



09/09/2015



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Market Research





Dominant Events of the Period

Wednesday, September 09, 2015

15:30 GMT

Yellow Area

September 2

01:00 - 09:00

- Australian GDP
- UK Construction PMI
- US ADP Non-Farm Employment Change

Turquoise Area

September 3

01:00 - 16:00

- Australian Retail Sales and Trade Balance
- UK Services PMI
- ECB Minimum Bid Rate and Press Conference
- US Trade Balance and Unemployment Claims

Blue Area

September 4

01:30 - 15:00

- Canadian Employment Change/ Unemployment Rate
- US Employment Change/ Unemployment Rate and Average Hourly Earnings
- G20 Meetings

Purple Area

September 7

00:00 - 10:30

- Australian NAB Business Confidence
- Chinese Trade Balance
- German Industrial Production

Orange Area

September 8

01:00 - 08:00

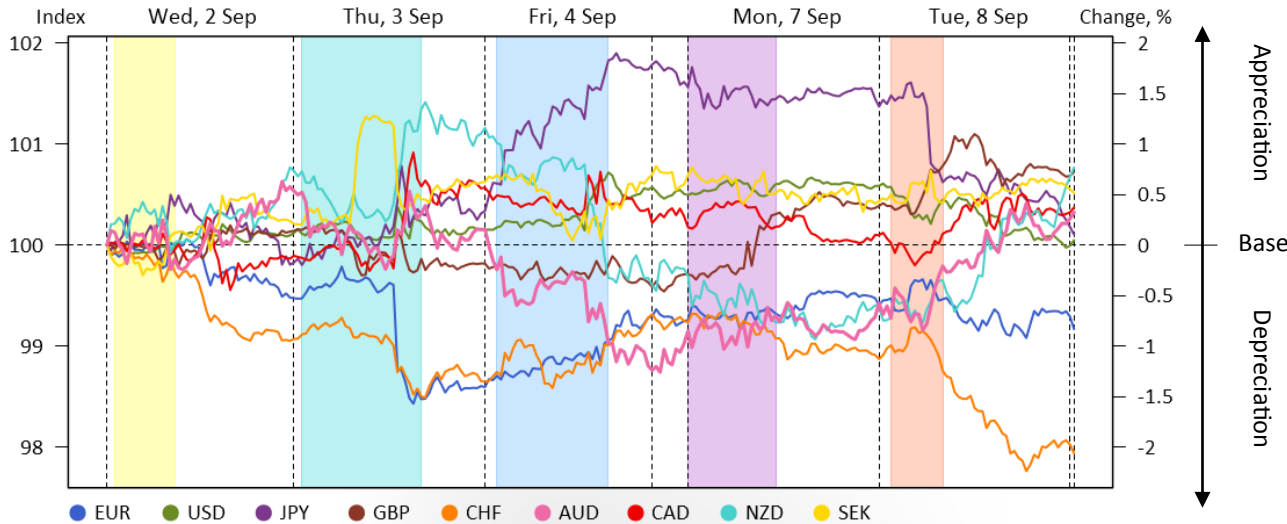
- German Trade Balance
- Euro zone GDP

AUD Currency Index Change	-0.26%	-0.21%	-0.73%	0.15%	0.52%
Max AUD Volatility Index	2.32	1.86	1.48	1.13	1.17



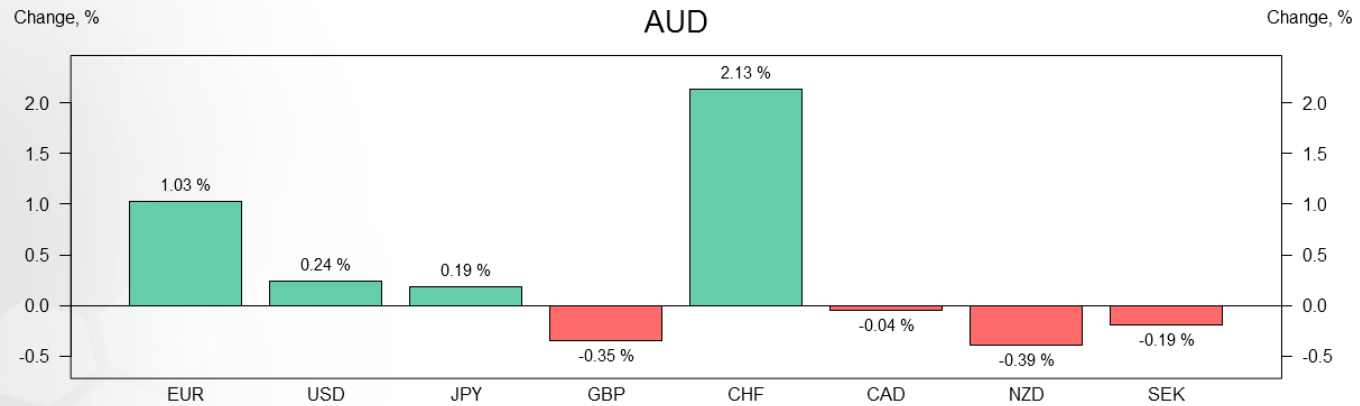
Relative Currency Strength

Currency Indexes



Last week the safe-haven currencies took over the role of being the major under-performers on the foreign exchange market. Among them, the Swiss Franc and the Euro retreated the most by 2.06% and 0.83%, respectively, while the Yen managed to hold above the base line and register a marginal 0.1% increase in value. On the other hand, the commodity-linked currencies resumed growing amid some stabilisation of oil prices. The Kiwi has in turn posted the highest weekly gain of 0.77%, while the Aussie and Loonie followed with a rise of 0.32% and 0.37%, respectively.

The Australian Dollar had been trading in a mixed environment in course of the researched time period ended September 8, before eventually closing above the baseline. There were some positive signs showed on Wednesday and Thursday of the previous week, even despite disappointing fundamentals from Australia including the second-quarter GDP and retail sales. Only the trade balance used to improve in July as exports rose and imports was unchanged. However, the Aussie began losing value on Friday, after falling US jobless rate revived expectations for a Fed rate hike in September. However, supported by rising oil prices the AUD Index picked up around 1% later and returned back above zero.



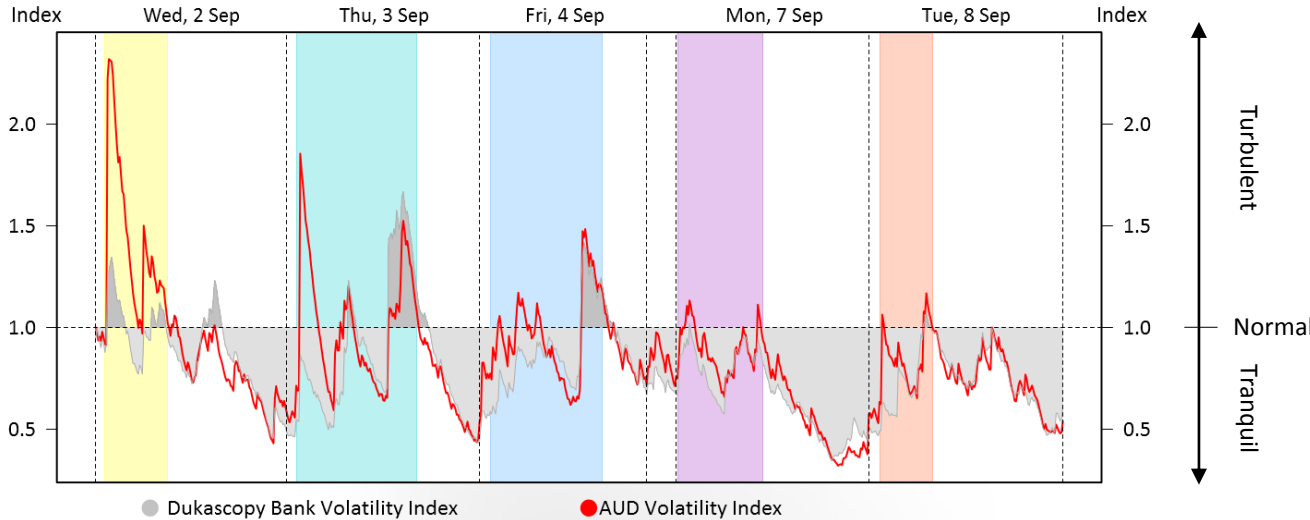
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.83%	0.05%	0.1%	0.72%	-2.06%	0.32%	0.37%	0.77%	0.52%
20	0.86%	0.3%	4.4%	-0.86%	0.58%	-4.4%	-0.85%	-3.49%	2.97%
130	8.21%	1.43%	2.74%	5.22%	4.13%	-8.98%	-2.76%	-14.77%	4.53%
250	-0.36%	15.6%	1.45%	10.56%	10.47%	-15.59%	-5.13%	-13.75%	-3.28%



Volatility

Volatility



Volatility of both the market and the Australian Dollar were decreasing every day during the reported period, which resulted in low aggregate turbulence indicators. Elevated volatility of the Aussie was as low as 22%; however, it outpaced the market by seven percentage points amid some local spikes in the Volatility Index on Wednesday and Thursday, when important Australian fundamentals were released. Meanwhile, the most volatile currency was GBP/AUD, with its elevated reading being pushed up to 35%, amid presence of several statistical releases from Britain, which were driving the markets.

As mentioned above, the AUD Volatility index peaked already in the very beginning of the period on September 2, after which the currency was becoming less turbulent every single day. Australia's GDP rose just 2% in the April-June quarter, while analysts had expected the economy to soar 2.2%. Following this data release, the Aussie's volatility surged as high as 2.32 points. Similar scenario was observed on Tuesday, when a mix of positive and negative statistics from the South Pacific country drove the national currency's turbulence indicator up to 1.75 points. A third spike to mention was registered in the afternoon on Friday, when US data showed the unemployment rate dropped to the pre-crisis level of 5.1% in August.

Elevated Volatility (% of the observed period)

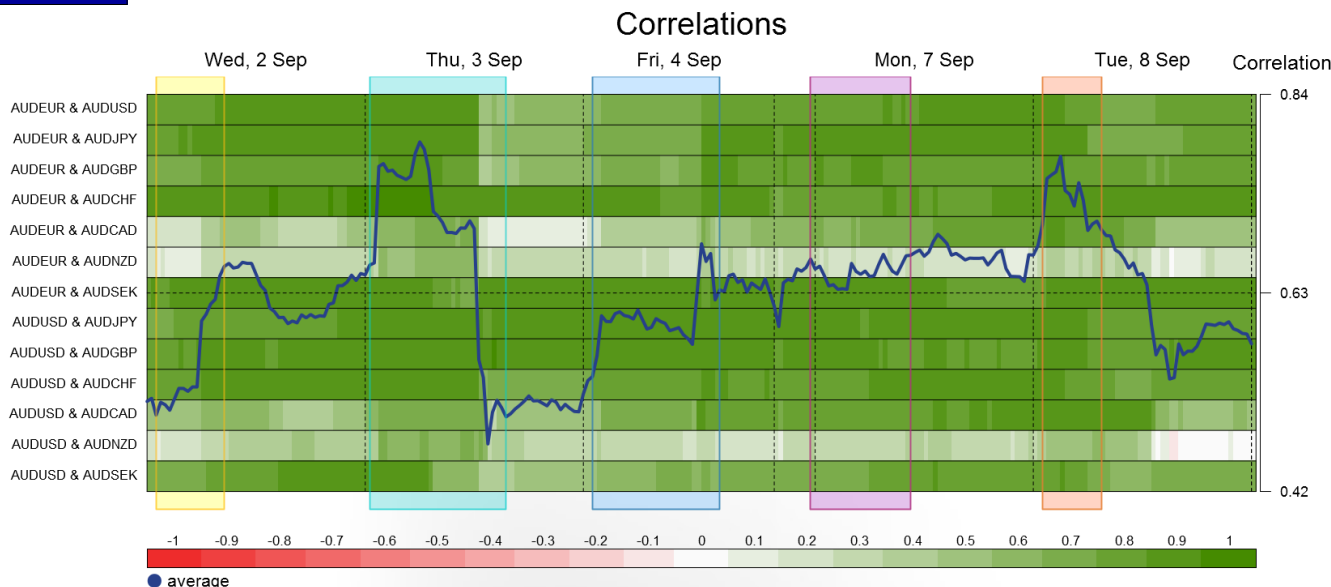
Market	AUD	EURAUD	AUDUSD	AUDJPY	GBPAUD	AUDCHF	AUDCAD	AUDNZD	AUDSEK
15	22	22	22	23	35	23	27	19	27

Volatility Index (for the observed period)

	Market	AUD	EURAUD	AUDUSD	AUDJPY	GBPAUD	AUDCHF	AUDCAD	AUDNZD	AUDSEK
Max	1.67	2.32	2.26	2.55	2.17	2.55	2.37	2.56	2.69	2.08
Min	0.34	0.32	0.2	0.26	0.17	0.34	0.26	0.31	0.36	0.36
Average	0.79	0.85	0.84	0.84	0.8	0.94	0.85	0.89	0.8	0.87



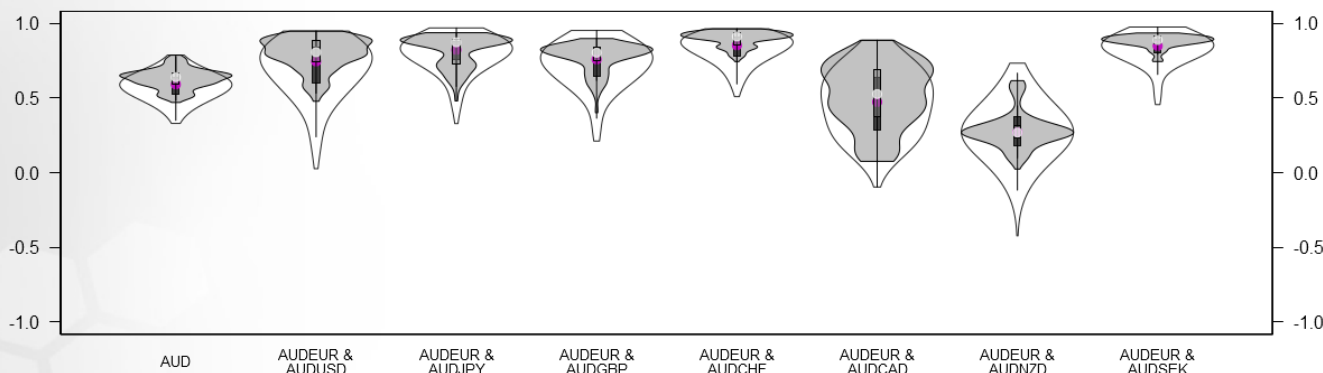
Currency Significance



Significance the Australian Dollar, calculated as an average correlation between different crosses of this currency, held at quite high levels during the previous week, continuing the trend of a number of preceding periods. The South Pacific currency is historically registering strong correlations, due to its commodity-linked status and dependence on oil prices, which have been predominantly driving all currency pairs of the Australian Dollar during recent times. This development is resulting in shorter tails for the majority of the components except the Loonie and the Kiwi.

Components that included Canadian and New Zealand dollars were also driven by oil prices. Historically they tend to develop in a different manner from the majors, such as AUD/USD or EUR/AUD. However, this fact failed to push the composite below 0.45 points at any time as the mean correlation coefficient stood at 0.63 points, up from 0.58 on a 20-day basis. Correlations were surprisingly low in time of the Australian GDP data release. On the contrary, the composite managed to hit its weekly high of 0.79 points on Thursday, when both retail sales and trade balance were published. Adding to that, other statistics around the world helped the composite to keep gains and close the period at 0.58 points.

Correlations (5 vs 20 days)



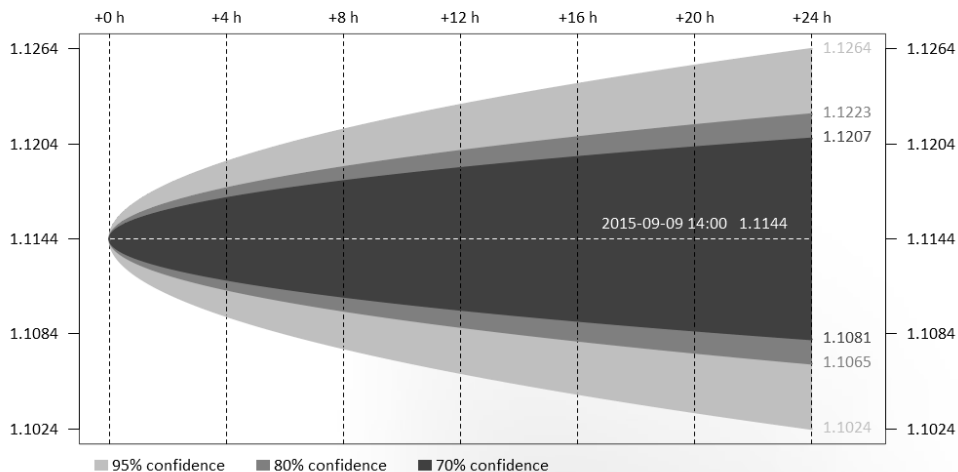
Mean Correlation Coefficient (with AUDEUR)

Days	AUD	AUDUSD	AUDJPY	AUDGBP	AUDCHF	AUDCAD	AUDNZD	AUDSEK
5	0.63	0.8	0.82	0.77	0.9	0.52	0.28	0.88
20	0.58	0.7	0.8	0.73	0.83	0.46	0.28	0.84
130	0.52	0.47	0.53	0.62	0.76	0.47	0.31	0.8
250	0.53	0.57	0.57	0.67	0.8	0.52	0.32	0.77

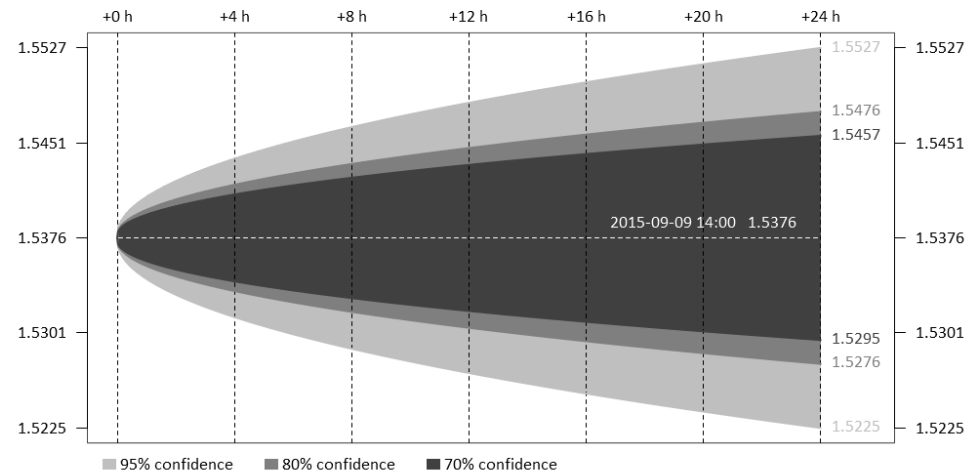
Confidence Intervals for Next 24 Hours

Wednesday, September 09, 2015
15:30 GMT

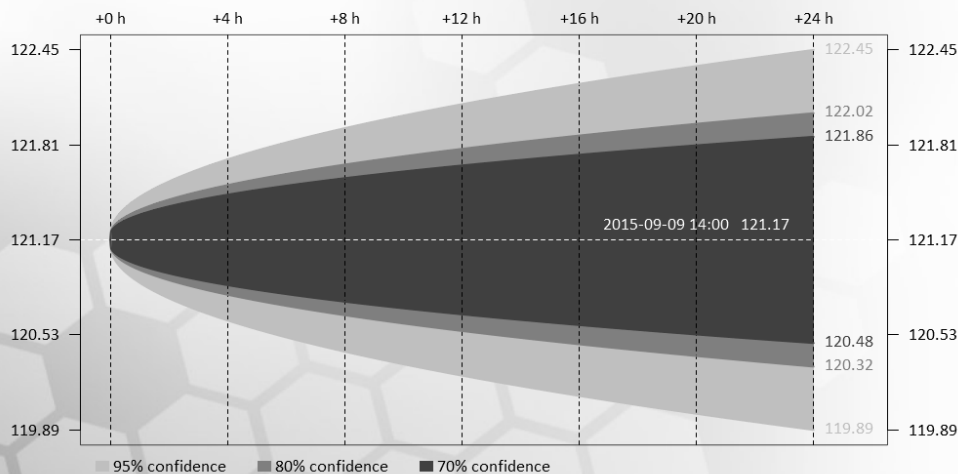
EURUSD Potential Rates



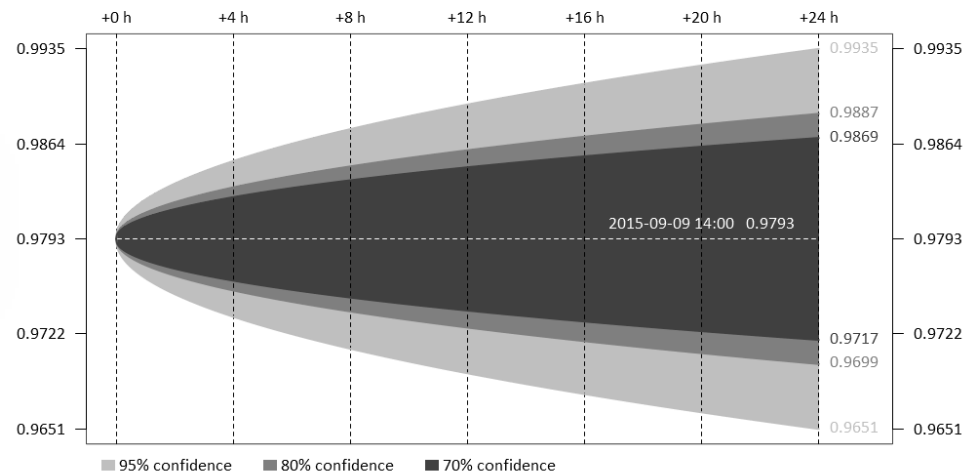
GBPUSD Potential Rates



USDJPY Potential Rates



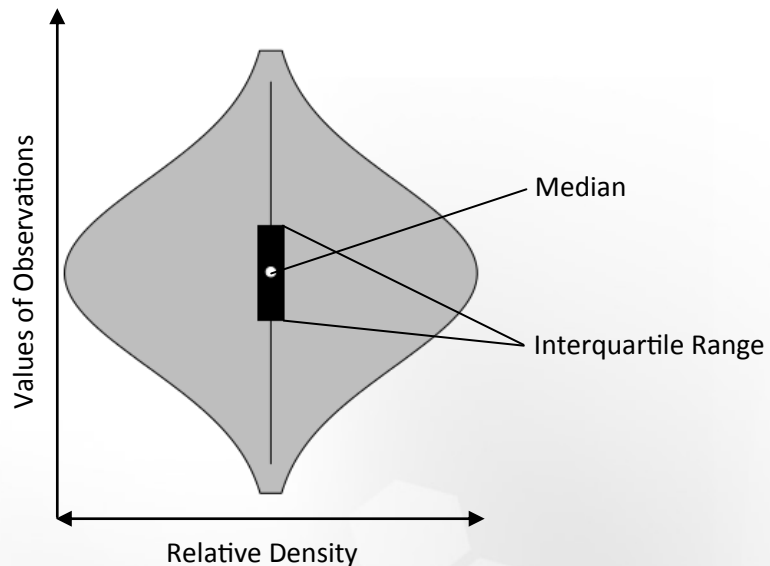
USDCHF Potential Rates



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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