



USD

14/12/2015



DUKASCOPY
RESEARCH PRODUCTS



Market Research



Monday, December 14, 2015
14:30 GMT

Dominant Events of the Period

Yellow Area

December 7

07:00 - 18:00

- German Industrial Production
- BoE Governor Carney's Speech
- US Labor Market Conditions

Turquoise Area

December 8

07:30 - 19:00

- UK Manufacturing, Industrial Production, NIESR GDP Estimate
- EMU GDP
- Canadian Housing Starts, BoC Governor Poloz's Speech

Blue Area

December 9-10

08:00 - 03:00

- EIA Crude Oil Stocks Change
- RBNZ Interest Rate Decision, Statement, Press Conference
- RBA Governors Stevens' and Wheeler's Speeches, Australian Consumer Inflation Expectation, Unemployment Rate, Employment Change

Purple Area

December 10

08:00 - 18:00

- SNB Interest Rate Decision, Press Conference
- Swedish CPI
- UK Trade Balance, BoE Minutes and Monetary Policy Summary, MPC Vote
- US Jobless Claims

Orange Area

December 11

08:30 - 18:30

- ECB Targeted LTRO
- US Retail Sales, PPI

USD Currency Index Change

0.48%

0.03%

-0.82%

0.23%

-0.07%

Max USD Volatility Index

1.17

1.54

1.91

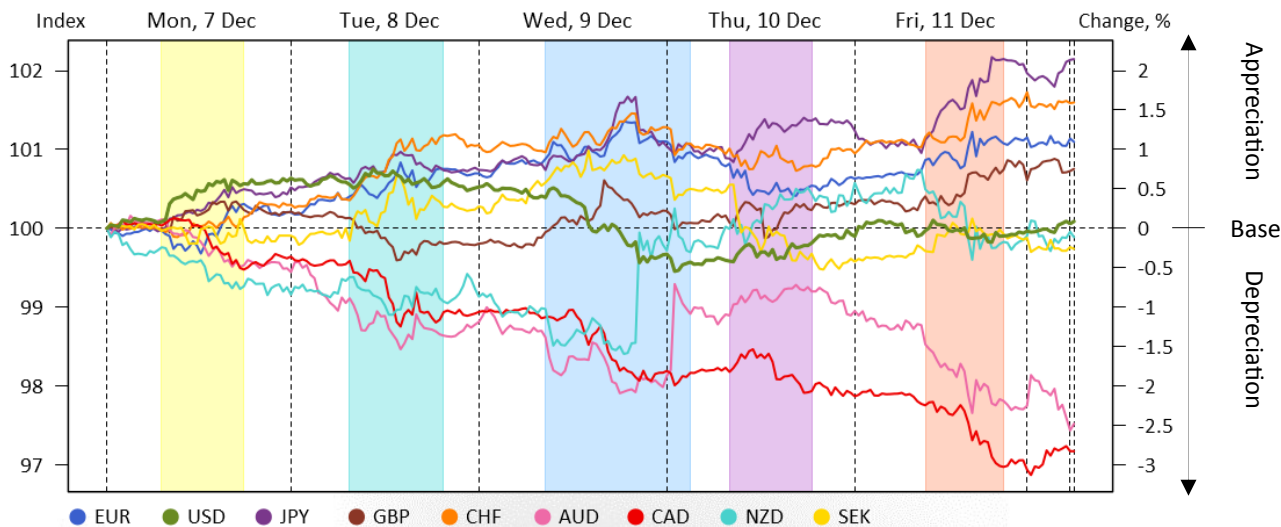
1.57

1.85



Relative Currency Strength

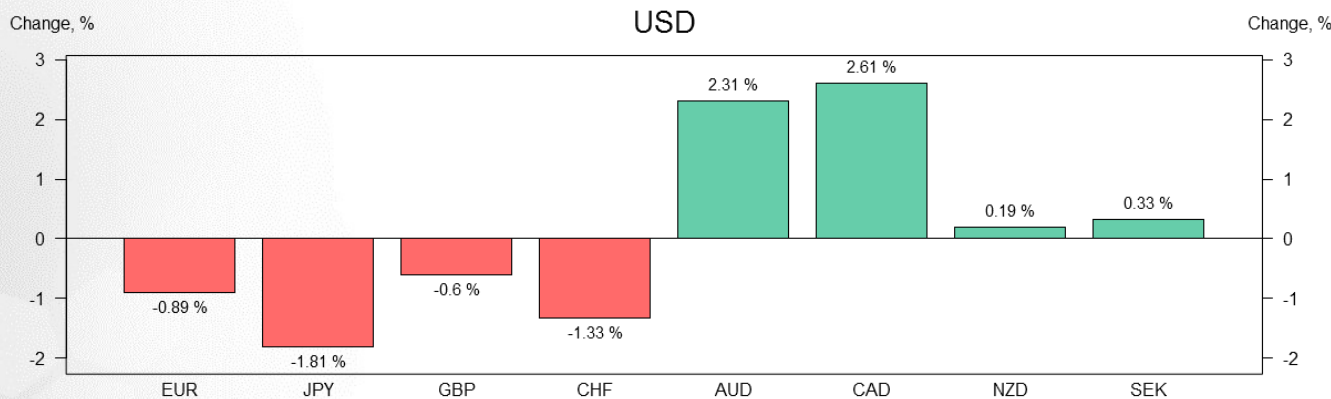
Currency Indexes



The past week was slow for the dollar's index, but some of its peers managed to move relatively far from the baseline. The biggest weekly changes were posted by the Loonie's and the Aussie's gauges, which were pressured by the post-OPEK downside in commodities and spent the period on a downtrend, finishing it below the 2.5% loss line. Notably, the AUD Index had a chance at recovery on Thursday, when strong employment data pushed it to cover most of its Tuesday and Wednesday losses. However, the currency failed to catch momentum and tumbled throughout Friday. Meanwhile, its New Zealand peer, which was following its downside in

the beginning of the week, made good use of the RBZN's rate cut and erased its losses to post a near-zero weekly change. The winners of the period were the yen's, the franc's, the Euro's, and the pound's measure, all moving on similar patterns in the second half of the week.

The USD Index opened the week with an uptick, taking advantage of its commodity peers' weakness. On Wednesday, however, it erased whatever moderate gains it managed to get, pushed down by the Greenback's across-the-board tumble. As a result, the measure finished the period on the baseline, with the dollar itself posting losses against half of its observed counterparts.



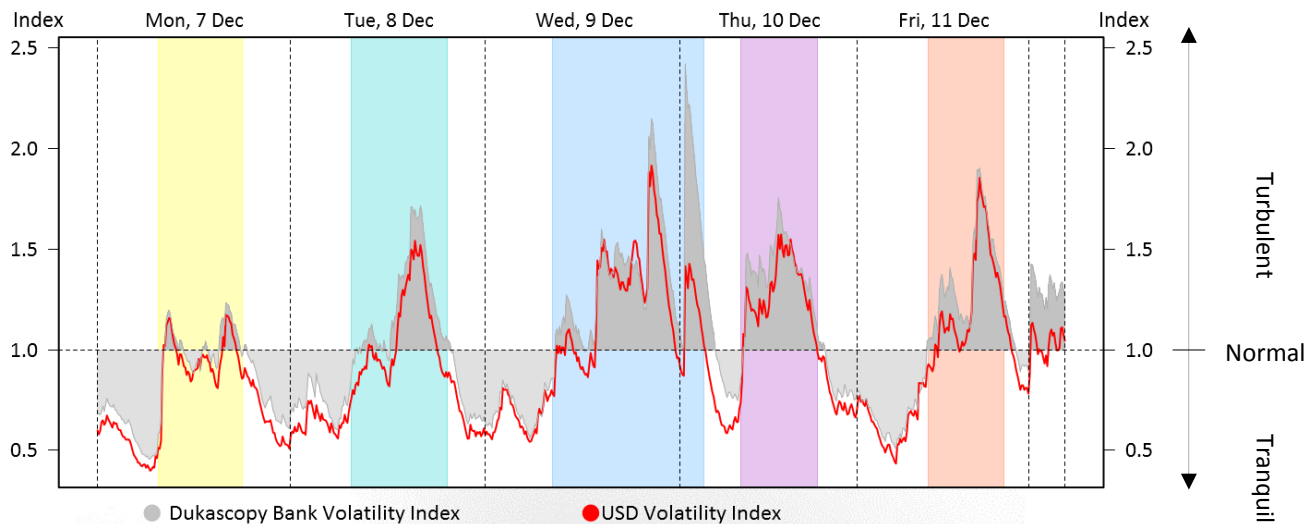
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.1%	0.09%	2.15%	0.75%	1.6%	-2.48%	-2.83%	-0.11%	-0.26%
20	1.43%	-0.99%	0.8%	-1.06%	1.23%	-0.23%	-4.98%	2.92%	1.14%
130	1.74%	4.23%	6.66%	1.14%	-1.66%	-4.12%	-8.18%	0.07%	-0.16%
250	-4.66%	9.75%	7.75%	5.85%	7.28%	-5.85%	-9.44%	-6.71%	-4%



Volatility

Volatility



The dollar was notably “underturbulent” compared to the market, holding its volatility measure below the composite index for the whole past trading week. Its elevated volatility portion and average turbulence also lacked behind those of its peers, and the Euro’s readings were the only ones to signal calmer behavior. The least stable, in turn, were the Pacific currencies. The Aussie and the Kiwi kept their volatility indexes above the historical average for more than 50% of time and reached the week’s highs of 6.66 and 4.88, respectively. Such activity reflected the uneven surge of the currencies after the RBNZ’s rate cut and the release of strong Australian employment data.

The fact that the dollar did not push its turbulence measure above the market’s gauge points out relative insignificance of the US economic releases, so all the market volatility spikes were associated with movements of the Greenback’s counterparts. Depreciation of the commodity currencies caused the first notable volatility surge on Tuesday. The next day brought even more significant spikes as the news releases from the Pacific region turned out to be the most resonant events of the week. During the rest of the period the indexes of both the market and the dollar followed classical pattern of activity increase along the European trading sessions.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
51	37	11	50	42	19	64	43	48	34

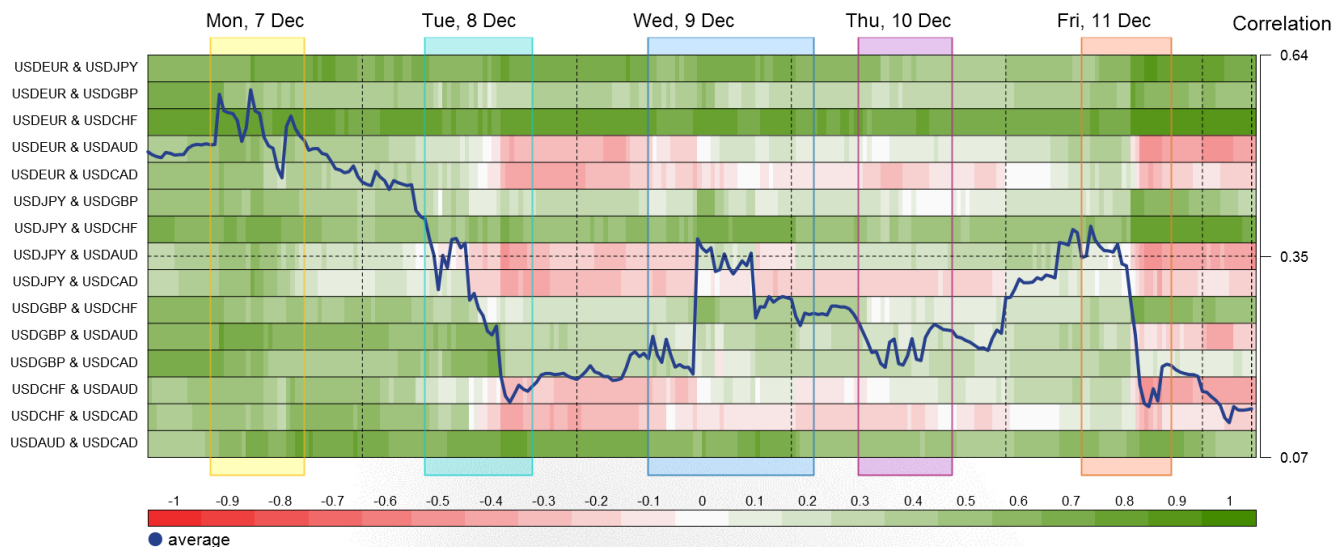
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.42	1.91	1.73	3.29	2.49	1.81	3.92	2.7	5.13	2.58
Min	0.46	0.4	0.22	0.35	0.3	0.15	0.38	0.35	0.46	0.28
Average	1.05	0.93	0.65	1.16	0.94	0.73	1.18	0.98	1.11	0.87



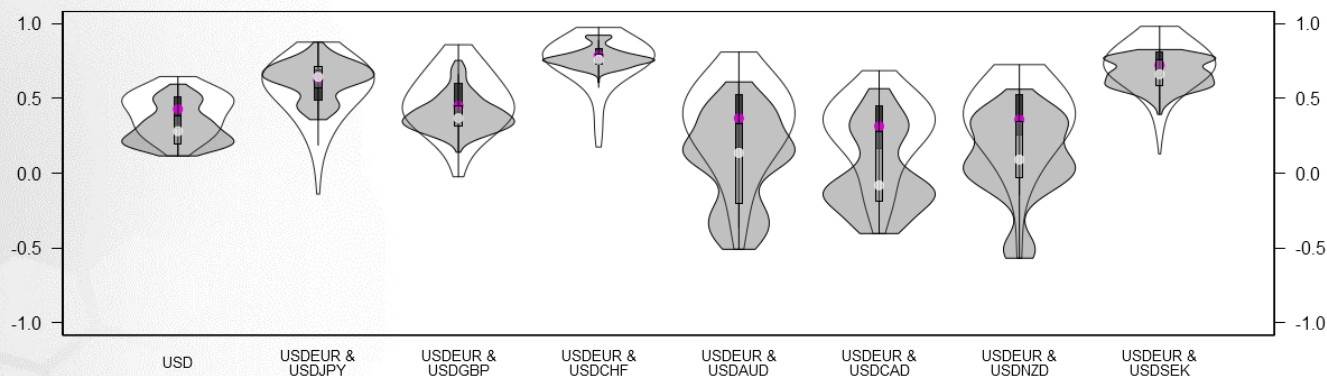
Currency Significance

Correlations



The Greenback's significance measure started the period well above its average level. However, from there the composite showed a downward trend, losing more than 0.35 points by the end of the week. The sharp decline was caused by the weakening of the components with USD/AUD, USD/CAD, and USD/NZD. The lowering of the commodities prices on Tuesday and Friday led to the fall of the components, putting them in the negative area. Their averages, in turn, lost more than 0.25 points. This resulted in a reduction in the average of the dollar's aggregate, and it declined by 0.12 points.

Correlations (5 vs 20 days)



Mean Correlation Coefficient (with USDEUR)

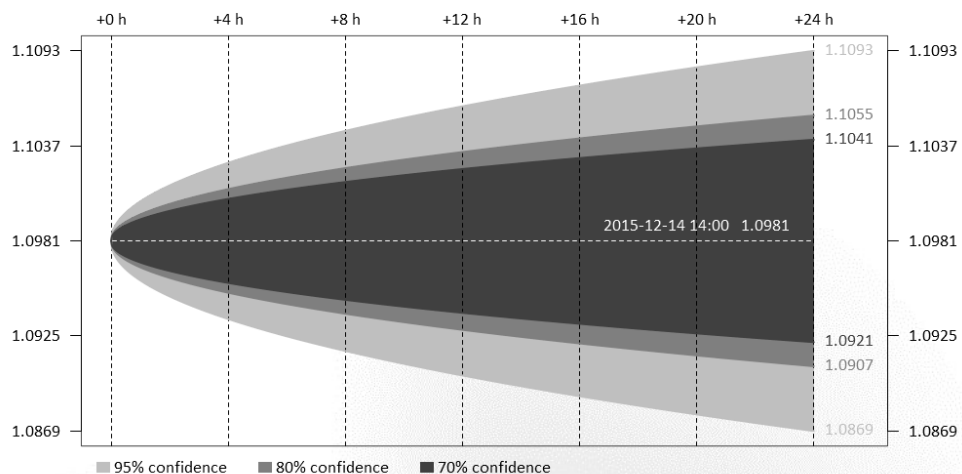
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZN	USDSEK
5	0.31	0.63	0.4	0.77	0.08	0	0.09	0.66
20	0.41	0.57	0.47	0.75	0.32	0.26	0.34	0.72
130	0.38	0.47	0.45	0.73	0.31	0.3	0.33	0.74
250	0.43	0.45	0.53	0.7	0.42	0.38	0.44	0.73

The first notable drop of the dollar's significance measure took place on Tuesday against the background of the Chinese and Japanese economic news. Later the weakening intensified with the downslide of the commodity currencies and a subsequent tumble of the associated components. Thus the measure has lost 0.31 points, and held at the level of 0.16 till the next day. On Wednesday, the composite made an attempt to recover and gained 0.19 points, but returned to the downtrend soon after. The drop of the commodities on Friday caused another sharp lowering of the dollar's measure, eating away 0.26 points and putting it below the 0.15 points line.

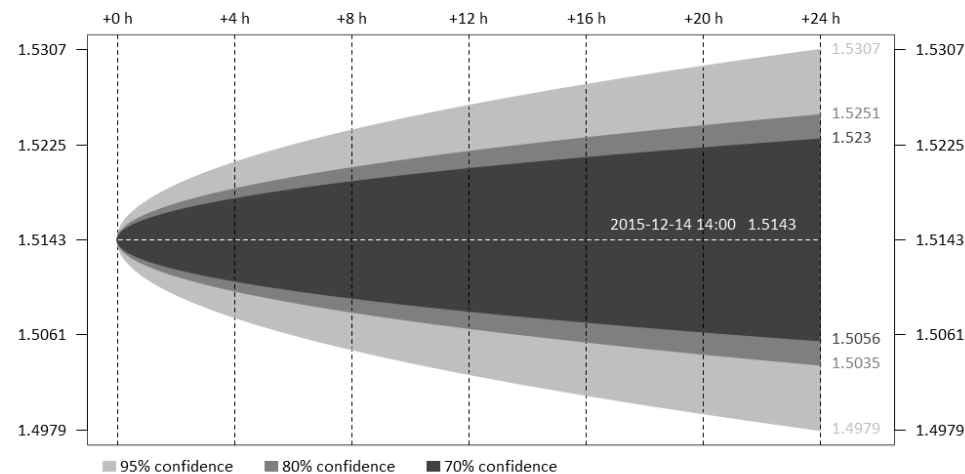
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Confidence Intervals for Next 24 Hours

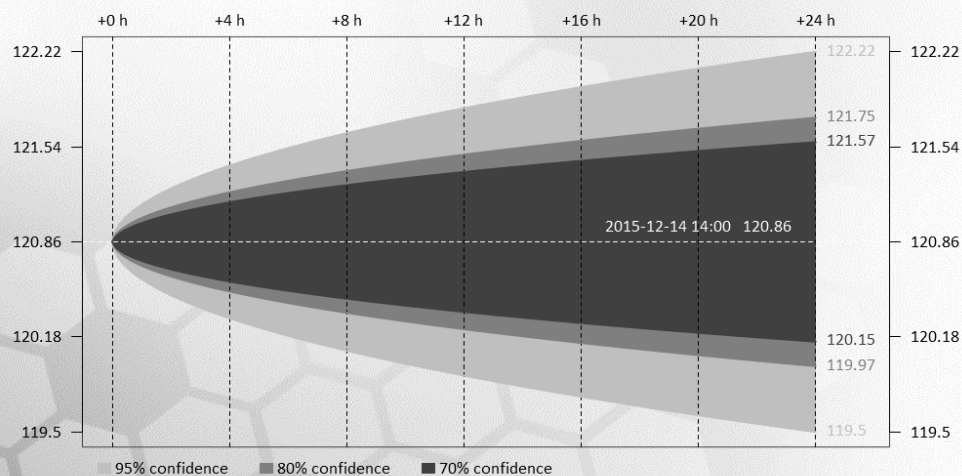
EURUSD Potential Rates



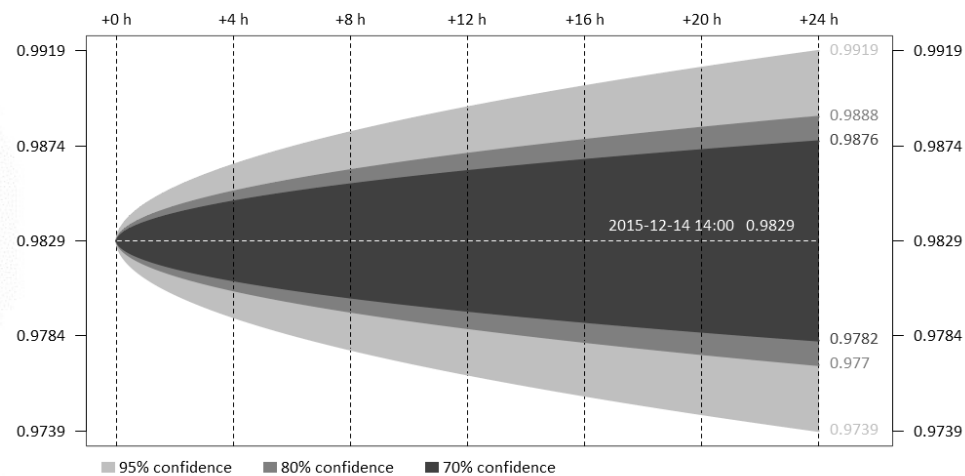
GBPUSD Potential Rates



USDJPY Potential Rates



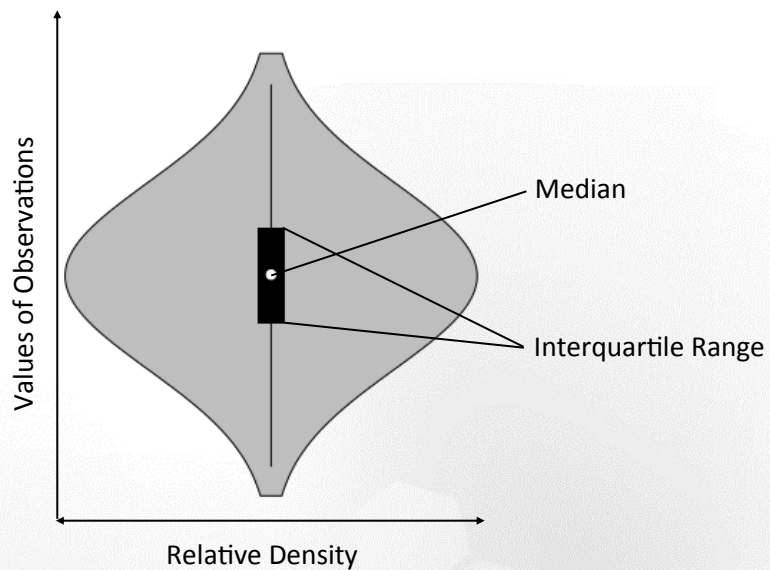
USDCHF Potential Rates



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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