



USD

31/08/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

August 24

01:30 - 21:00

- Stock Market Collapse

Turquoise Area

August 25

01:30 - 22:00

- Chinese CB Leading Indicator
- German GDP, Ifo Survey
- PBoC Interest rate Decision
- US Markit Flash PMI, New Home Sales, Consumer Confidence

Blue Area

August 26

06:00 - 20:30

- US Durable Goods Orders, MBA Mortgage Applications
- Fed William Dudley's Speech

Purple Area

August 27

06:00 - 20:00

- Swiss Industrial Production
- US Jobless Claims, Flash Personal Consumption Expenditures, GDP Estimate, Pending Home Sales, Jackson Hole Symposium

Orange Area

August 28

07:00 - 18:00

- UK GDP, Total Business Investment
- Euro zone Economic Sentiment Indicator, Business Climate, Consumer Confidence
- US Personal Spending, Michigan Consumer Sentiment Index, Fed's Lockhart speech

USD Currency Index Change

0.04%

0.07%

-0.41%

-0.3%

-0.55%

Max USD Volatility Index

1.22

1.05

2.28

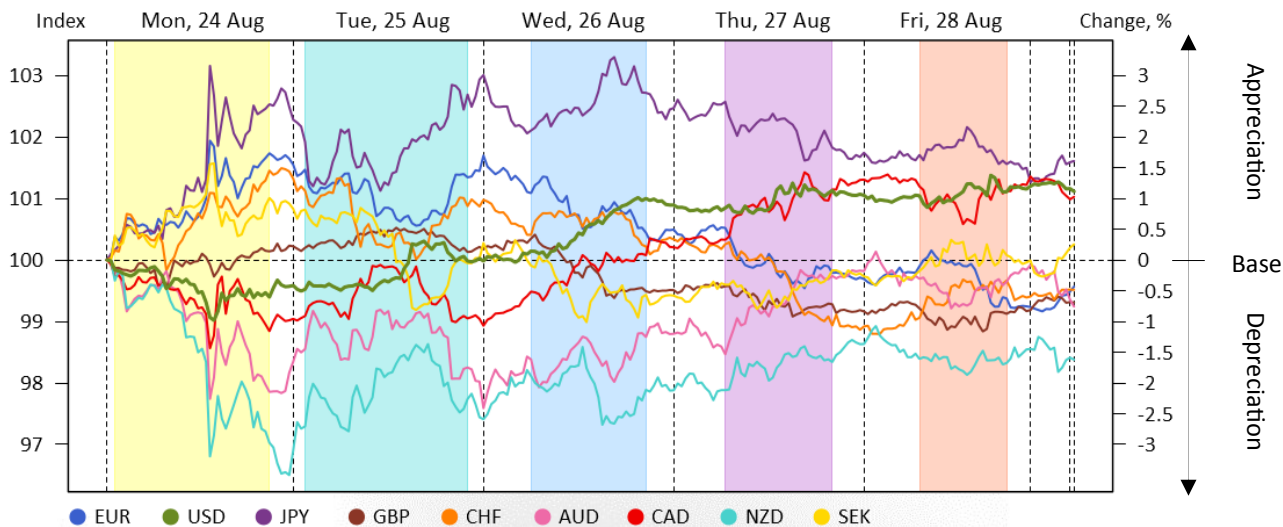
1.6

1.6



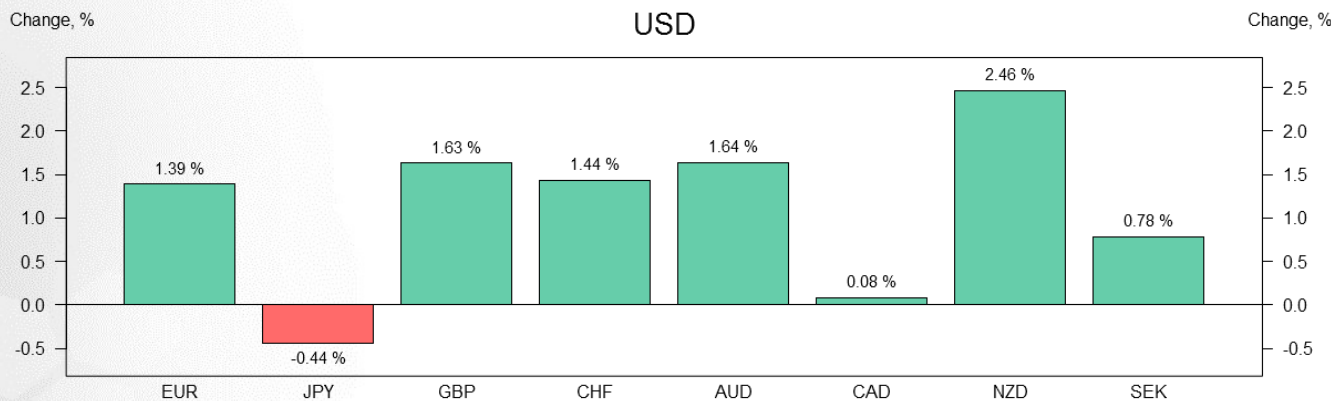
Relative Currency Strength

Currency Indexes



The past week began with the wild swings for almost all observed currencies. The dramatic fall of the US and European stocks on Monday led to the weakening of the commodity currencies. Meanwhile, the safe-haven currencies have jumped to the maximum values of the period. However the things took different turned on Thursday, when the oil prices started to growth. Thus the Loonie's index managed to overcome the baseline and finish the period with the third best result. The Euro and the franc, in turn, have lost the leader position and fell to the negative area. Nonetheless the yen still stayed the best performer of the period, gaining more than 1.5%.

Despite the heightened unease about China and uncertainty over the outlook for US monetary policy, the Greenback showed the upward trend past week and finished the period with the 1.11% gain. The Monday's market turmoil pushed the Greenback down and the index reduced up to the minimum value of the period (99.01). However, on Tuesday the US dollar started to recover, and after the US Markit PMI and consumer confidence data release the index has overcome the historical level. The growth of the Greenback continued against the background of oil prices increase and positive US economic data on Thursday. The index reached the maximum value (101.38) on Friday after the Euro index lost more than 0.7 points.



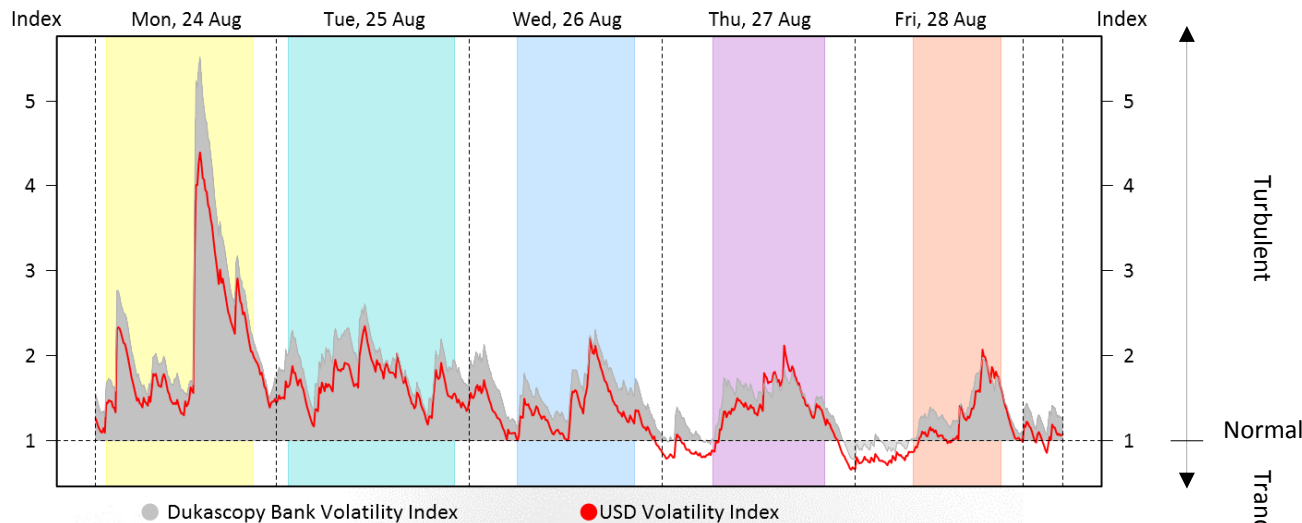
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.43%	1.11%	1.61%	-0.69%	-0.49%	-0.76%	1.03%	-1.62%	0.25%
20	2.46%	-0.16%	2.57%	-1.5%	0.49%	-3%	-0.89%	-2.73%	2.59%
130	4.83%	3.67%	2.7%	4.42%	3.81%	-6.68%	-2.33%	-13.36%	2.12%
250	-0.97%	16.68%	-0.37%	8.45%	11.65%	-13.44%	-5.38%	-12.24%	-4.39%



Volatility

Volatility



The trading week was extremely volatile for the currency market, especially the first half of it, when volatility of all the observed currencies stayed above the average historical turbulence level. The events on “Black Monday” caused a great spike of market activity. All the volatility indexes reached their maximums at the moment of US stock exchange opening. The yen as the main safe-haven currency reacted to the disturbing stock market conditions the most strikingly and its volatility measure exceeded the 8.5 mark, but the USD/JPY index reached the 14 points level. The Greenback and the European currencies excepting the Euro turned out to be the most tranquil ones with the peaks about 4.5 points.

It was not possible to extract any news releases, which notably influenced the US dollar’s volatility during the first three days of the observed period, as Monday made a lot of noise and elevated turbulence throughout the consequent days was the aftermath of it. Thus, even surprising data releases of US home sales, consumer confidence and durable goods orders kept in the shadow of Monday events. The oil appreciation on Thursday was followed by the dollar’s volatility spike and the index reached the 2.0 mark again. However, all activity peaks looked feeble against the background of the “Black Monday”.

Elevated Volatility (% of the observed period)

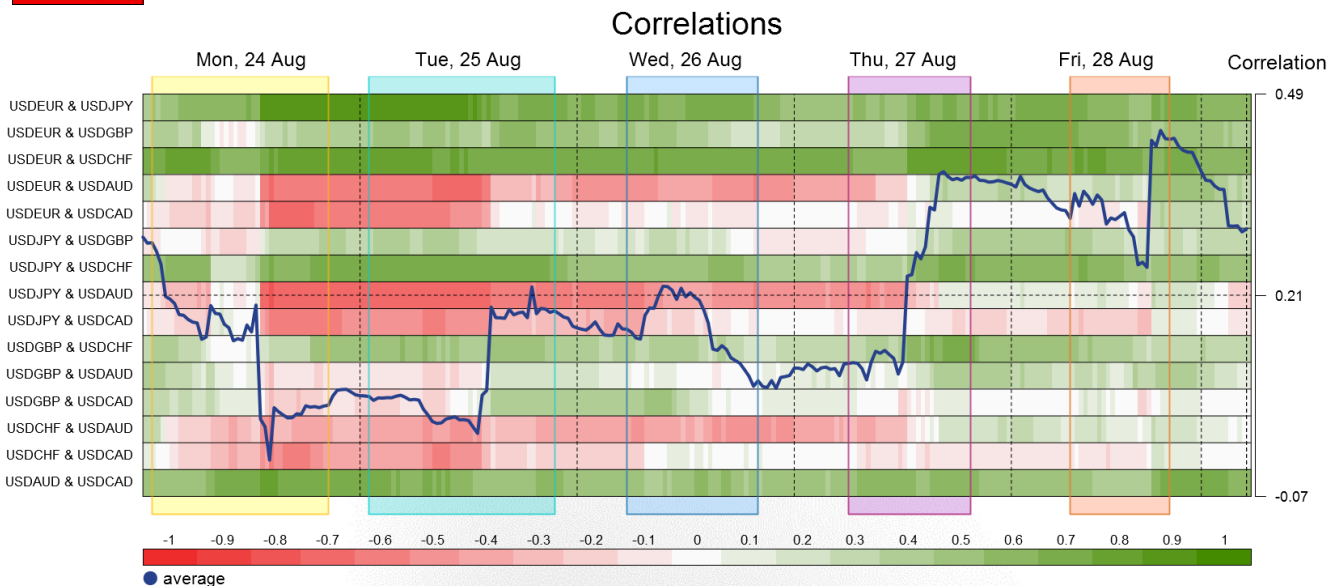
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	92	83	79	99	53	80	79	55	73	81

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	5.52	4.39	5.59	14.05	2.55	3.81	3.86	2.95	4.41	4.14
Min	0.77	0.65	0.46	0.95	0.3	0.48	0.57	0.34	0.56	0.47
Average	1.69	1.47	1.51	2.7	1.1	1.45	1.4	1.13	1.38	1.45



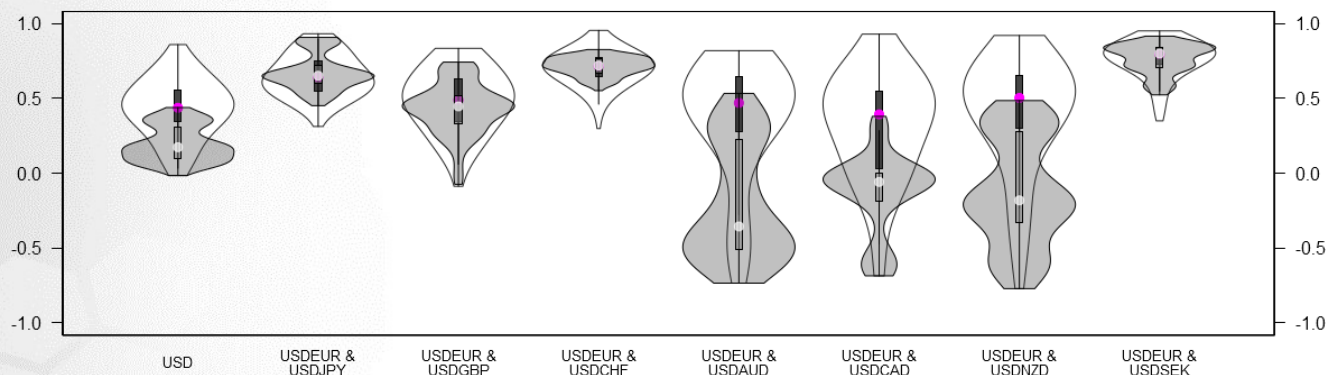
Currency Significance



The past week was marked by the notable weakening of the bonds between commodity currencies and safe-haven currencies, caused by the collapse of the stock market, which already is called new “Black Monday”. Thus USD/EUR correlations with USD/AUD, USD/CAD and USD/NZD turned negative. Even calming of the market conditions at the end of the period could not save the situation, and averages of these components lost about 0.5 points compared with the long-term values. As a result, the average value of the composite has been cut in half compared to the monthly value.

The past week was quite turbulent for the US dollar significant measure. The stock market events on Monday pushed the composite down, and the measure has reduced up to the extremely low value of -0.02 . The composite managed to recover only on Tuesday after the US PMI and consumer confidence came out. However the most notable surge of the aggregate took place on Thursday. The oil prices recovery led to the increase of the commodity currencies and strengthening of components containing these currencies. The composite gained 0.27 points and reached the 0.37 level. Friday also was marked by the jump of the measure. The composite has strengthened against the background of the Euro decline and increased to 0.43. However it failed to hold at this level and finished the week at the 0.3 mark.

Correlations (5 vs 20 days)

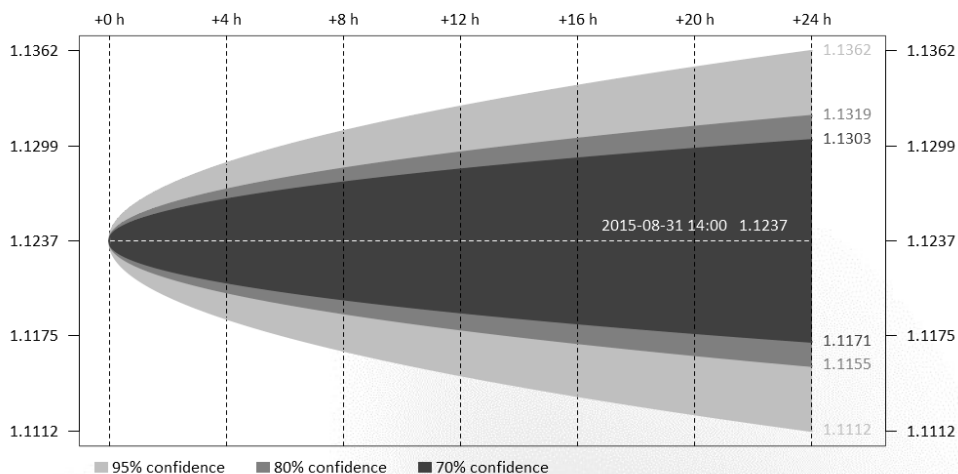


Mean Correlation Coefficient (with USDEUR)

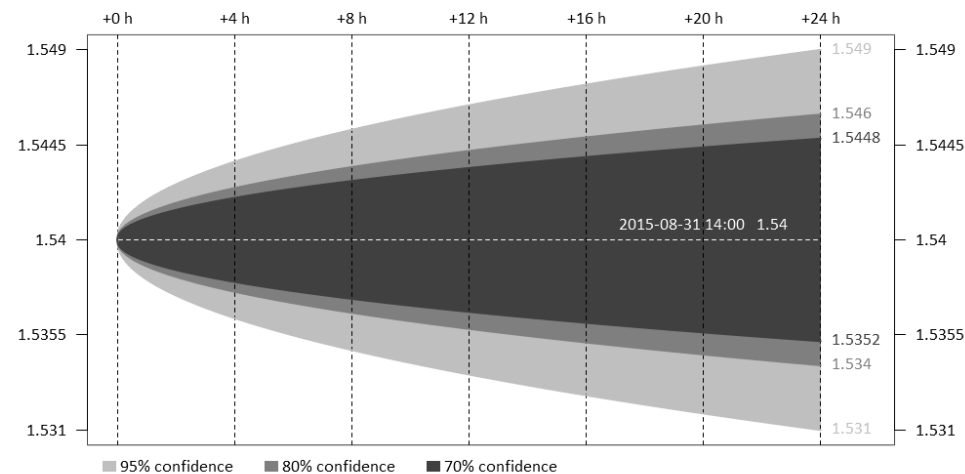
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.2	0.68	0.43	0.71	-0.2	-0.13	-0.13	0.76
20	0.43	0.65	0.48	0.7	0.35	0.31	0.39	0.76
130	0.51	0.48	0.59	0.74	0.53	0.49	0.53	0.79
250	0.49	0.45	0.58	0.74	0.51	0.45	0.53	0.72

Confidence Intervals for Next 24 Hours

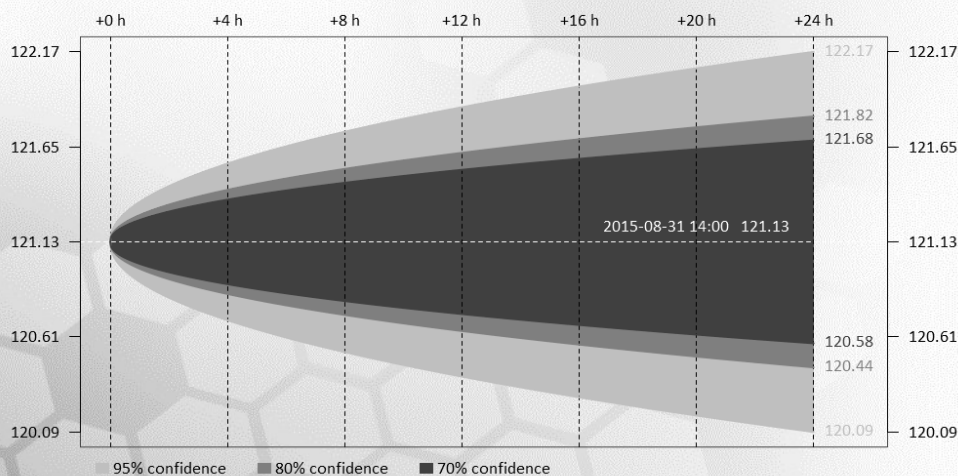
EURUSD Potential Rates



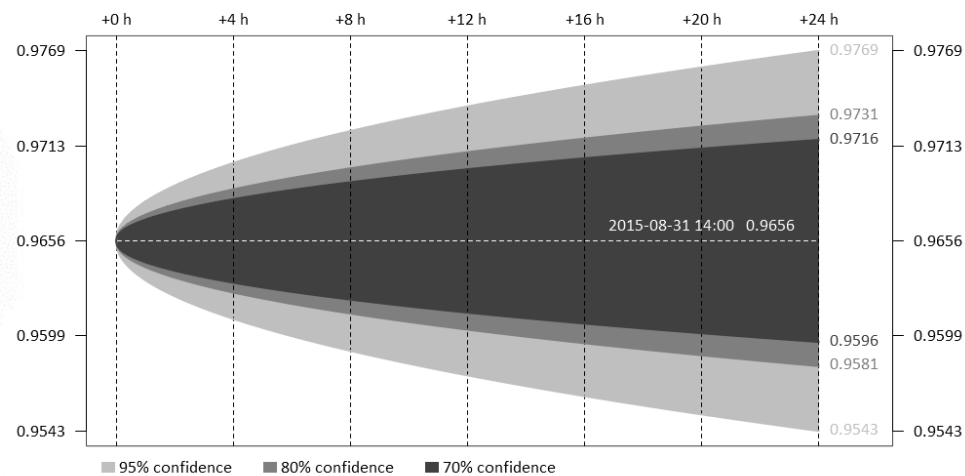
GBPUSD Potential Rates



USDJPY Potential Rates



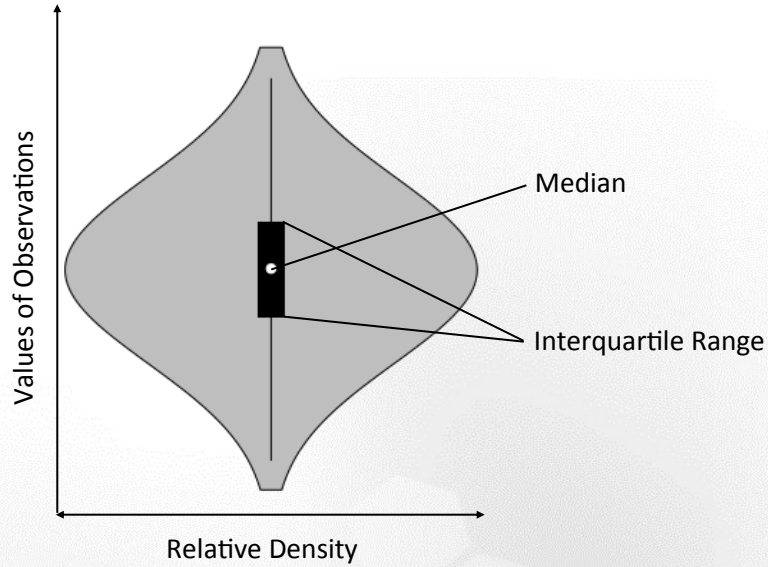
USDCHF Potential Rates



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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