



USD

14/03/2016



DUKASCOPY
RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

March 7

15:00 - 18:30

- *US Labor Market Conditions Index, Fed's Stanley Fischer Speech*

Turquoise Area

March 9

14:00 - 20:30

- *UK NIESR GDP Estimate*
- *BoC Interest Rate Decision, Rate Statement*
- *RBNZ Interest Rate Decision, Monetary Policy Statement, Press Conference*

Blue Area

March 10

12:30 - 15:30

- *ECB Rate Decision, Monetary Policy Statement and Press Conference*
- *US Jobless Claims*
- *Canadian Capacity Utilization, New Housing Price Index*

Purple Area

March 11

13:00 - 18:00

- *US Export Price Index, Import Price Index*
- *Canadian Unemployment Rate, Participation Rate, Net Change in Employment*

USD Currency Index Change

-0.47%

-0.1%

-0.35%

-0.45%

Max USD Volatility Index

1.37

2.13

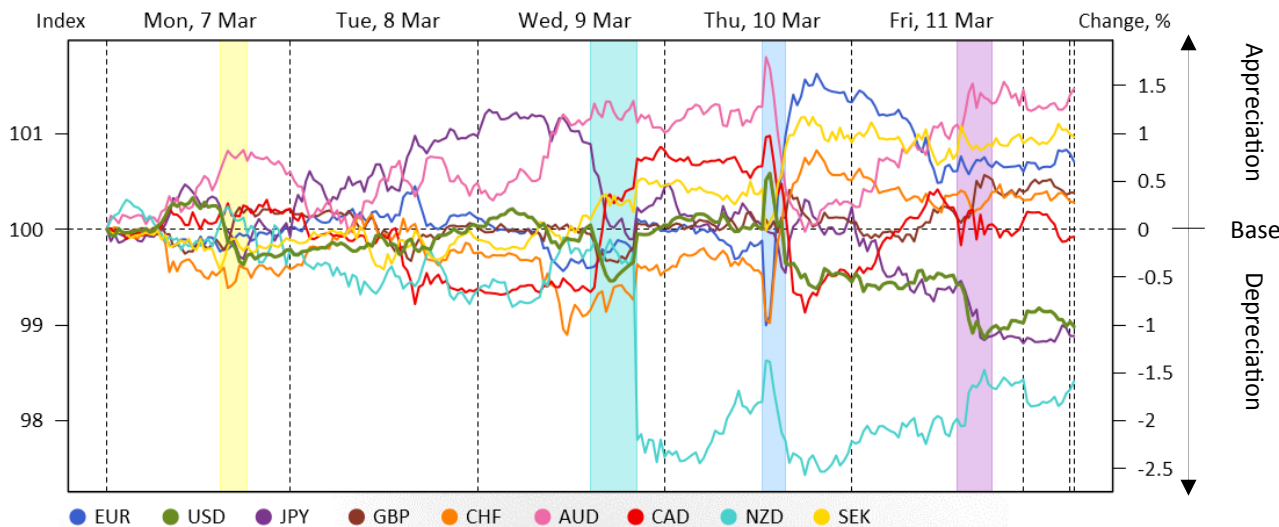
4.29

1.75



Relative Currency Strength

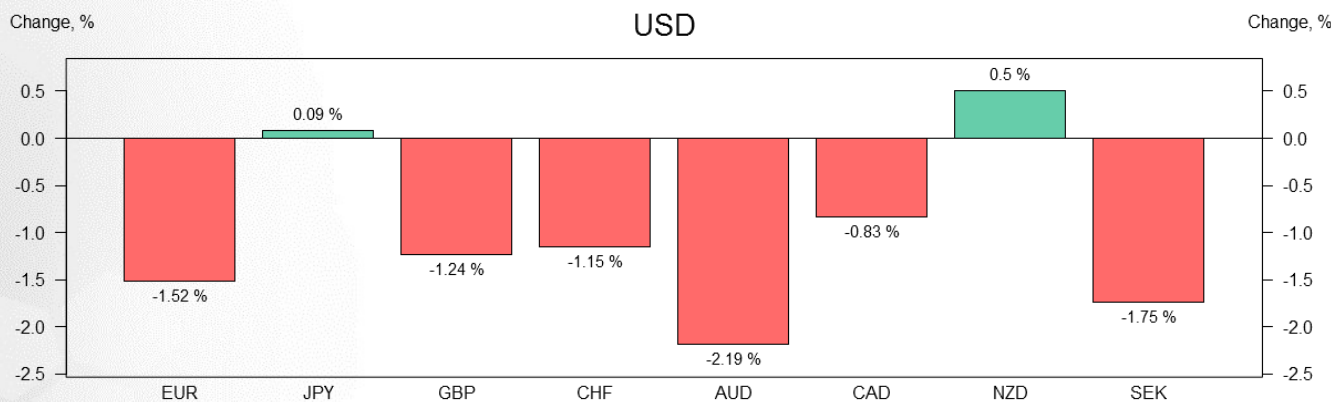
Currency Indexes



Unsurprisingly, the past period was most notable for the sharp movements of the major currencies, as three rate announcements from central banks caused some spikes and plunges on Wednesday and Thursday. The first to speak was the BoC, which expectedly left the rate unchanged in favour of waiting for the budget release. That, together with an uptick in the oil prices, helped the Loonie's index climb out of the negative area and rise above most of its peers. Meanwhile, the RBNZ did surprise the market, as the official interest rate was cut and the regulator's governor said further easing was not off the table. The Kiwi's gauge lost 2% and fell below the 98 points line.

Nevertheless, the ECB was the only bank that managed to evoke a palpable reaction from almost all observed indexes. As the bank announced a cut of all three benchmark rates, an expansion of QE and new TLTROs, the EUR and the CHF Indexes fell to 99 points, while most of their non-European peers enjoyed an uptick. Later, though, the press conference and Mario Draghi's comments about there being no need for further rate cuts saw the Euro's index skyrocket to 101.5 and its counterparts to plummet.

The USD Index lost over two points with the single currency's spike and continued to move downwards all throughout Friday, ultimately posting a 1% weekly decline and joining the Kiwi's and the yen's gauges in being the bottom three performers.



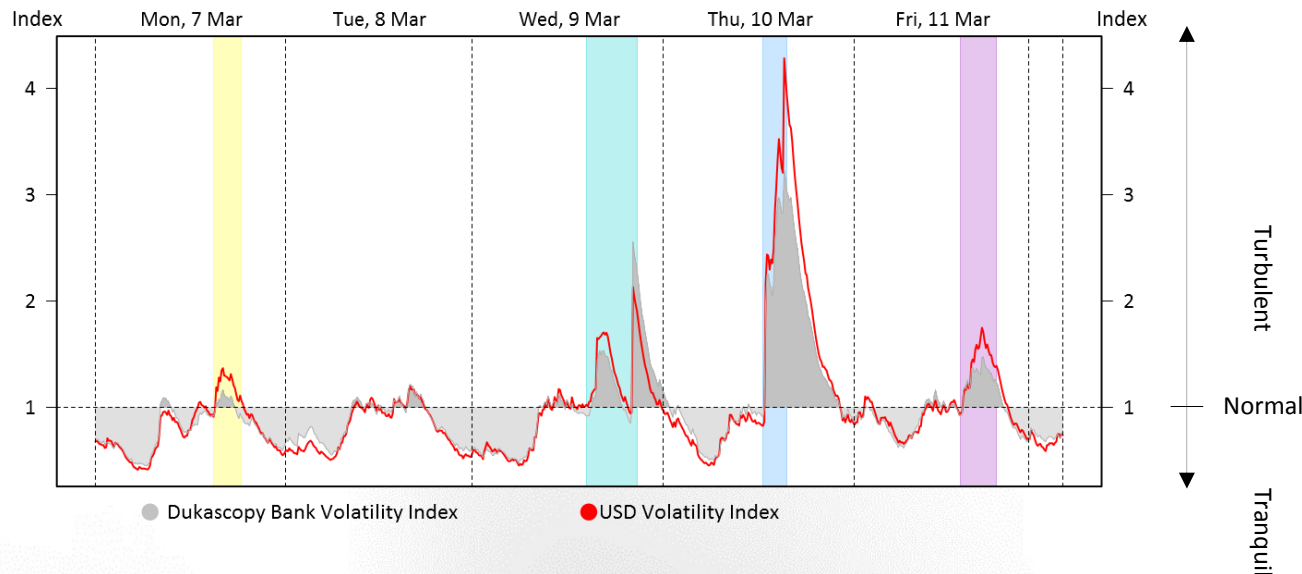
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.71%	-1.02%	-1.12%	0.38%	0.28%	1.47%	-0.08%	-1.59%	0.96%
20	-1.64%	-1.57%	-1.11%	-2.26%	-1.31%	5%	3.63%	-0.3%	0.36%
130	-2.2%	-0.89%	4.97%	-8.25%	-2.44%	6.06%	-0.68%	7.56%	-1.73%
250	6.34%	-0.58%	6.74%	-3.44%	2.02%	-1.46%	-4.24%	-9.86%	4.49%



Volatility

Volatility



Volatility on the market remained largely subdued, as the overturbulence measure barely rose above one third, even with the big moves on Wednesday and Thursday. The week's most active currency was the franc, which posted 46% of elevated volatility, with the krona's 38% reading as the second highest. Meanwhile, the highest peaks were reached by the Kiwi's and the Euro's turbulence gauges spiking to 7.7 and 5.0 points at the respective interest rate announcements. The dollar's and the franc's readings of over 4.0 points were the next highest, both prompted by the market's reaction to the ECB news.

The dollar's volatility index stood above the market's gauge on four out of five noticeable peaks. Monday's and Friday's splashes of the Greenback's volatility were caused by the currency's downslide, largely against the background of the upticks of the dollar's Pacific counterparts. Wednesday's peaks, in turn, were attributable to the BoC and the RBNZ announcements, and the dollar's reaction was moderate compared to its peers' turbulence. Thursday's news, however, evoked a dramatic response from the Greenback, as its volatility index reached the second highest mark, only 0.5 points below the Euro's reading.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
	34	38	20	23	47	29	29	41	43

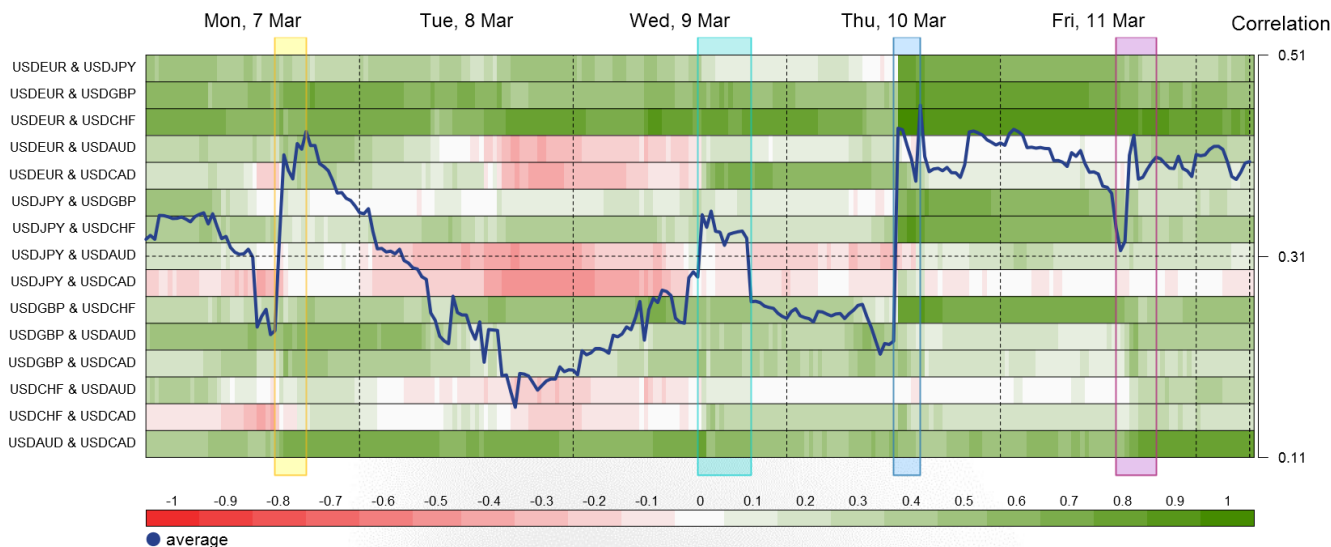
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	3.23	4.29	7.89	2.97	3.65	7.62	2.31	3.19	8.29	6.48
Min	0.45	0.41	0.25	0.31	0.21	0.25	0.43	0.3	0.49	0.21
Average	0.97	0.99	1.15	0.85	0.8	1.17	0.89	0.9	1.13	1.05



Currency Significance

Correlations

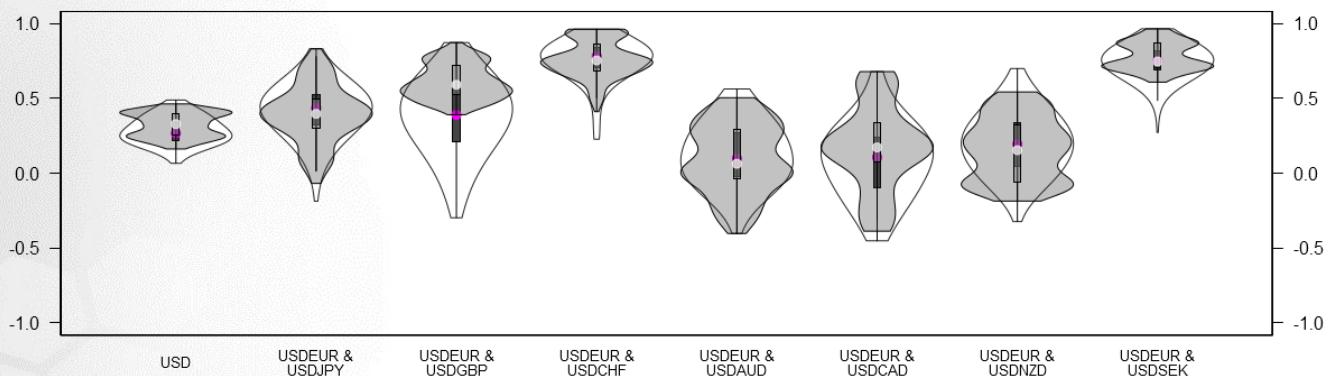


During the past week the observed currencies produces no concrete leader in terms of significance, though there were several events which made the associated currencies become the market driving force at different points in time. However, the Greenback's composite remained one of the weakest among the observed gauges, as the week was sparing of US economic news, and correlations between the dollar's European and commodity pairs remained weak.

Despite the fact that the dollar's significance measure spent most of the week below its peers,

two notable surges were observed on Monday and Thursday. The former was associated with the dollar's depreciation against the background of oil and metals markets rally, while the latter was a consequence of the ECB's surprising interest rate decision. Thus the dollar's gauge reached its high of the 0.46 points, while the Euro's measure spiked to 0.83. Nevertheless, it was not the week's absolute high, as one day earlier the RBNZ's decision to cut the rate shocked the Kiwi and sent its correlation composite to 0.96 points. The Loonie was another currency that strongly reacted to the domestic news releases: the BoC rate statement as well as the unemployment rate release managed the bonds between the CAD's pairs to strengthen and the composite to reach the 0.67 level

Correlations (5 vs 20 days)

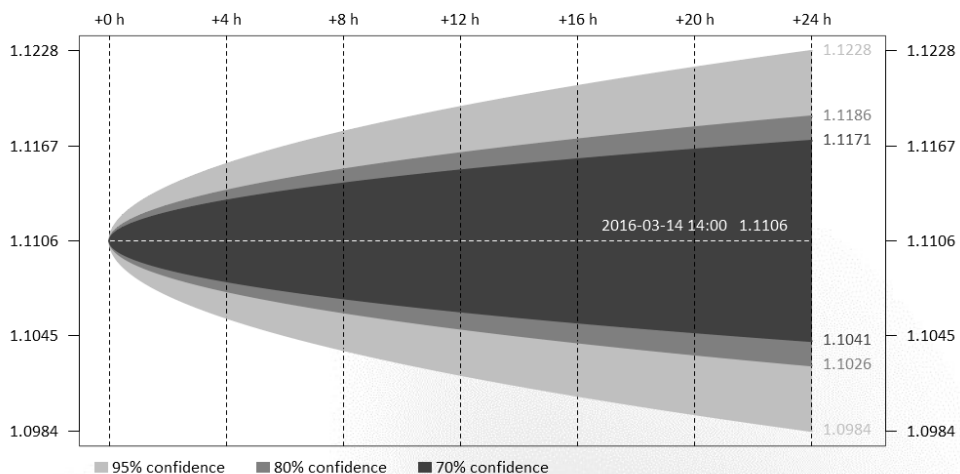


Mean Correlation Coefficient (with USDEUR)

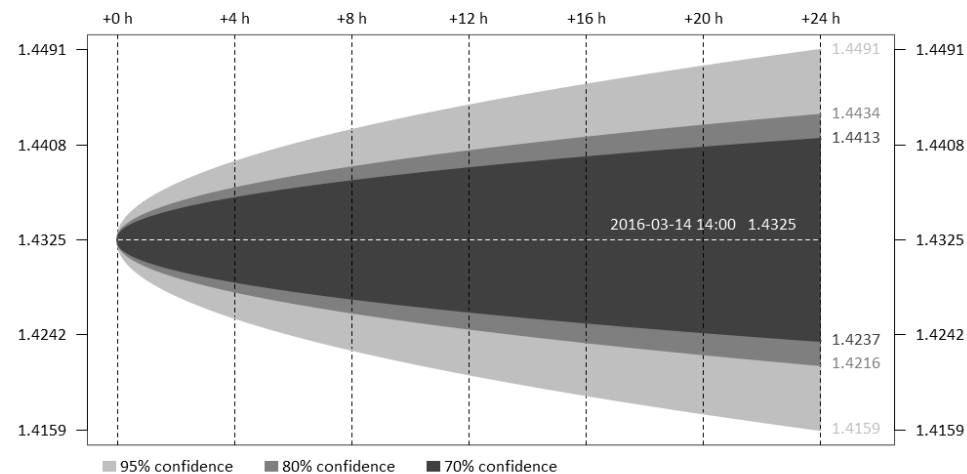
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.32	0.39	0.61	0.76	0.09	0.17	0.16	0.78
20	0.28	0.42	0.37	0.75	0.12	0.08	0.2	0.75
130	0.31	0.5	0.37	0.76	0.13	0.11	0.19	0.71
250	0.4	0.49	0.47	0.75	0.31	0.29	0.34	0.75

Confidence Intervals for Next 24 Hours

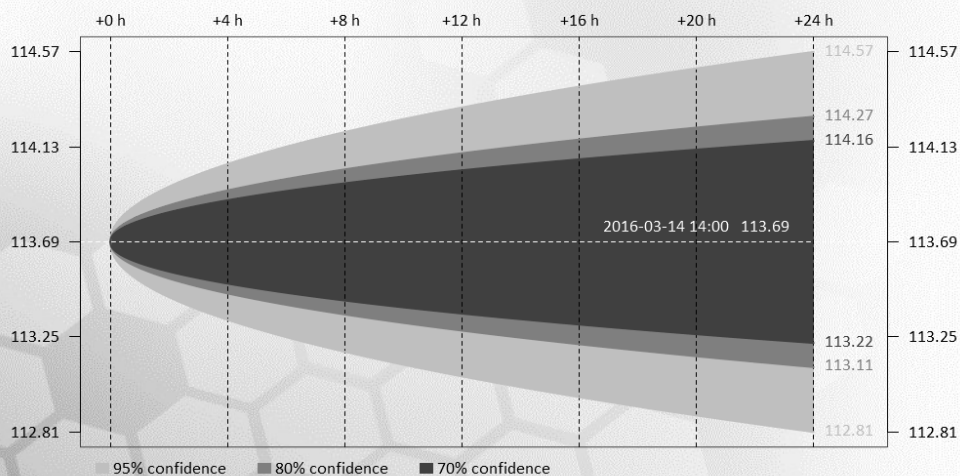
EURUSD Potential Rates



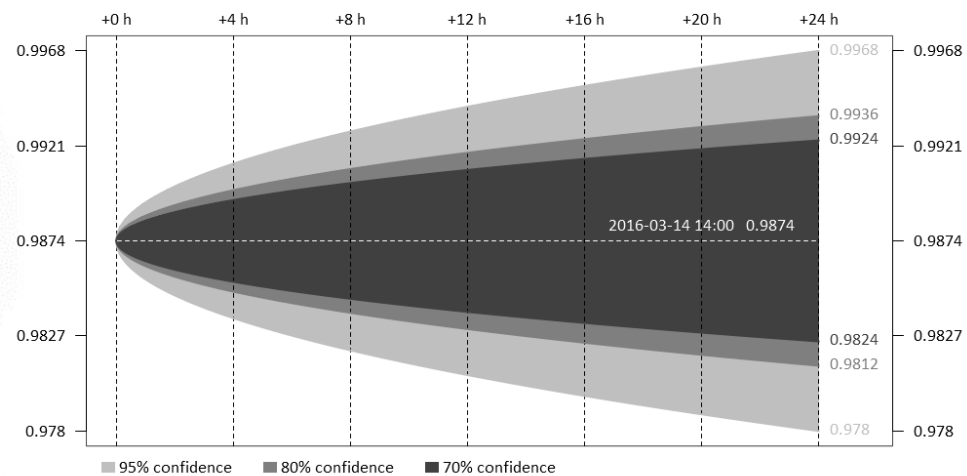
GBPUSD Potential Rates



USDJPY Potential Rates



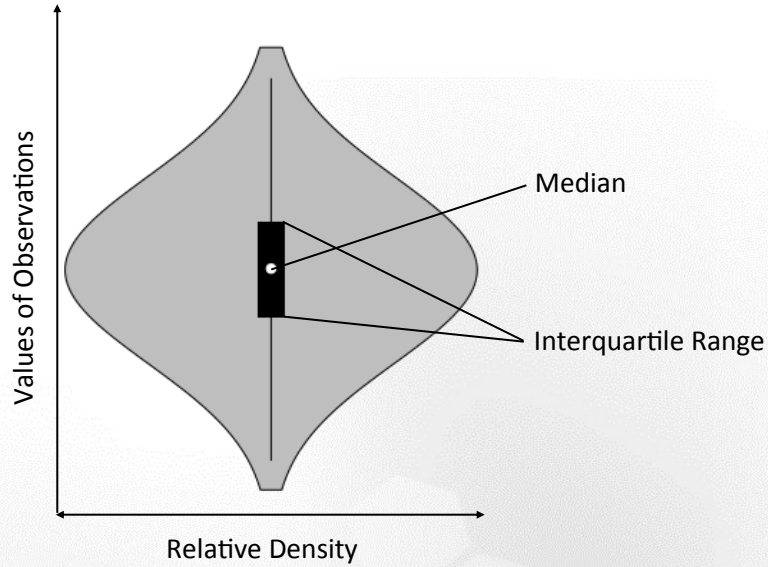
USDCHF Potential Rates



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.