



USD

24/08/2015



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Market Research





Dominant Events of the Period

Yellow Area

August 17

06:30 - 15:00

- Euro Zone Trade Balance
- US NAHB Housing Market Index

Turquoise Area

August 18

08:00 - 15:00

- UK CPI
- US Housing Starts, Building Permits

Blue Area

August 19

12:00 - 19:00

- EIA Crude Oil Stocks
- US CPI
- FOMC Minutes

Purple Area

August 20

06:30 - 15:30

- UK Retail Sales
- US Jobless Claims, Existing Home Sales, Philly Fed Manufacturing Survey, CB Leading Indicator

Orange Area

August 21

07:00 - 17:30

- German, Euro Zone Flash Markit PMI
- UK Public Sector Net Borrowing
- Canadian Retail Sales, CPI
- US Flash Markit Manufacturing PMI
- Euro Zone Consumer Confidence

USD Currency Index Change

0.04%	0.07%	-0.41%	-0.3%	-0.55%
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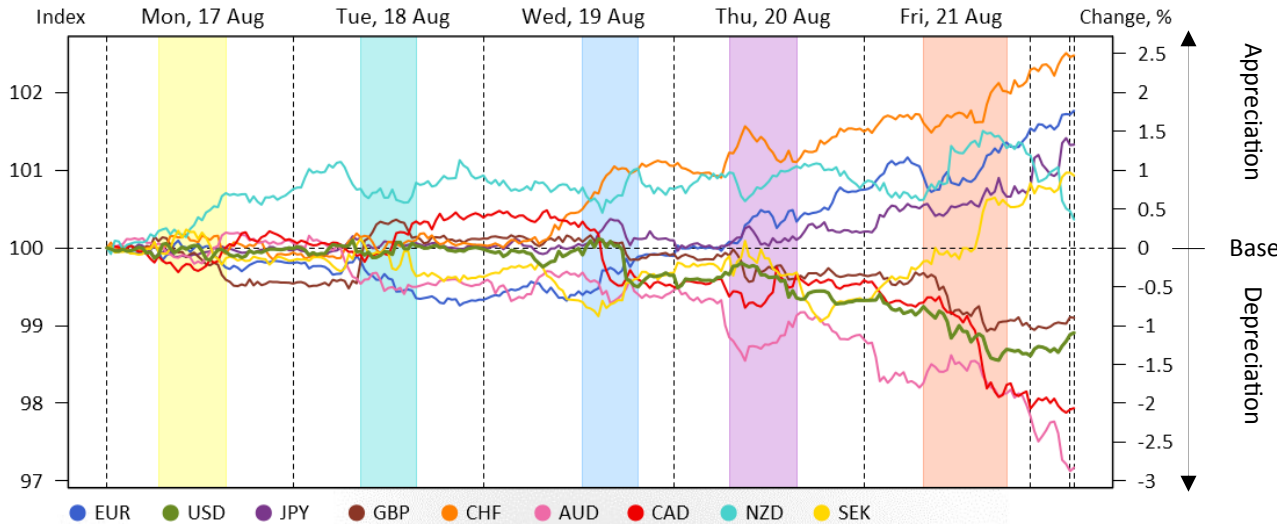
Max USD Volatility Index

1.22	1.05	2.28	1.6	1.6
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Relative Currency Strength

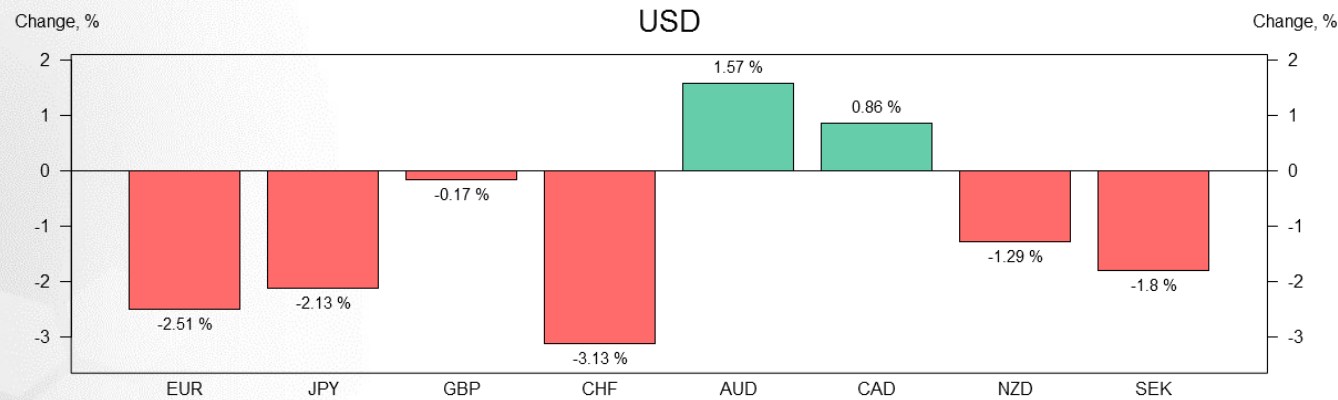
Currency Indexes



No index posted a neutral weekly change in this period, with the values ranging from -3% for the Aussie's gauge to +2.5% for the franc's measure. The main developments took place in the second part of the period, and the earliest reaction came from the CHF Index, whose stagnation turned into an uptrend amid the pre-FOMC risk aversion. It was later fuelled by wider-than-expected Swiss trade surplus, leading the index to the best performer's position. The AUD Index, in turn, was pushed down by ore prices and weak Chinese fundamentals. Another commodity currency, the Loonie, was hit by oil prices, and its index suffered two major slides before posting

the second-biggest decline of the period.

The USD Index spent the first half of the period virtually on the baseline, holding around the level it slid to after the yuan's devaluation on August 12. A sharp change came on Wednesday, when dovish minutes from July FOMC meeting undermined expectations of a September rate hike, causing the dollar's measure to dip 0.5 points below the base value. Afterwards, Thursday opened with a start of an downtrend that kept its hold on the Greenback till Friday evening. As a result, the USD Index finished the period in the third-worst performer's position.



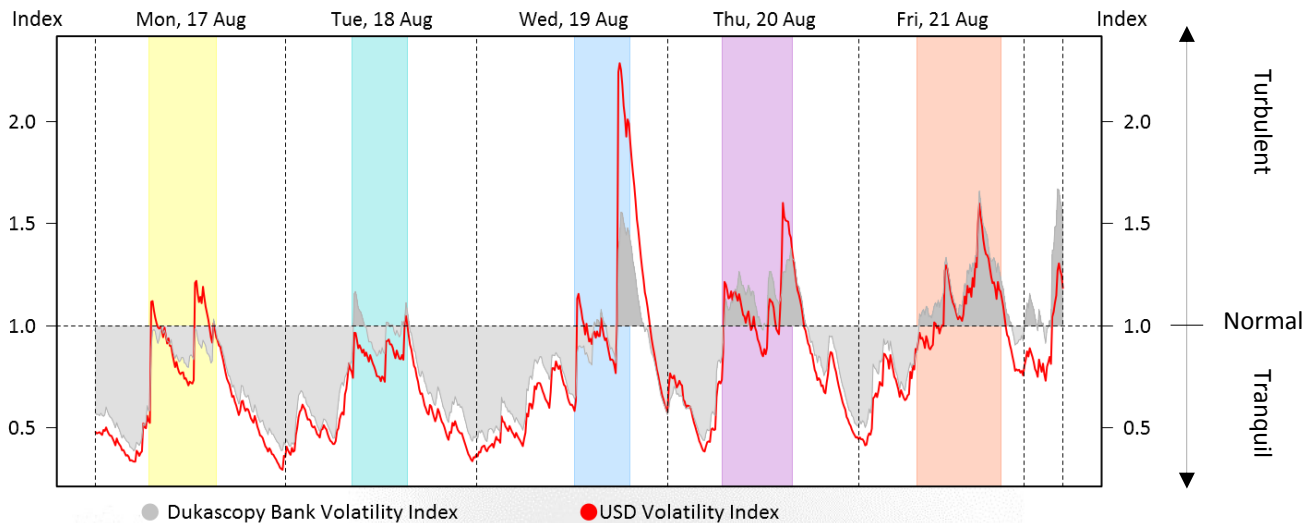
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.77%	-1.09%	1.33%	-0.9%	2.48%	-2.83%	-2.06%	0.36%	0.93%
20	2.34%	-0.6%	0.82%	0.33%	0.3%	-1.37%	-2.7%	-0.67%	1.47%
130	3.92%	3.06%	0.61%	4.64%	3.45%	-6.26%	-3.31%	-11.02%	4.13%
250	-1.1%	15.57%	-1.93%	9.5%	11.97%	-12.41%	-5.49%	-10.68%	-5.48%



Volatility

Volatility



The situation with the Chinese yuan devaluation has knocked the market off balance in the previous week, but as the first shock passed the indexes returned to tranquility against the background of their historical level. Thus the portions of the elevated volatility of the market and the Greenback have shed 11% and 18%, respectively. Nevertheless, despite the fact that the US dollar became one of the most stable currencies in the past week, the USD Index posted the second highest spike of the volatility (2.28) among its peer currencies.

While the beginning of the period was rather calm,

and the USD index barely exceeded the historical level, Wednesday was marked by the highest volatility of the past week. The Greenback's turbulence started to climb after the US CPI release, but the index scarcely reached the 1.16 level. The strongest momentum was gained after the FOMC minutes came out, when the USD Volatility Index jumped to 2.28. The market's index, however, surged only to the 1.55 mark. The rest of the week was not marked by particularly high volatility of the Greenback, though the index spent more than 35% above the 1-point level. The highest peak of the market volatility, in turn, took place on the weekend and was caused by the rise of the yen in reaction to the Chinese news.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
27	21	30	35	28	35	15	19	15	24

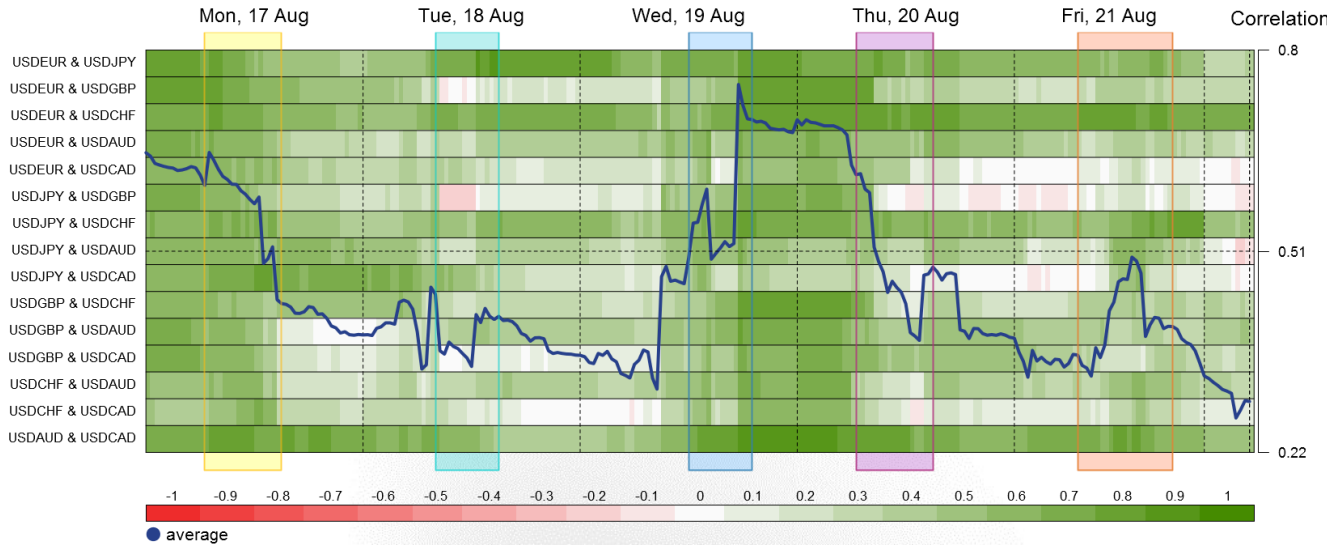
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.67	2.28	2.99	3.56	2.99	2.36	2.13	2.46	2.03	2.38
Min	0.39	0.3	0.18	0.27	0.24	0.19	0.22	0.27	0.23	0.28
Average	0.84	0.79	0.81	0.96	0.79	0.85	0.72	0.78	0.74	0.77



Currency Significance

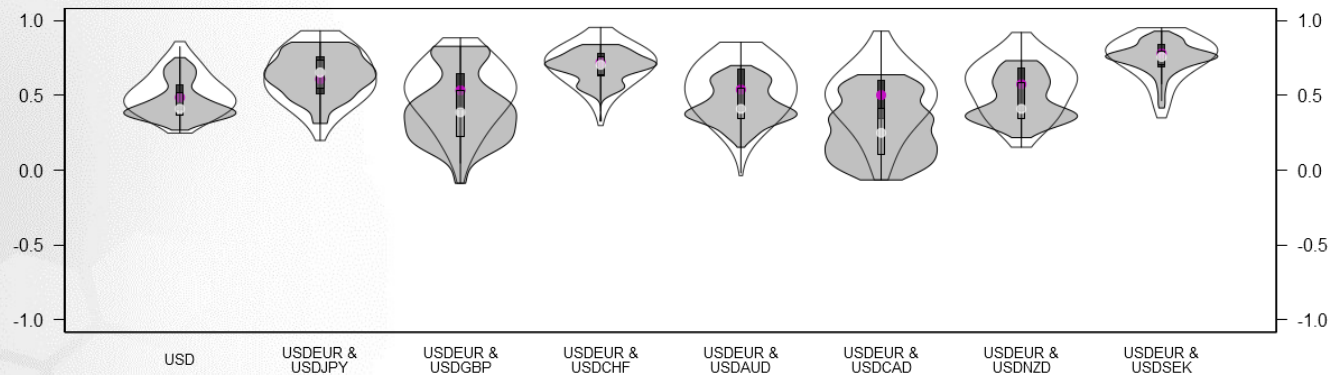
Correlations



The Greenback's significance measure kept closer to its lower historical values throughout the past week, largely affected by declines in USD/GBP and USD/CAD components, which reacted sharply to the movements of the dollar's peer currencies, going as far as to introduce some negativity into the main correlations. Most of the other components displayed no abnormal behavior, but still lost around 0.2 points from previous week's means. Meanwhile, the bond between USD/EUR and USD/JPY remained unchanged and continued to hold on high levels, keeping its average 0.2 points above the long-term values.

The dollar's composite spent most of the week on a feeble level, ranging between 0.3 and 0.4 points, and most of its higher values were associated with lowering from previous spikes. The only substantial surge of the Greenback's significance took place on Wednesday and stretched over the whole day, fuelled by the currency's across-the-board movements in anticipation of the FOMC's minutes release. The composite climbed from 0.3 to the period's high of 0.8, making its way above its peers and holding the position overnight, until it was struck down by the Aussie's and krona's measures. Another small splash of strength occurred on Friday, with the release of disappointing manufacturing PMI data, but only served as the starting point for the composite's last slump.

Correlations (5 vs 20 days)

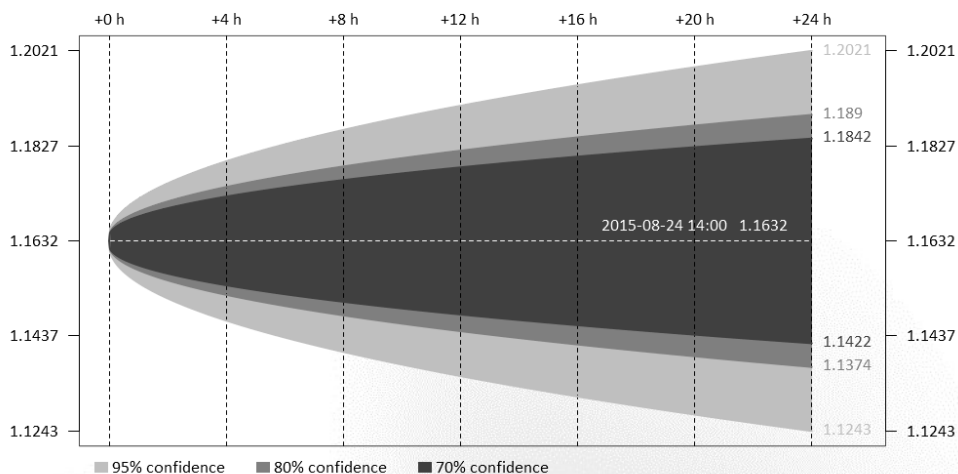


Mean Correlation Coefficient (with USDEUR)

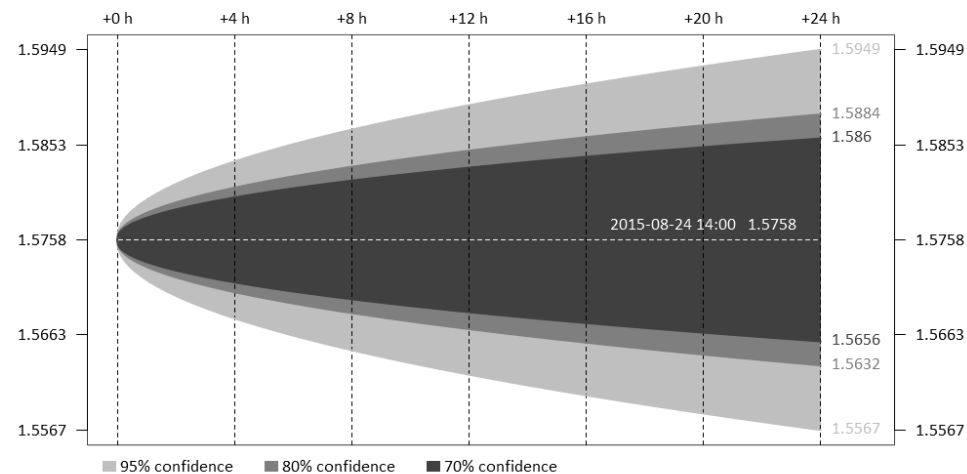
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.46	0.64	0.41	0.69	0.44	0.28	0.46	0.75
20	0.51	0.63	0.51	0.7	0.53	0.47	0.55	0.75
130	0.52	0.46	0.6	0.73	0.56	0.52	0.56	0.78
250	0.49	0.45	0.58	0.75	0.53	0.46	0.54	0.72

Confidence Intervals for Next 24 Hours

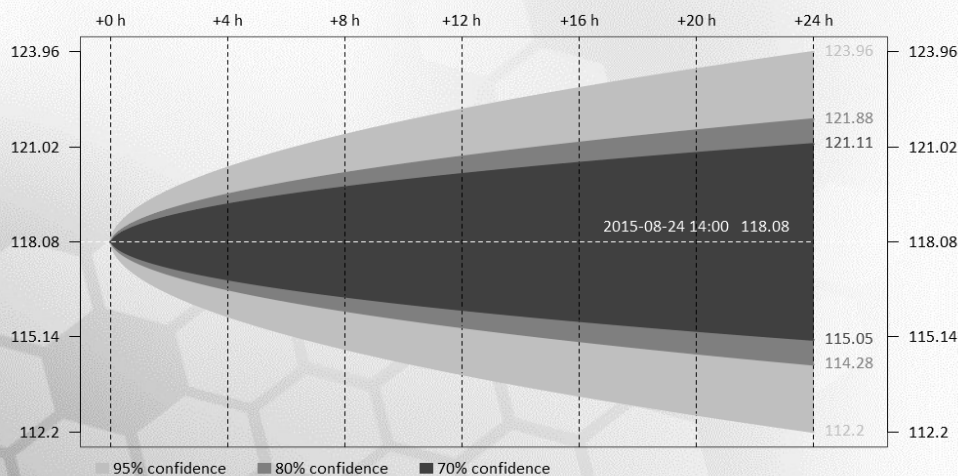
EURUSD Potential Rates



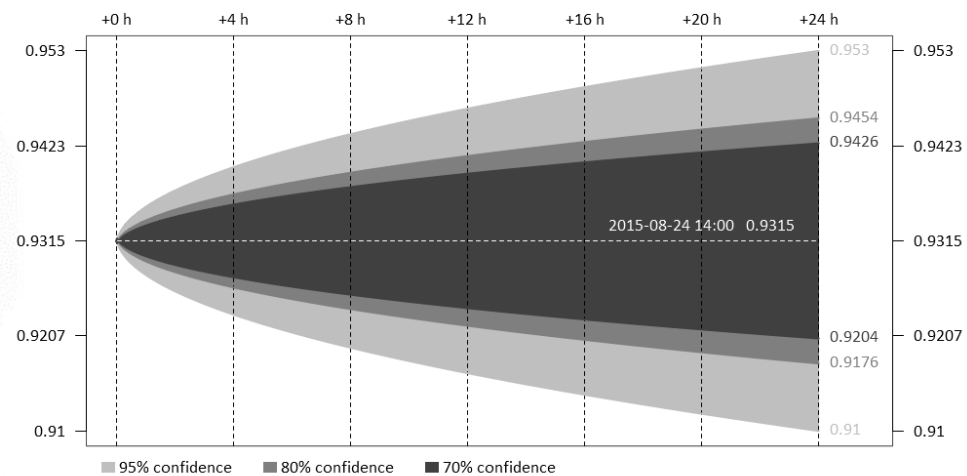
GBPUSD Potential Rates



USDJPY Potential Rates



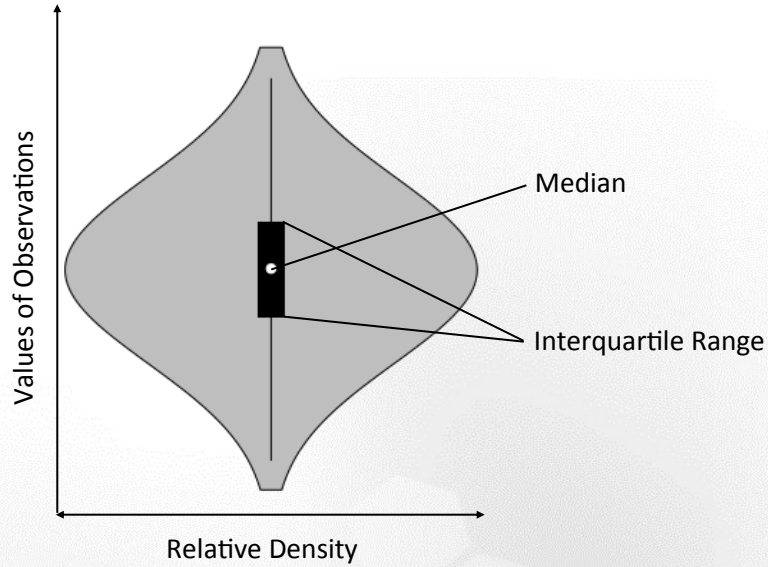
USDCHF Potential Rates



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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