



USD

18/01/2016



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Market Research





Dominant Events of the Period

Yellow Area

January 11

06:30 - 17:00

- Swiss Retail Sales
- Canadian Housing Starts, BoC Business Outlook Survey
- US Labor Market Conditions Index

Turquoise Area

January 12

01:30 - 19:00

- Japanese Eco Watchers Survey
- UK Manufacturing, Industrial Production
- Fed Stanley Fischer Speech
- BoJ Governor Kuroda Speech
- BoE Governor Carney Speech, UK NIESR GDP Estimate

Blue Area

January 13

01:00 - 16:30

- Chinese Trade Balance
- US President Obama Speech
- ECB Non-monetary Policy Meeting, EMU Industrial Production

Purple Area

January 14

07:00 - 16:00

- Chinese FDI
- Swedish CPI
- BoE Interest Rate Decision, Monetary Policy Summary
- ECB Monetary Policy Minutes
- US Jobless Claims
- Canadian New Housing Price Index

Orange Area

January 15

06:00 - 15:00

- US Retail Sales, PPI, Capacity Utilization, Industrial Production, UoM Flash Consumer Sentiment Index

USD Currency Index Change

0.15%

0.15%

0.05%

0.18%

0.06%

Max USD Volatility Index

1.69

1.47

1.71

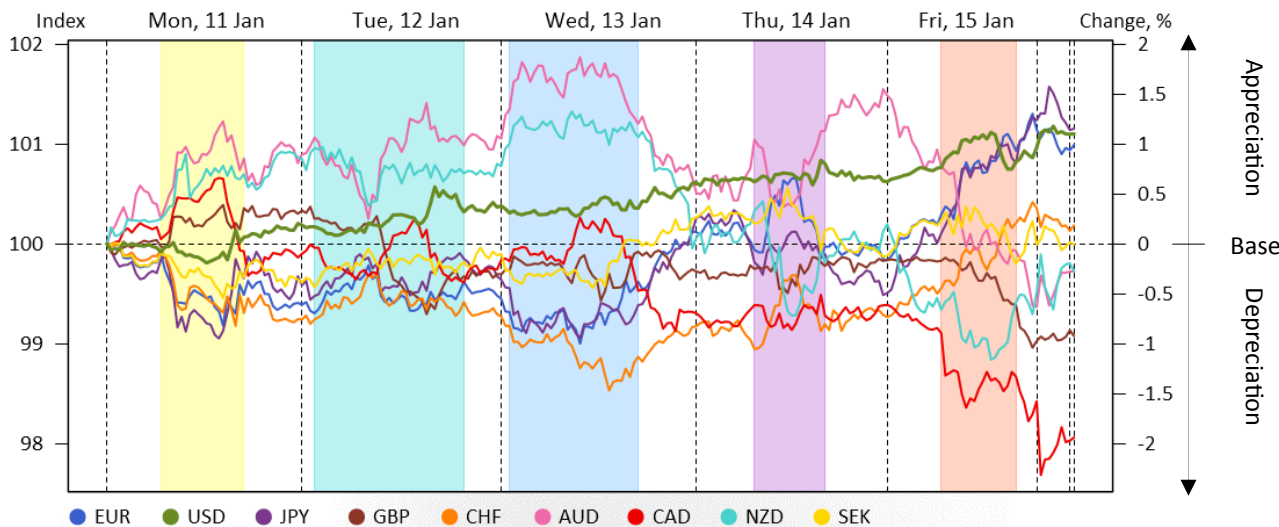
1.85

2.13



Relative Currency Strength

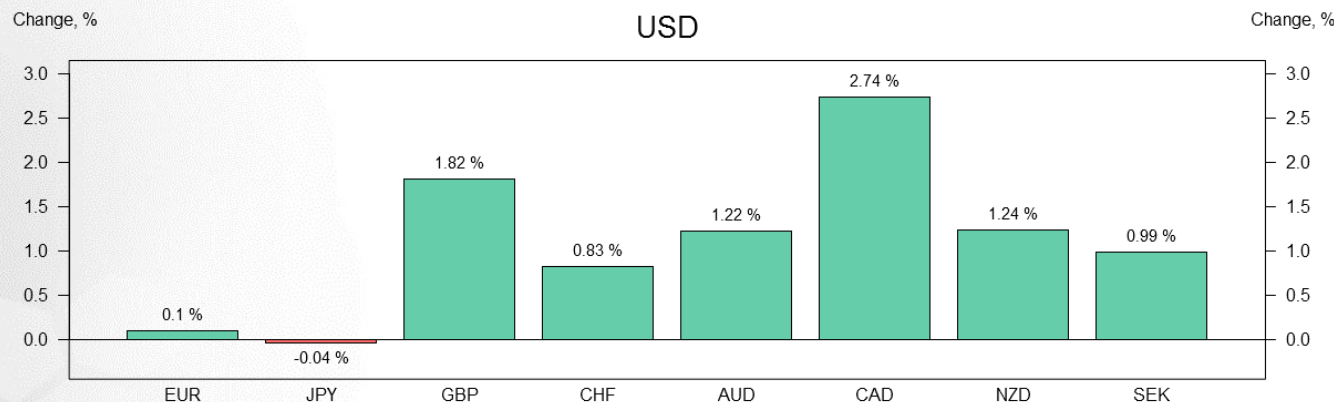
Currency Indexes



During the week the Greenback was one of the most stable currencies as it was steadily appreciating while its counterparts experienced significant ups and downs. Just like during the first January's trading week, the Australian dollar coupled with its regional peer Kiwi posted the most conspicuous rate changes. The currency indexes started the week with a slight recovery after the previous week's 4% loss. However, on Wednesday, coupled with another commodity currency – the Loonie – the indexes slumped by 1%. Less pessimistic than expected Australian employment data made the domestic currency to appreciate on Thursday. Nevertheless, the effect was

short-lived, and another drop of oil prices was followed by even more significant depreciation of the associated currencies. As a result, the Canadian dollar finished the period with the 2% loss. Meanwhile, the safe-haven yen gained 2% in one day and became the best performer of the week.

The week was marked with a clear uptrend for the USD Index. The pattern was associated with the price movements on the commodity and stock markets. The only release, which could affect the Greenback and made it to post minor losses was Friday's retail sales, which came out below expectations. However, the currency finished the week with insignificant loss against the week's leader yen and notable gains against the rest of its counterparts.



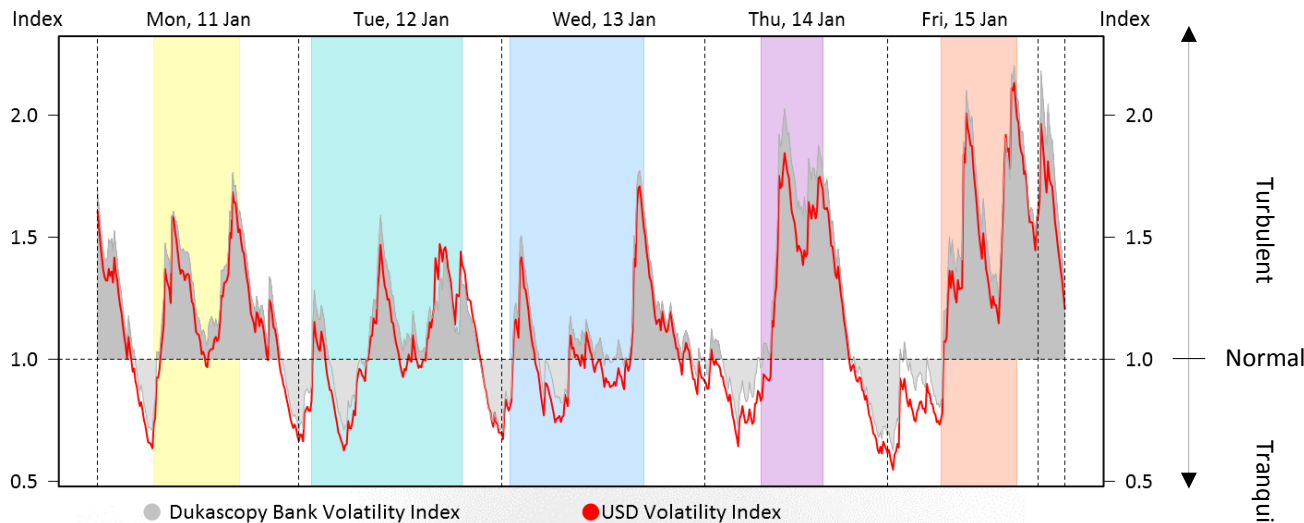
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.99%	1.1%	1.15%	-0.93%	0.18%	-0.28%	-1.94%	-0.28%	0%
20	2.47%	1.26%	6.52%	-3.15%	0.89%	-2.97%	-3.78%	-3.41%	1.25%
130	4.11%	3.02%	9.84%	-5.81%	-1.24%	-5.16%	-9.79%	0.94%	3.97%
250	4.8%	11.13%	11.5%	4.39%	-5.99%	-9.23%	-10.98%	-10.26%	4.66%



Volatility

Volatility



For a second week in a row portion of elevated market volatility reached the extremely high 70% level. However, 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 all its peers. The least stable, in turn, were the Asia-Pacific currencies. The Aussie and the yen kept their volatility indexes above the historical average for 80% of time. Such activity reflected the unstable situation on the commodity and stock markets.

The fact that the dollar did not push its turbulence measure above the market’s gauge points out the fact that market volatility spikes were associated with movements of the Greenback’s counterparts. Some recovery on US stock market as well as reports of another round of intervention in China notably affected both currency groups – those which have strong economic relationships with China and those accepted as safe-haven currencies – ,and managed the DC Volatility index to experience several notable surges on Monday. Market turbulence increased by the end of the week, when the oil prices posted new drops and the volatility measures of the Lonnie and USD/CAD reached the week’s highs of 3.76 and 4.62, respectively.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
70	57	48	78	56	43	77	57	55	35

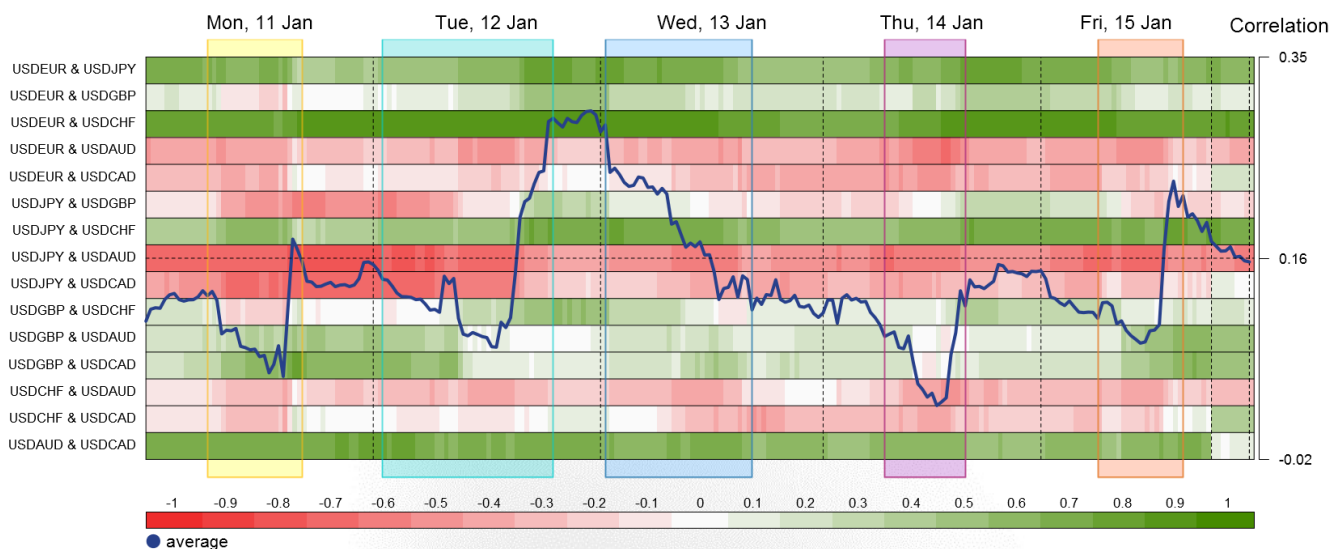
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.21	2.13	3.02	3.3	2.53	2.51	2.48	4.62	2.38	2.32
Min	0.62	0.55	0.42	0.49	0.32	0.36	0.65	0.37	0.49	0.34
Average	1.2	1.13	1.09	1.3	1.1	1.03	1.25	1.22	1.13	0.91



Currency Significance

Correlations

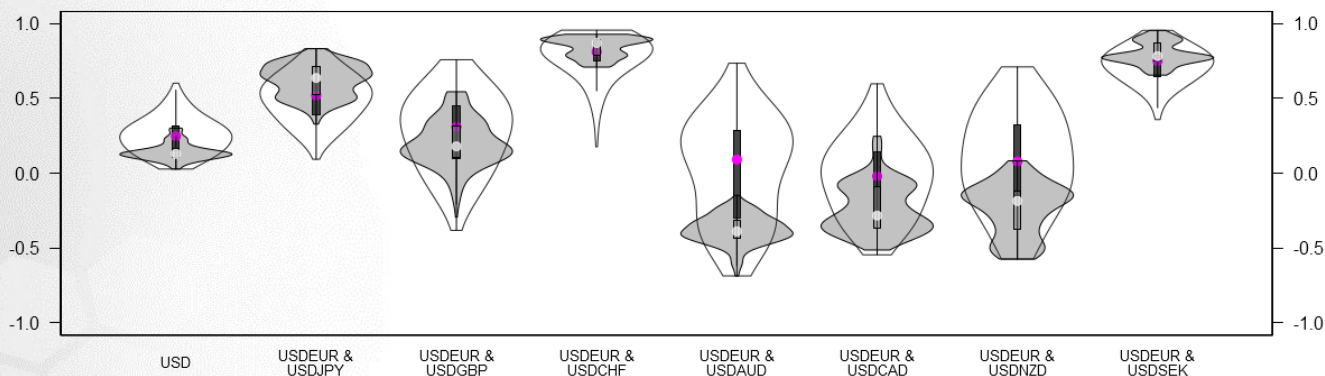


Absence of the influential news releases on the US dollar as well as the overall economic situation on commodity and stock markets was reflected in extremely low USD composite's values. The notable weakening of the bonds between commodity currencies and safe-haven currencies was observed. Thus USD/EUR correlations with USD/AUD, USD/CAD and USD/ NZD held in negative area and averages of these components lost about 0.5 points compared with the long-term values. As a result, the average value of

the composite has been cut almost in half compared to the monthly value.

The past week was tranquil for the US dollar significant measure as it did not exceed the 0.3 level and did not drop below the 0 level. The moderate surges of the gauge were observed against the background of oil price movements as well as the reports on unstable Chinese economic situation. However, they cannot be associated with the USD significance increase as they reflected coincidence among the commodity currencies or safe-haven currencies groups.

Correlations (5 vs 20 days)

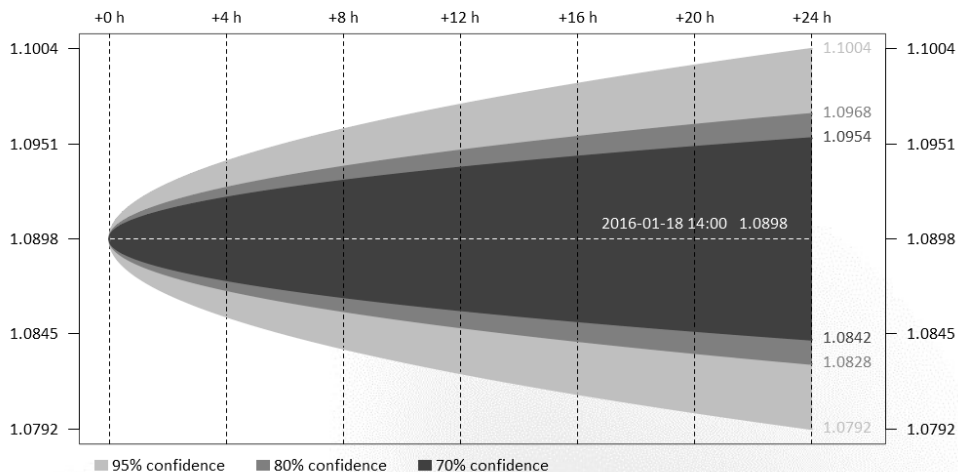


Mean Correlation Coefficient (with USDEUR)

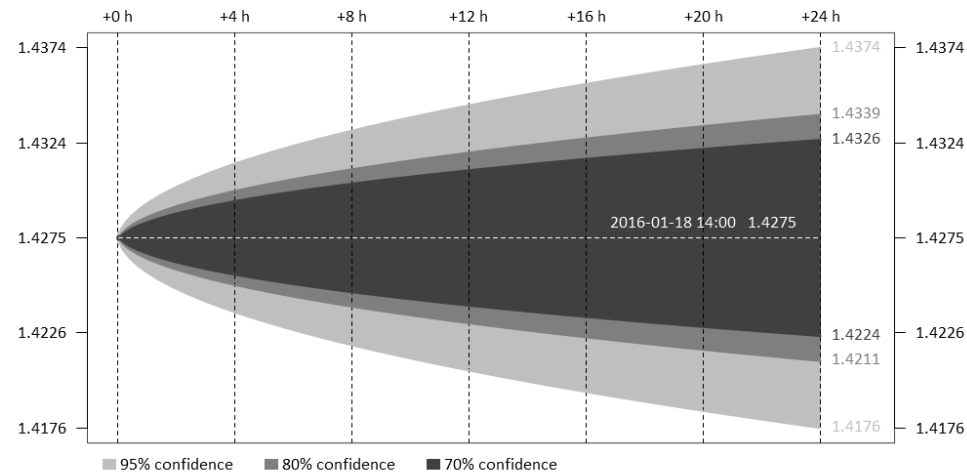
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.14	0.62	0.2	0.84	-0.38	-0.24	-0.24	0.8
20	0.25	0.51	0.27	0.79	0.01	-0.03	0.07	0.73
130	0.36	0.53	0.42	0.75	0.22	0.21	0.26	0.73
250	0.42	0.46	0.51	0.7	0.38	0.35	0.4	0.75

Confidence Intervals for Next 24 Hours

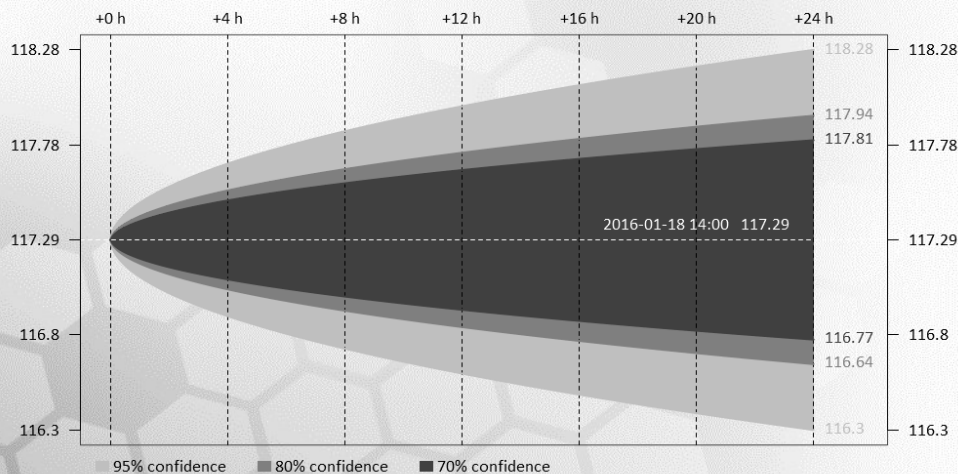
EURUSD Potential Rates



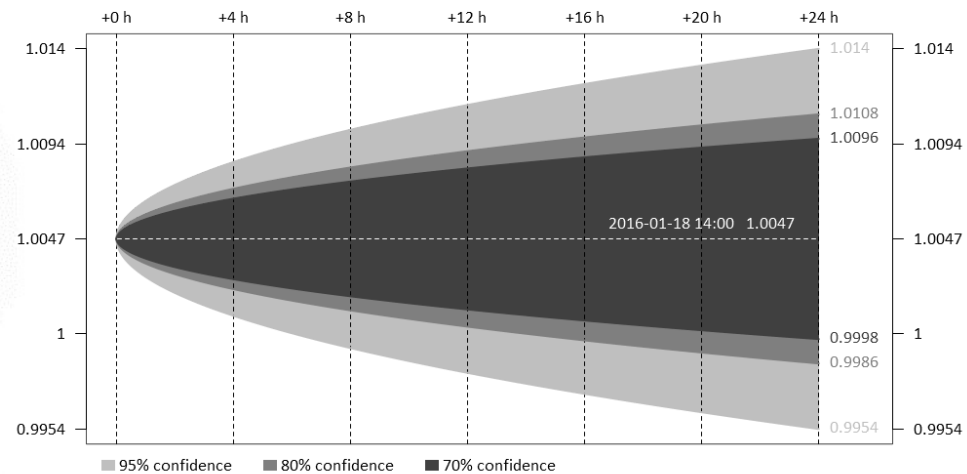
GBPUSD Potential Rates



USDJPY Potential Rates



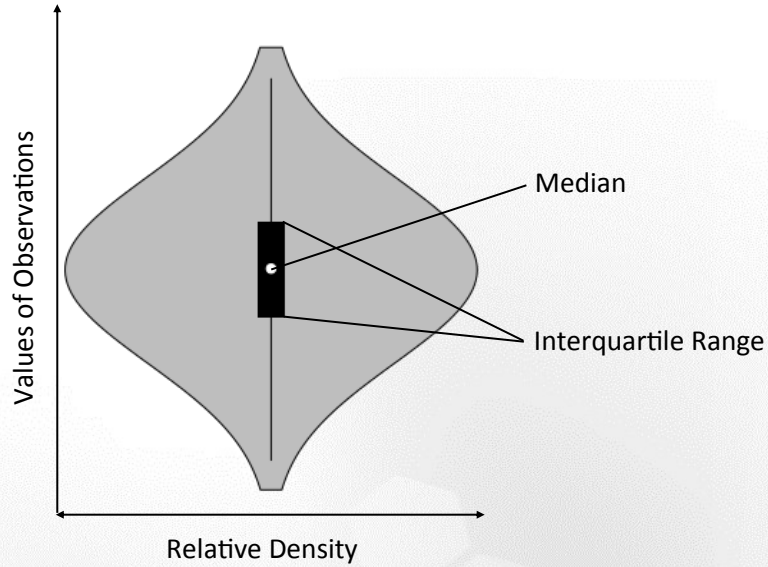
USDCHF Potential Rates



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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