



USD

04/01/2016



DUKASCOPY
RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

December 29

12:30 - 16:00

- *US Goods Trade Balance, Redbook Index, S&P/Case-Shiller Home Price Indices, Consumer Confidence*

Turquoise Area

December 30

09:30 - 16:00

- *US Pending Home Sales, EIA Crude Oil Stocks Change*

Blue Area

December 31

14:00 - 20:30

- *US Jobless Claims, Chicago PMI*

USD Currency Index Change

0.13%

0.22%

0.17%

Max USD Volatility Index

1.19

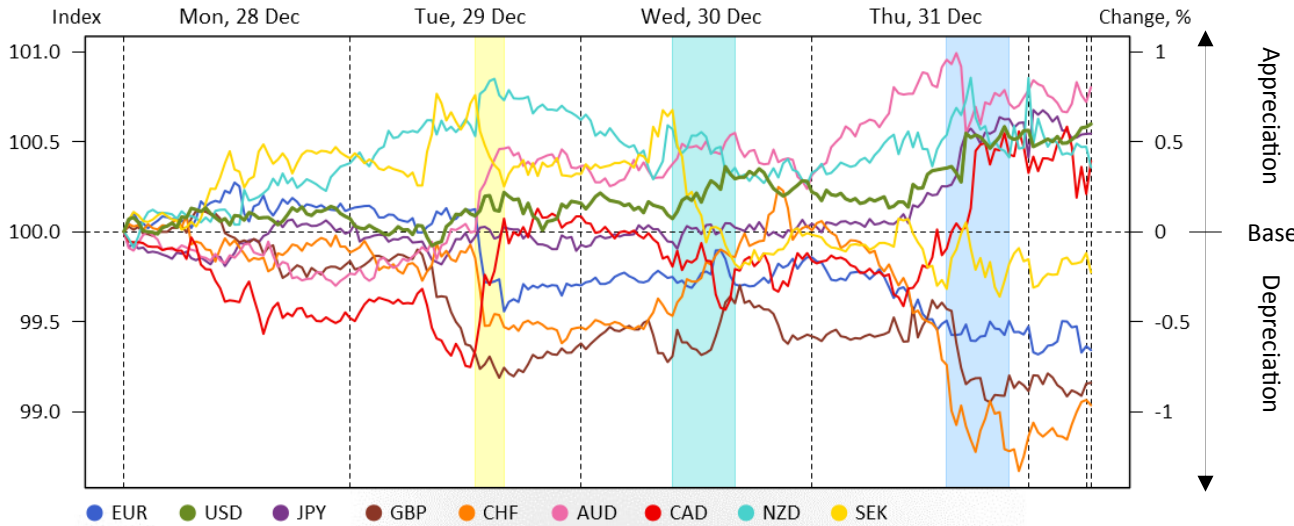
1.21

1.78



Relative Currency Strength

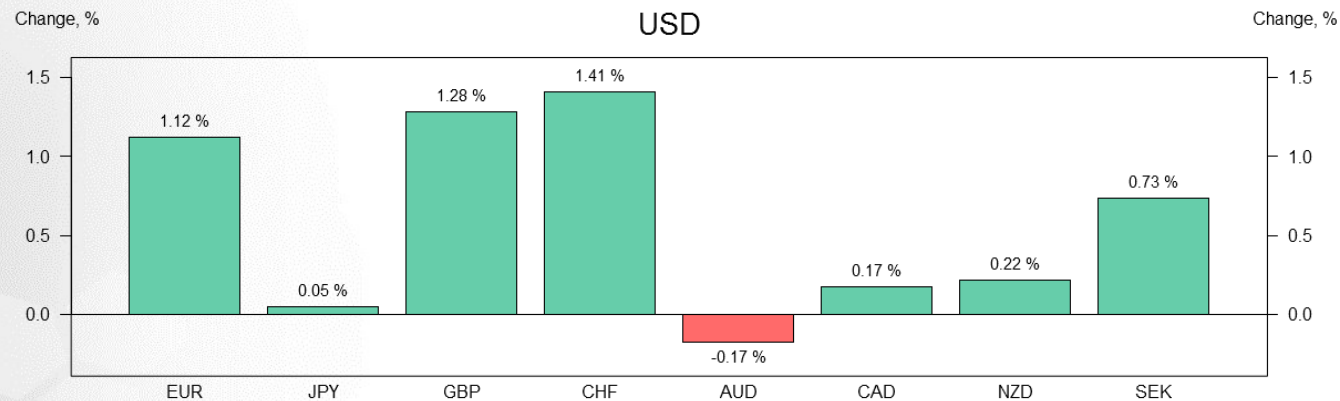
Currency Indexes



Another short week saw little action in the economic calendar, but fairly much activity in the currency rates, with the movements exaggerated by thin pre-holiday volumes. December 29 was the second most active day, with many sharp changes in the currency indexes. Thus, the Loonie's gauge surged with the recovery of oil prices, joined in the direction by its Pacific commodity counterparts. The pound, on the other hand, went through the European session on an across-the-board weakening, pushing the GBP Index below its peers. Other European indexes held steady in the morning, but dipped with the opening of the New York

session. Meanwhile, the yen and the dollar remained largely indifferent to the commotion. The most volatile, in turn, was the last day of the year. It saw major downslides in GBP and CHF Indexes, which became the week's worst performers, and upsurges in the Aussie's, Loonie's, the yen's, and the dollar's measures.

The USD Index showed little movement in the past week, but held firmly above the baseline and with an uptick on Thursday managed to finish the year among the period's best performers. On the long-term basis, the gauge posted the third greatest annual and the fourth greatest semiannual growth.



Currency Index Change

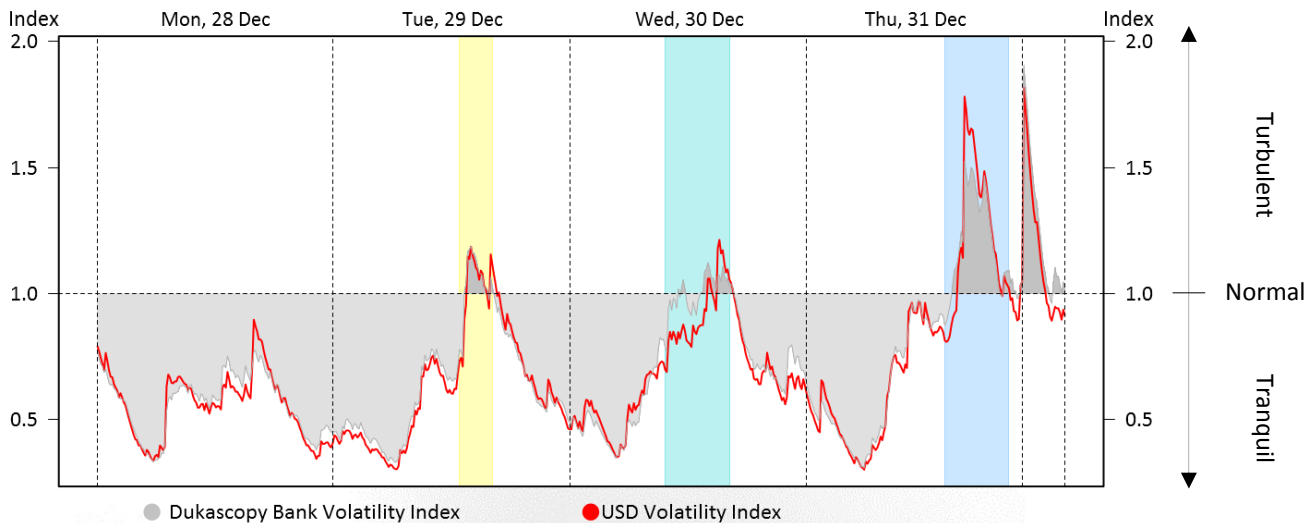
Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.66%	0.6%	0.54%	-0.84%	-0.96%	0.8%	0.39%	0.36%	-0.23%
20	-0.33%	0.39%	2.39%	-2.36%	-0.31%	0%	-3.97%	3.2%	1.01%
130	0.53%	2.7%	4.75%	-3.51%	-3.51%	-0.66%	-7.84%	5.46%	2.9%
250	-4%	7.38%	7.4%	2.91%	7.52%	-4.21%	-10.88%	-6.08%	-0.05%



Volatility

Volatility

The Greenback's volatility has slightly recovered after the Christmas week's calm, and the index spent 13% of time above the historical level. However, despite the increase of the dollar's activity, it became one of the most tranquil currencies compared with the peers. The European currencies, in turn, showed greater turbulence. Thus the portion of the elevated volatility of the krona was 25%, while the pound's and the franc's measures spent 22% above the 1-point level. The only majors that proved to be more tranquil than the Greenback were Asia-Pacific currencies, whose readings ranged from 5% to 10%.



The beginning of the week was extremely calm, as both the dollar's and the aggregate volatility indexes stayed below the historical level on Monday. On Tuesday and Wednesday, the Greenback's measure managed to rise to the 1.20 level after the US consumer confidence and pending home sales came out. Thursday, in turn, saw the dollar surge up, and at the time of the Chicago PMI report its volatility index reached the 1.78 mark. However, the period's highest turbulence levels of both the dollar's and the aggregate measures were reached at the opening of the new year's first Asian session.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	17	13	17	6	26	21	5	24	8	29

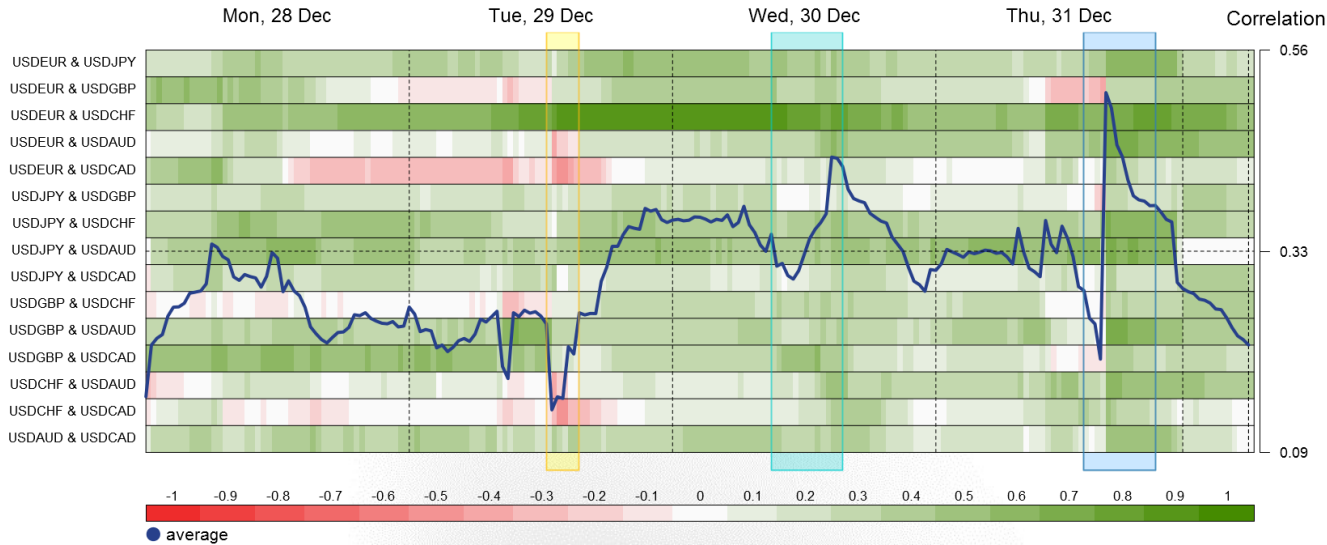
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
Max		1.9	1.82	1.95	2.14	2.05	2.48	2.36	2.17	3.79	2.04
Min		0.31	0.3	0.27	0.25	0.2	0.22	0.27	0.19	0.24	0.22
Average		0.71	0.69	0.7	0.49	0.75	0.77	0.62	0.77	0.65	0.8



Currency Significance

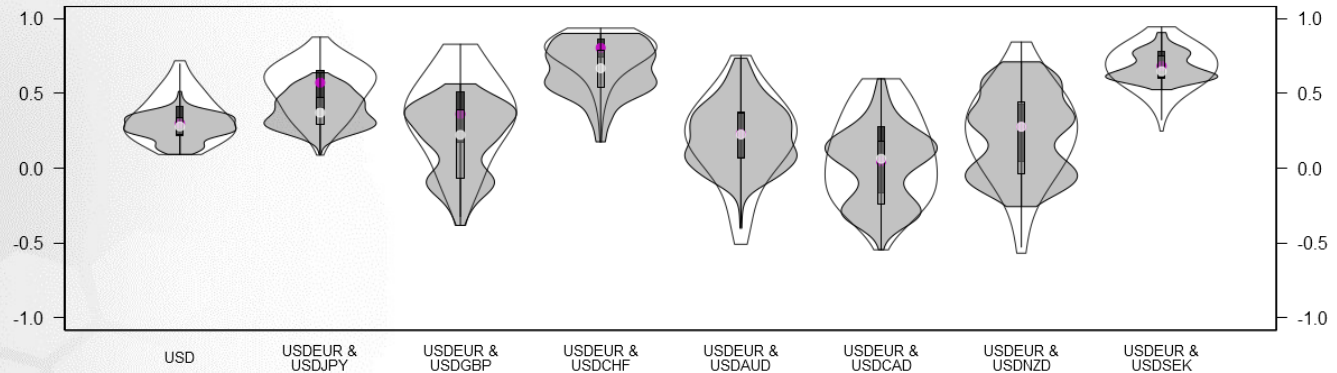
Correlations



The short last trading week of 2015 was marked with weak correlations between the USD instruments. Comparing to the long-term readings the distributions of all the EUR/USD components were notably skewed towards the insignificant zero-level. Thus the Greenback shared the weakest position with the yen, the composite of which did not exceed even the 0.4 level. The Loonie, which strikingly reacted to oil price appreciation, became the main market driving power as its significance measures was varying around relatively high 0.6 points level.

Throughout the week the Greenback's composite was mostly varying around the 0.3 mark, however, there were two greater than 0.4 points spikes. Absence of any influential news in the beginning of the week resulted in feeble composite's level. The first and less conspicuous increase of the gauge took place on Wednesday against the background of disappointing home sales release. However, the currency finished the year with a slight appreciation against its counterparts, so the correlations between its instruments surged and the composite reached its high of 0.51 points.

Correlations (5 vs 20 days)

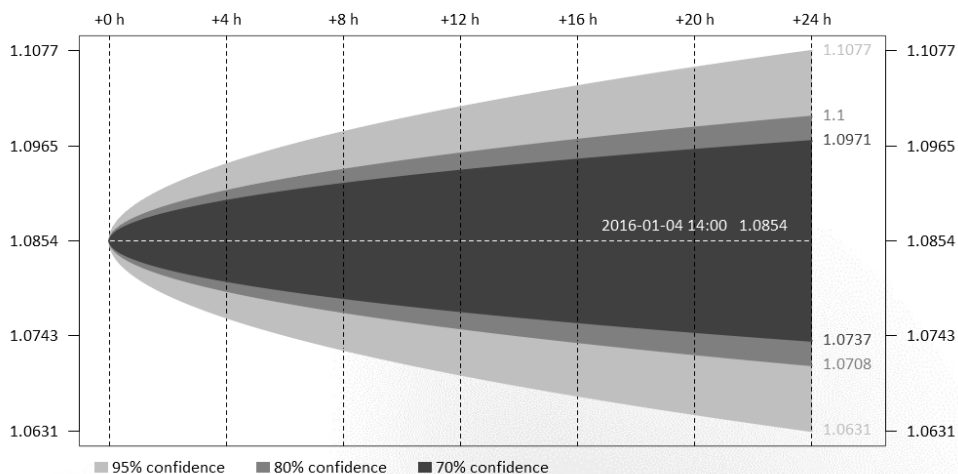


Mean Correlation Coefficient (with USDEUR)

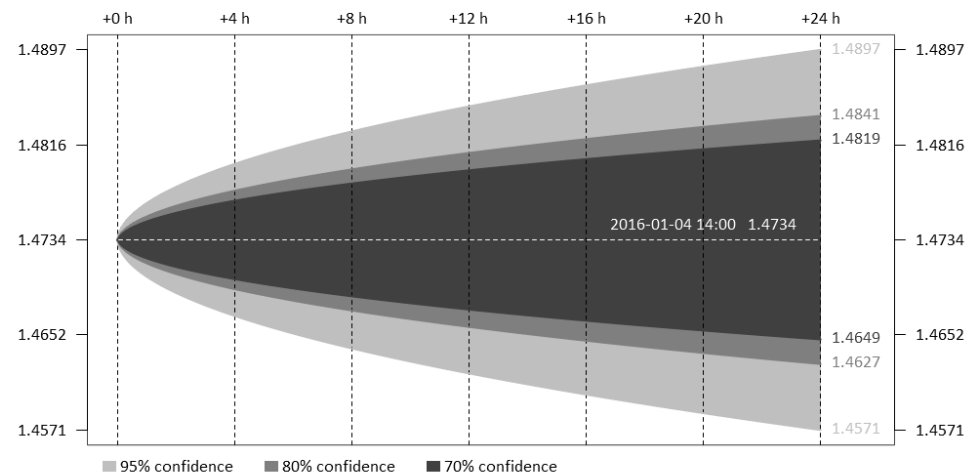
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.27	0.39	0.19	0.66	0.22	0.01	0.23	0.68
20	0.33	0.53	0.34	0.77	0.2	0.07	0.23	0.68
130	0.37	0.5	0.43	0.74	0.28	0.25	0.31	0.73
250	0.43	0.45	0.52	0.7	0.41	0.37	0.43	0.74

Confidence Intervals for Next 24 Hours

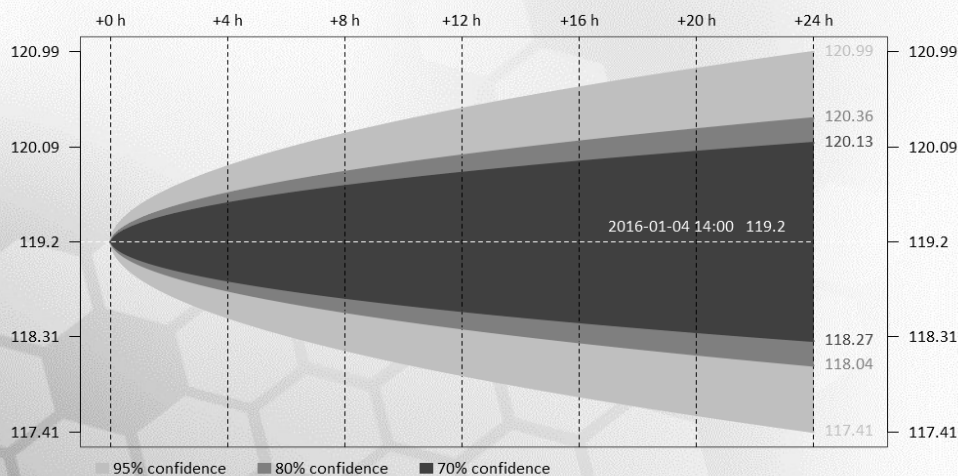
EURUSD Potential Rates



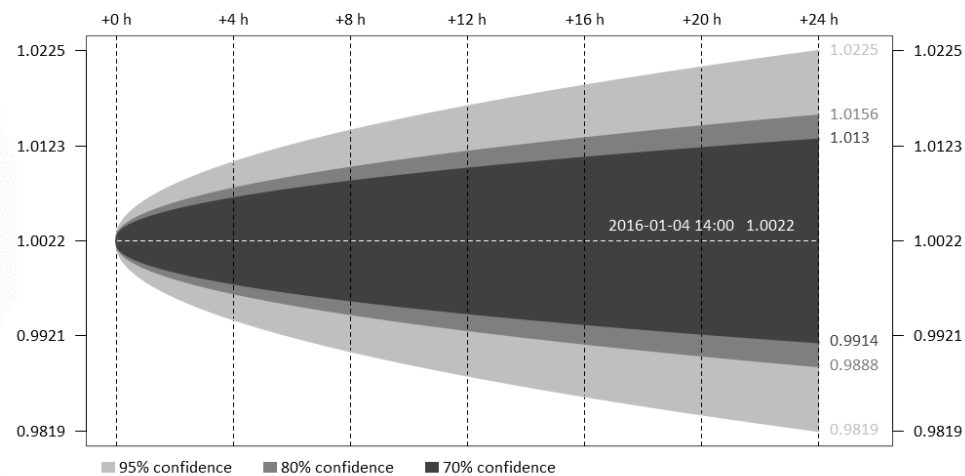
GBPUSD Potential Rates



USDJPY Potential Rates



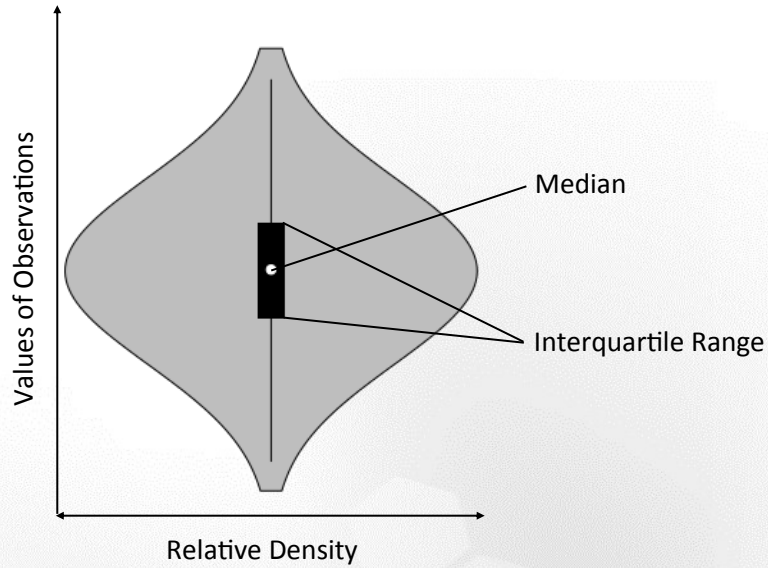
USDCHF Potential Rates



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.