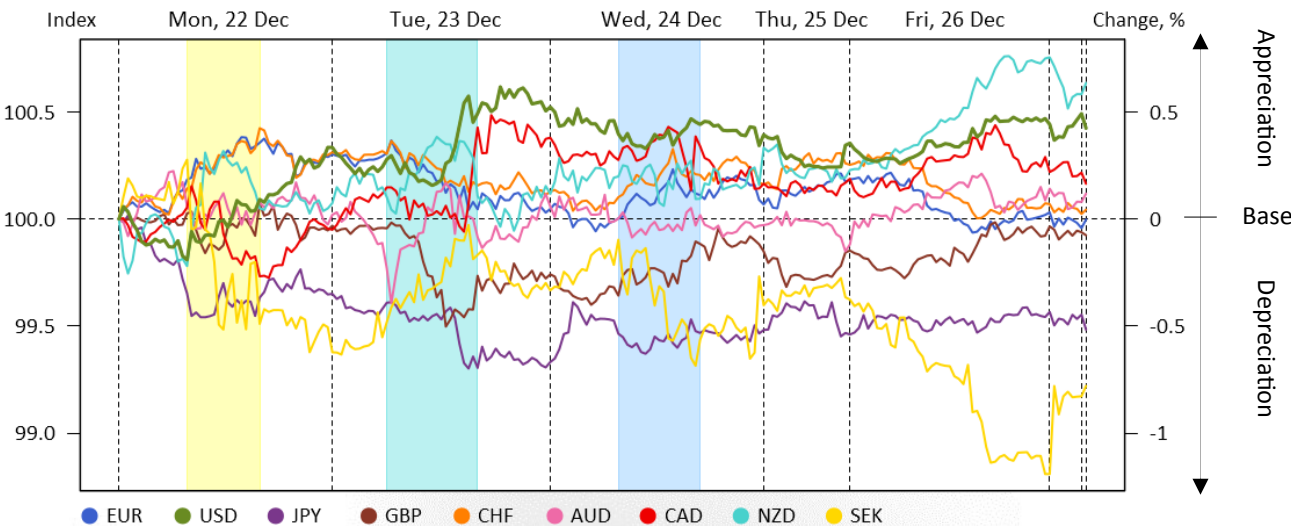
0.74



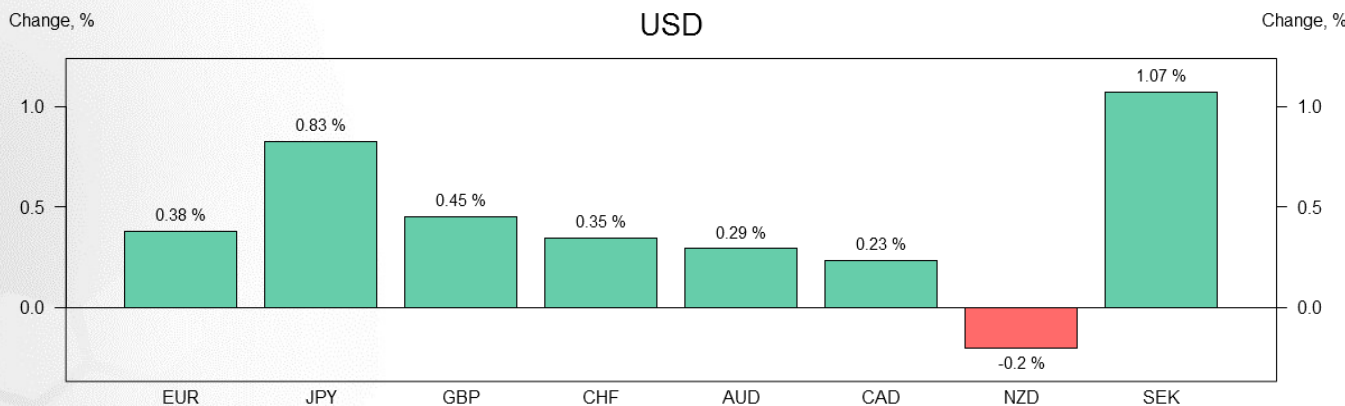
Relative Currency Strength

Currency Indexes

The past week was short on trading days, but not on market shockers, and the observed currencies managed to go through some notable ups and downs. The SEK Index was the most instable one, with numerous plunges and recoveries ultimately landing it below its peers both on short- and long-term scale. The Greenback's gauge, on the other hand, remained the leader in the long run, posting overwhelming 10% and 12% growth over the year and the past six months, respectively. On the weekly basis, the USD Index was outpaced only by its Kiwi counterpart that sprinted to the best performer's position on the Boxing Day.



The USD Index spent the first day of the period on a sharp uptrend, shrugging off disappointing home sales numbers in anticipation of more eventful Tuesday. The excitement proved to be well placed, as the third quarter US GDP came in with an impressive upward revision, sending the USD Index up to 100.6 points level. Afterwards, some of the gain was promptly erased with another hit from housing data, as new home sales posted a decline instead of expected rise, but the index remained in the leading position among its peers. The remainder of the week was tranquil with the holidays, leaving the Greenback's index to drift between 100.2 and 100.5 point marks and finish the period with the second-greatest weekly growth.

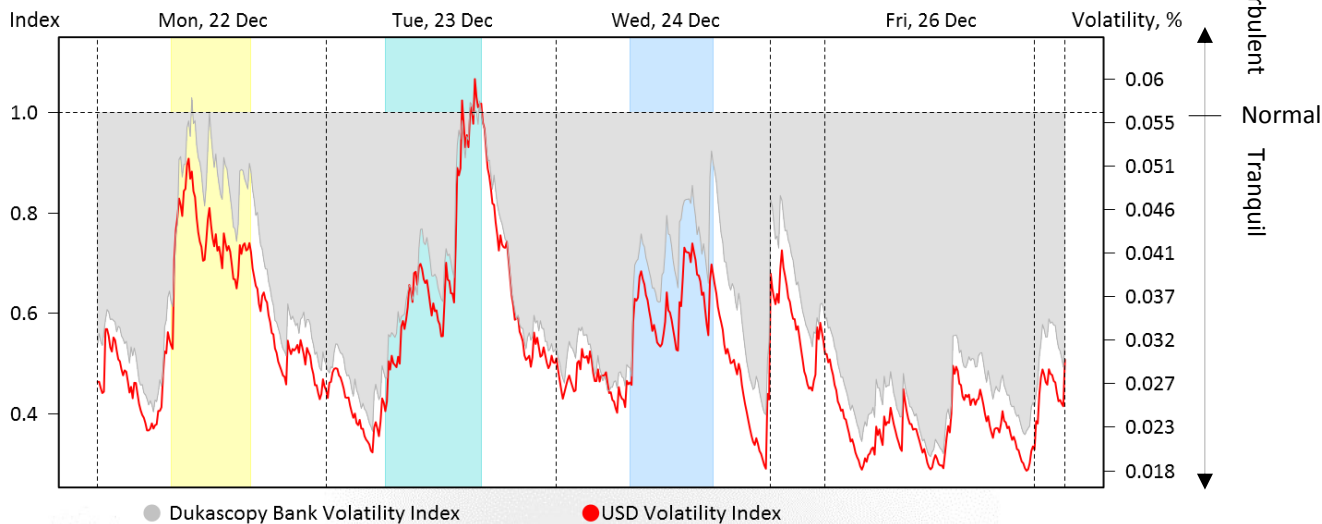


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0%	0.42%	-0.52%	-0.08%	0.04%	0.12%	0.16%	0.64%	-0.78%
20	-0.09%	2.5%	0.71%	1.64%	-0.22%	-2.69%	0.29%	1.05%	-3.52%
130	-0.44%	12.46%	-6.96%	2.15%	0.77%	-4.17%	2.72%	-1.41%	-4.7%
250	-3.46%	10.3%	-4.82%	3.79%	-1.37%	0.48%	0.91%	4.61%	-10.42%



Volatility

Volatility



The holiday week saw a notable decrease in the trading activity, with the portion of elevated market volatility on an incredibly low level of 1%. Despite the US dollar's movements in the beginning of the week, the USD Volatility Index only managed to exceed the historical average once and for a very brief moment, resulting in the same reduced per cent of overturbulence. Among the USD components, USD/JPY and NZD/USD volatility failed to rise out of the tranquil area altogether, while GBP/USD, USD/CAD, and USD/SEK demonstrated a somewhat higher degree of activity, pushing their portions of elevated volatility to 13-15% of the period.

For the USD Volatility Index, the only spike above the reference line occurred on Tuesday. The index started to rise against the background of the US GDP and durable goods orders releases, and hit its moderate maximum of 1.07 points by the time of the new home sales data report. Movements of the market's turbulence measure were similar, and it reached its week's highest value in unison with the Greenback's gauge. Other upticks of the market's and the USD components' volatility were mostly caused by the non-US news. Among the noteworthy ones, the GBP/USD volatility surged close to 2 point level, as the pound weakened with the downward revision of UK GDP, widening account deficit and mortgage approvals sliding to an 18-month low on Tuesday, while USD/SEK reached above 1.5 points mark after the better-than-expected Swedish retail sales release.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
1	1	1	0	14	1	2	13	0	15

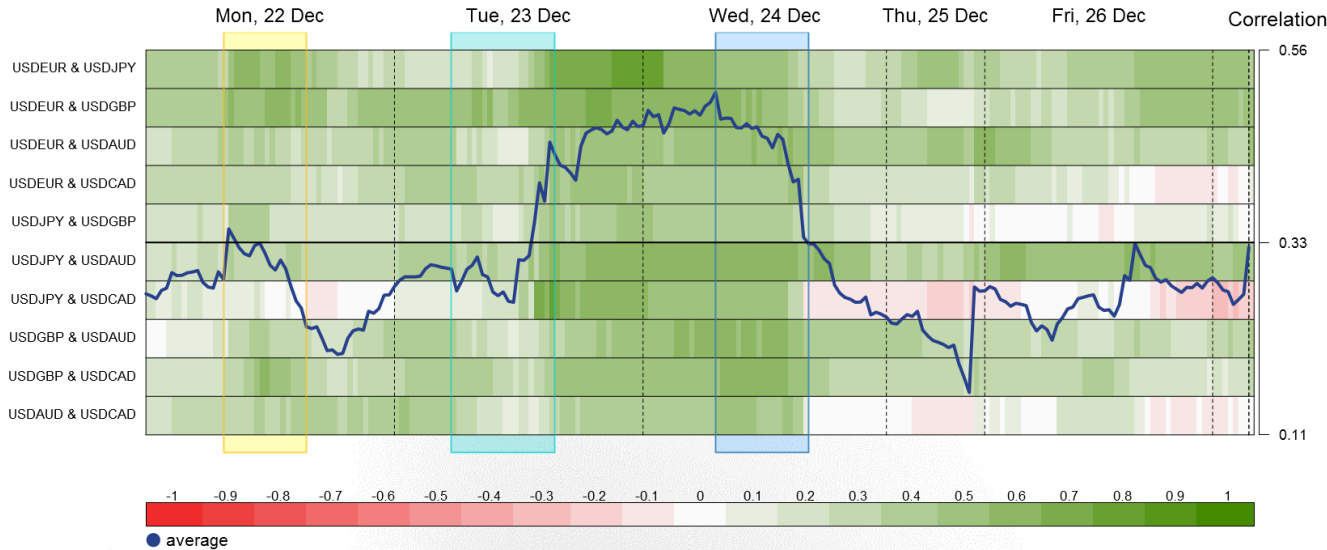
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.03	1.07	1.1	0.85	2	1.1	1.23	2.02	1.07	1.9
Min	0.31	0.29	0.19	0.1	0.19	0.2	0.2	0.19	0.11	0.25
Average	0.6	0.53	0.52	0.35	0.71	0.48	0.51	0.62	0.47	0.65



Currency Significance

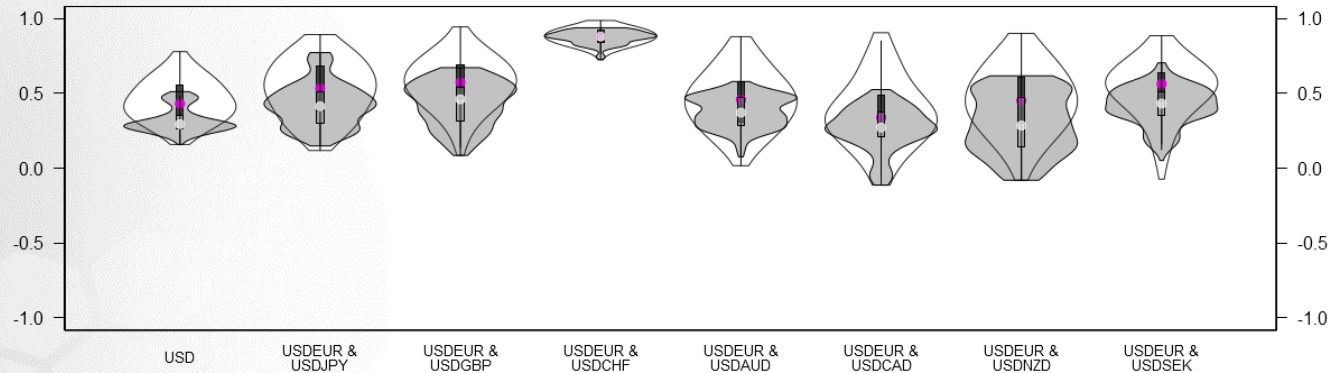
Correlations



Previously observed weakening of the dollar's significance measure was carried over to the past period, leaving the USD composite to trail among the most feeble gauges. Most of the components showed notably reduced average values, while their distributions edged below the significance threshold of 0.3 points, indicating a discord in the Greenback's movements across the market. Among its counterparts, the Swedish krona kept its component in the dominant position, with the Canadian, Australian, and New Zealand dollars interchanging on the two remaining places of the top three.

The USD composite spent most of the period in the range between 0.2 and 0.3 points marks, sharing the rank of the least influential currency with the Euro, the Swiss franc, and the Yen. Tuesday's fundamental releases and the subsequent upsurge of the dollar added some coordination to the pair movements and pushed the measure over the 0.3 points line. Wednesday's trading session, however, swiftly lowered the composite back, and it held below its counterparts throughout the holidays, with its last minute uptick only managing put it on the second worst position above the Swiss franc's measure.

Correlations (5 vs 20 days)

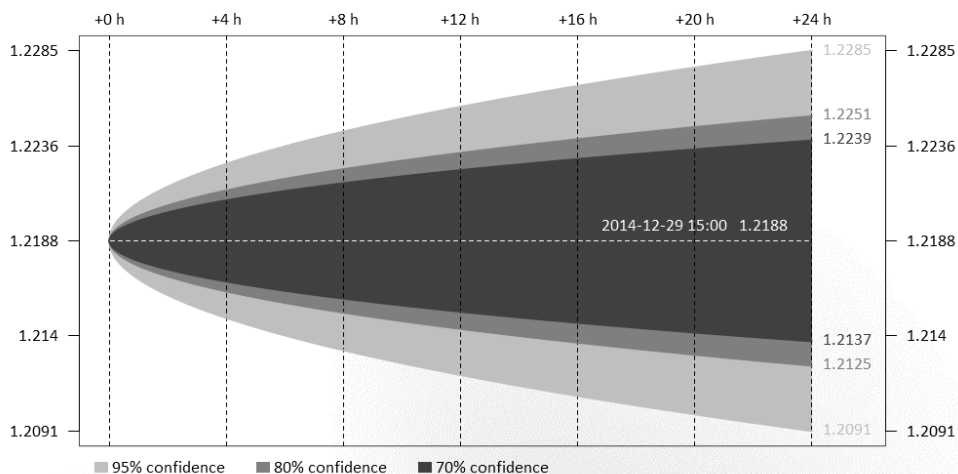


Mean Correlation Coefficient (with USDEUR)

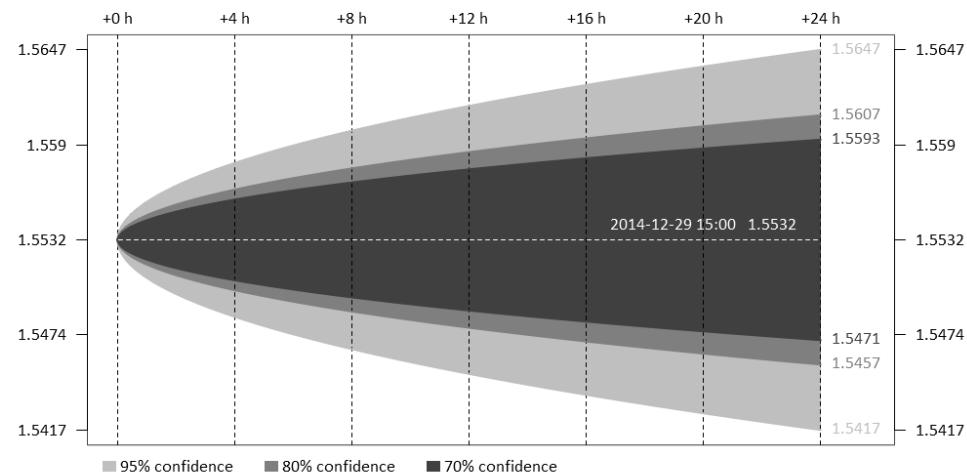
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.32	0.42	0.43	0.87	0.38	0.26	0.29	0.41
20	0.45	0.53	0.57	0.88	0.45	0.37	0.45	0.53
130	0.47	0.44	0.5	0.89	0.47	0.37	0.5	0.61
250	0.38	0.31	0.47	0.87	0.35	0.26	0.39	0.6

Confidence Intervals for Next 24 Hours

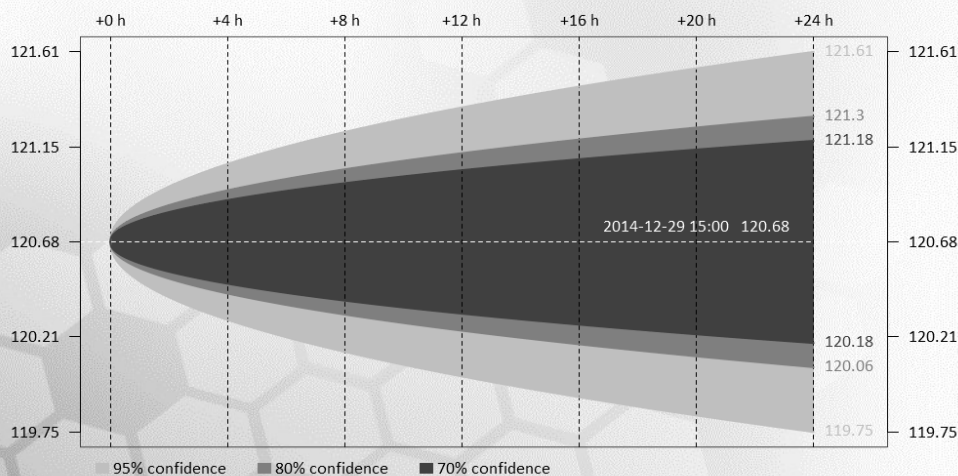
EURUSD Potential Rates



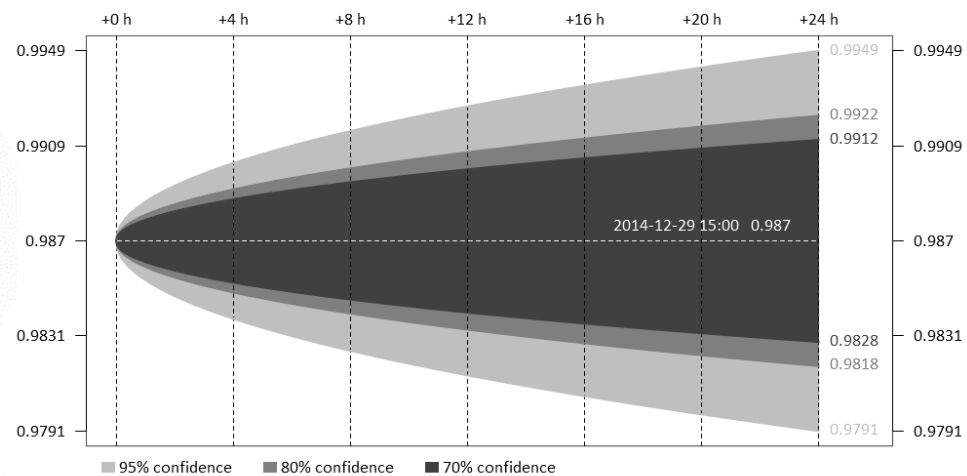
GBPUSD Potential Rates



USDJPY Potential Rates



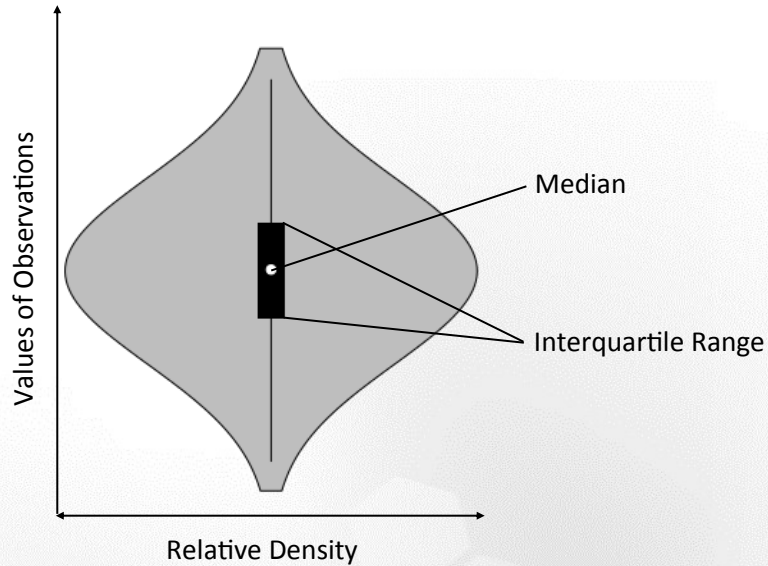
USDCHF Potential Rates



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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