



USD

07/12/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

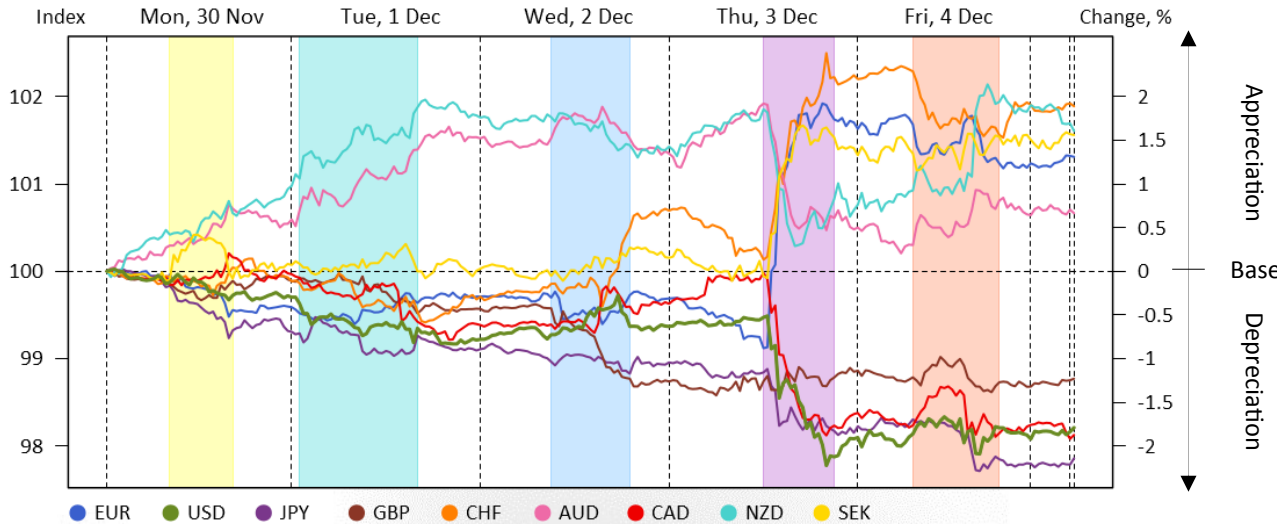
Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
<i>November 30</i>	<i>December 1</i>	<i>December 2</i>	<i>December 3</i>	<i>December 4</i>
<i>08:00 - 16:30</i>	<i>00:30 - 16:00</i>	<i>09:00 - 19:00</i>	<i>12:00 - 20:30</i>	<i>07:00 - 18:00</i>
<ul style="list-style-type: none"> Swiss KOF Leading Indicator Swedish GDP UK Consumer Credit, Mortgage Approvals German Flash CPI US Chicago PMI, Pending Home Sales 	<ul style="list-style-type: none"> Australian Current Account Balance, RBA Interest Rate Statement Chinese PMI German, EMU Unemployment Rate Canadian GDP US Manufacturing PMI 	<ul style="list-style-type: none"> UK PMI Construction EMU Flash CPI US ADP Employment Change, Fed Yellen's Speech BoC Interest Rate Statement 	<ul style="list-style-type: none"> ECB Interest Rate Decision, Monetary Policy Statement and Press Conference US Jobless Claims, Markit Services PMI, PMI Composite, ISM Non-Manufacturing PMI, Factory Orders, Fed Yellen's Speech 	<ul style="list-style-type: none"> Swiss CPI US Unemployment Rate, Labor Force Participation Rate, Nonfarm Payrolls, Trade Balance, Average Weekly Hours, Average Hourly Earnings Canadian Unemployment Rate, Ivey PMI

USD Currency Index Change	-0.15%	-0.28%	0.1%	-1.6%	0.07%
Max USD Volatility Index	1.28	1.79	1.54	4.73	4.05



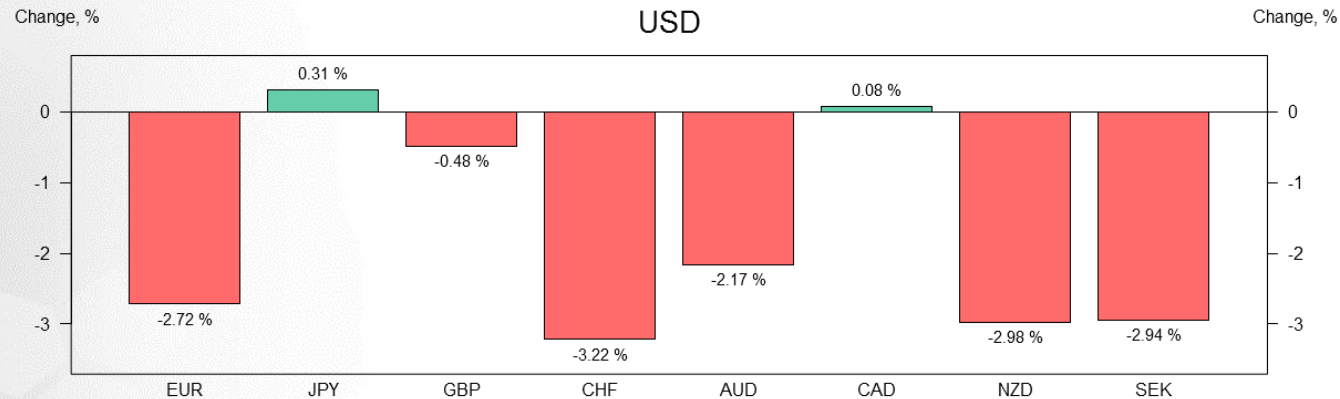
Relative Currency Strength

Currency Indexes



The week was associated with strong Pacific currencies and the ECB monetary policy statement, which turned out to be the most resonant event of the period. As a result, by Friday the observed currencies formed two well-separated groups, with the members of one gaining 0.6-1.9%, and members of the other losing 1.2-2.1% of their base values. ECB changed the situation notably, and all the European currencies excepting the pound took the leading positions from their Pacific counterparts, which were rallying against the background of economic releases such as improving manufacturing sector performance and growing GDP.

The US dollar followed the downtrend pattern throughout the week. Moreover, during the first two days it was going through a very steady depreciation, as both Chicago and ISM PMI readings disappointed the expectations. Slight growth of the index was observed on Wednesday, when the ADP employment came out above the October's level. However, that proved to be a short-lived recovery, as the next day brought the greatest losses for the Greenback. The ECB statement coupled with another pessimistic ISM non-manufacturing PMI sent the measure to the week's low of 97.8 points. There were no releases on Friday to improve the situation, so the USD Index finished the week sharing the second worst performer's position with the Loonie's gauge.



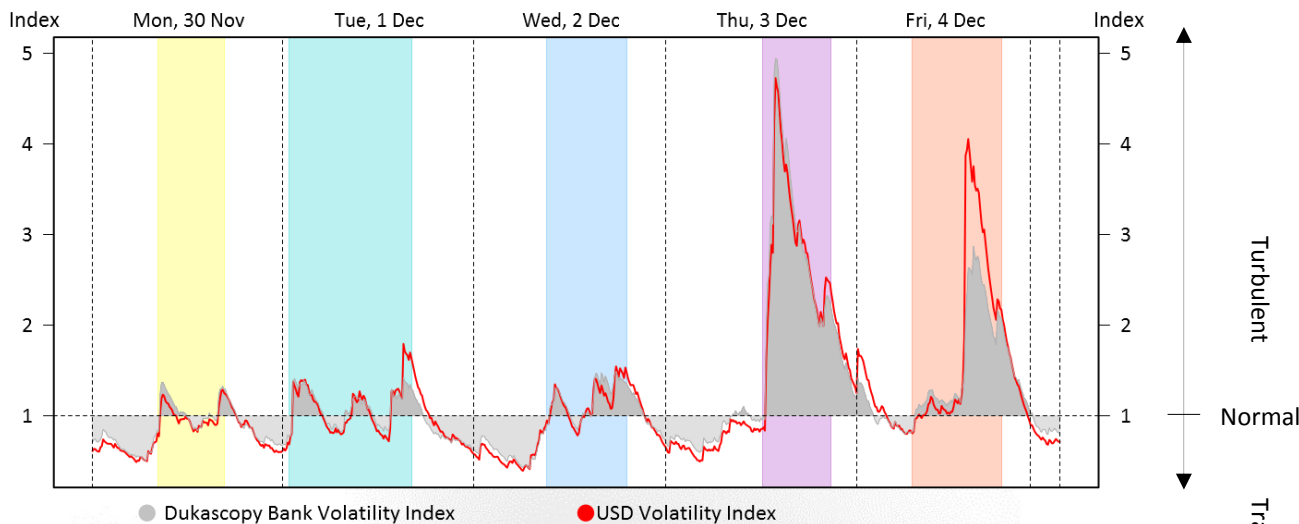
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.31%	-1.79%	-2.14%	-1.23%	1.89%	0.66%	-1.87%	1.61%	1.56%
20	-0.11%	-1.01%	-0.77%	-1.02%	-0.48%	3.39%	-2.33%	1.71%	1.21%
130	-0.16%	3.94%	5.13%	1.97%	-3.4%	-1.15%	-5.22%	-2.86%	1.46%
250	-4.73%	8.95%	7.54%	5.5%	6.83%	-4.94%	-8.75%	-6.31%	-4.08%



Volatility

Volatility



After a long period of tranquility, the past week was quite turbulent for the Greenback, and the USD Volatility Index spent 44% of the period above the historical level. Elevated volatility portions of most of the observed currencies were even higher, with the franc's reading at 56%, and the market's and the pound's at 48%. Meanwhile, the Euro suffered the highest spike of volatility – on Thursday, right after the ECB monetary policy statement release, its index jumped to the 8.9 level. The EUR/USD component reached the high of 10.5 points.

The beginning of the period was rather calm, with the peak of the dollar's volatility index barely reaching above the 1.5 points level. The last two days of the week, however, were notably different. The highest jump of the index took place on Thursday, when the disappointing ECB's economic policy decision has disturbed the market. All observed turbulence measures surged sharply to their period's highs, with the dollar's measure posting the fifth highest value behind the Euro's, the franc's, the pound's, and the krona's gauges. Friday was also marked by the notable spike of the USD volatility. A butch of US labor data releases led to the rise of the dollar's volatility, and the index reached 4.05 mark.

Elevated Volatility (% of the observed period)

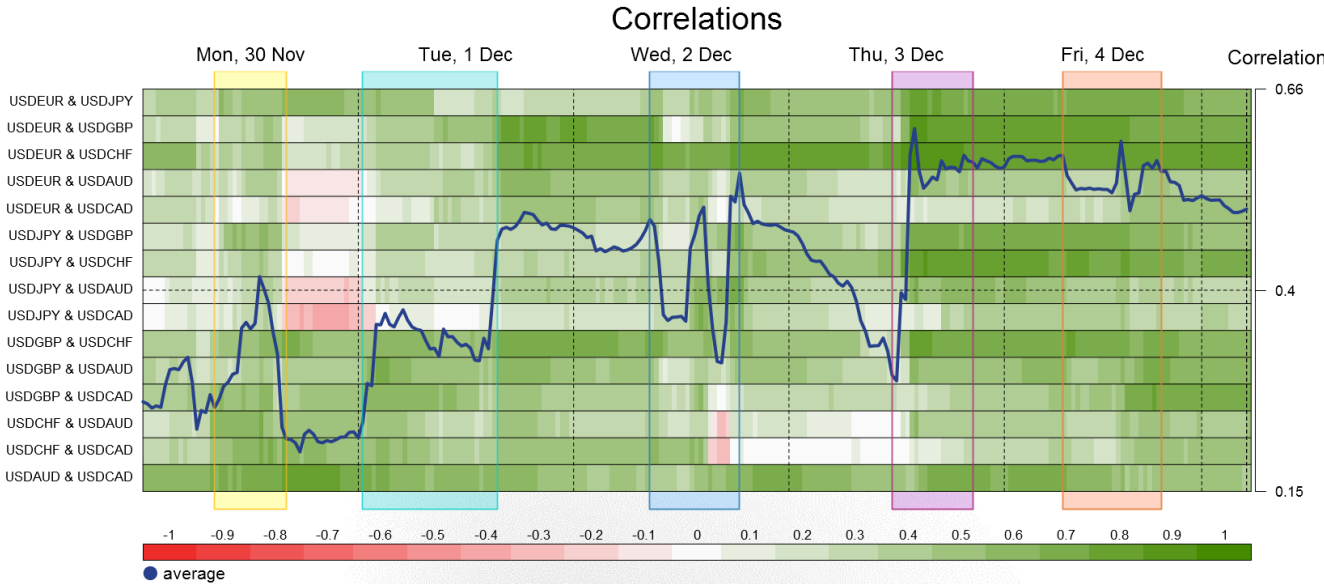
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	48	44	40	44	53	53	32	34	36	45

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	4.94	4.73	10.49	4.45	4.39	7.23	3.4	4.11	5.2	7
Min	0.41	0.39	0.29	0.38	0.31	0.18	0.45	0.26	0.5	0.24
Average	1.16	1.16	1.33	1.15	1.16	1.38	0.97	1.02	1.13	1.19



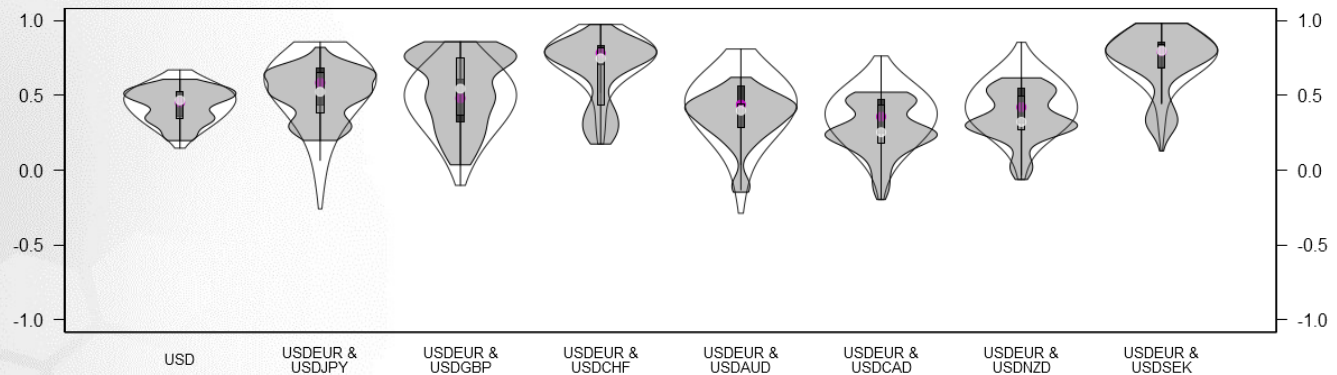
Currency Significance



In the past week the dollar's correlation composite showed a pattern of stepwise strengthening, with only a few dips between the jumps. The measure's average remained on the long-term level, even as some of its USD/EUR components experienced slight weakening. Thus, the pair's bonds with USD/CHF and USD/SEK produced unusually many weak values, while correlations with USD/AUD, USD/CAD, and USD/NZD were generally downward-biased. Nevertheless, the dollar's composite showed average strength compared to its peers, outpaced in its mean value only by NZD (0.61), CHF (0.52), and CAD (0.51).

The dollar's composite started the week below the significance threshold, with negative USD/AUD and USD/CAD components pushing it to the period's low. Tuesday, however, was the day it placed itself firmly above the 0.30 points line, fueled by the dollar's gradual decline. Wednesday, in turn, was the most turbulent day for the correlations. Between the EMU CPI numbers, the BoC rate decision, and Janet Yellen's speech, the Greenback's gauge zigzagged throughout most of day, eventually setting on a downward direction. Thursday, however, brought a major reversal, as the composite pared losses and surged to the week's high, when the dollar tumbled amid the ECB press conference and with no support from the US fundamentals.

Correlations (5 vs 20 days)

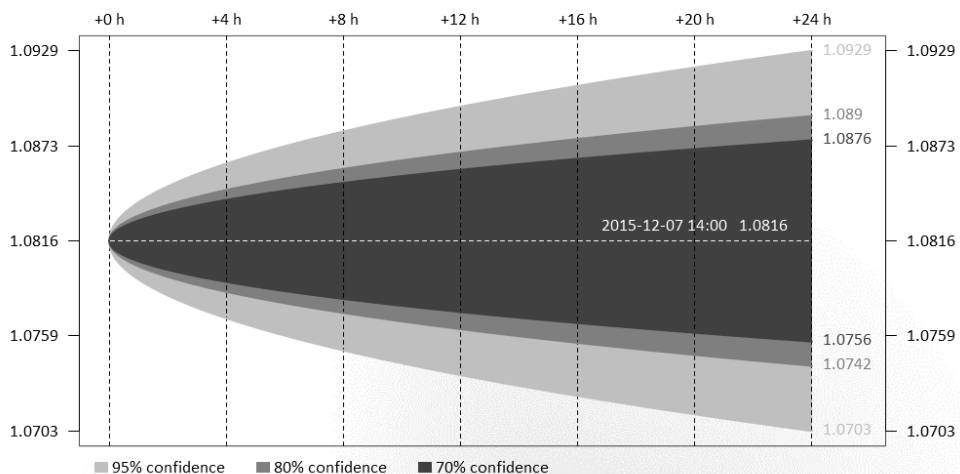


Mean Correlation Coefficient (with USDEUR)

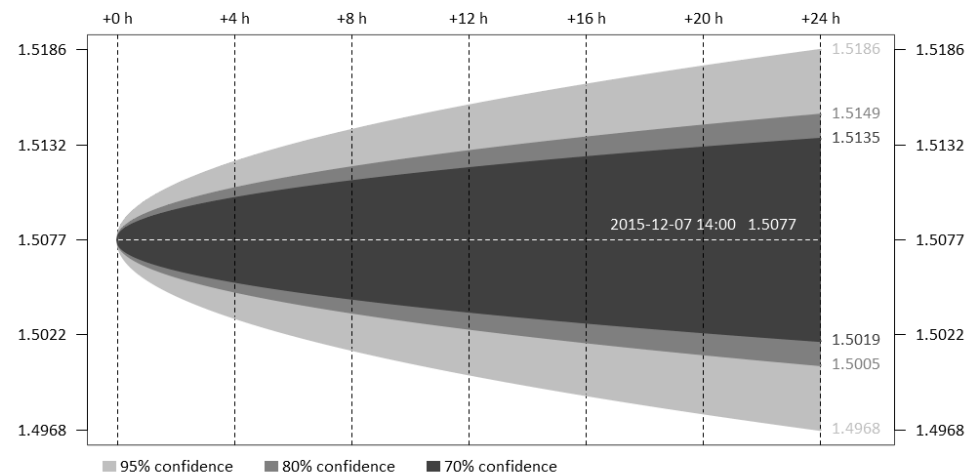
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.43	0.51	0.55	0.65	0.35	0.26	0.35	0.72
20	0.44	0.54	0.46	0.74	0.41	0.35	0.42	0.76
130	0.39	0.46	0.46	0.73	0.32	0.31	0.34	0.75
250	0.44	0.45	0.54	0.7	0.43	0.39	0.44	0.73

Confidence Intervals for Next 24 Hours

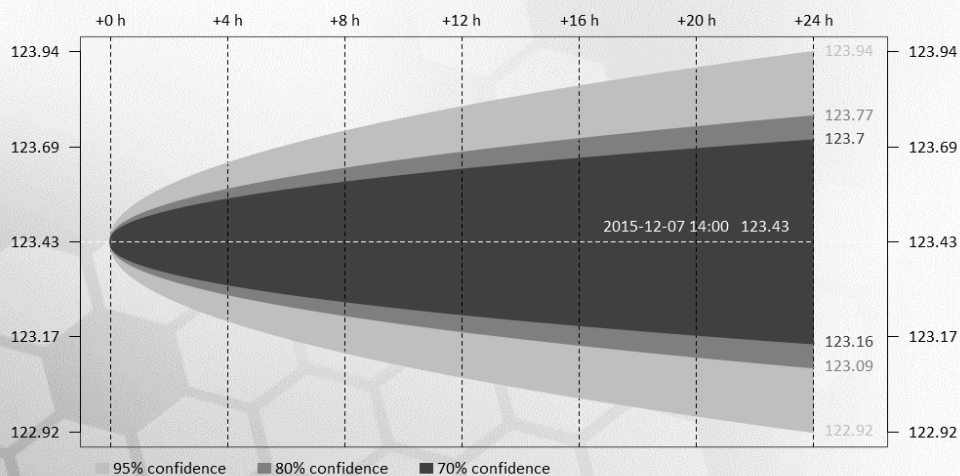
EURUSD Potential Rates



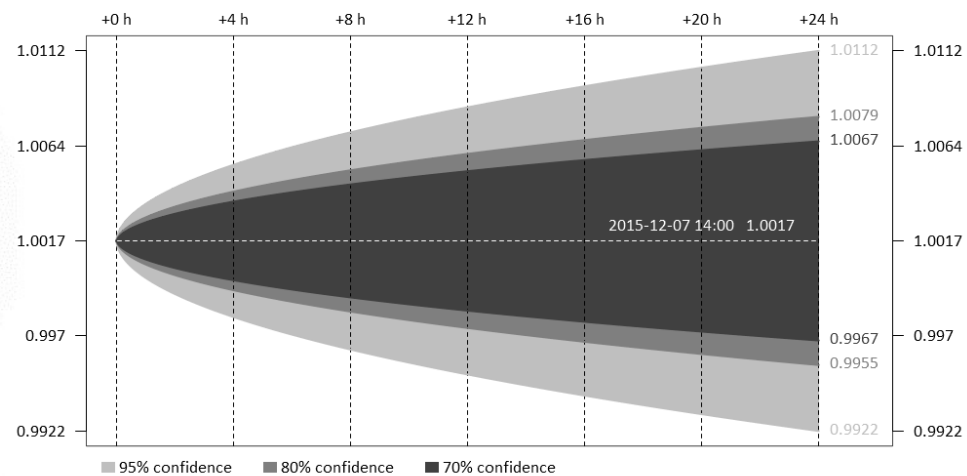
GBPUSD Potential Rates



USDJPY Potential Rates



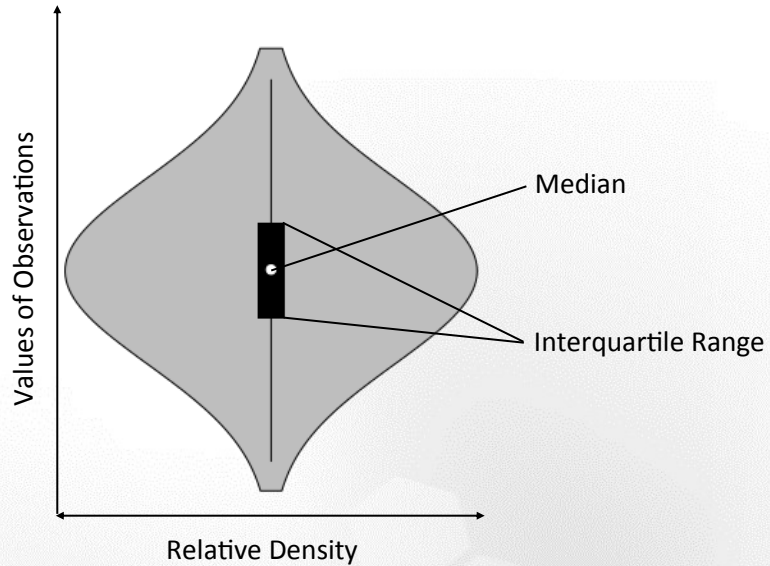
USDCHF Potential Rates



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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