



USD

28/12/2015



DUKASCOPY
RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

December 21

13:00 - 17:00

- *US Chicago Fed National Activity Index*
- *EMU Flash Consumer Confidence*

Turquoise Area

December 22

07:00 - 17:30

- *German Gfk Consumer Confidence Survey*
- *Swiss Trade Balance*
- *Swedish Retail Sales, PPI*
- *UK Public Sector Net Borrowing*
- *US GDP, Housing Price Index*

Blue Area

December 23

12:00 - 16:30

- *US Personal Income, Personal Spending, Personal Consumption Expenditures, Durable Goods Orders*

Purple Area

December 24

12:00 - 18:00

- *US Jobless Claims*

USD Currency Index Change

-0.15%

-0.24%

0.09%

-0.04%

Max USD Volatility Index

1.03

0.81

1.14

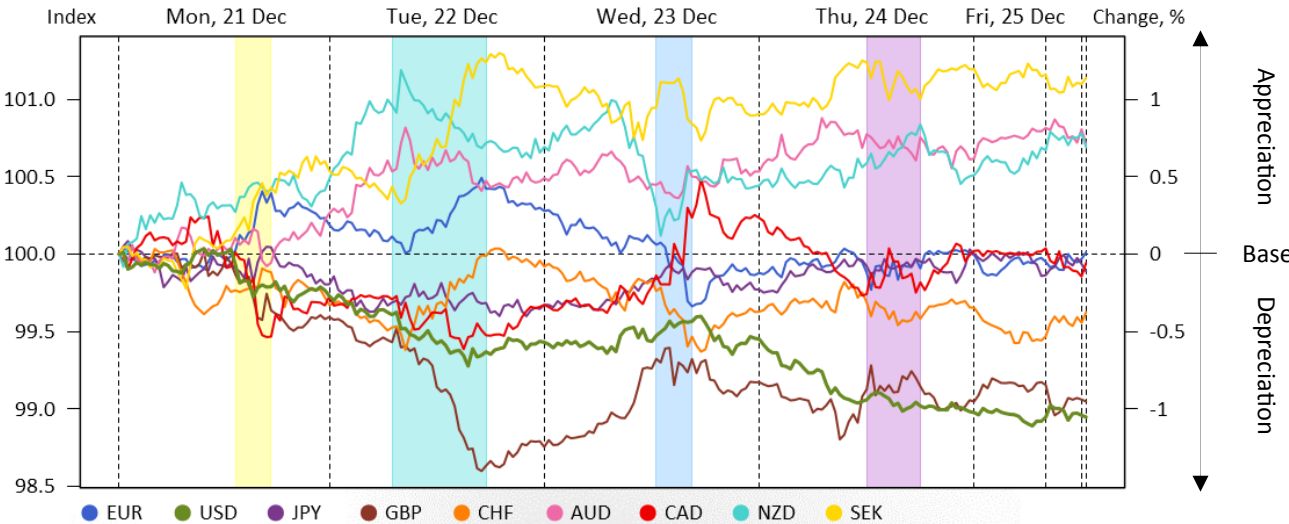
0.96



Relative Currency Strength

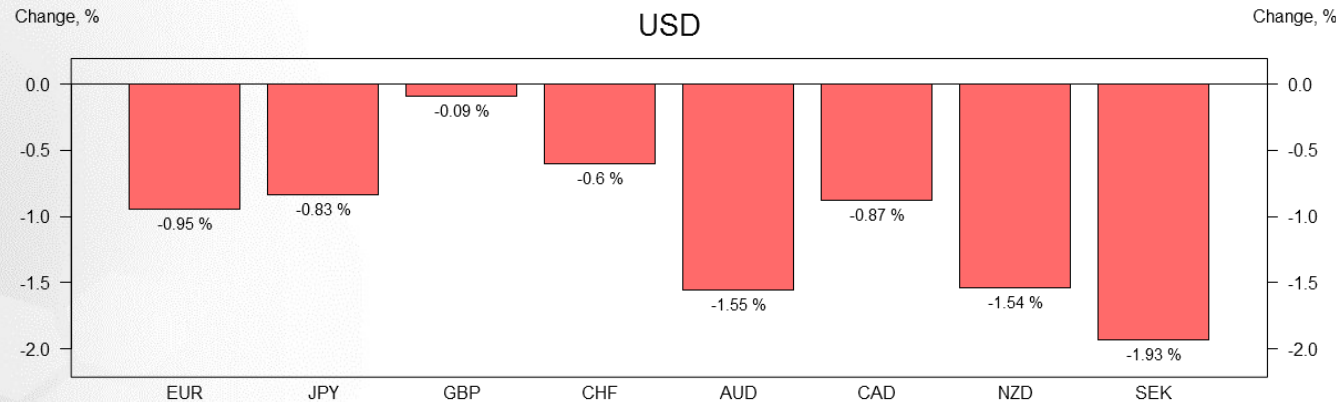
Currency Indexes

The past week was short on trading days, but not on market shockers, and the observed currencies managed to go through some notable ups and downs. The Swedish retail sales pushed the SEK index up on Tuesday, ultimately making it the best performer of the period with a 1.14% increase. Meanwhile, the Pacific currencies retained an upward trend and stably held their leading positions, gaining about 0.70% over the week. The Greenback's gauge, on the other hand, was gradually decreasing through the whole period and ended the week with the worst result, losing 1.05 points. The short week was also hard on the pound, as the unexpectedly high UK public sector net borrowing forced



the GBP Index to fall, costing it 1.40% on Tuesday.

The dollar's index showed an almost unwavering downward trend during the week. It started to decline from the very beginning of the period, falling to 99.8 points ahead of the US Chicago Fed National Activity Index release on Monday. Later, despite the unexpectedly high US GDP and housing price data, the measure continued to fall. On Wednesday, against the background of the US durable goods orders report, the index made a move to recover, but the attempt has failed, and the measure returned to its previous course. The rest of the week was tranquil with the holidays, leaving the USD Index to fall from 99.4 to 98.9 points and finish the period with greatest weekly loss.



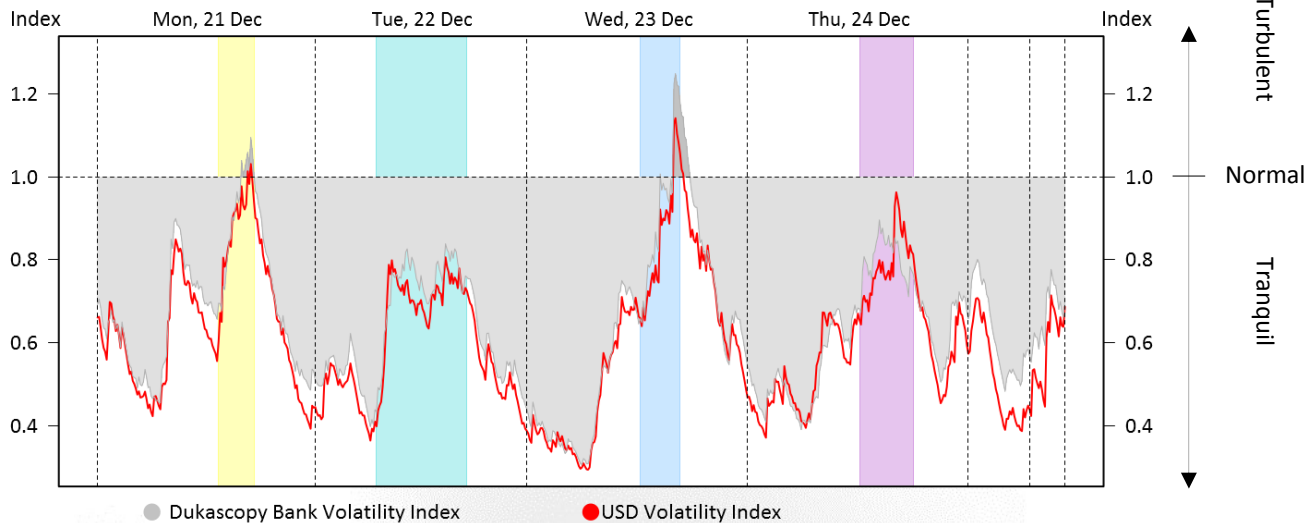
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.01%	-1.05%	-0.11%	-0.95%	-0.38%	0.71%	-0.06%	0.69%	1.14%
20	2.17%	-1.76%	0.38%	-2.63%	2.79%	-0.64%	-6.12%	3.46%	2.62%
130	1.39%	3.5%	5.38%	-2.33%	-2.69%	-3%	-8.62%	5.12%	1.67%
250	-3.96%	7.84%	7.9%	3.07%	7.93%	-4.56%	-11.73%	-6.49%	-0.09%



Volatility

Volatility



Turbulent
Normal
Tranquil

The holiday week saw a notable decline in the trading activity, with the portion of elevated market volatility on an incredibly low level of 3%. Despite the Greenback's movements in the beginning of the week, the USD Volatility Index only managed to exceed the historical average twice and for very brief moments, resulting in reduction of the portion of overturbulence to 1%. Among the USD components, EUR/USD and AUD/USD were the calmest, while GBP/USD, USD/CAD, and USD/SEK demonstrated a somewhat higher degree of activity, pushing their portions of elevated volatility above the 10% mark.

The USD Volatility Index had only two spikes above

the reference line – on Monday and Wednesday. For the first time the index started to rise against the background of the US Chicago Fed National Activity Index, and at the time of the US 3-month and 6-month bill auction reached the 1.03 mark. On Tuesday, the US GDP report failed to push the USD volatility measure above the historical level, and despite the importance of the news the index managed to reach only the 0.80 mark. The next surge of the USD volatility took place on Wednesday. The increase of the USD volatility index started after the US durable goods orders data came out, and a few hours later, by the time of the US new home sales release, the measure hit its moderate maximum of 1.14 points.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
3	1	1	2	16	3	1	19	5	11

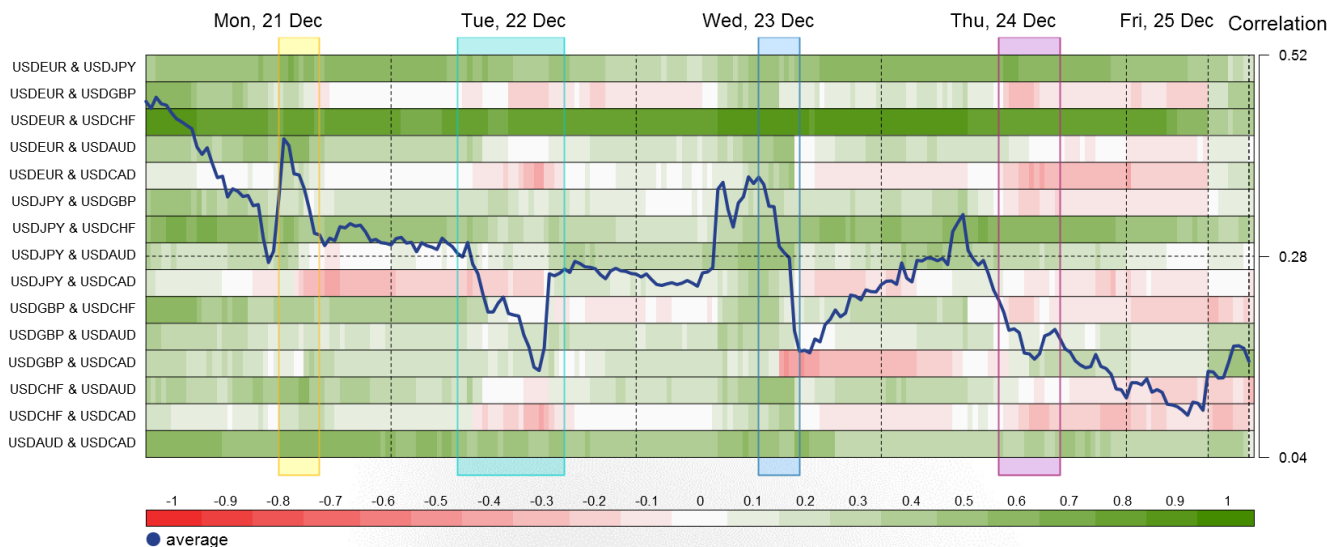
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.25	1.14	1.2	1.22	1.61	1.27	1.05	1.88	2.03	1.31
Min	0.31	0.29	0.16	0.24	0.26	0.21	0.27	0.15	0.24	0.25
Average	0.65	0.61	0.51	0.58	0.69	0.56	0.59	0.69	0.62	0.65



Currency Significance

Correlations

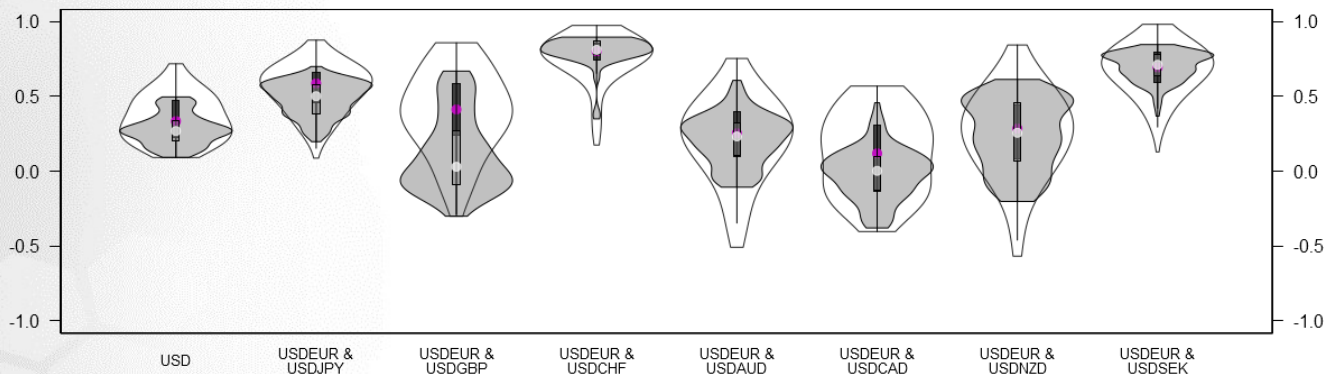


The dollar's significance measure entered the week sliding down from the rate hike fuelled surge, and it proved to set the mood for the short holiday period. Moreover, the uneventful end of the week brought negative values into the dollar's correlations, bringing the composite below the 0.10 points mark at the period's low and leaving its average below the significance threshold. Some major shifts were also observed among the USD/EUR components, where the pair's average correlation with USD/CAD slipped into negative area, and the usually moderately strong bond with USD/GBP produces values close to zero. The only strengthening was observed in

the USD/EUR-USD/CHF component, whose distribution notably thinned its lower tail and average value stood above the long-term readings at 0.80.

The dollar's composite was showing a clear downtrend throughout the week, with only three feeble upticks. The first one took place on Monday, as the Greenback dipped against its peers in the afternoon. Wednesday's peak, in turn, formed against the background of a modest rise of the USD Index, while Thursday's strengthening was a result of the dollar's gradual decline. Aside from these occurrences, the measure spent the week below the significance threshold, becoming the weakest gauge amongst its counterparts.

Correlations (5 vs 20 days)

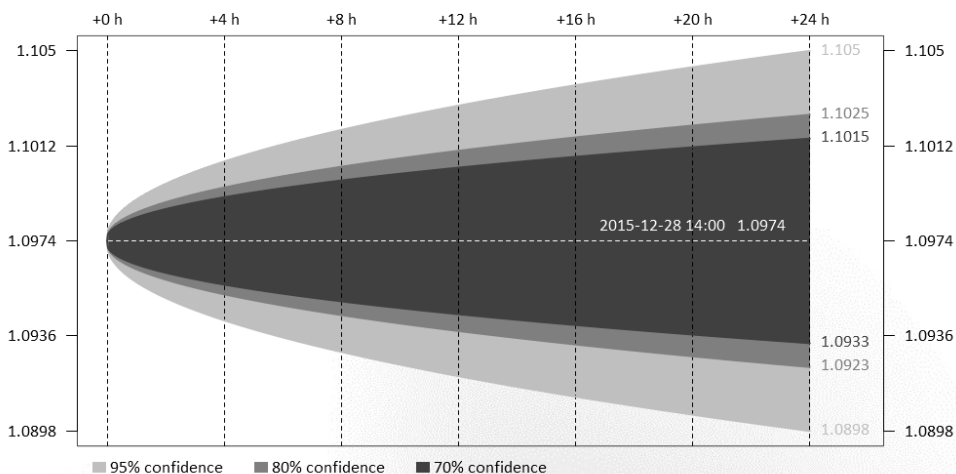


Mean Correlation Coefficient (with USDEUR)

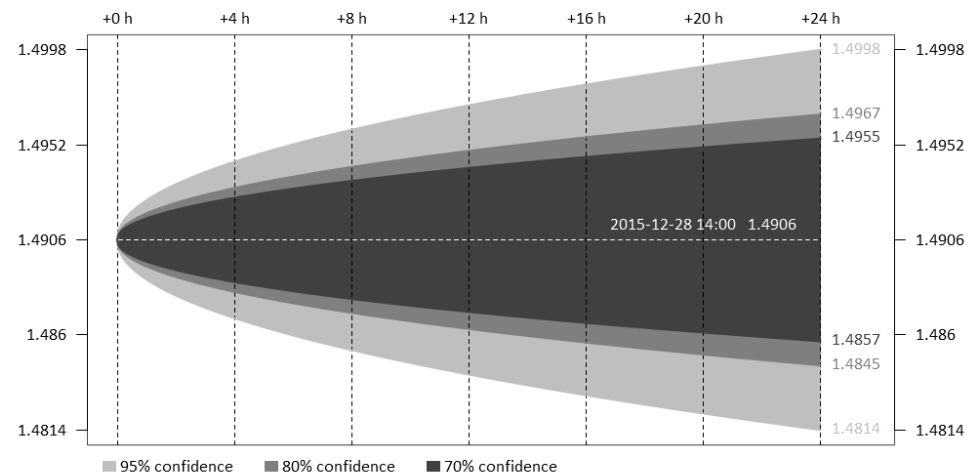
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.28	0.48	0.12	0.8	0.21	-0.02	0.24	0.7
20	0.35	0.55	0.39	0.76	0.22	0.11	0.25	0.68
130	0.38	0.49	0.44	0.74	0.29	0.27	0.31	0.73
250	0.43	0.45	0.52	0.7	0.41	0.37	0.43	0.73

Confidence Intervals for Next 24 Hours

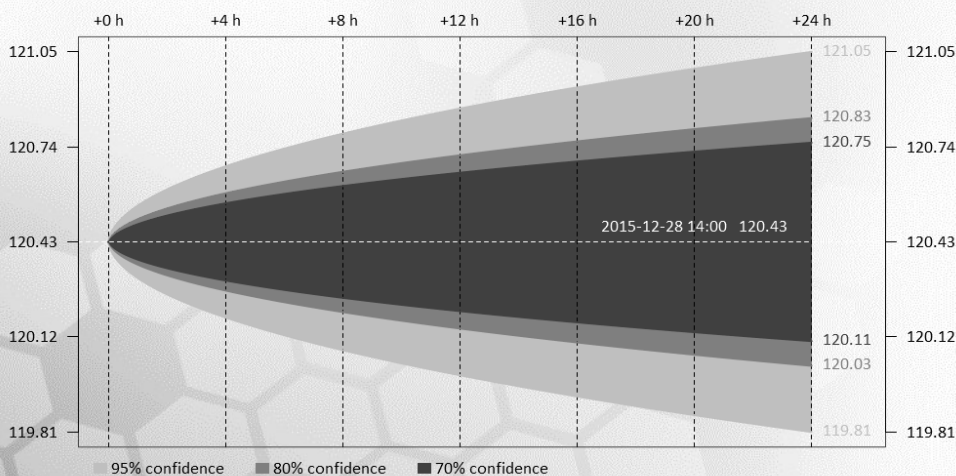
EURUSD Potential Rates



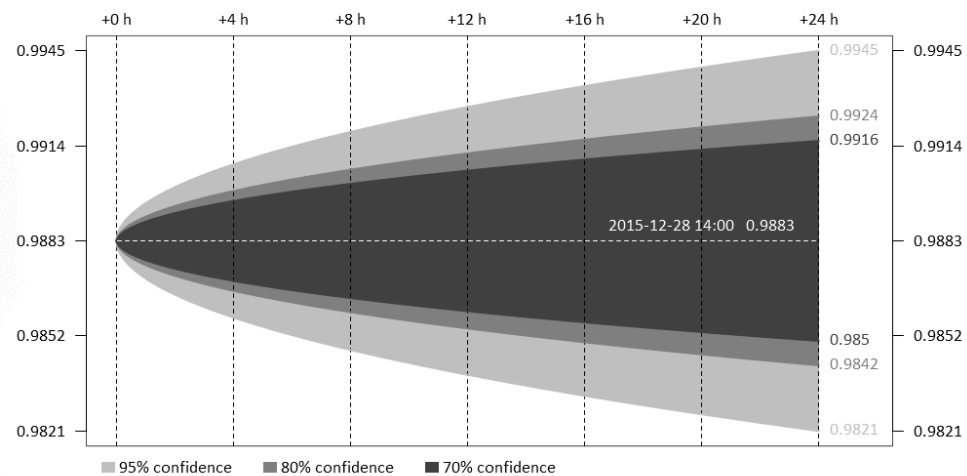
GBPUSD Potential Rates



USDJPY Potential Rates



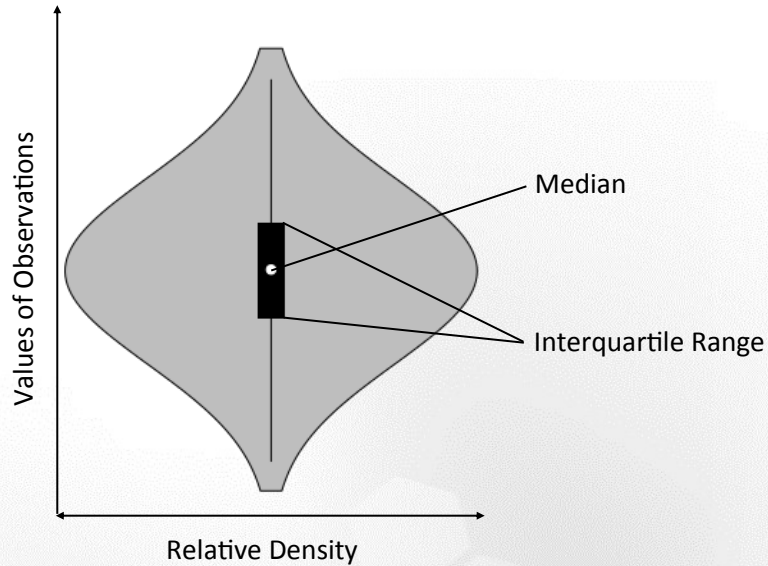
USDCHF Potential Rates



EXPLANATIONS

Violin Plot

Violin Plot is a combination of a Box Plot and rotated Kernel Density Plot



Methodologies

Volatility Index

Confidence Interval



Newest releases and archive:

- Fundamental Analysis
- Technical Analysis
- Press Review
- Market Research
- Expert Commentary
- Dukascopy Sentiment Index
- Trade Pattern Ideas
- Global Stock Market Review
- Commodity Overview
- Economic Research
- Quarterly Report
- Aggregate Technical Indicator

Additional information:

- Dukascopy Group Home Page
- Market News & Research
- FXSpider
- Live Webinars
- Dukascopy TV
- Daily Pivot Point Levels
- Economic Calendar
- Daily Highs/Lows
- SWFX Sentiment Index
- Movers & Shakers FX
- Forex Calculators
- Currency Converter
- Currency Index
- CoT Charts

Social networks:



Disclaimer

Everything in this article, including opinions and figures, is provided for informational purposes only and may not be interpreted as financial advice or solicitation of products. Dukascopy group assume no responsibility for the completeness or the accuracy of any data contained in this article. Financial figures indicated in this article have not been verified by the Dukascopy group. Views, opinions and analyses are those of the author of the article, and are not endorsed by the Dukascopy group.

Dukascopy group waive any and all warranties, express or implied, regarding, but without limitation to, warranties of the merchantability or the fitness for a particular purpose, with respect to all information in this article. Dukascopy group shall under no circumstances be responsible for any direct, indirect, consequential, contingent or any other damages sustained in connection with the use of this article.