



15/02/2016



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Market Research



Dominant Events of the Period

Monday, February 15, 2016
14:30 GMT

Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
February 8	February 9	February 10	February 11	February 12
09:00 - 17:00	07:00 - 16:00	07:30 - 17:30	07:30 - 16:00	06:30 - 16:30
<ul style="list-style-type: none"> Canadian Building Permits Euro zone Sentix Investor Confidence 	<ul style="list-style-type: none"> German Industrial Production and Trade Balance French Government Budget Balance UK Trade Balance US JOLTS Job Openings 	<ul style="list-style-type: none"> French and Italian Industrial Production UK Manufacturing Production UK NIESR GDP Estimate Fed Chair Yellen Testifies (Day 1) US Federal Budget Balance 	<ul style="list-style-type: none"> US Unemployment Claims Fed Chair Yellen Testifies (Day 2) 	<ul style="list-style-type: none"> German Prelim GDP Euro zone Flash GDP ECOFIN Meetings US Retail Sales and Prelim Reuters/UoM Consumer Sentiment FOMC Member Dudley Speaks

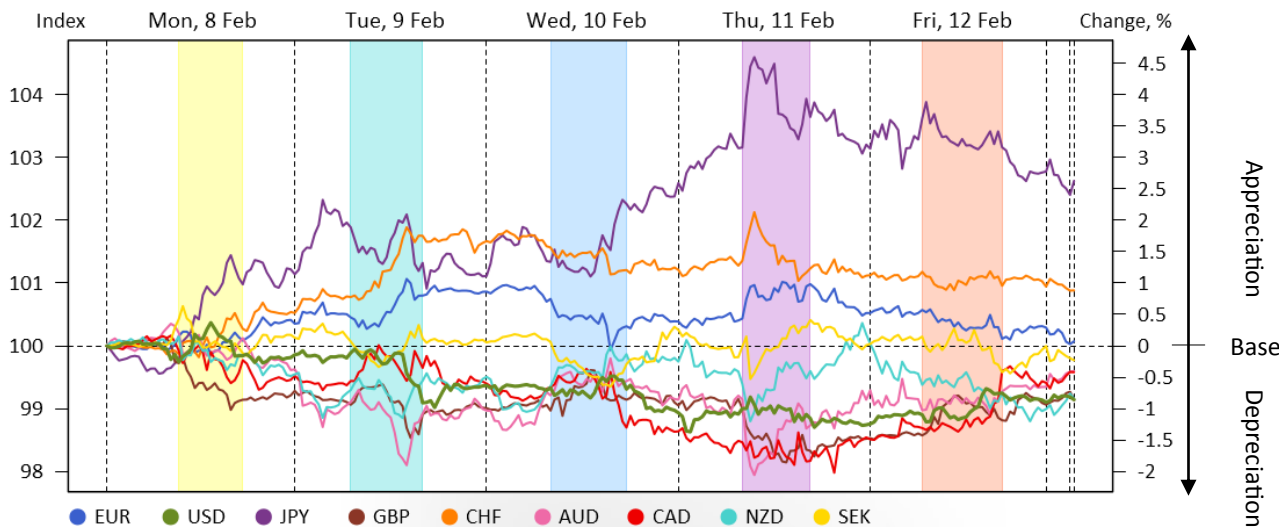
USD Currency Index Change	0.1%	-0.8%	-0.02%	-0.16%	0.34%
Max USD Volatility Index	1.77	1.99	1.71	2.32	1.34



Relative Currency Strength

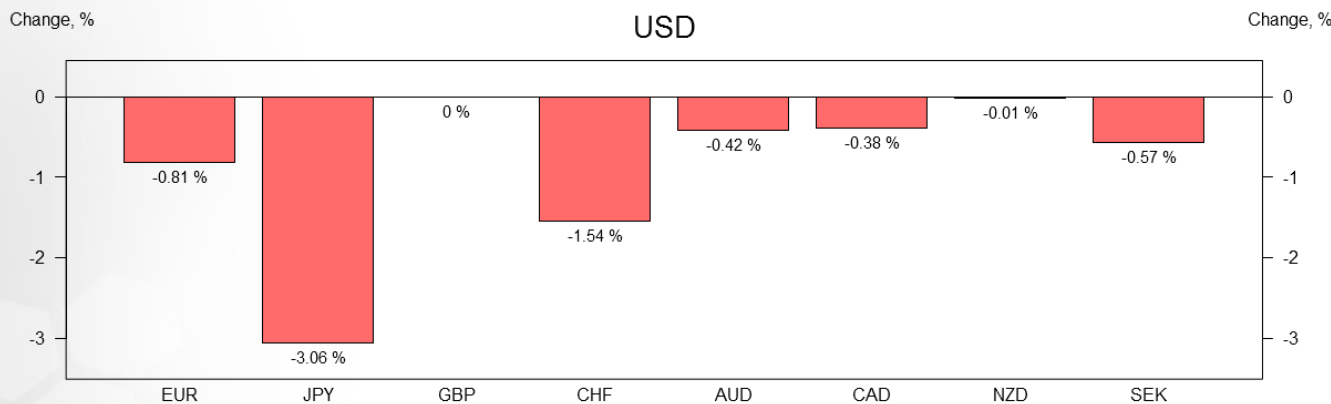
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Currency Indexes



For the second week in a row the yen confidently maintained the leading position, ending the period well ahead of its peers. The yen's strengthening started at the very beginning of February as a recovery from a plunge following the BoJ unexpected interest rate cut. This time the JPY Index was further supported by an upsurge of interest towards safe-haven currency, and posted a solid 2.6% increase. The franc and the Euro followed their safe-haven peer, but at a much more moderate pace and finished the period notably closer to the baseline. For other observed currencies the period was not successful, and they ended the week at the negative area.

The Greenback fell into the negative area in the very beginning of the period, right after the disappointing US labor market conditions index came out, and spent the rest of the week below the baseline. On Wednesday, the dollar's index made an attempt to recover. Against the background of Janet Yellen's testimony before the Congress, the index has gained 0.35 points and reached the 99.52 mark. However, the recovery did not last long, and on Thursday morning the measure fell to the week's low of 98.63. The unexpectedly high US retail control and retail sales data reports on Friday caused a slight increase of the dollar, but not one strong enough to push the index above the baseline, and the gauge ended the period with the second worst result.



Currency Index Change

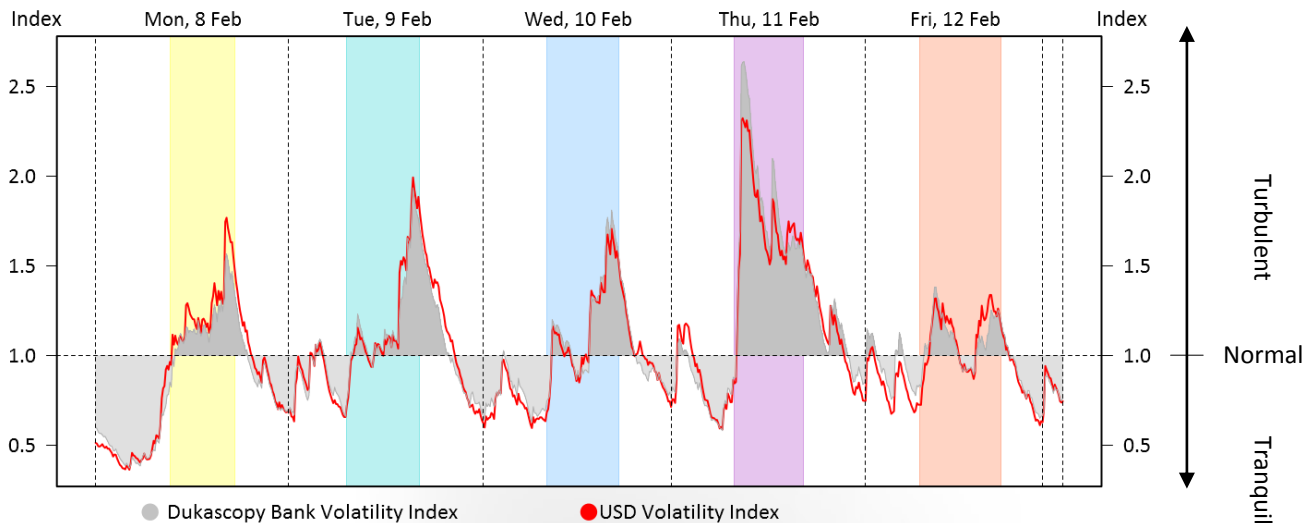
Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.07%	-0.86%	2.63%	-0.87%	0.88%	-0.4%	-0.42%	-0.85%	-0.23%
20	0.49%	-2.73%	0.53%	-1.05%	0.05%	0.76%	2.96%	0.08%	-0.58%
130	1.82%	0.36%	11.03%	-7.55%	0.3%	-3.4%	-5.54%	2.1%	1.44%
250	3.16%	4.96%	9.84%	-1.96%	-0.52%	-5%	-6.93%	-8.2%	4.64%



Volatility

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Volatility



After two relatively tranquil weeks, when the volatility indexes peeked above the reference line on only three out of five trading days, activity on the market picked up. Though occurring mostly in late afternoon and thus still deviating from the usual pattern of increased turbulence all throughout the European and North American sessions, higher-than-historical volatility values made up around 50% of observations for the major currencies, peaking at 63% for the yen. The most tranquil currencies were the Loonie and the Kiwi, both posting the readings of 37%, which were still more than 15% higher than previous. Maxima-wise,

the most notable result was shown by the Swedish krona, whose turbulence measure jumped to 4.9 with the Riksbank's decision to put rates deeper into the negative territory.

The dollar's volatility index spent the first two days of week largely above the market composite, reacting to the currency's zigzagging on Monday and a tumble on Tuesday. Afterwards, however, the measure kept below average, being governed mostly by the movements of the dollar's peers. In terms of the overturbulence portion and the average level of volatility the Greenback was in line with the market, proving itself as neither overwhelmingly stable, nor particularly volatile.

Elevated Volatility (% of the observed period)

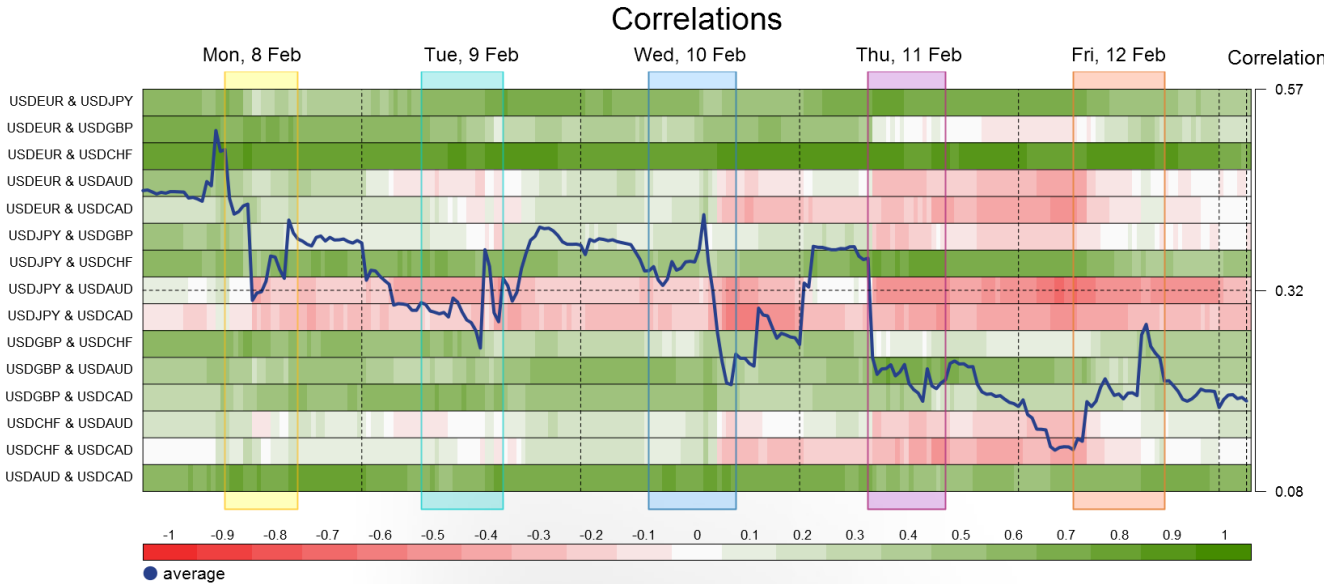
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
	47	50	63	46	52	53	33	34	54

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.64	2.32	2.4	3.32	2.41	2.78	2.55	2.13	2.46	5.63
Min	0.38	0.37	0.35	0.34	0.23	0.32	0.46	0.23	0.33	0.36
Average	1.03	1.03	1.07	1.21	0.96	1.08	1.04	0.85	0.94	1.1



Currency Significance

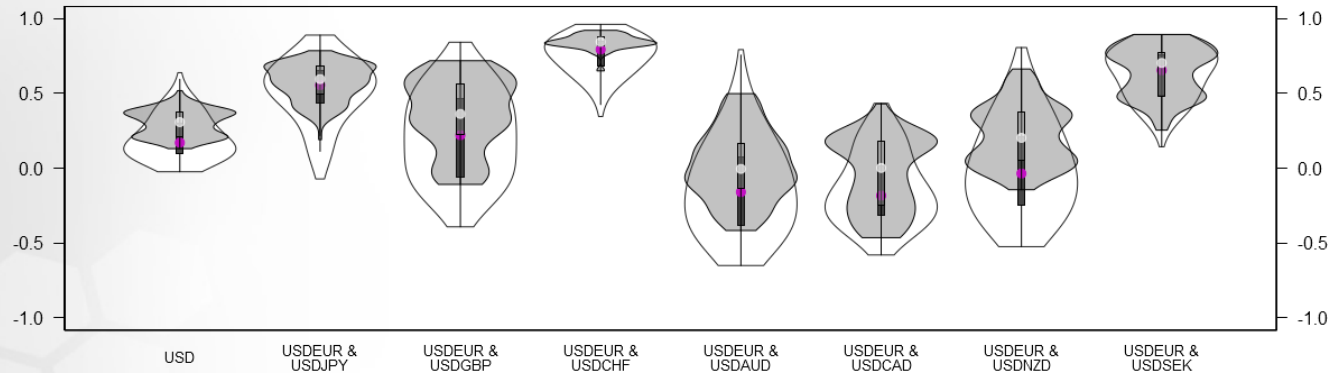


The average of the dollar's correlation composite was unchanged from the previous week's somewhat recovered readings, but the bonds between the pairs containing the safe-haven and the commodity currencies turned back to posting strongly negative values. Correlation between USD/EUR and USD/CHF, on the other hand, notably strengthened, adding 0.09 points to the average and pushing the distribution tightly to the upper limit. All in all, after spiking on Friday, February 5, the dollar's composite spent the first part of the week among its averagely performing

counterparts, but, as the pull of the turmoil between the safe-haven and the commodity currencies bought it back below the significance level, it returned to being the weakest of the observed gauges.

The composite spent the whole period on a downtrend, with a number of abrupt dips corresponding to sharp movements of the Greenback's peers and peaks of the measure's counterparts. The week's most notable performers in this respect were the yen and the Aussie, whose gauges dominated the others, and the Euro and krona, whose movements on Wednesday and Thursday made significant contributions to the fall of the dollar's gauge.

Correlations (5 vs 20 days)



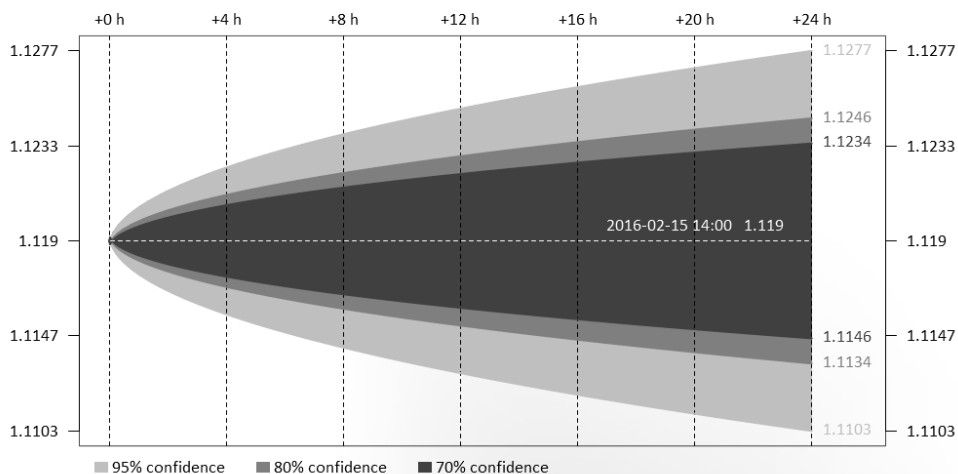
Mean Correlation Coefficient (with USDEUR)

Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.3	0.57	0.36	0.84	0.02	-0.03	0.22	0.64
20	0.2	0.52	0.21	0.76	-0.13	-0.14	0	0.63
130	0.31	0.52	0.36	0.75	0.11	0.1	0.17	0.71
250	0.41	0.48	0.48	0.73	0.34	0.31	0.37	0.74

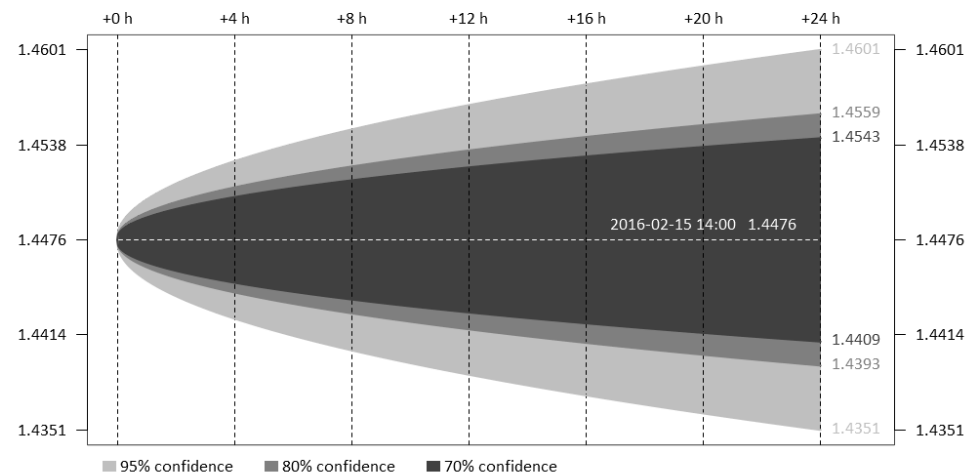
Confidence Intervals for Next 24 Hours

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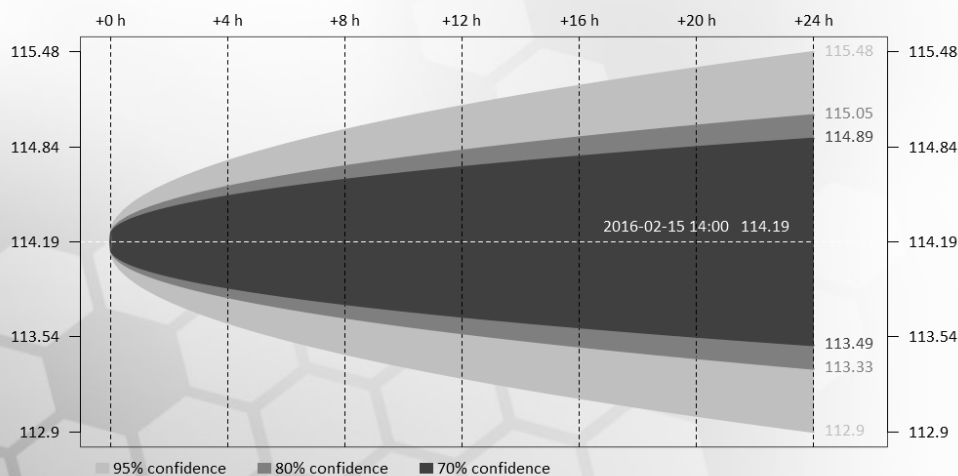
EURUSD Potential Rates



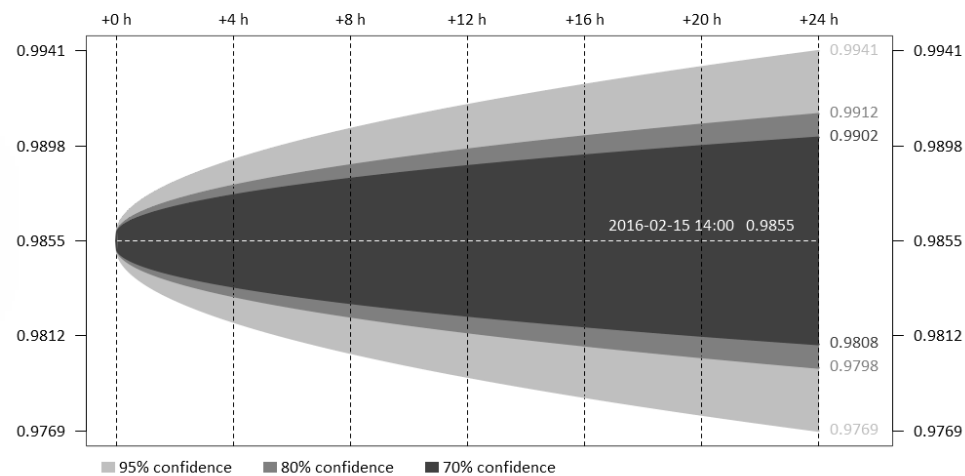
GBPUSD Potential Rates



USDJPY Potential Rates



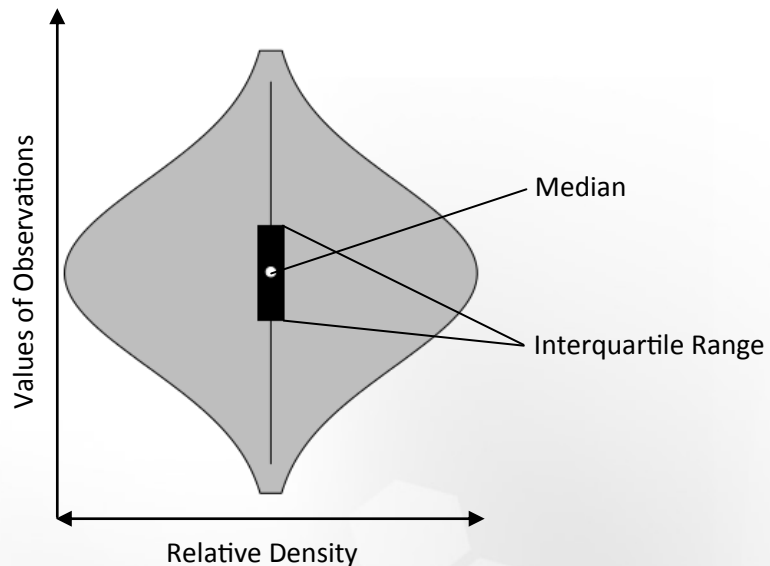
USDCHF Potential Rates



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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