



16/09/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

September 9

08:30 - 21:30

- UK Manufacturing Production
- Bank of Canada Interest Rate Decision
- RBNZ Interest Rate Decision

Turquoise Area

September 10

01:00 - 16:30

- Australian Employment Change and Unemployment Rate
- Chinese CPI
- Bank of England Official Bank Rate and Meeting Minutes
- US Unemployment Claims

Blue Area

September 11

07:30 - 10:00

- German CPI
- UK Consumer Inflation Expectations
- US PPI and Prelim Reuters/Michigan Consumer Sentiment

Purple Area

September 15

01:00 - 03:00

- RBA Monetary Policy Meeting Minutes
- Bank of Japan Interest Rate Decision and Monetary Policy Statement
- German ZEW Economic Sentiment
- US Core Retail Sales

AUD Currency Index Change

-0.8%

1.32%

0.3%

-0.42%

Max AUD Volatility Index

1.7

1.53

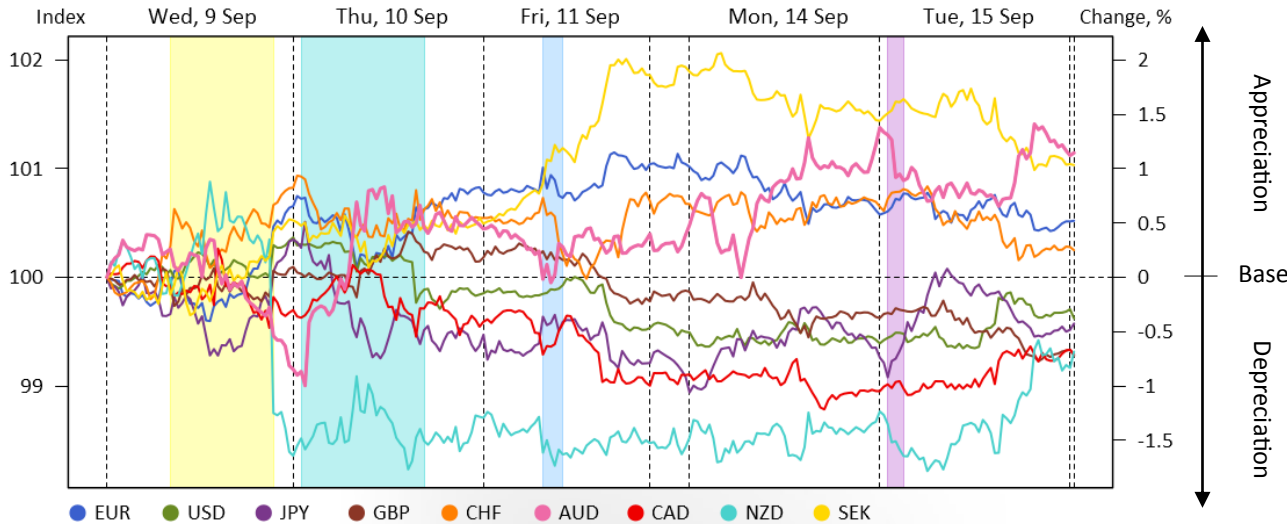
1.05

1.27



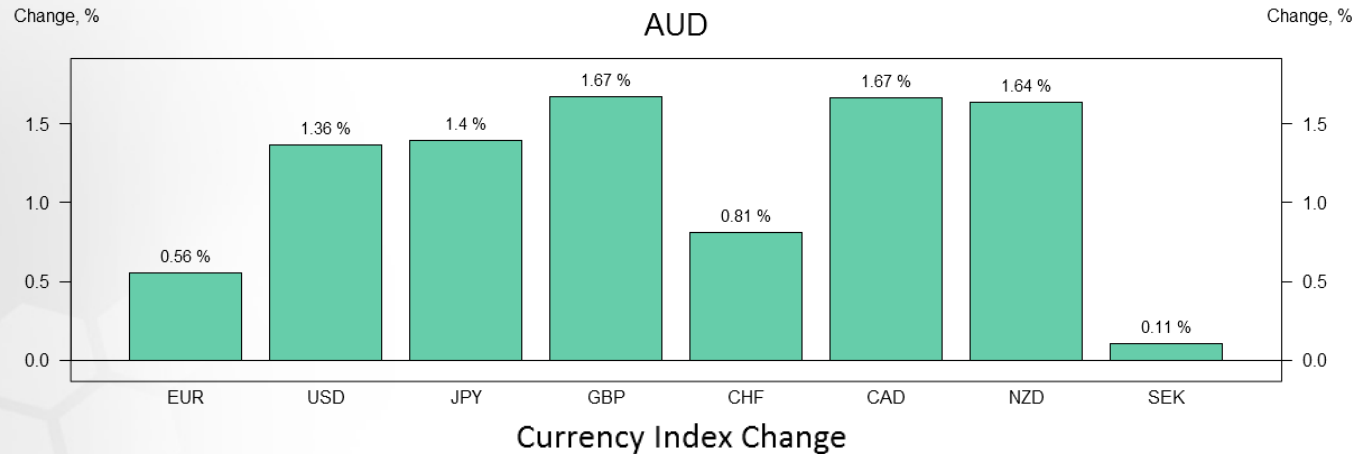
Relative Currency Strength

Currency Indexes



Australian Dollar was the best performer of the researched period. This currency was accompanied by three other components that managed to rally since Wednesday of the previous week until Tuesday of this week. By gaining 0.52%, the Euro has almost erased its losses on the annual basis, where a decrease amounts to just 0.82% at the moment. In the meantime, the Swiss Franc is up by 10% on the basis of the last 250 trading days, which is below the 14.66% yearly surge for the Greenback, even despite a CHF rally we observed in January, when the SNB abandoned the Franc's peg to the Euro.

The Australian currency began the week with a loss and decline below the base line. It lost around one percentage point by Wednesday evening while falling along the Kiwi, which was dragged lower amid the RBNZ decision to cut the key interest rate from 3% to 2.75%. However, the Aussie's recovery followed shortly after strongly positive labour market statistics, which showed employment rising 17,400 in August and jobless rate sliding to 6.2%. Optimistic sentiment was successfully maintained until the end of the period. However, moderate downside pressure was created by Tuesday's RBA meeting minutes, which revealed slight dovish bias of the regulator. Nevertheless, the AUD Index finished the week with a solid 1.14% advance in value.

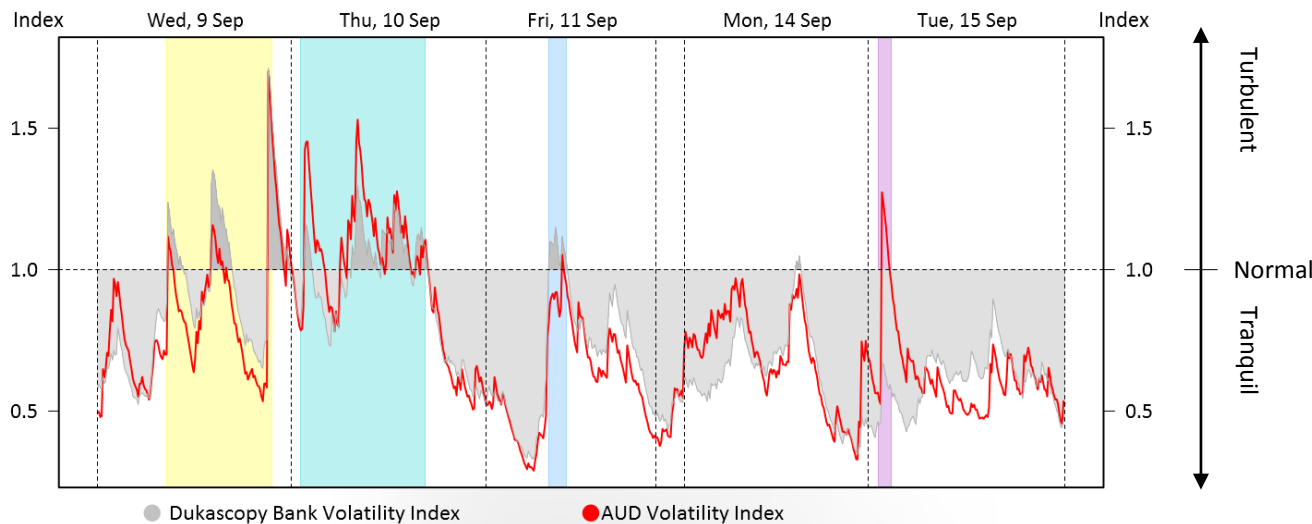


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.52%	-0.38%	-0.43%	-0.72%	0.25%	1.14%	-0.71%	-0.68%	1.03%
20	2.57%	0.25%	4.01%	-1.96%	0.38%	-3.54%	-1.48%	-4.07%	3.59%
130	8.34%	1.22%	1.82%	5.63%	3%	-7.02%	-3.39%	-15.77%	6.91%
250	-0.82%	14.66%	1.69%	8.36%	10.08%	-11.92%	-5.67%	-13.63%	-2.74%



Volatility

Volatility



This week's market movements were quiet, despite presence of important fundamentals throughout the whole period. This fact was clearly reflected in the volatility readings for both the market and Australian Dollar in particular. Only two first days of the period registered some notable changes, while the rest of the period was mainly spent below the historical average volatility level. Therefore, AUD elevated volatility reached just 16% this time, down from 22% last week. On the other hand, mean market elevated turbulence of 17% has marginally outperformed the preceding period's 15% reading. As a result, the week's average volatility index stood at just 0.74 points for both market and AUD.

We clearly saw uplifted volatility only in course of Wednesday and Thursday of the previous working week, while other days of the period only reacted to some separate statistics from Australia and elsewhere. The biggest spike in turbulence up to 1.7 points took place in the evening on Sep 9, in time the RBNZ rate decision was announced. Earlier the same day, market volatility was pushed up after the Bank of Canada rate decision. Additional gains for the AUD Volatility Index were twice registered on Thursday, when the currency reacted to Australian employment data and Bank of England rate decision, respectively. Among other events, we would especially like to highlight spikes of Friday and Tuesday to 1.05 and 1.27 points, accordingly.

Elevated Volatility (% of the observed period)

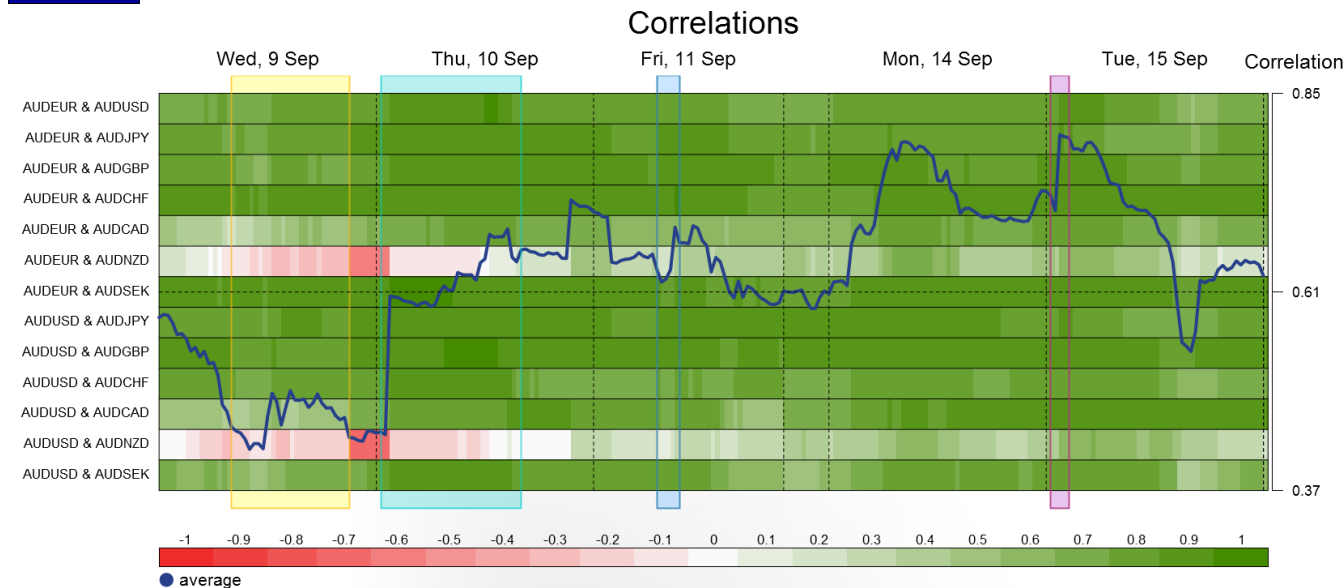
Market	AUD	EURAUD	AUDUSD	AUDJPY	GBPAUD	AUDCHF	AUDCAD	AUDNZD	AUDSEK
17	16	12	20	7	16	18	20	16	13

Volatility Index (for the observed period)

	Market	AUD	EURAUD	AUDUSD	AUDJPY	GBPAUD	AUDCHF	AUDCAD	AUDNZD	AUDSEK
Max	1.71	1.7	1.59	2	1.52	2.14	1.7	3.29	5.14	1.51
Min	0.33	0.29	0.24	0.29	0.23	0.24	0.26	0.29	0.3	0.27
Average	0.74	0.74	0.7	0.78	0.63	0.78	0.75	0.83	0.84	0.72



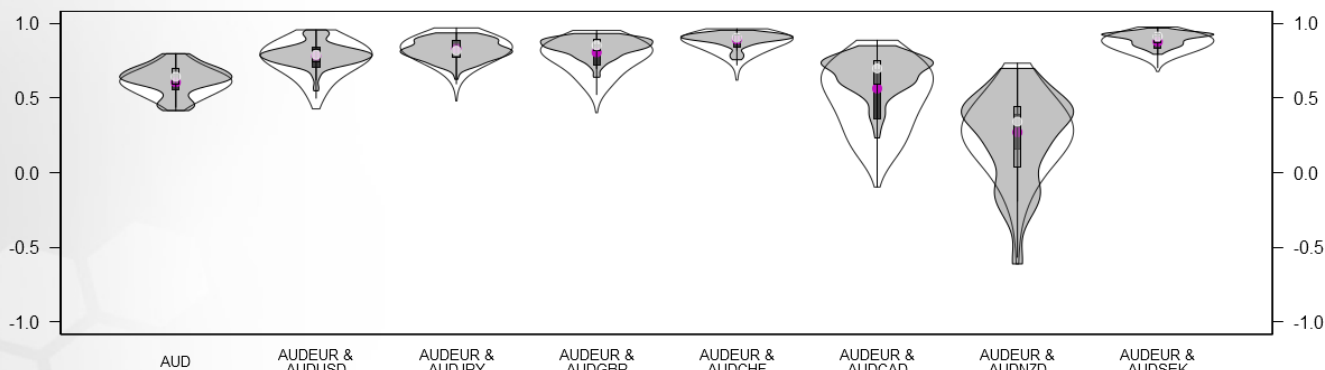
Currency Significance



Unsurprisingly for the Australian currency, its correlations were fairly high for the most part of the reported time period. The composite correlation index, which is calculated as an average correlation between different currency pairs of the Aussie, has stayed firmly above the historical average level of 0.61 points since Thursday of last week. Therefore, the mean correlation coefficient has also increased up to 0.63 points, outpacing both 20 and 130/250-day averages of 0.61 and 0.53 points, correspondingly. Only one component, which included the New Zealand Dollar, was touching the correlation below zero, leading to the long tail of the distribution between AUD/EUR and AUD/NZD.

The Kiwi's components hovered well below zero on Wednesday and reached their negative peaks by midnight, when the RBNZ decision was announced. Hence, the composite hit its weekly low of 0.42 the same day, after which the only way to go was a confident recovery. As soon as NZD correlations escaped the red zone, we could observe the AUD composite rising back above the 0.6 level. Moreover, it received additional positive impetus from Australian labour market data. The period's high (0.80 points) was touched back on September 14, even though this working day was not distinguished by any special reports or releases, which could force the AUD crosses to move in the same direction. However, one more peak, which was reached Tuesday morning, was justified by RBA meeting minutes.

Correlations (5 vs 20 days)



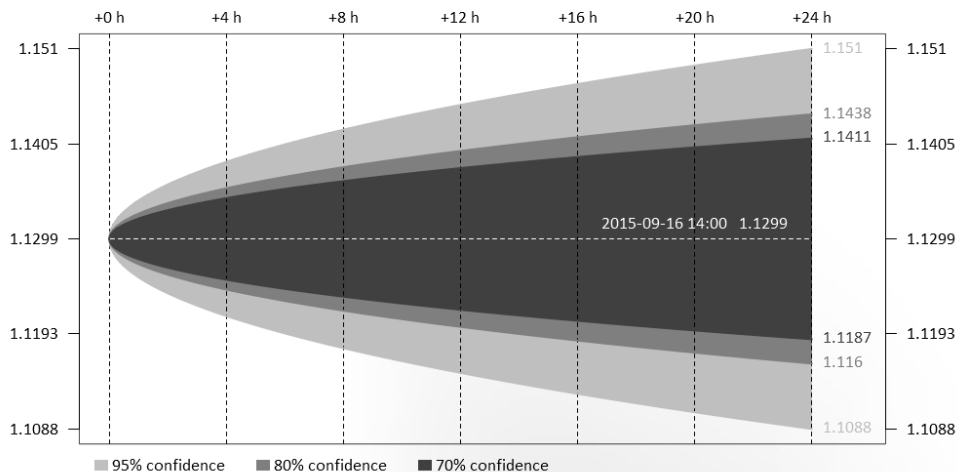
Mean Correlation Coefficient (with AUDEUR)

Days	AUD	AUDUSD	AUDJPY	AUDGBP	AUDCHF	AUDCAD	AUDNZD	AUDSEK
5	0.63	0.79	0.82	0.84	0.89	0.66	0.23	0.9
20	0.61	0.77	0.82	0.78	0.88	0.51	0.26	0.87
130	0.53	0.5	0.55	0.63	0.77	0.48	0.31	0.81
250	0.53	0.57	0.57	0.68	0.8	0.52	0.32	0.77

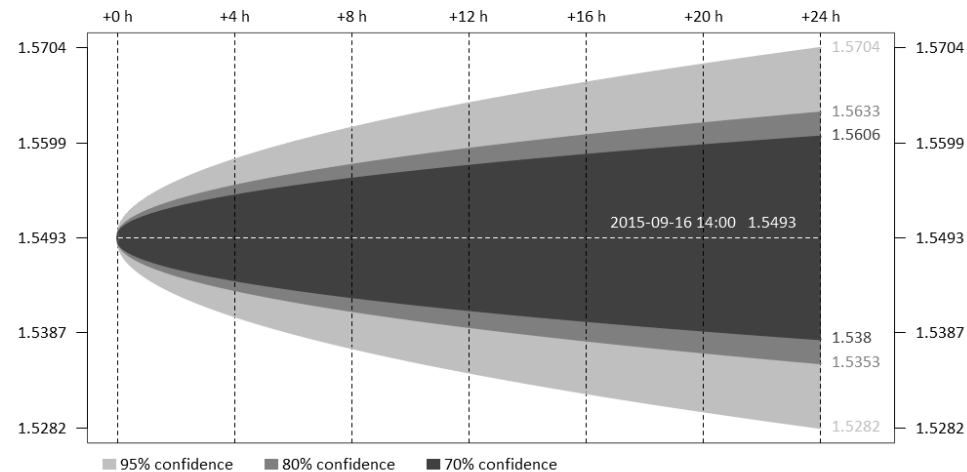
Confidence Intervals for Next 24 Hours

Wednesday, September 16, 2015
15:30 GMT

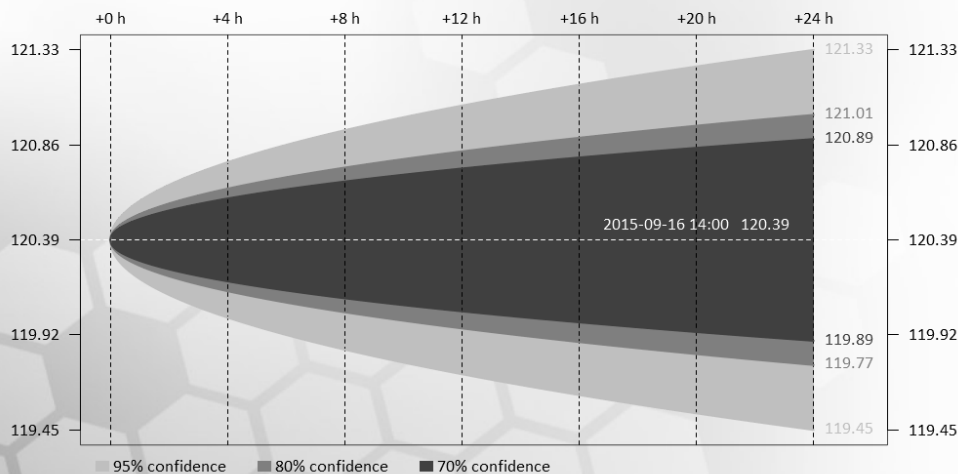
EURUSD Potential Rates



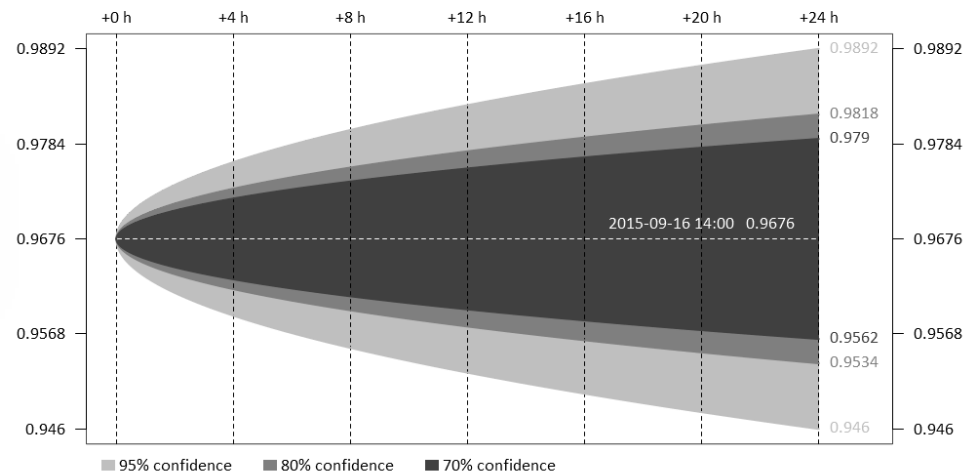
GBPUSD Potential Rates



USDJPY Potential Rates



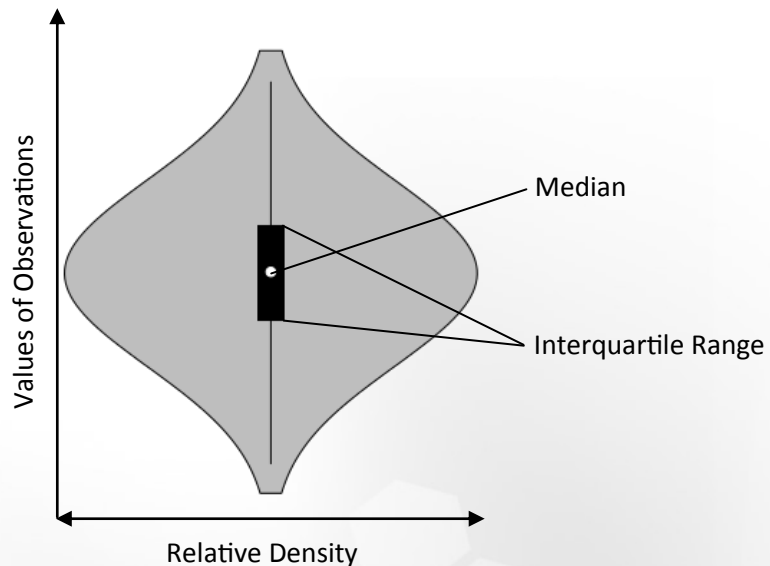
USDCHF Potential Rates



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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