



**USD**

**12/10/2015**



**DUKASCOPY**  
RESEARCH PRODUCTS



**Market Research**



Monday, October 12, 2015  
14:30 GMT

## Dominant Events of the Period

### Yellow Area

October 5

07:00 - 11:30

- Swedish Industrial Production
- German, EMU Markit Services PMI, PMI Composite
- EMU Retail Sales

### Turquoise Area

October 6

03:00 - 15:00

- Australian Trade Balance, RBA Rate Statement
- German Factory Orders
- Swiss CPI
- Canadian Ivey PMI

### Blue Area

October 7

08:00 - 17:00

- UK Manufacturing, Industrial Production, NIESR GDP Estimate

### Purple Area

October 8

12:00 - 19:00

- Canadian Housing Starts
- US Jobless Claims
- FOMC Minutes

### Orange Area

October 9

06:30 - 15:30

- US Import Price Index, Export Price Index
- Canadian Net Change in Employment, Unemployment Rate

ncy Index Change

-0.1%

-0.63%

0.02%

-0.29%

-0.33%

SD Volatility Index

1.1

1.3

1.15

1.93

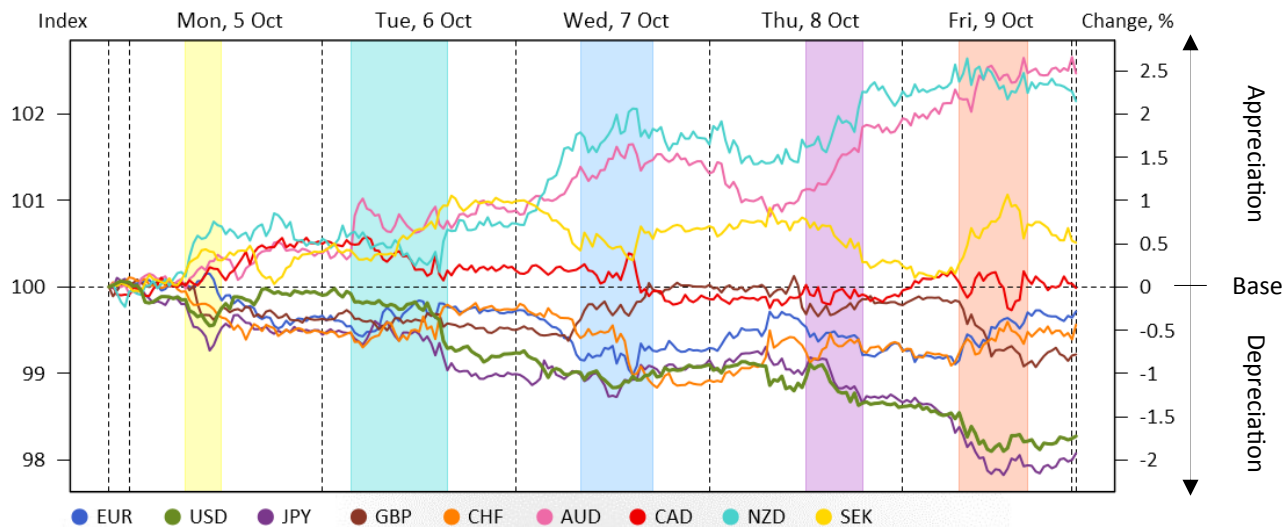
1.3





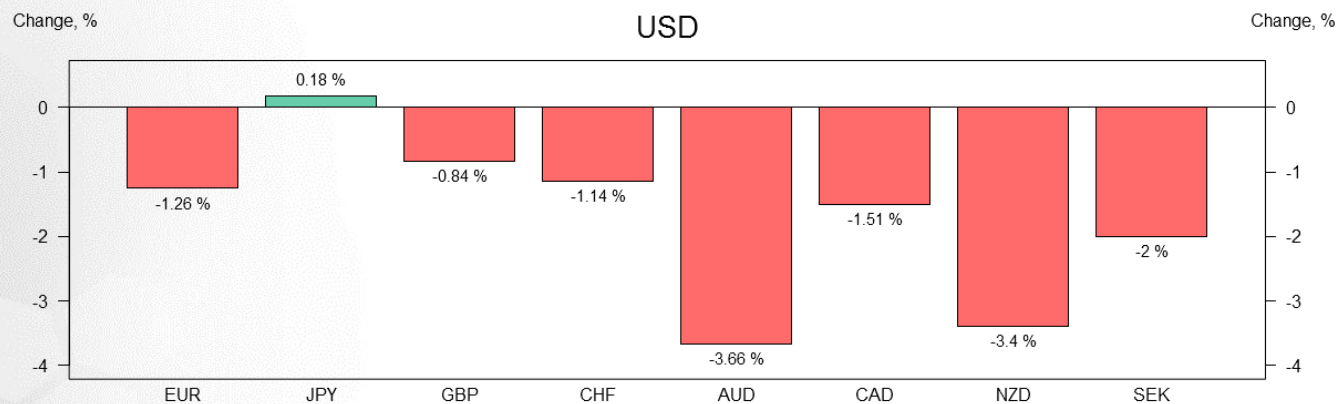
# Relative Currency Strength

## Currency Indexes



Weak confidence that the Fed will raise interest rates this year as well as the increase of some commodity prices were the main drivers of the past period. Thus the Greenback fell against almost all observed currencies for the second week in a row, causing its index to lose more than 1.7%. Meanwhile, the Pacific currencies showed impressive growth. The RBA interest rate decision has lived up to the expectations and pushed the Aussie up. Thus the AUD Index became the best performer of the period (+2.47%). Recovery in the milk prices, in turn, managed the Kiwi's gauge to rise, and it lost only 0.32% to AUD.

After a sharp drop caused by the unexpectedly low US payrolls at the end of the previous week, the USD Index was showing a downward trend throughout the whole period. On Monday, as the commodity currencies ticked up, the Greenback's index declined to the 99.55 mark. On Thursday, the slight decrease of the Euro following the ECB report led to the increase of the USD index. However, the dollar quickly returned to downward trend and by the time of the FOMC minutes release reduced to the 98.6 level. The dovish tone of the minutes did not change the mood of the Greenback, and it continued to drop till the end of the week.



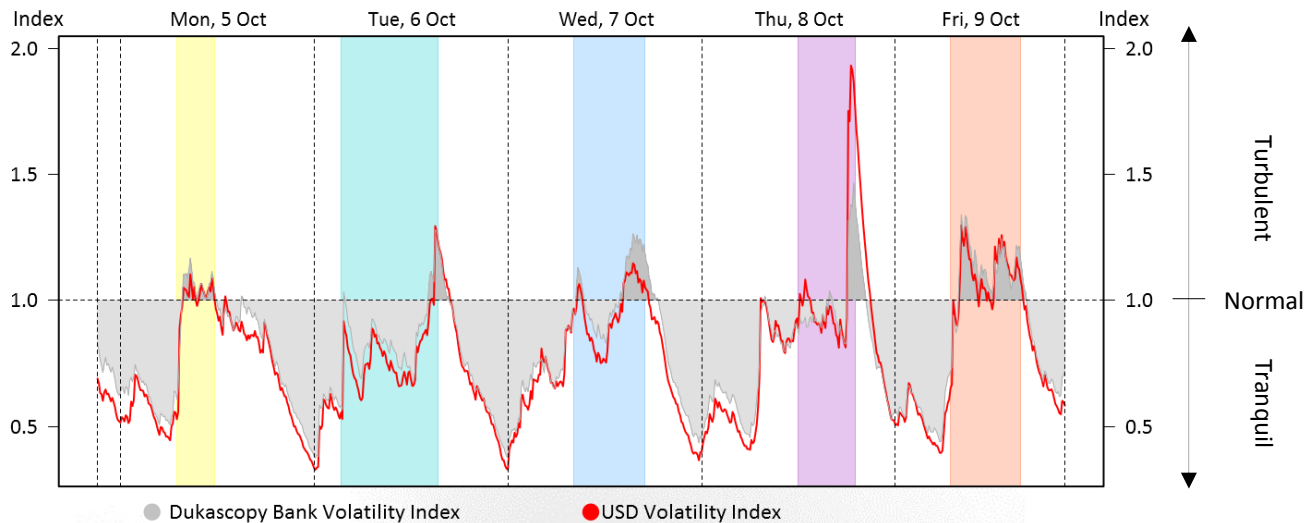
## Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.28%	-1.73%	-1.92%	-0.78%	-0.44%	2.47%	-0.01%	2.15%	0.51%
20	-1.31%	-1.3%	-1.25%	-2.24%	-0.5%	2.42%	1.14%	5.64%	-1.25%
130	8.25%	0.23%	-0.47%	4.26%	1.49%	-4.5%	-3.92%	-12.22%	8.78%
250	-1.01%	10.84%	-1.77%	5.46%	10.41%	-8.43%	-5.52%	-6.79%	-3.23%



# Volatility

## Volatility



Turbulence on the market started to fade again, with the aggregate portion of elevated volatility losing 10% from the previous readings. The dollar, whose currency index moved on a slow downtrend throughout the period, scored below the average with 18% overturbulence. Meanwhile, the yen spent even less time above the baseline – 14% of the period, with USD/JPY posting only 3%. The most turbulent currency was the Swedish krona with the 27% of elevated volatility. The height of the volatility peaks was also rather small, and after the previous week's spike to 4.5 caused by the US payrolls data, the Greenback's index failed to rise even to the 2-point level.

The past week was rather tranquil for the Greenback, and its index barely exceeded the 1.3 level. The movements of the dollar were associated mainly with its counterparts' activity. Thus on Tuesday, against the background of the Canadian Ivey PMI, the index surged to 1.3 points, whereas the Wednesday's rise was largely attributed to the UK NIESR GDP data. However, the most notable surge took place on Thursday at the time of the FOMC minutes, when the USD Volatility Index jumped to the highest value of the period. Friday was relatively volatile for the Greenback, and the index held above the historical level in 35% of the time, though its spikes did not exceeded 1.3 points.

### Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
21	18	20	3	22	23	18	32	27	23

### Volatility Index (for the observed period)

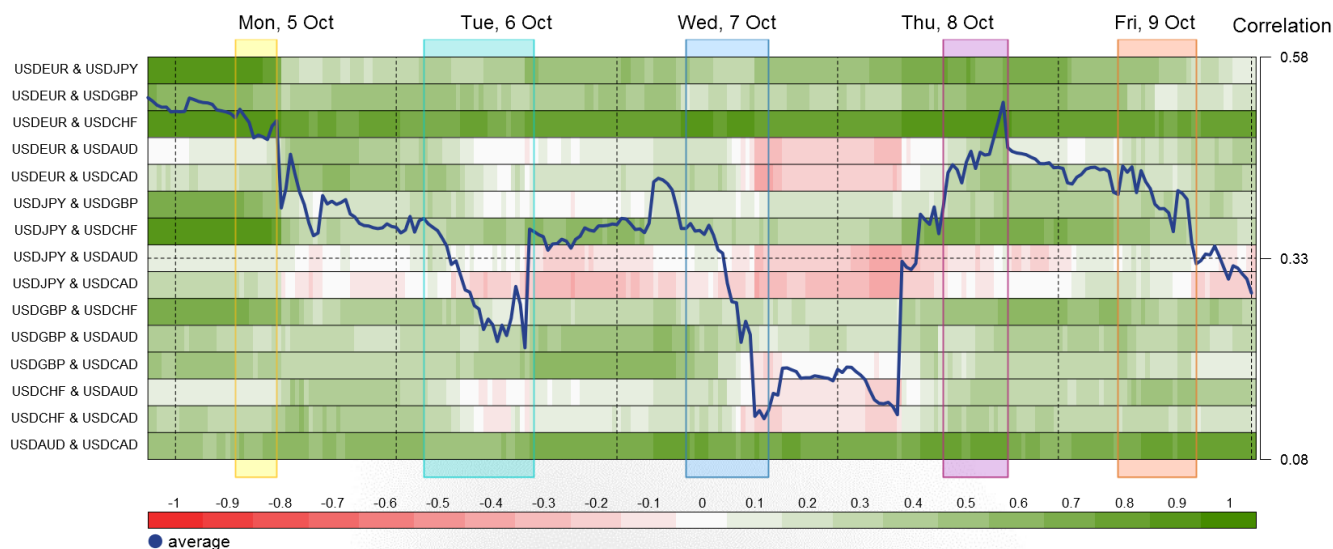
	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.47	1.93	1.65	1.32	2.05	2.07	2.61	2.01	2.75	1.87
Min	0.38	0.33	0.24	0.23	0.22	0.18	0.36	0.25	0.33	0.27
Average	0.8	0.77	0.73	0.55	0.76	0.73	0.82	0.85	0.88	0.77





# Currency Significance

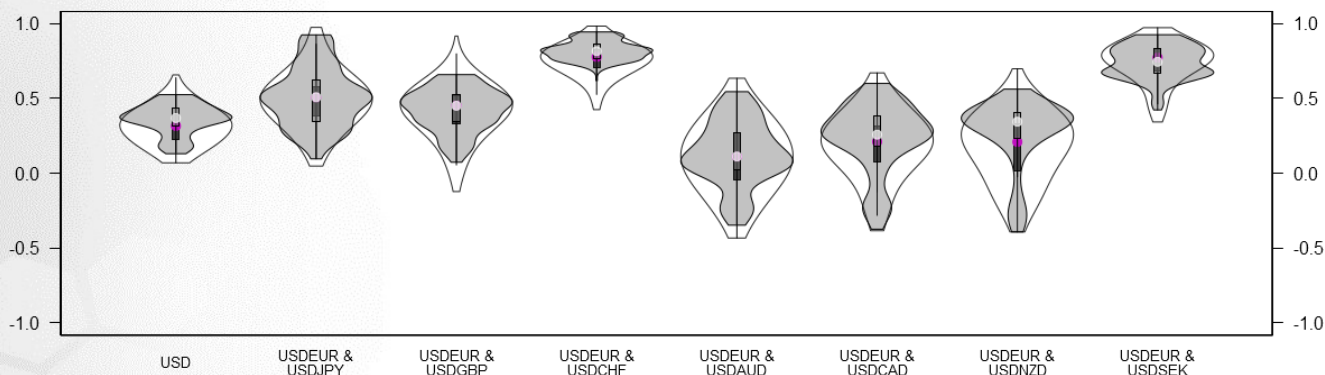
Correlations



After spiking on disappointing labor data at the end of the previous period, the dollar's correlation composite managed to hold above the feeble levels it was stuck on for several weeks, putting its average back over the significance threshold. Notable strengthening was also observed in the USD/EUR components, where almost all distributions thinned their lower tails and shifted up. The combinations with the commodity currencies' pairs went through the greatest changes, cutting down on the negative values that lately reigned over the bonds, and lifting their averages from zero to weakly positive numbers.

The dollar's composite opened the week by sliding down from the levels it jumped to on previous Friday, returning to its position of the weakest significance measure. Nevertheless, the gauge managed to spend most of the period above the significance threshold, helped by spikes in the correlations between the Greenback's pairs. First such spike was caused by the dollar's dip on Tuesday, and cut short the composite's initial decline. On Wednesday, the measure tumbled to its period's low, as the Pacific currencies gained strength against their peers and brought some red into the dollar's correlations. The gauge climbed out of the pit with its second spike on early Thursday, helped by the dollar's uptick, and got above 0.5 by the time of the FOMC release.

Correlations (5 vs 20 days)



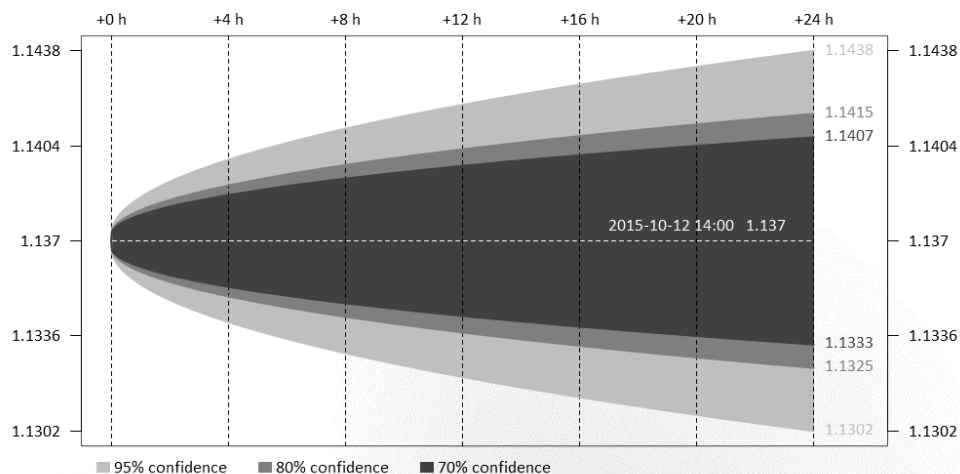
Mean Correlation Coefficient (with USDEUR)

Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.36	0.51	0.42	0.82	0.13	0.23	0.27	0.74
20	0.31	0.49	0.41	0.76	0.1	0.18	0.17	0.74
130	0.44	0.48	0.52	0.74	0.4	0.39	0.41	0.77
250	0.45	0.44	0.56	0.72	0.46	0.4	0.47	0.72

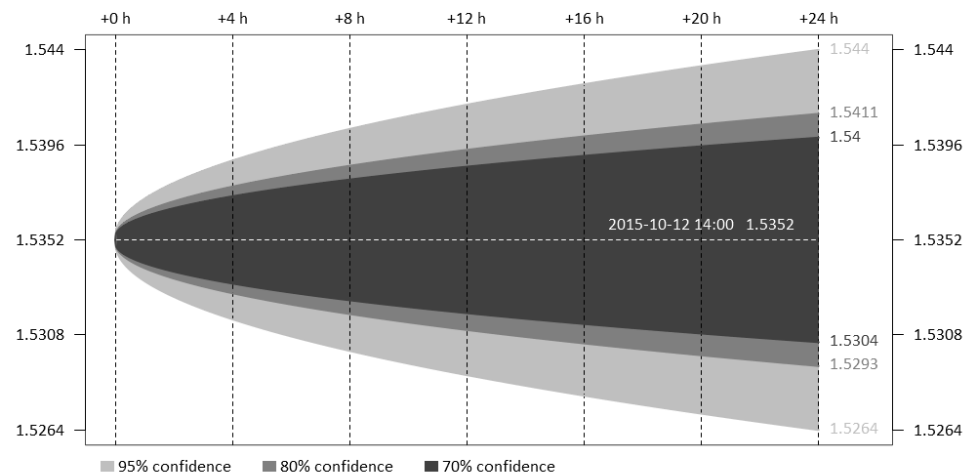
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# Confidence Intervals for Next 24 Hours

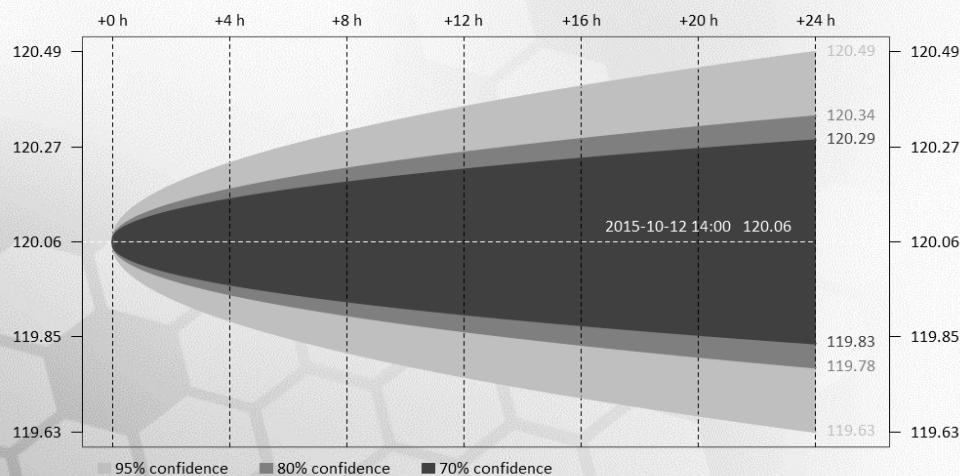
EURUSD Potential Rates



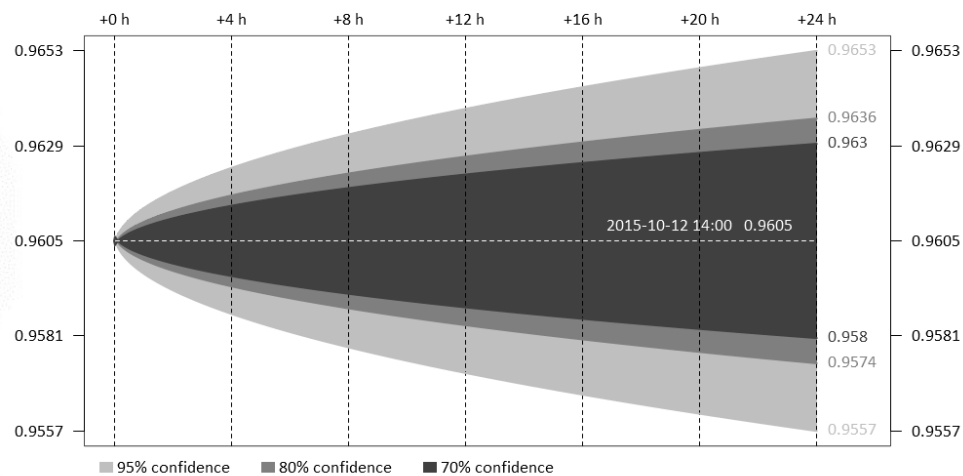
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates

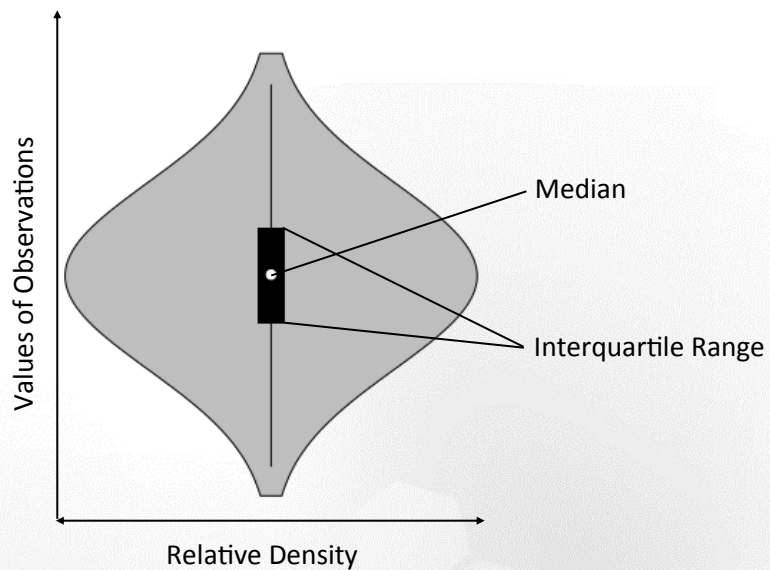




## EXPLANATIONS

### 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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