



USD

21/09/2015



DUKASCOPY
RESEARCH PRODUCTS



Market Research



Monday, September 21, 2015
14:30 GMT

Dominant Events of the Period

Yellow Area

September 16

07:30 - 15:30

- *UK Claimant Count, ILO Unemployment Rate, Average Earnings, Inflation Report Hearings*
- *Euro Zone CPI*
- *US CPI, NAHB Housing Market Index*

Turquoise Area

September 17

17:30 - 20:00

- *Fed Interest Rate Decision, Monetary Policy Statement and Press Conference, FOMC Economic Projections*

Blue Area

September 18

07:00 - 20:00

- *Canadian CPI, BoC CPI*
- *US CB Leading Indicator*

USD Currency Index Change

-0.38%

-0.65%

0.58%

Max USD Volatility Index

1.22

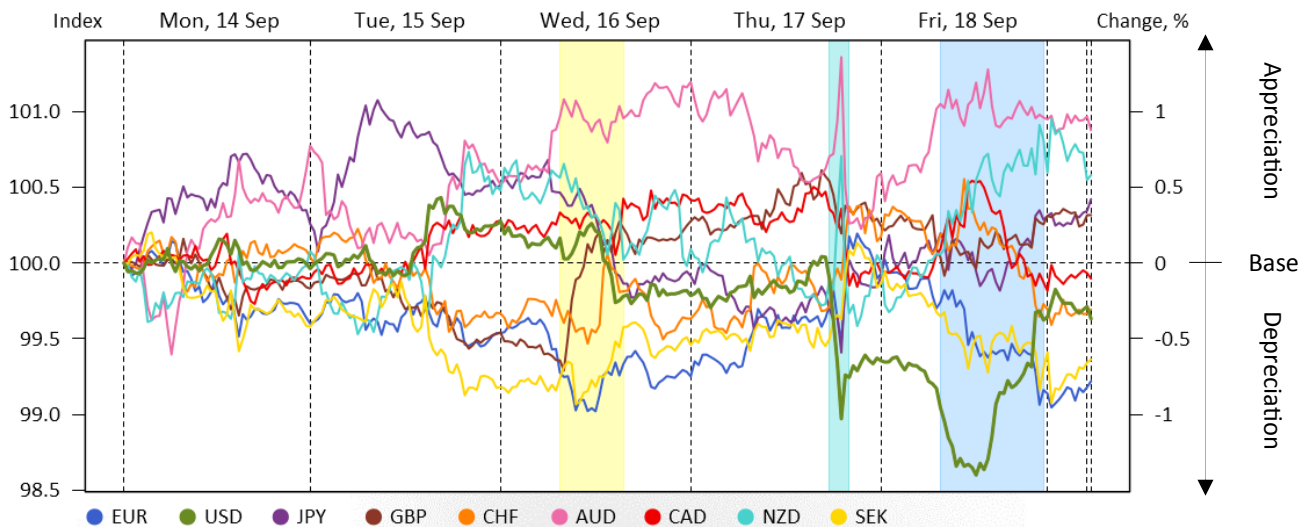
2.34

1.35



Relative Currency Strength

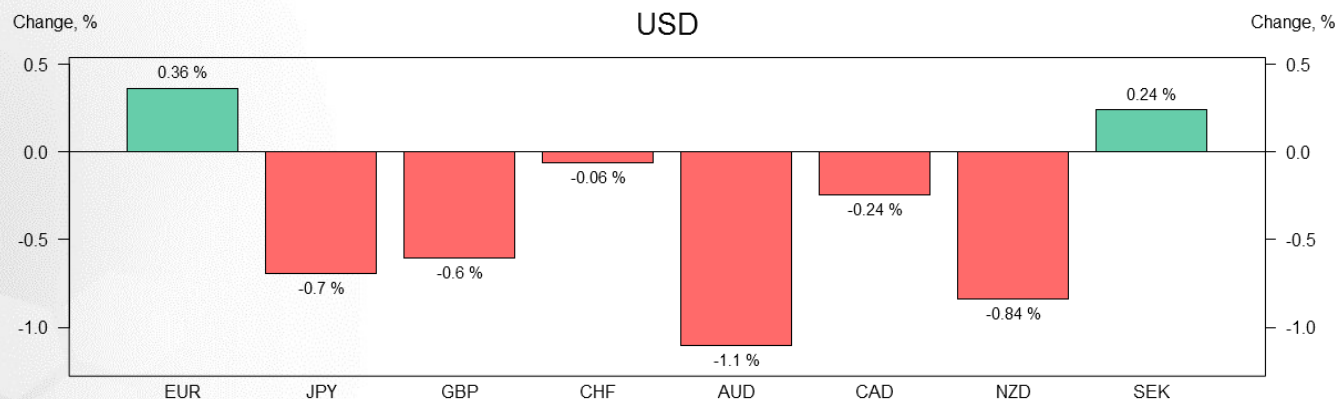
Currency Indexes



As the market awaited word from the Fed, the currency indexes' movements were reserved, with most gauges staying firmly within $\pm 1\%$ interval. The only exceptions were the yen's, the Aussie's, and the Greenback's measures, though even those fell out of the common bounds only briefly. The JPY Index made its major move on Tuesday morning, as the BoJ decided not to introduce new easing measures into its monetary policy. The Aussie's gauge, in turn, reached over the 101-point line at the peak of its September 15-16 rally, backed by weaker dollar and higher commodity process, and then spiked above it amid the Fed's conference, showing the strongest

reaction to the event.

The USD Index was the only gauge to fall below the 99-point level, as it lost more than 1% when the Greenback was hit by unexpectedly dovish FOMC statement. Notably, the Pacific currencies were the ones that had the sharpest reaction to the dollar's moves, with both indexes surging 0.4 points on the initial drop and then losing 0.8 points at the Greenback's brief recovery. The next morning saw the bearish momentum return, and the dollar's gauge reached the week's absolute low of 98.6 points. However, Friday afternoon was marked by the end of the dollar's sell off, and the USD Index managed to pare its losses almost fully.



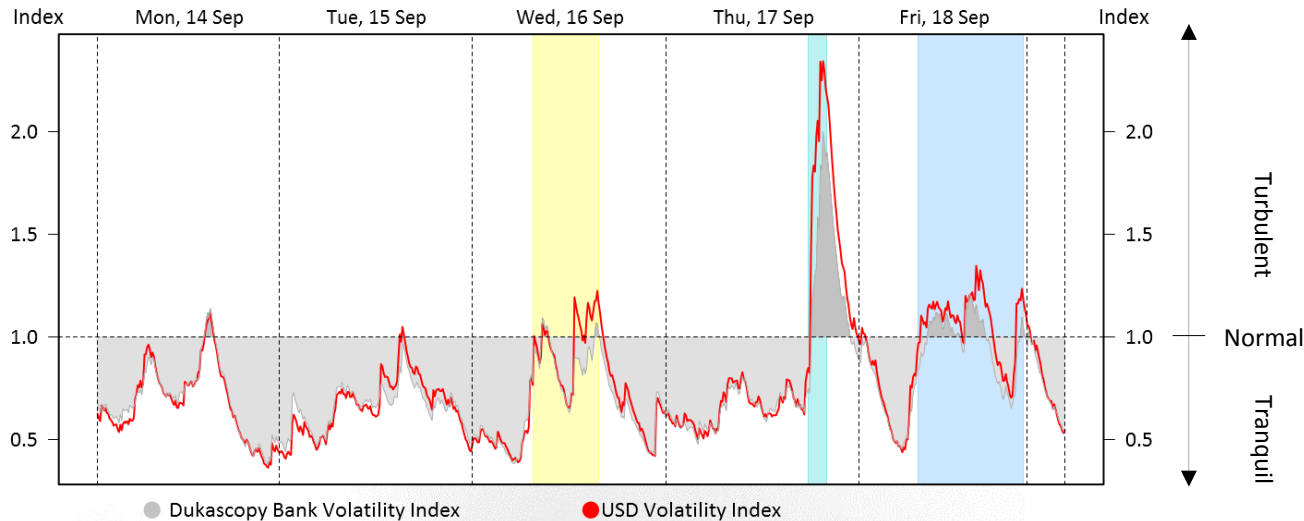
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.78%	-0.37%	0.42%	0.32%	-0.31%	0.88%	-0.1%	0.58%	-0.64%
20	-0.73%	0.93%	1.57%	-0.08%	-1.6%	0.06%	1.28%	-3.03%	1.5%
130	7.26%	2.5%	2.74%	7.87%	1.52%	-7.61%	-3.56%	-16.69%	6.82%
250	-0.64%	13.6%	2.95%	8.25%	10.37%	-10.84%	-7.42%	-13.87%	-2.4%



Volatility

Volatility



Even against the background of several tranquil weeks, volatility on the market remained extremely subdued, with the aggregate measure holding below the two-week mean for almost 90% of time. The week's most turbulent news — the Fed's rate decision and the FOMC statement, — managed to lift only three volatility indexes above the 2-point mark. Thus, the Aussie's gauge reached the value of 2.54, the Kiwi's — 2.48, and the dollar's — 2.34. Among the period's other turbulent events were the New Zealand disappointing GDP and strong UK labor data, both of which pushed the national currencies' index above 1.5 points.

Thursday's peak marked the maximum level of the dollar's volatility, but the turmoil caused by the FOMC dovishness reached beyond a momentary reaction. As the dollar opened the Friday's session with a downslide and went into a rally in the afternoon, its turbulence measure exceeded the market's average and at some point stood above all its observed peers. Aside from that, the USD Volatility Index spent three hours above the aggregate measure on Wednesday, when weaker-than-expected inflation data caused the dollar to plunge. Thus the dollar became the least tranquil currency of the period, with 19% overturbulence and the volatility index's average of 0.78.

Elevated Volatility (% of the observed period)

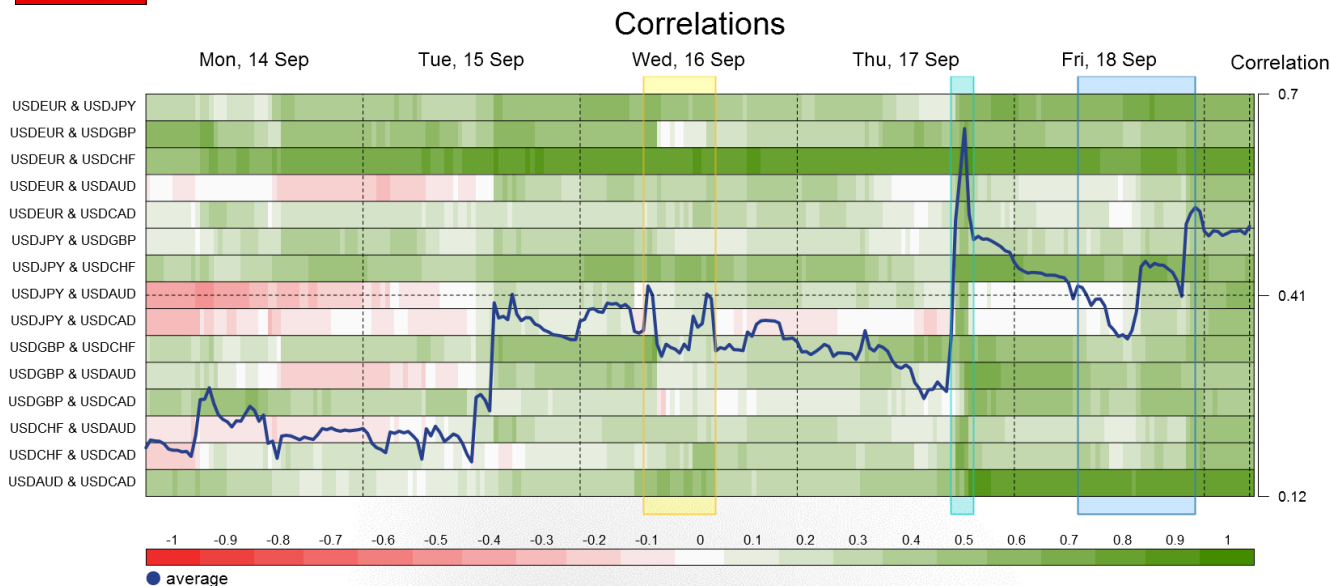
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
13	19	18	9	37	33	18	22	23	15

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2	2.34	1.79	1.46	2.3	2.4	3.46	2.88	3.55	2.27
Min	0.38	0.36	0.16	0.23	0.32	0.23	0.29	0.16	0.22	0.26
Average	0.74	0.78	0.73	0.66	0.89	0.86	0.81	0.74	0.84	0.71



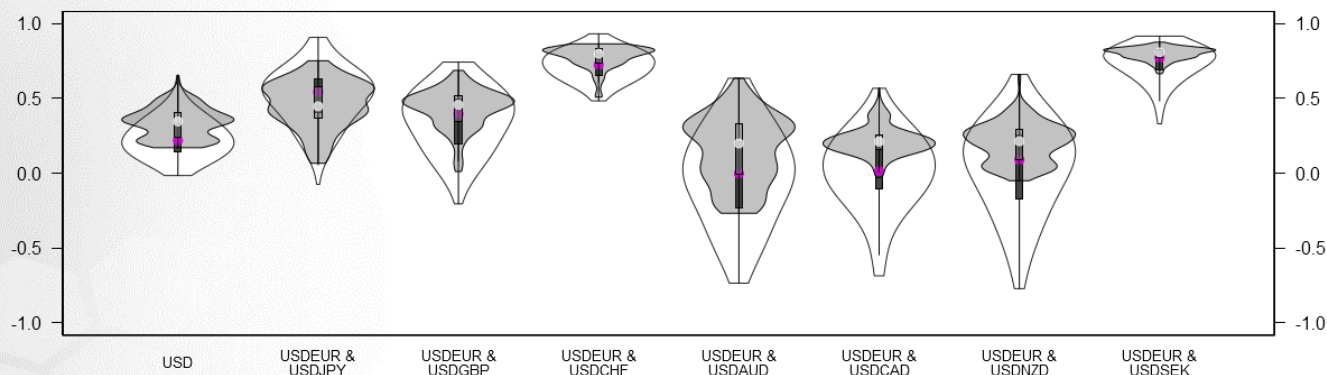
Currency Significance



After spending three weeks on extremely low levels, the Greenback's significance measure began to recover, and its average gained 0.14 points over the past period. Averages of USD/EUR components also rose, adding 0.02-0.31 points from the previous week's values. The most notable increases were observed in the components with the Pacific currencies, where the China's crisis caused the sharp weakening in late August, and averages fell into the negative area. During the past week, however, USD/EUR correlations with USD/AUD and USD/NZD strengthened, and their means gained 0.26 and 0.31 points, respectively.

The dollar's correlation composite started the period at the very low level of 0.19 and gained 0.32 points by the end of the week. The first surge of the composite was observed on Tuesday. A sudden surge of the Greenback led to the strengthening of the bonds, and the aggregate increased to 0.41 points. However, afterwards the measure began to gradually decline and reduced to 0.26 on Thursday. The Fed interest rate decision and press conference were the most anticipated events of the week, and the composite jumped to 0.65, gaining 0.38 points as the dollar plunged after the release of the FOMC statement. The final increase took place on Friday, when the composite crossed above the 0.50 mark and held the level till the end of the period.

Correlations (5 vs 20 days)



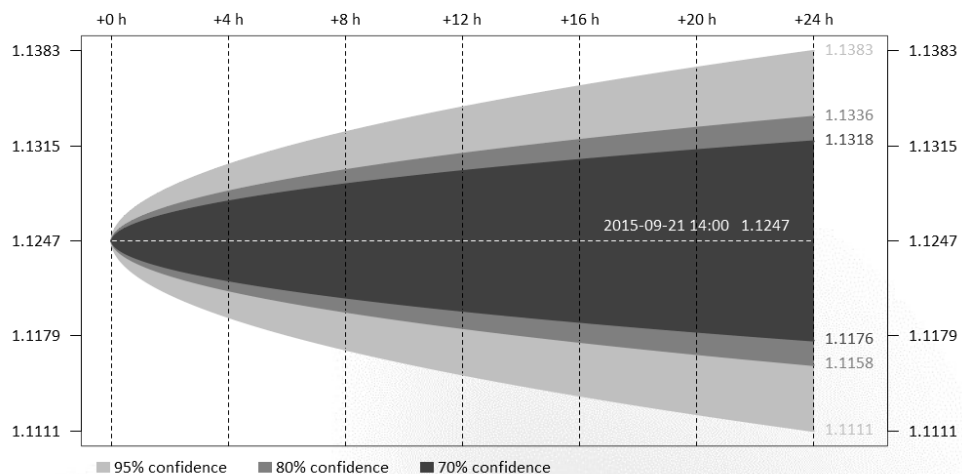
Mean Correlation Coefficient (with USDEUR)

Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.34	0.46	0.43	0.78	0.16	0.21	0.21	0.8
20	0.23	0.51	0.36	0.72	-0.02	0.01	0.04	0.74
130	0.48	0.48	0.55	0.75	0.46	0.43	0.47	0.78
250	0.47	0.45	0.57	0.73	0.49	0.43	0.5	0.72

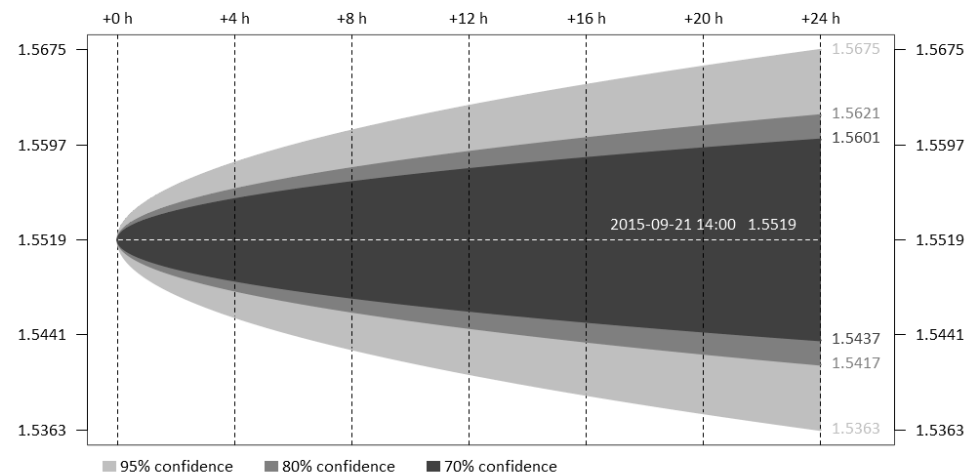
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Confidence Intervals for Next 24 Hours

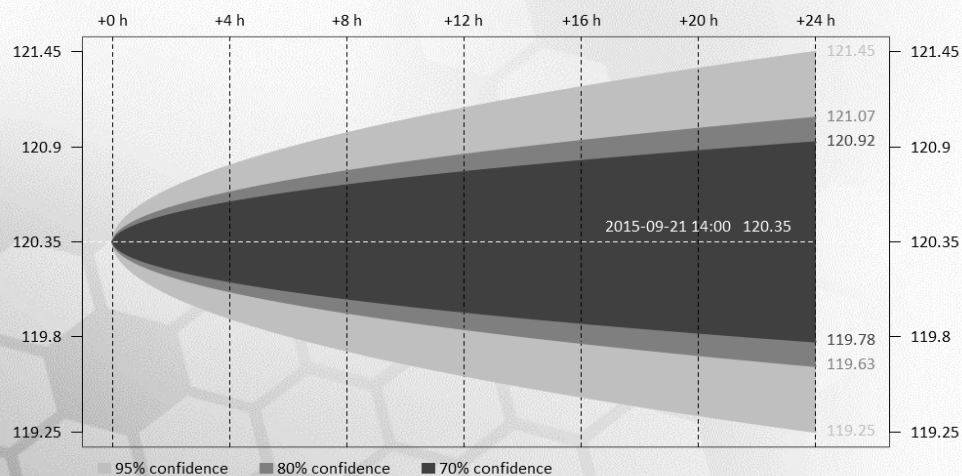
EURUSD Potential Rates



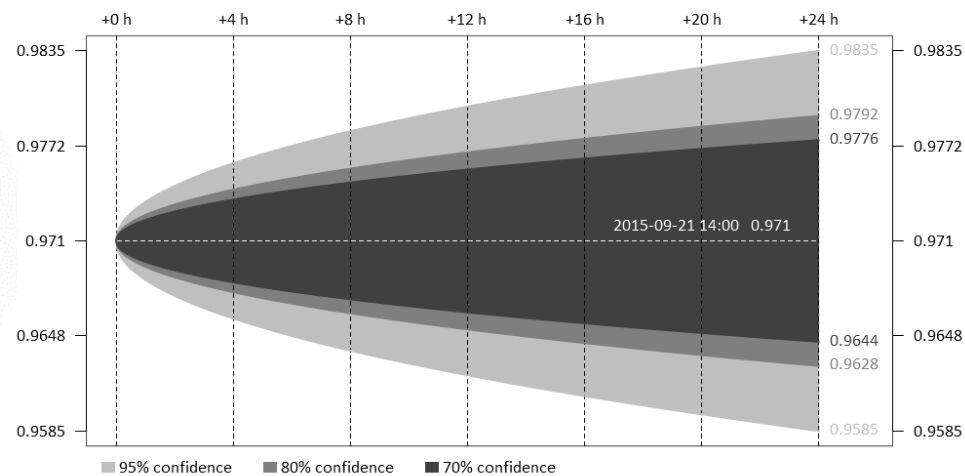
GBPUSD Potential Rates



USDJPY Potential Rates



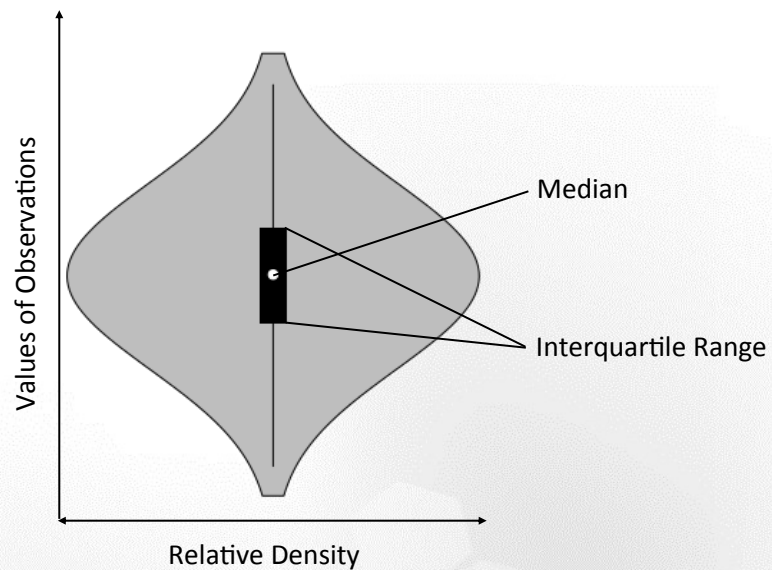
USDCHF Potential Rates



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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