



USD

07/09/2015



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Market Research





Dominant Events of the Period

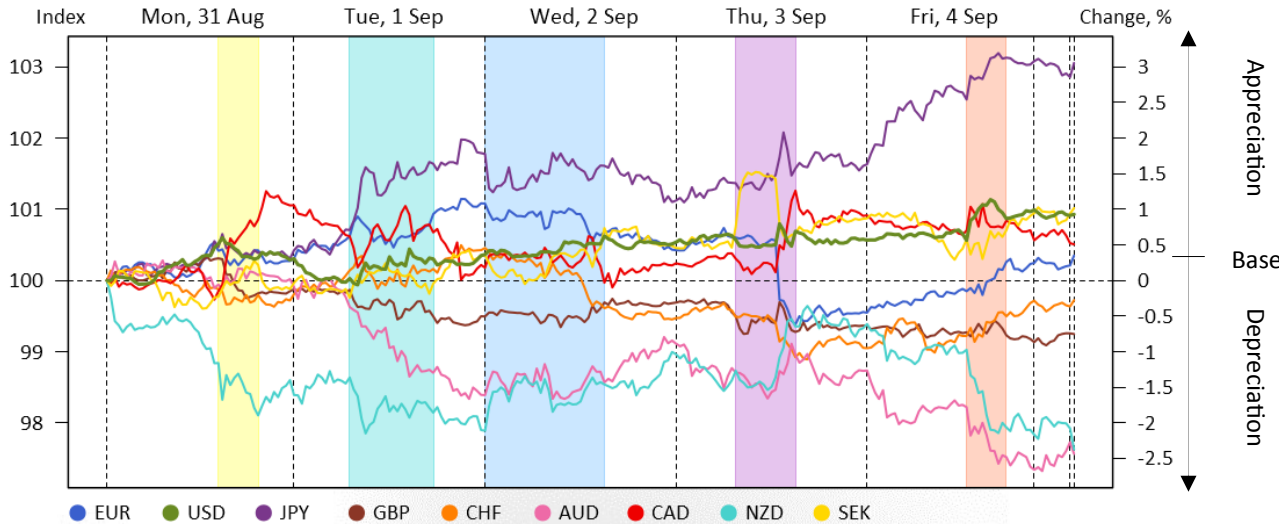
Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
August 31	September 1	September 2	September 3	September 4
14:30 - 19:30	07:00 - 17:30	00:00 - 15:00	07:00 - 15:00	12:00 - 17:30
<ul style="list-style-type: none"> Dallas Fed Manufacturing Business Index US EIA Oil Output Estimate 	<ul style="list-style-type: none"> German, Euro Zone Manufacturing PMI, Unemployment Rate UK Manufacturing PMI, Consumer Credit Canadian GDP, RBC Manufacturing PMI US Manufacturing PMI, Construction Spending 	<ul style="list-style-type: none"> Australian GDP UK PMI Construction Euro Zone PPI US ADP Employment Change, Nonfarm Productivity, Factory Orders 	<ul style="list-style-type: none"> Euro Zone Services PMI, Retail Sales ECB Interest Rate Decision, Monetary Policy Statement US Trade Balance, Jobless Claims, Services PMI 	<ul style="list-style-type: none"> US Nonfarm Payrolls, Average Weekly Hours, Average Hourly Earnings, Unemployment rate Canadian Unemployment Rate, Ivey PMI

USD Currency Index Change	-0.2%	0.27%	0.26%	0.12%	0.31%
Max USD Volatility Index	1.21	1.5	1.13	1.64	1.47



Relative Currency Strength

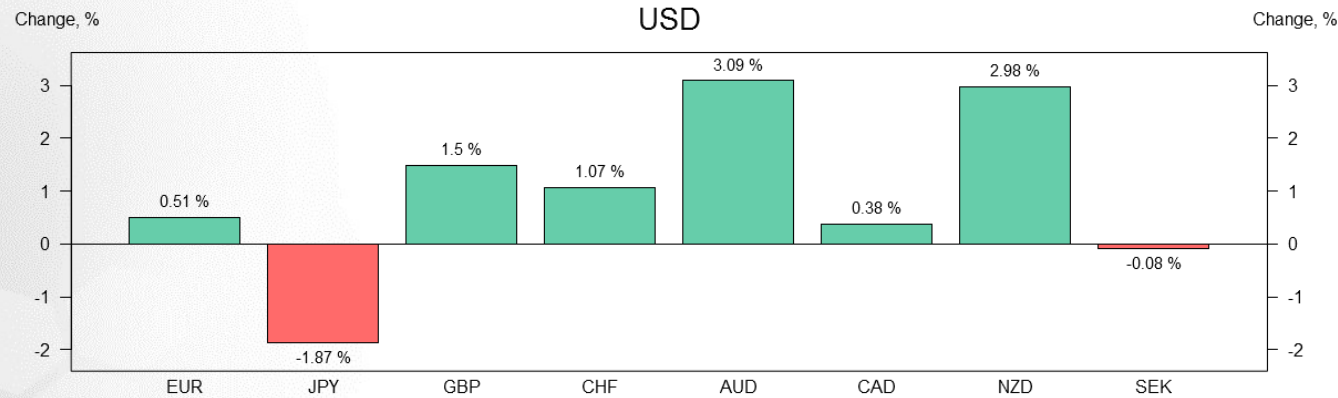
Currency Indexes



The past trading week was smooth for the dollar, whose index remained on a restrained uptrend and shared the second best performer's title with its Swedish peer. Meanwhile, the greatest growth was again posted by the yen's gauge, which got a new wave of support from the risk aversion moods and added another 3% to the previous week's 1.6% gain, lifting its yearly change firmly into the positive area. On the other side of the baseline, the leading positions were held by the Aussie's and the Kiwi's gauges. The AUD and the NZD Indexes went into their final dive on Friday, erasing the gains they got out of

the ECB's press conference and the Euro's tumble the day before, and finished the period 1.7 points below their closest peer.

The USD Index suffered only one downslide during the period — it went from 100.6 point to the baseline in the week's first overnight trade, following a decline in the T-bond yields. Aside from that, the direction was upwards, with the sharpest surge taking place after the labour data release on Friday. A somewhat notable spike formed on Thursday against the background of the Euro's fall, but it was significantly more moderate than those of the Greenback's major peers.



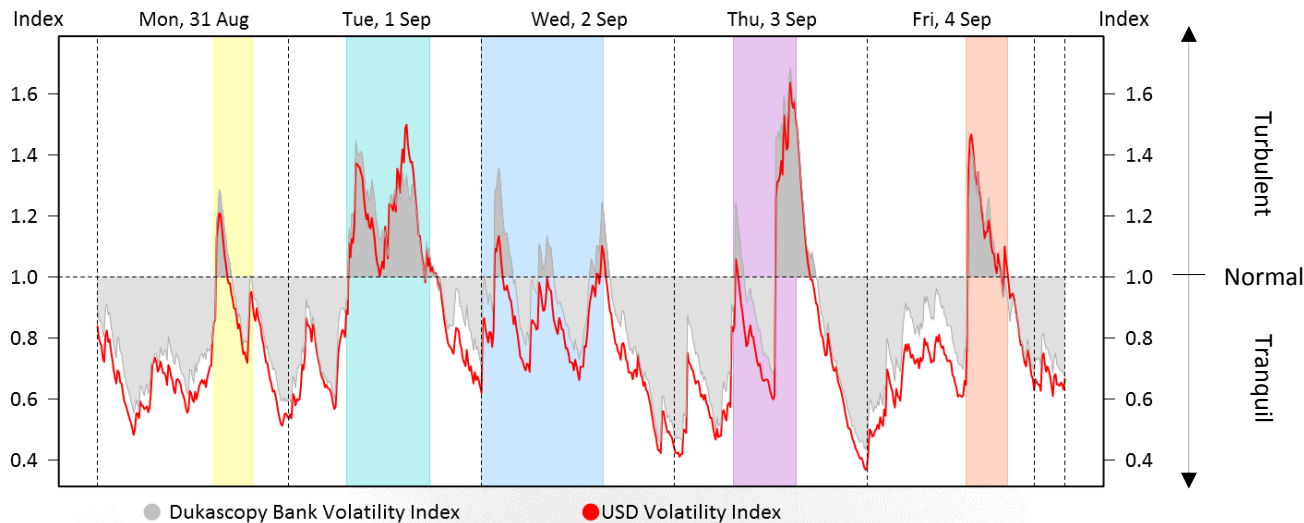
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.35%	0.93%	3.06%	-0.75%	-0.28%	-2.43%	0.51%	-2.38%	1.02%
20	2.37%	0.22%	5.67%	-1.59%	1.43%	-7.58%	-0.7%	-5.69%	5.11%
130	7.56%	2.02%	4.4%	2.99%	5.06%	-9.52%	-3.01%	-14.65%	4.26%
250	-0.05%	16.66%	2.7%	9.56%	11.91%	-17.33%	-5.73%	-14.98%	-2.72%



Volatility

Volatility



Turbulent
Normal
Tranquil

After the extremely volatile “Black Monday” week, the market calmed down, and the portions of elevated volatility returned to the “pre-China” levels of around 20%. The most volatile currencies were the Canadian dollar and the Swedish krona, both reporting 32% of overturbulence. The krona also suffered the period’s highest peak of volatility, when the Riksbank’s interest rate decision managed the SEK index to jump to the 2.65 mark. The overall height of the volatility spikes, however, was much lower than the previous week’s values, as most of the indexes failed to reach the 2-point level.

The Greenback started the period with a slight increase of volatility caused by the disappointing US news. On Tuesday, the index exceeded the 1-point level right after the Australian rate statement came out. As the Aussie dipped against its peers, the USD index surged to 1.37. The next spike took place a few hours later, when the US PMI data was released, taking the index to the 1.49 mark. The most notable peak of the volatility occurred on Thursday. As the Euro was pushed down by the ECB lowering its inflation and growth forecasts, the market’s turbulence measure jumped to the week’s high, and the dollar’s gauge followed suit, reaching the value of 1.64 and thus standing only 0.04 points below the aggregate.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	25	19	19	18	23	15	23	36	20	26

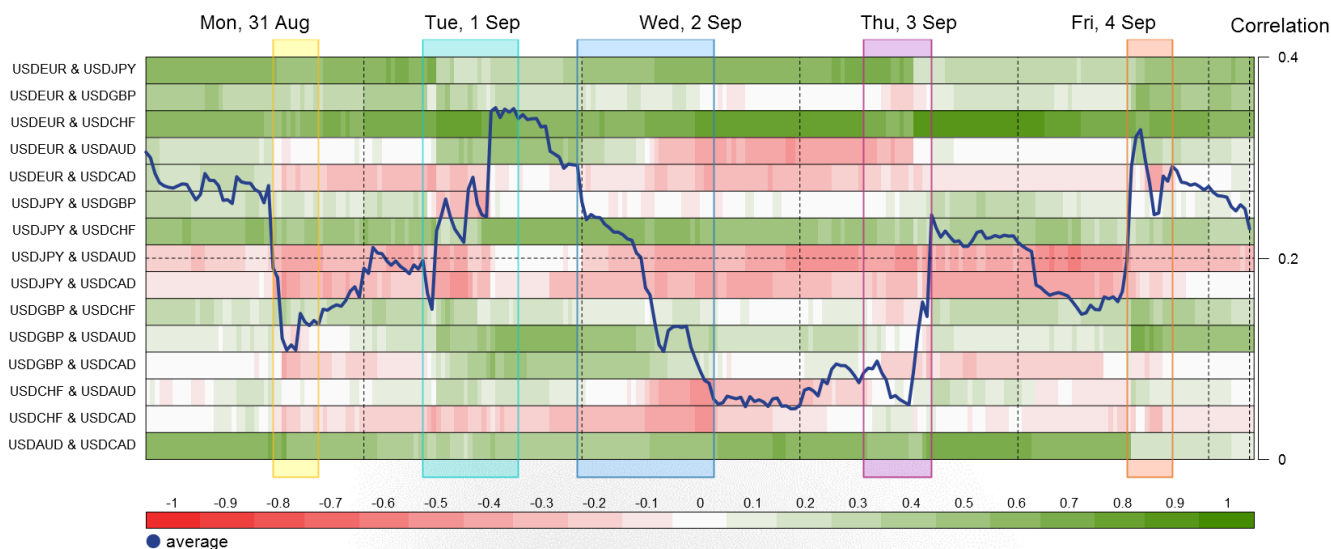
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.68	1.64	2.93	1.84	1.86	1.8	2.38	2.78	1.69	3.03
Min	0.44	0.37	0.3	0.24	0.24	0.27	0.36	0.25	0.37	0.26
Average	0.87	0.8	0.75	0.77	0.76	0.74	0.85	0.93	0.78	0.85



Currency Significance

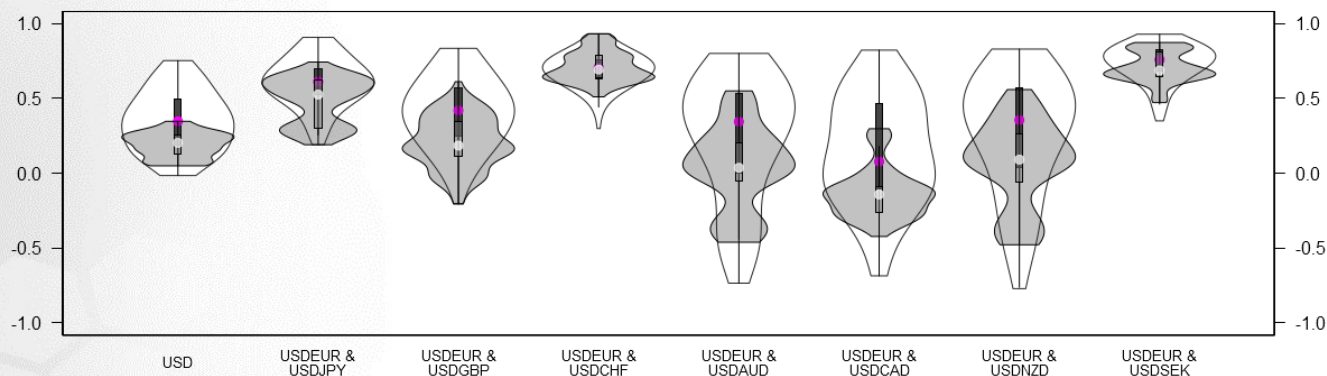
Correlations



For the second week in a row now, the dollar's significance measure held the weakest position among the observed gauges. The oil market conditions coupled with the effect of previous week's stock market collapse made the commodity currencies and the safe-haven yen the market drivers, and USD/EUR correlations with USD/AUD, USD/CAD and USD/NZD were significantly weaker than usual and even fell into the negative territory. As a result, averages of these components lost about 0.5 points compared with the long-term values, while the Greenback's composite yielded 0.3 points.

The past week was rather stable for the USD significance measure, as it largely kept below its counterparts and, more importantly, below the significance threshold. Starting the week at the reference mark of 0.3, the composite dropped even lower against the background of Loonie's appreciation in response to the oil price movement. Then Tuesday was marked with a surge of the gauge – it reached the week's high of 0.34 just after the higher-than-expected US construction spending release. However, it started to decrease shortly after and fell to 0.05 by Wednesday evening. The releases of services PMI and non-manufacturing PMI on Thursday pushed the gauge to partially recover, and Friday's mixed US labor data gave the composite another impulse, so it managed to momentarily cross above the 0.3 line.

Correlations (5 vs 20 days)

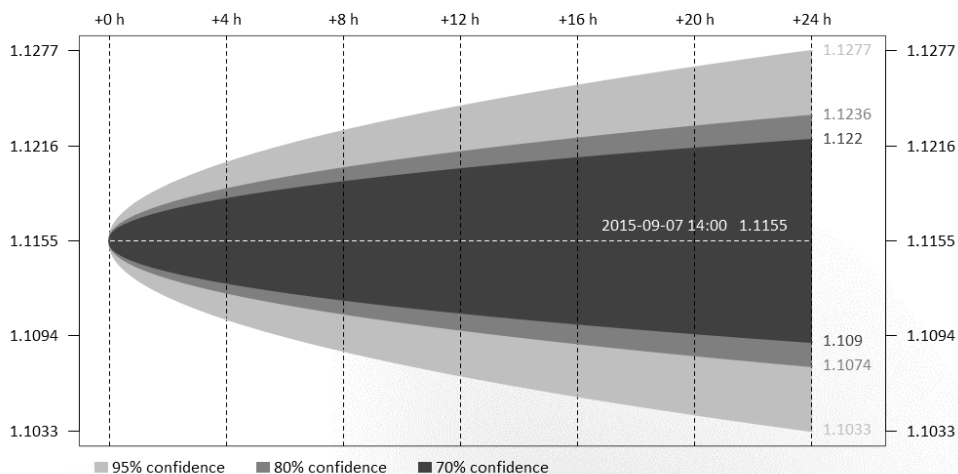


Mean Correlation Coefficient (with USDEUR)

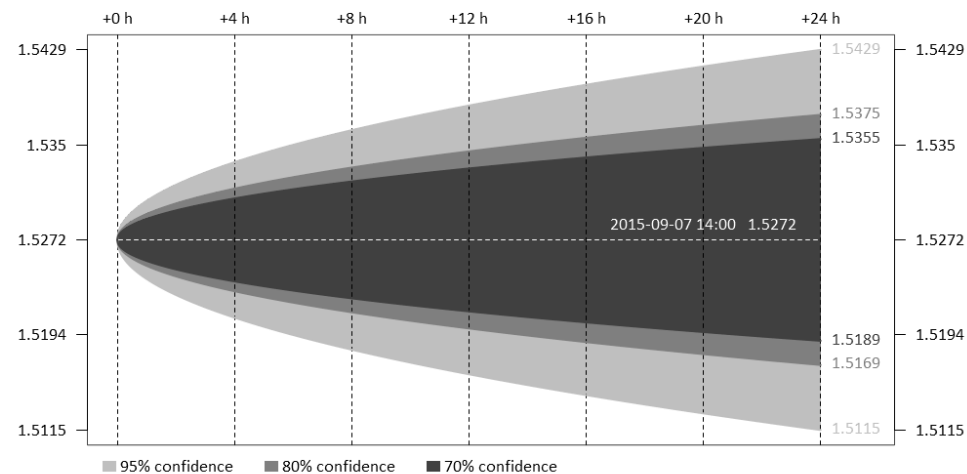
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.19	0.48	0.2	0.71	0.04	-0.13	0.06	0.71
20	0.35	0.61	0.41	0.69	0.22	0.14	0.26	0.74
130	0.5	0.48	0.58	0.74	0.51	0.47	0.51	0.79
250	0.48	0.46	0.57	0.74	0.51	0.44	0.52	0.72

Confidence Intervals for Next 24 Hours

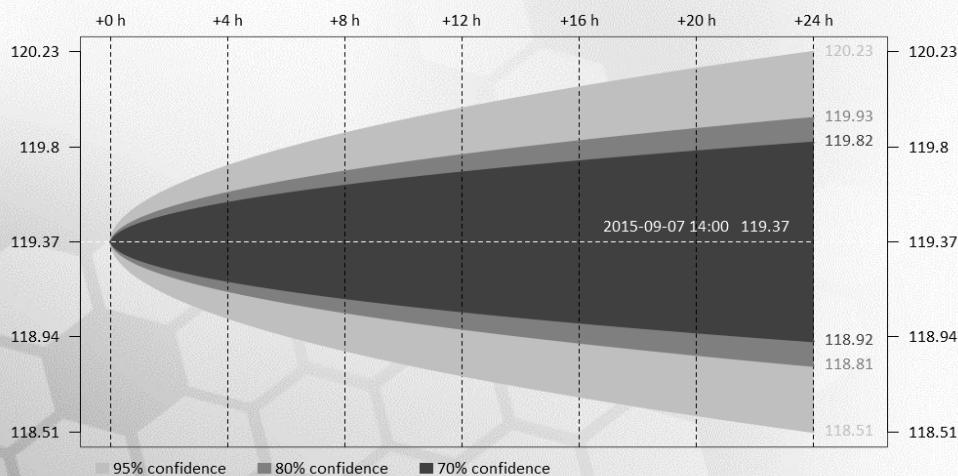
EURUSD Potential Rates



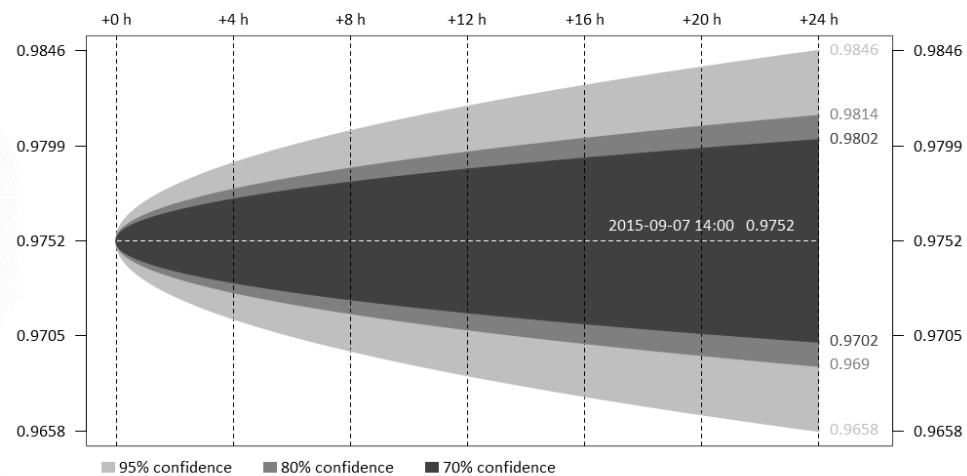
GBPUSD Potential Rates



USDJPY Potential Rates



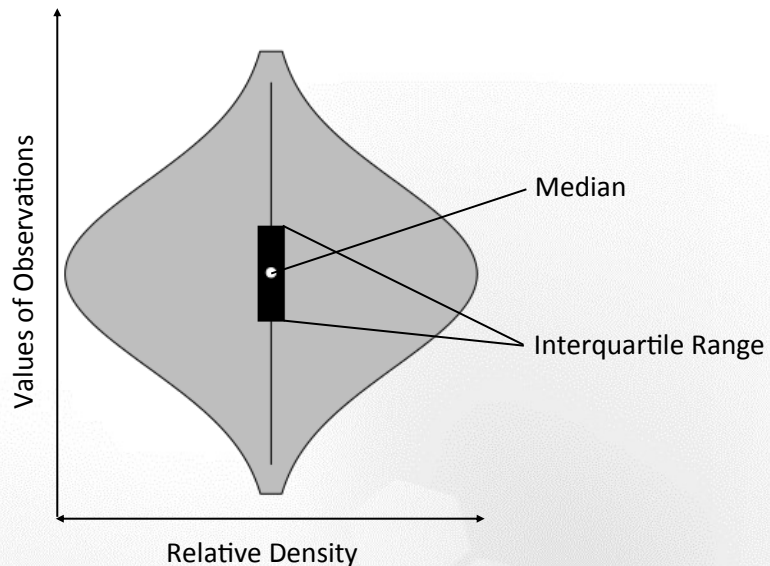
USDCHF Potential Rates



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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