



**USD**

07/03/2016



**DUKASCOPY**  
RESEARCH PRODUCTS



**Market Research**





# Dominant Events of the Period

Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
February 29	March 1	March 2	March 3	March 4
08:00 - 16:30	07:00 - 16:30	00:00 - 16:00	14:00 - 18:30	12:30 - 16:30
<ul style="list-style-type: none"> <li>Swiss KOF Leading Indicator</li> <li>UK Consumer Credit, Mortgage Approvals</li> <li>EMU Preliminary CPI</li> <li>Canadian Current Account</li> <li>US Chicago PMI, Pending Home Sales</li> </ul>	<ul style="list-style-type: none"> <li>German, EMU Unemployment Rate, Markit Manufacturing PMI</li> <li>UK Markit Manufacturing PMI</li> <li>Canadian GDP, RBC Manufacturing PMI</li> <li>US Markit, ISM Manufacturing PMI, Construction Spending</li> </ul>	<ul style="list-style-type: none"> <li>Australian GDP</li> <li>Swiss GDP</li> <li>UK PMI Construction</li> <li>EMU PPI</li> <li>US ADP Employment Change</li> </ul>	<ul style="list-style-type: none"> <li>US Markit PMI Composite, Services PMI, ISM Non-Manufacturing PMI, Factory Orders</li> </ul>	<ul style="list-style-type: none"> <li>US Unemployment Rate, Labor Force Participation Rate, Average Weekly Hours, Average Hourly Earnings, Nonfarm Payrolls, Trade Balance</li> <li>Canadian Ivey PMI</li> </ul>

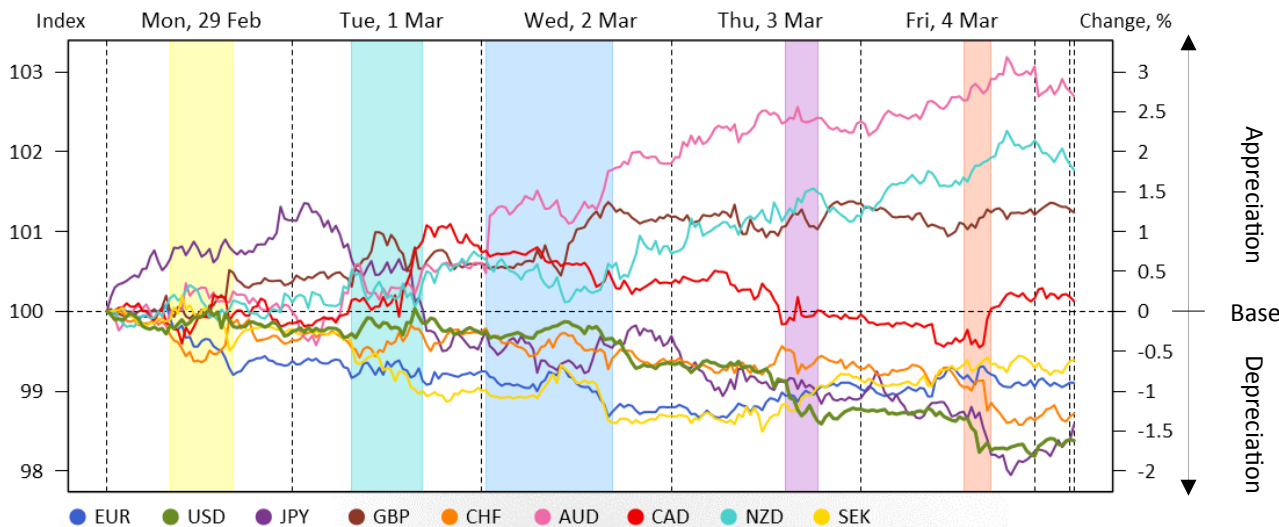
USD Currency Index Change	-0.01%	0.13%	-0.09%	-0.5%	-0.39%
Max USD Volatility Index	1.37	1.67	1.42	1.28	2.39





# Relative Currency Strength

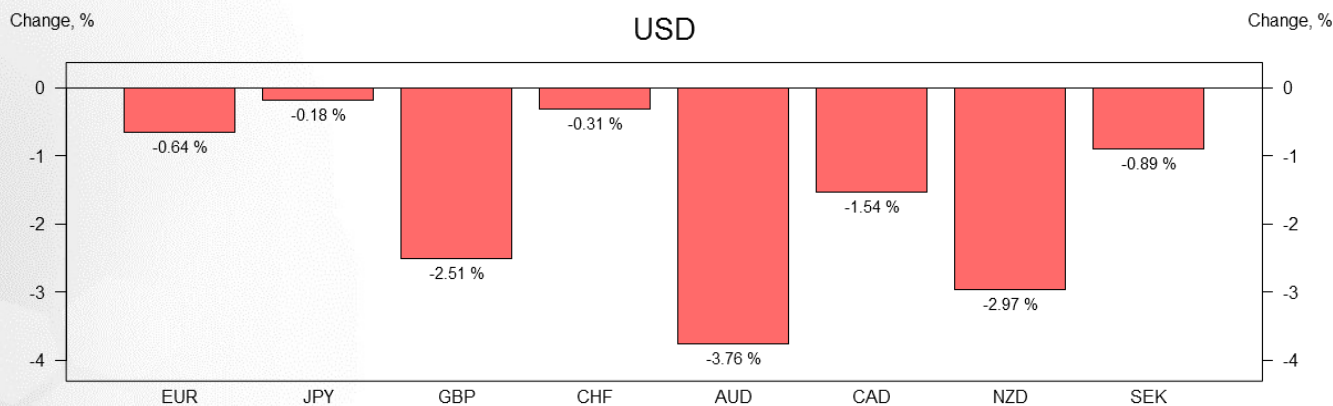
## Currency Indexes



The past period was notable for a clear separation of the observed indexes into leaders and losers, and their persistence in the chosen direction. Thus, the Pacific gauges strengthened their positions above the baseline, both entering a rally on Wednesday. The Aussie's measure got an additional push from better-than-expected GDP released earlier the same day, and with that held about one point above its Kiwi counterpart, posting the period's greatest gain. The second best result was shown by the NZD Index, while the closing gauge among the top three performers was the pound's measure, which spent the week climbing out of the pit it fell into with the "Brexit"

Concerns and managed to win back around 1% of the 2.6% it lost in the past period.

The USD Index, in turn, lost the points it managed to gain on previous Friday and ended up becoming the period's worst performer. The measure was going down gradually, but did experience a number of relatively rapid downside episodes. On Wednesday, it was among the gauges that lost ground while their peers were appreciating, yielding around 0.5% alongside the Euro's, the krona's, and the Loonie's measures. On Thursday, an uptick in jobless claims numbers and discouraging PMI data triggered another half-percent tumble, and Friday's drop in wages and widening trade deficit brought the index to the week's lowest and final level.



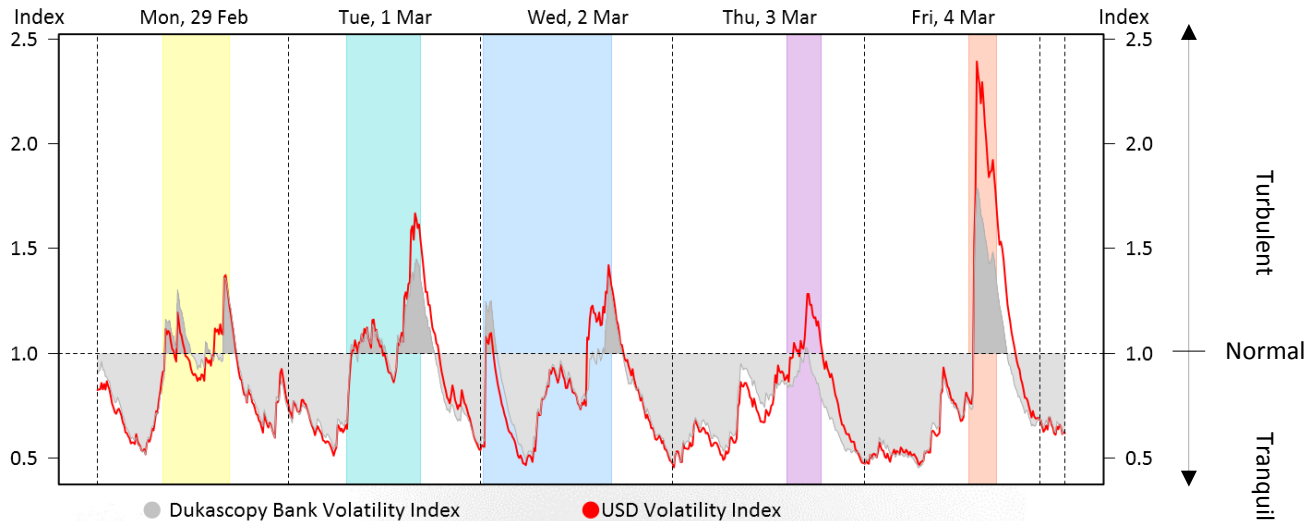
### Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.9%	-1.62%	-1.42%	1.24%	-1.28%	2.69%	0.13%	1.77%	-0.61%
20	-2.77%	-1.02%	1.84%	-3.43%	-1.33%	4.04%	3.86%	1.61%	-1.97%
130	-2.53%	-0.96%	4.34%	-8.71%	-3.03%	6.94%	-1.6%	9.48%	-1.38%
250	3.67%	2.26%	9.01%	-4.34%	1.19%	-2.49%	-4.18%	-7.03%	1.91%



# Volatility

## Volatility



Volatility on the market picked up compared to the previous two tranquil periods, though it remained borderline subdued, with maximal overturbulence portion of 23% and average index values around 0.8 points. Nevertheless, there were three currencies that drove their volatility measures above the 2 points line. The franc's index was the first and reached the 2.22 mark in Monday afternoon. On Wednesday, the Aussie positively reacted to the higher-than-expected domestic GDP and its volatility measure skyrocketed to the week's high of 2.84 points. The week ended with one more notable spike of 2.39 points experienced by the dollar's gauge, which followed widening trade

deficit and pessimistic wage data releases.

The Greenback was the most turbulent currency in terms of the elevated volatility portion. It clearly, albeit weakly, reacted to the domestic news, so the volatility spikes were present, but kept relatively low. The first notable turbulence increase took place on Tuesday, when the Canadian GDP and US manufacturing PMI both positively impacted the domestic currencies, and the indexes surged to 1.7 level. During the two consequent days the dollar's volatility slightly increased against the background of employment and PMI releases. Lastly, a batch of US economic releases made Friday the most turbulent day of the week.

### Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
20	23	23	11	31	24	32	24	32	31

### Volatility Index (for the observed period)

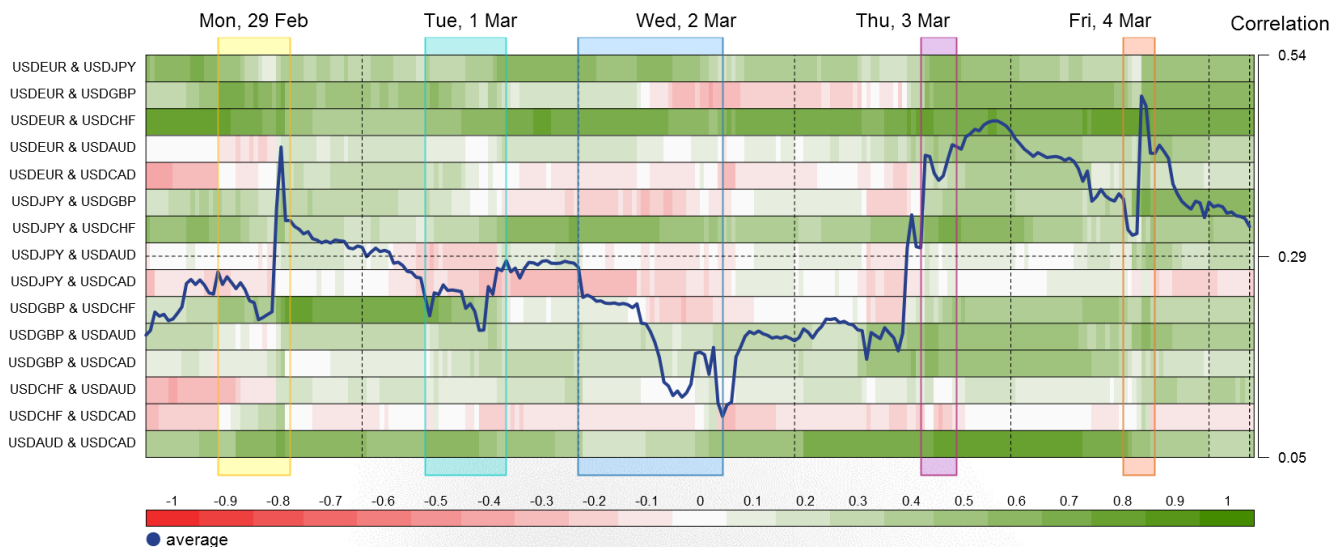
	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.79	2.39	3.61	1.62	2.21	3.28	3.61	2.21	2.17	3.01
Min	0.45	0.46	0.27	0.23	0.25	0.27	0.44	0.21	0.38	0.26
Average	0.81	0.84	0.82	0.72	0.83	0.86	0.94	0.78	0.9	0.84





# Currency Significance

## Correlations

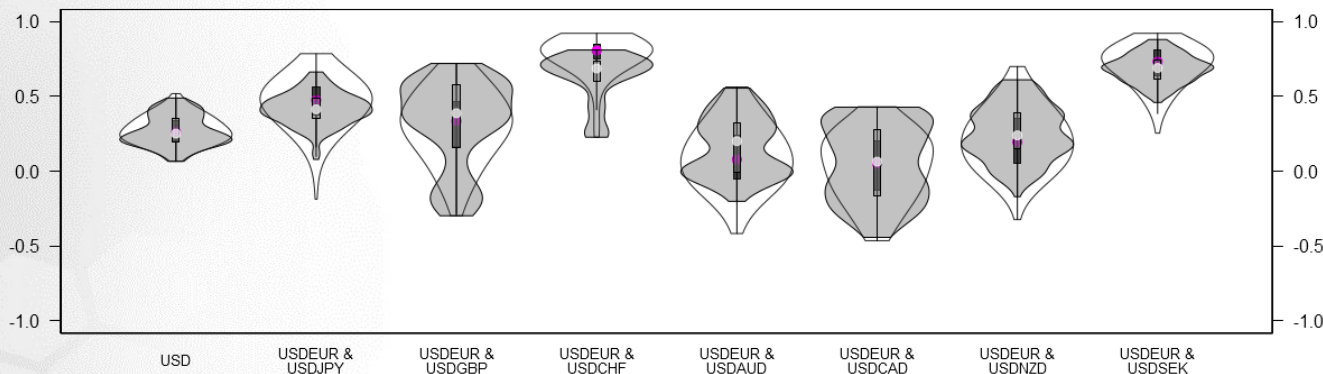


The Greenback's significance measure rose slightly in the past week, ending the period with a 0.13 points gain. However, the average value of the composite did not exceed the feeble monthly and weekly values. Moreover, averages of USD/EUR components containing European currencies lost 0.01- 0.18 points from their previous values. Other USD/EUR components, in turn, showed positive dynamics and shifted up, exceeding their short-term average values.

The dollar's significance measure started the

period with a spike, reaching the 0.43 points mark with the unexpectedly low US Chicago PMI and pending home sales releases. However, the composite lost the level immediately with its next move and began to gradually decline. On Wednesday, against the background of encouraging Australian GDP report and subsequent jump of the Aussie, the USD aggregate rapidly weakened and a few hours later reduced to the minimum value of the week (0.09). Thursday, in turn, was marked by the most notable jump of the composite, when the US PMI and employment data reports contributed to the strengthening of the measure by 0.28 points. On Friday, the composite surged to 0.49 right after the US NFP and unemployment rate came out.

## Correlations (5 vs 20 days)

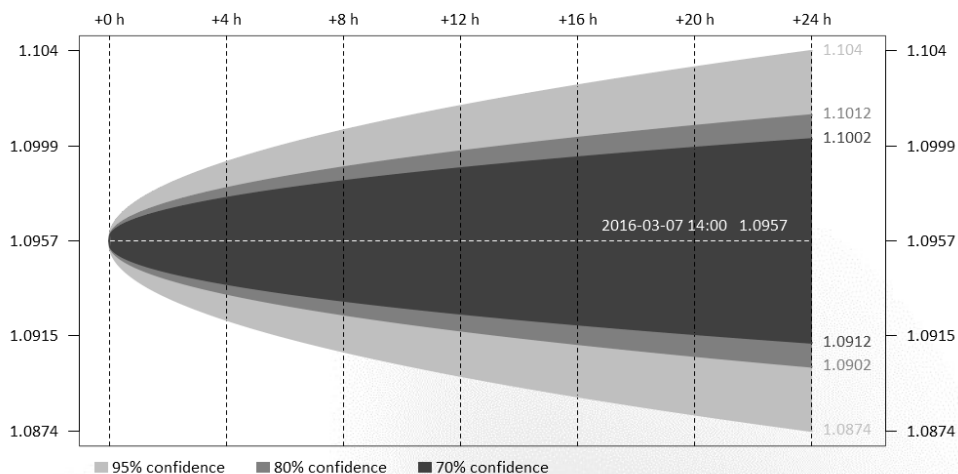


## Mean Correlation Coefficient (with USDEUR)

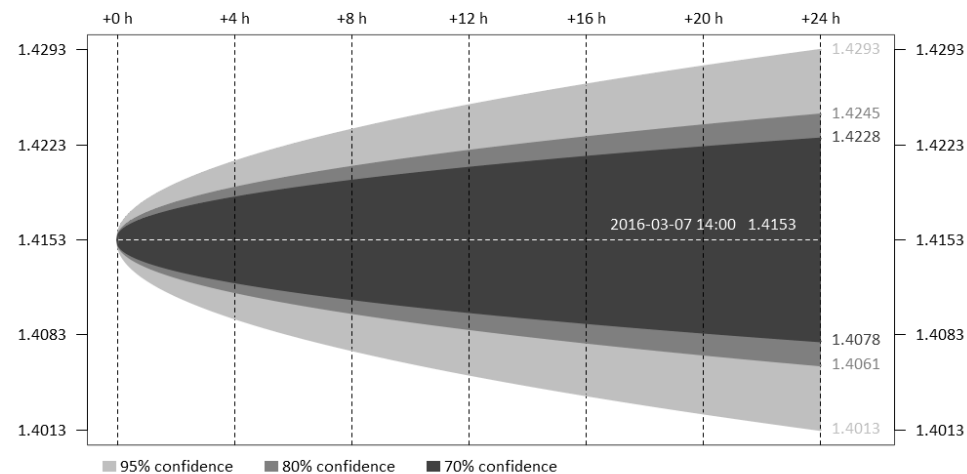
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.27	0.42	0.32	0.62	0.17	0.05	0.26	0.68
20	0.27	0.46	0.3	0.77	0.1	0.03	0.21	0.71
130	0.3	0.5	0.36	0.76	0.12	0.11	0.18	0.71
250	0.4	0.49	0.47	0.75	0.32	0.29	0.35	0.75

# Confidence Intervals for Next 24 Hours

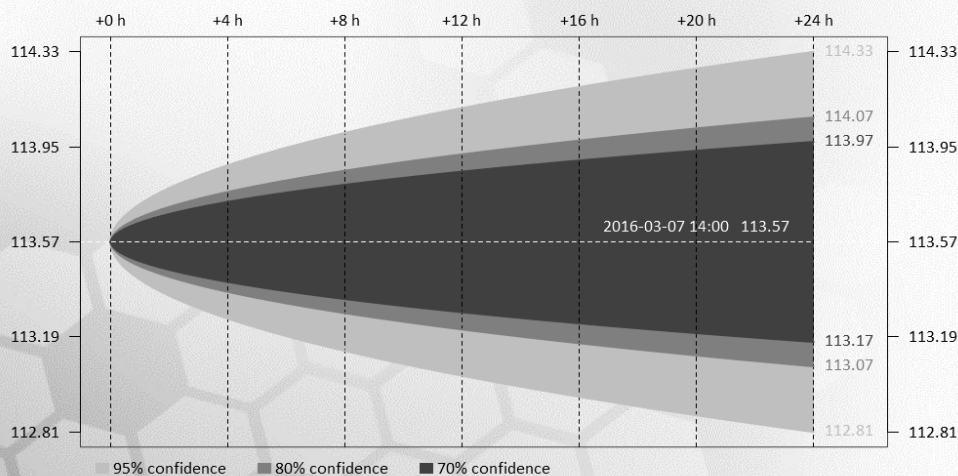
EURUSD Potential Rates



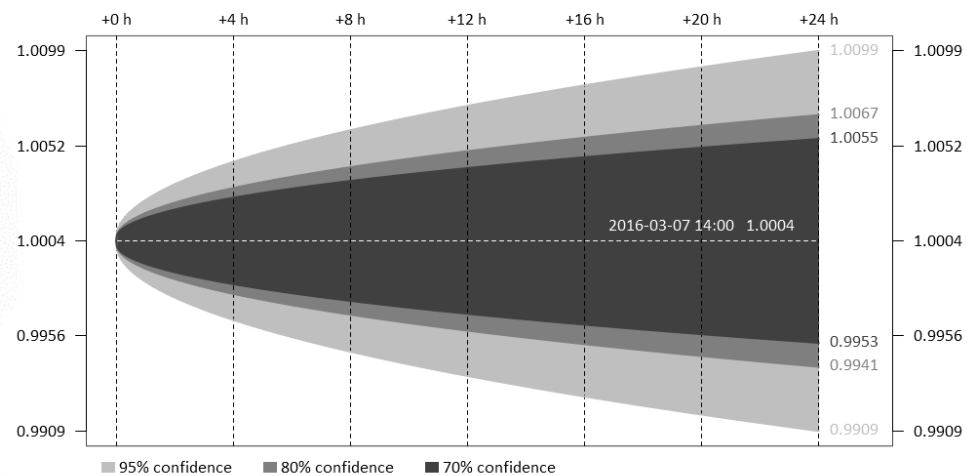
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates

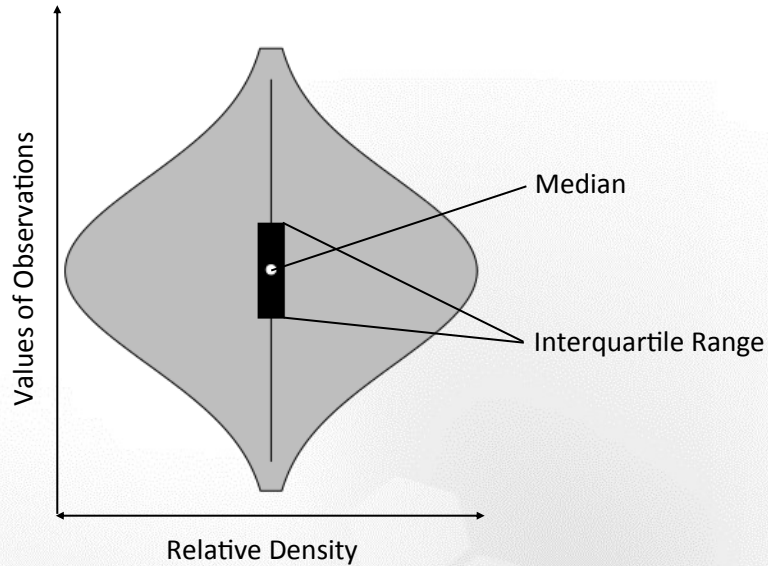




## EXPLANATIONS

### Violin Plot

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



### Methodologies

Volatility Index

Confidence Interval



**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.