



**USD**

26/01/2015



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# Dominant Events of the Period

## Yellow Area

January 21

06:30 - 16:30

- BoE Minutes, MPC Vote, UK Claimant Count Rate, ILO Unemployment Rate
- US MBA Mortgage Applications, Building Permits, Housing Starts
- BoC Monetary Policy Report, Interest Rate Decision

## Turquoise Area

January 22

07:00 - 22:00

- ECB Monetary Policy Statement, Interest Rate Decision
- Euro Zone Flash Consumer Confidence
- US Jobless Claims

## Blue Area

January 23

07:30 - 19:00

- Euro Zone, German Flash Markit PMI
- UK Retail Sales
- Canadian CPI, Retail Sales
- US Flash Markit Manufacturing PMI, Existing Home Sales, CB Leading Indicator

USD Currency Index Range

0.91%

1.53%

0.74%

Max USD Volatility Index

3.46

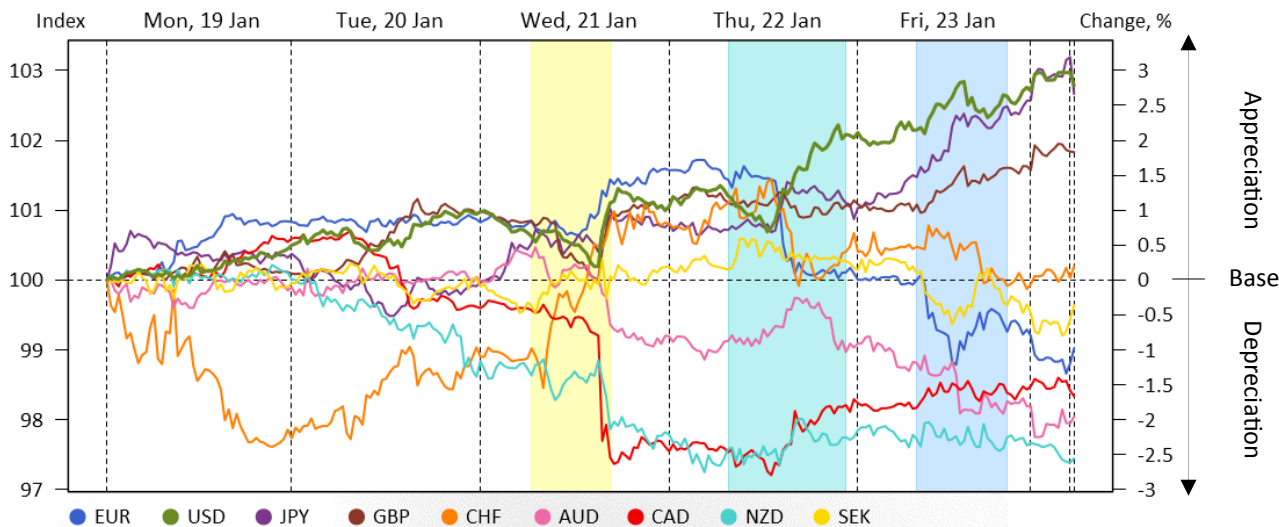
2.49

2.35



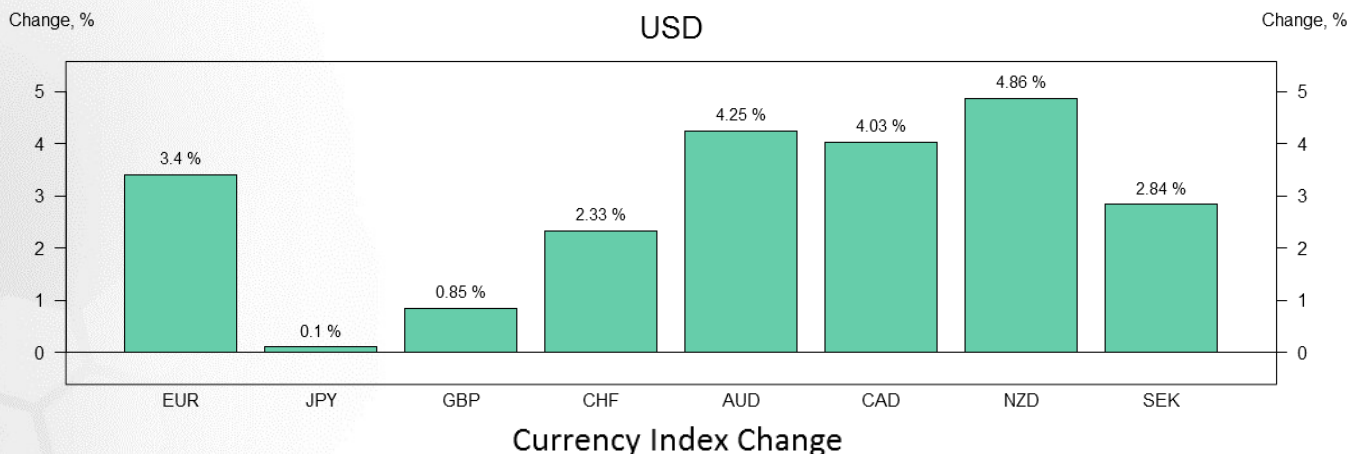
# Relative Currency Strength

Currency Indexes



The week was dynamic for the biggest part of the currency indexes. In the aftermath of the SNB decision, the frank's index was the most volatile one during the observed period, but its ups and downs eventually led it to finish the week at the base value. The Greenback became the top performer, gaining against all of its counterparts. The yen has demonstrated similar appreciation, and the pound's index was growing throughout the whole period. The EUR Index, in turn, started the period with a 1.5% growth, but noticeably dropped after the ECB comments on Euro zone's monetary policy. The Pacific currencies and the Loonie experienced the greatest losses.

The Greenback was holding on an uptrend throughout the whole trading week, with its index reclaiming the pre-Thursday level in the first two days of the period. All in all, there were no strong positive news on US economy, but the dollar benefited from the pessimistic announcements on its peers' economies. The index grew by 1% on Wednesday, amid the sharp 1.5% drop of the Loonie's gauge, which was undermined by the BoC decision to cut interest rate. Later, Thursday's ECB press conference and growing anticipation ahead of the Greece Parliamentary election posted new losses for the Euro and offered new support for the strengthening of the US dollar.

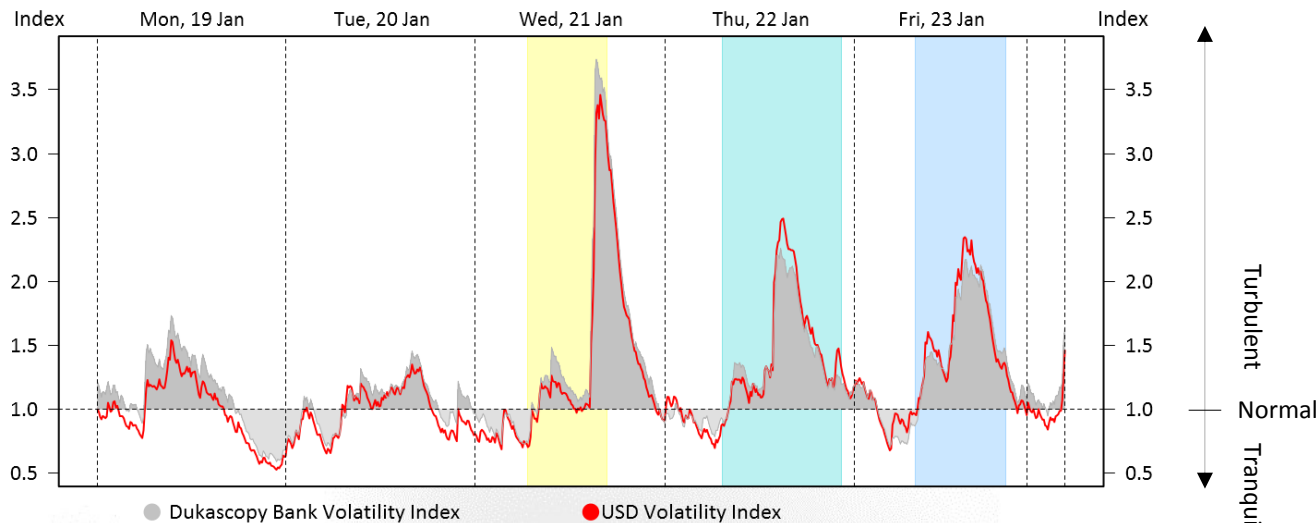


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.98%	2.78%	2.66%	1.83%	0.2%	-1.96%	-1.66%	-2.55%	-0.36%
20	-7.56%	2.13%	5.22%	-1.57%	15.56%	-0.91%	-5.24%	-2.3%	-5.42%
130	-7.46%	13.88%	-2.75%	-0.2%	17.12%	-5.74%	-2.79%	-2.44%	-9.46%
250	-10.27%	12.42%	-3.76%	1.95%	14.37%	1.65%	-0.82%	0.98%	-16.56%



# Volatility

## Volatility



After the previous overturbulent week, the past period was slightly more stable, and the portions of elevated volatility of the market and the US dollar were 69% and 59%. The most turbulent dollar's components were USD/CHF and NZD/USD, which spent 66% and 67% of the time above their historical volatility level. Other parameters indicated that volatility of almost all components and composites came back to normal, leaving behind enormous values of the previous week. The only exception was the USD/CAD component, as its maximum value was significantly higher than the peaks of its peers and has exceeded even the previous week's spike.

The US dollar started the week with elevated volatility, mostly caused by the Swiss franc that was still too unstable. However, lacking support of any influential events, the composite stayed close to the reference line, and the first noticeable surge of the USD volatility occurred only on Wednesday. Volatility peaked against the background of the BoE MPC report, which managed both the market and the composite to jump to their maximum levels of the period. On Thursday, after the ECB president Draghi's press conference, volatility of the Euro has grown, and EUR/USD Volatility Index reached its highest value of 5.2 points, pushing the composite up. Friday's peaks were, for the most part, also caused by the single currency's movements, leaving the dollar mostly unaffected by the US fundamentals.

Elevated Volatility (% of the observed period)

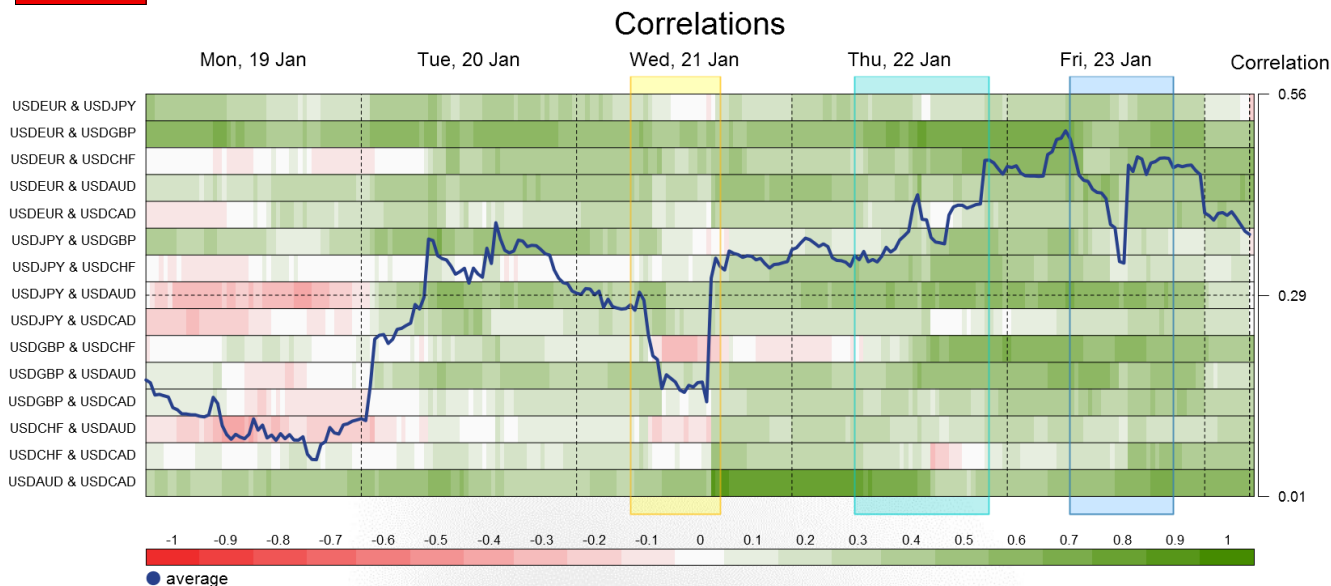
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
	69	59	53	43	35	66	64	48	67

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	3.74	3.46	5.19	2.65	2.73	3.47	3.64	11.55	3.93	3.15
Min	0.59	0.53	0.38	0.38	0.3	0.32	0.47	0.35	0.4	0.23
Average	1.23	1.17	1.3	1.02	0.94	1.33	1.23	1.33	1.23	0.99



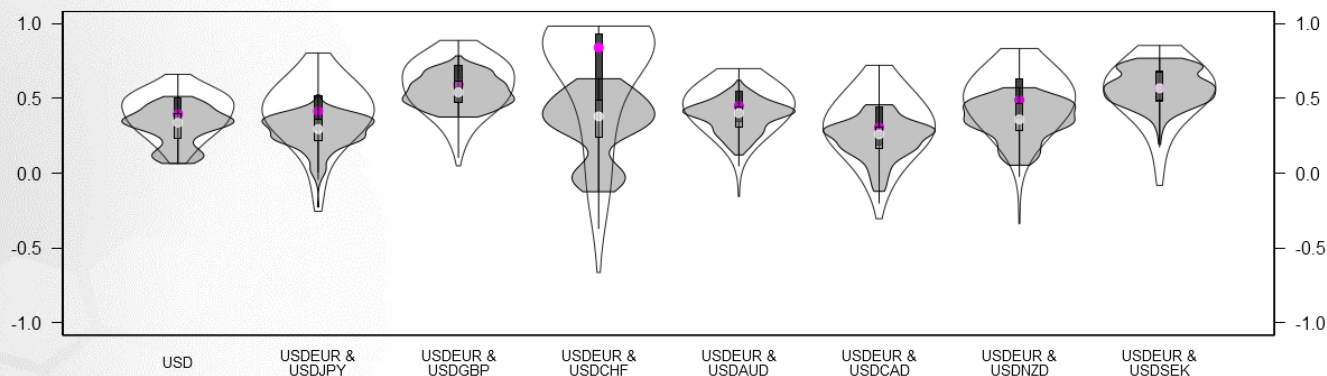
# Currency Significance



The dollar's significance measure reclaimed its firmer position after the previous week's drop, settling around 0.4 points in the end of the period. The component distributions also shifted closer to usual, as their lower tails were cut shorter and the majority of values concentrated around the medians. Only correlations with USD/CHF remained somewhat undecided, taking up a wider range of values than the other components. In total, though, despite an obvious uptrend, the dollar's composite posted feeble results compared to its peers, falling behind other gauges in the beginning of the period and making it to the top-five only by the end of the week.

The main boost to the dollar's significance came from the BoC, when it cut interest rates on Wednesday and pushed the Loonie down against its peers. As the CAD composite surged to surpass all its counterparts, the dollar's gauge was the only other one to strengthen, jumping from 0.1 to 0.3 points and subsequently holding above that level for the rest of the period. The only notable fall of the composite in the second half of the week happened on Friday, when the Euro gauge peaked to its maximum against the background of numerous PMI estimates releases, and the dollar's significance slid from 0.5 to 0.3 points.

## Correlations (5 vs 20 days)

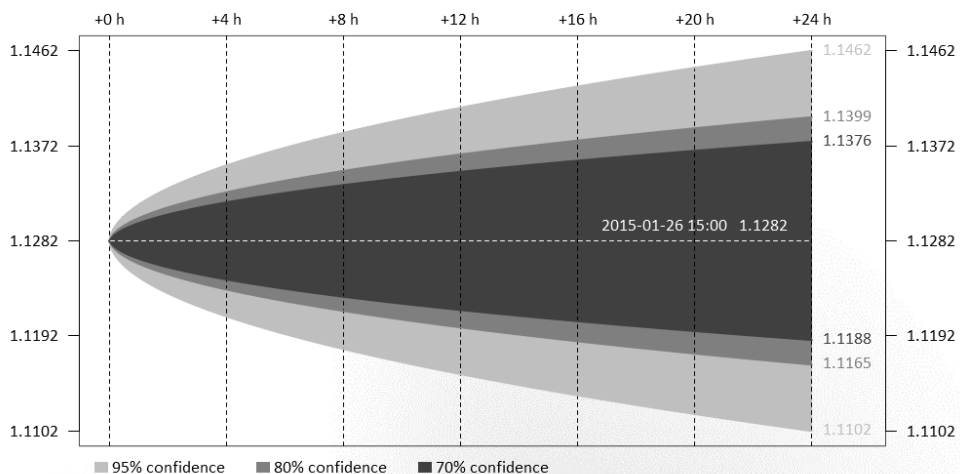


## Mean Correlation Coefficient (with USDEUR)

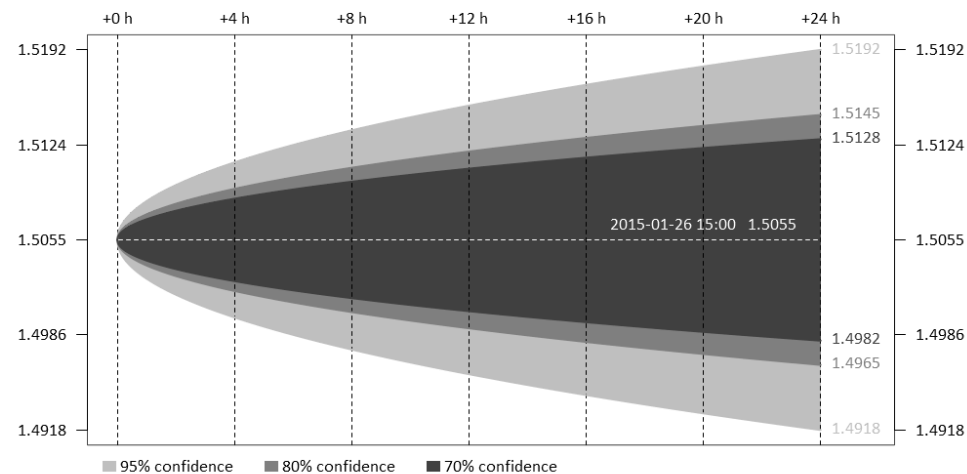
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.31	0.28	0.55	0.32	0.38	0.23	0.35	0.57
20	0.39	0.39	0.58	0.65	0.44	0.3	0.48	0.55
130	0.48	0.47	0.54	0.85	0.49	0.39	0.52	0.63
250	0.39	0.33	0.47	0.85	0.36	0.27	0.41	0.6

# Confidence Intervals for Next 24 Hours

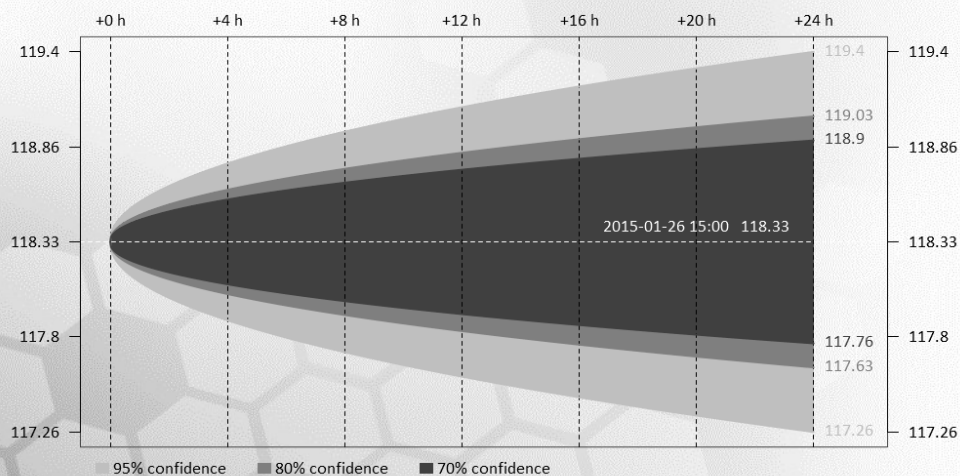
EURUSD Potential Rates



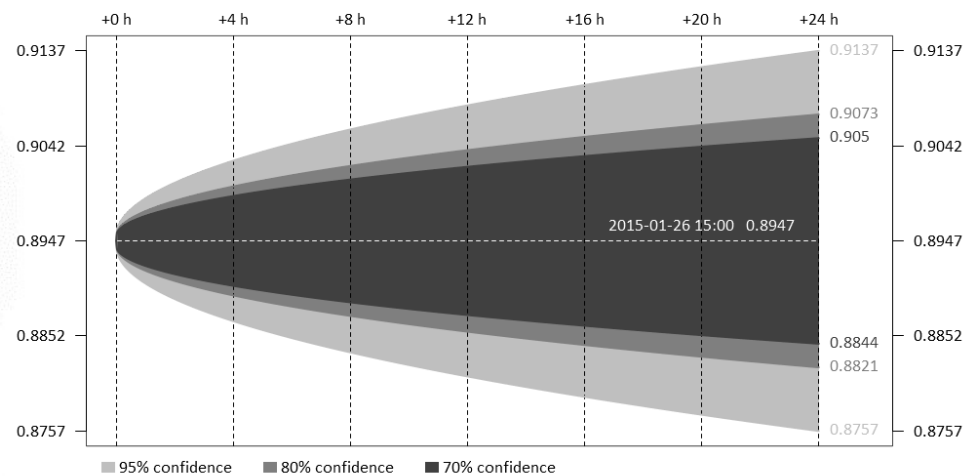
GBPUSD Potential Rates



USDJPY Potential Rates



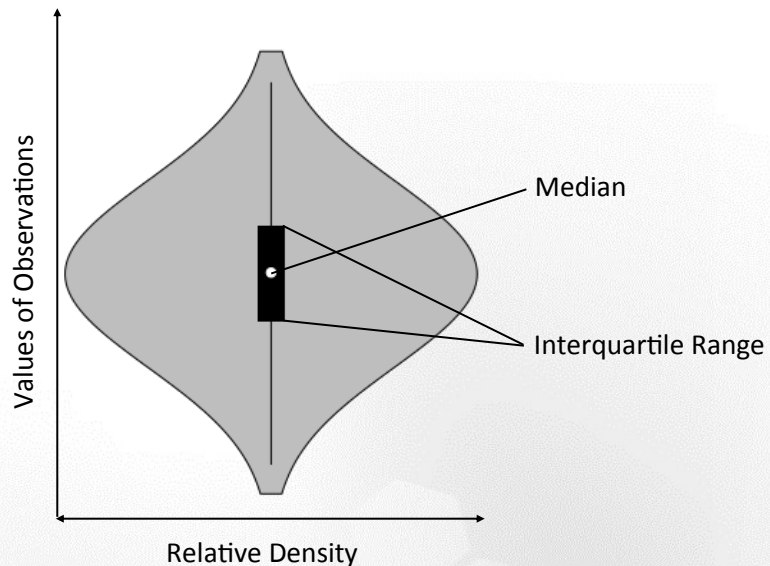
USDCHF Potential Rates



# 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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