



USD

21/03/2016



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Market Research





Dominant Events of the Period

Yellow Area

March 15

06:30 - 17:00

- *BoJ Press Conference*
- *Swedish CPI*
- *EMU Employment Change*
- *US Retail Sales, NAHB Housing Market Index*

Turquoise Area

March 16

12:00 - 22:00

- *US Building Permits, Housing Starts, CPI, Industrial Production, Capacity Utilization*
- *Fed Interest Rate Decision, Monetary Policy Statement and Press Conference*
- *New Zealand GDP*

Blue Area

March 17

06:30 - 14:30

- *SECO Economic Forecasts*
- *Swedish Unemployment Rate*
- *EMU Trade Balance, CPI*
- *MPC Vote, BoE Minutes*
- *US Jobless Claims*

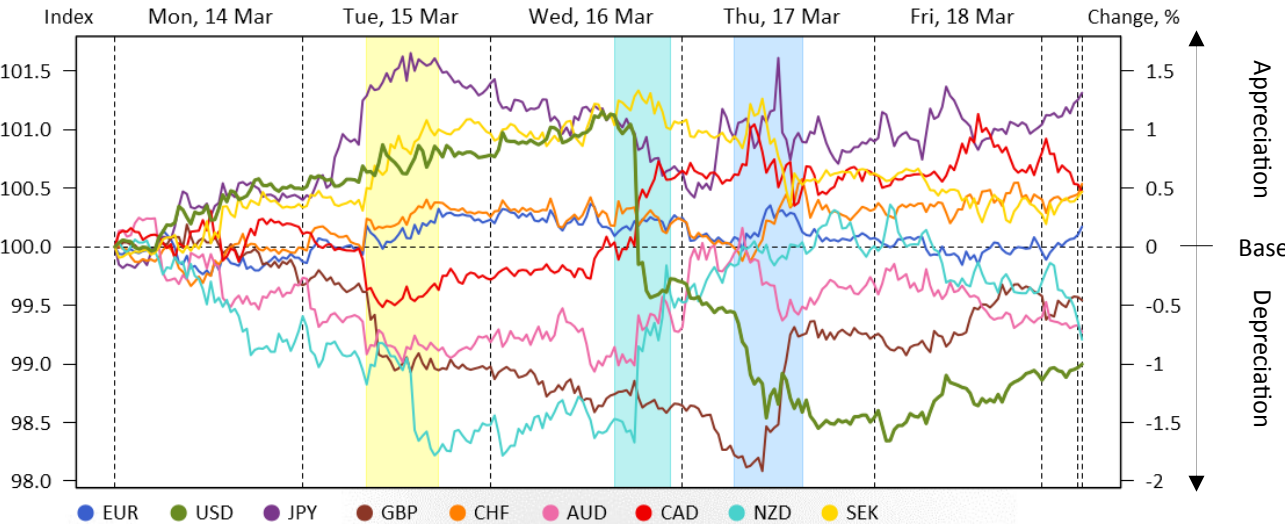
USD Currency Index Change	0.18%	-1.4%	-0.85%
Max USD Volatility Index	1.22	4.69	2.04



Relative Currency Strength

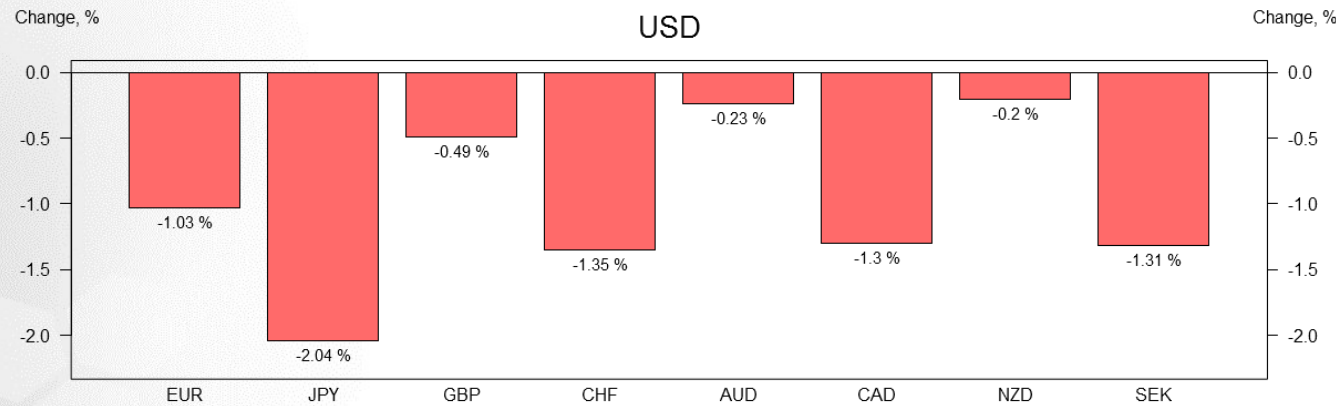
Currency Indexes

During previous days, the observed currencies managed to go through some notable ups and downs. However, the yen, which started the week with the most impetuous appreciation against the background of weakening oil prices and neutral BoJ's message on the rates, held its position till the end of the observed period and became the leader with the 1.32% growth of the index. The dollar, in turn, was among the worst performers and, furthermore, found itself outpaced by the former loser GBP Index on Thursday, when the BoE's decision to leave the interest rate and asset-purchasing program untouched helped the domestic currency to improve its positions after Tuesday's drop



on another wave of "Brexit" concerns.

For the dollar the week could be clearly divided into two parts – prior to and post Wednesday's Fed's announcements. The former was associated with a steady USD Index recovery after the previous week's losses provoked by the ECB's rate decision and following press conference which supported the single currency. Thus, during the first half of the trading week the Greenback's index gained 1% of the base value. The last days of the period, however, brought significant losses for the US dollar. Shortly after the Fed's dovish comments and the decision to cut the expected rate target for this year, the dollar's gauge fell 0.5 points below the baseline and continued its depreciation throughout Thursday, reaching the week's low of 98.35 points.



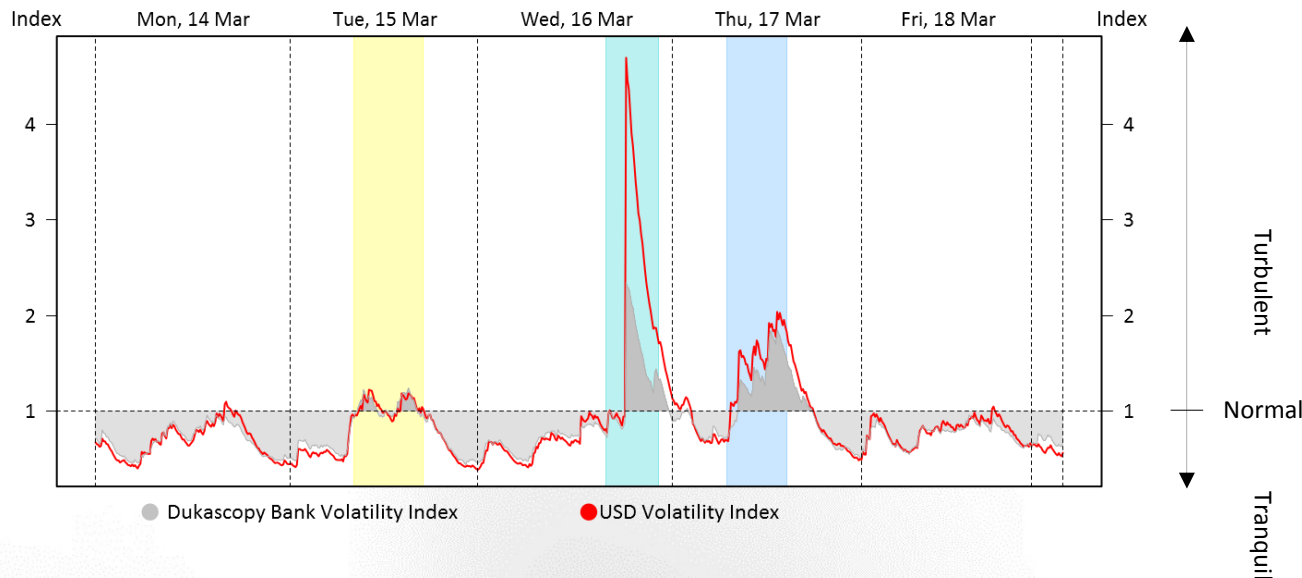
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.17%	-1%	1.32%	-0.46%	0.54%	-0.73%	0.47%	-0.79%	0.47%
20	-0.55%	-2.94%	-1%	-0.44%	0.16%	3.21%	3%	-1.54%	0.49%
130	-1.45%	-2.06%	6.51%	-9.41%	-1.61%	4.91%	-0.59%	6.52%	-0.64%
250	5.2%	0.45%	8.78%	-3.22%	1.44%	-2.43%	-3.71%	-12.3%	5.78%



Volatility

Volatility



Aside from a few separate major moves, the past week was very tranquil, and the portion of overturbulence on the market reached only 17%. The Greenback was also relatively calm, with its portion of elevated volatility only marginally higher than the market's, but was noteworthy for posting the week's highest volatility spike. Among other currencies, the Kiwi was the only one to push its index above the 3-points mark. In terms of elevated volatility, the krona was the most turbulent currency and, against the background of the Swedish CPI and unemployment rate reports, has spent 26% of the period above the historical level.

There were only two splashes of volatility during the period, and in both of them the dollar's measure outpaced the market's composite. The greatest spike of the market and the dollar's volatility took place on Wednesday, after the FOMC minutes came out. Nonetheless, the composite's reaction was not so sharp, and the gap between the two volatility measures amounted to 2.35 points. On Thursday, the dollar's volatility exceeded the historical level against the background of the European economic news and reached the maximum value of the day (2.04) after the US employment data release.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
17	21	16	32	28	16	38	35	24	26

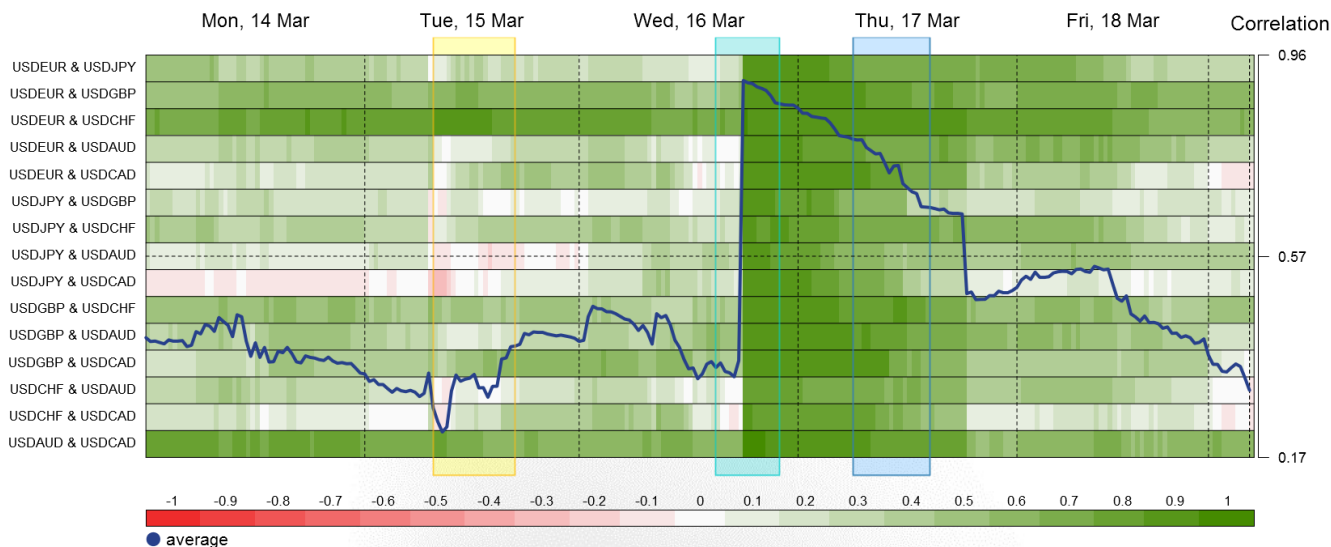
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.34	4.69	4.13	4.12	4.15	3.78	5.29	6.03	6	3.83
Min	0.44	0.38	0.19	0.29	0.27	0.2	0.28	0.32	0.3	0.22
Average	0.83	0.88	0.71	0.97	0.9	0.71	1.02	0.95	0.95	0.83



Currency Significance

Correlations

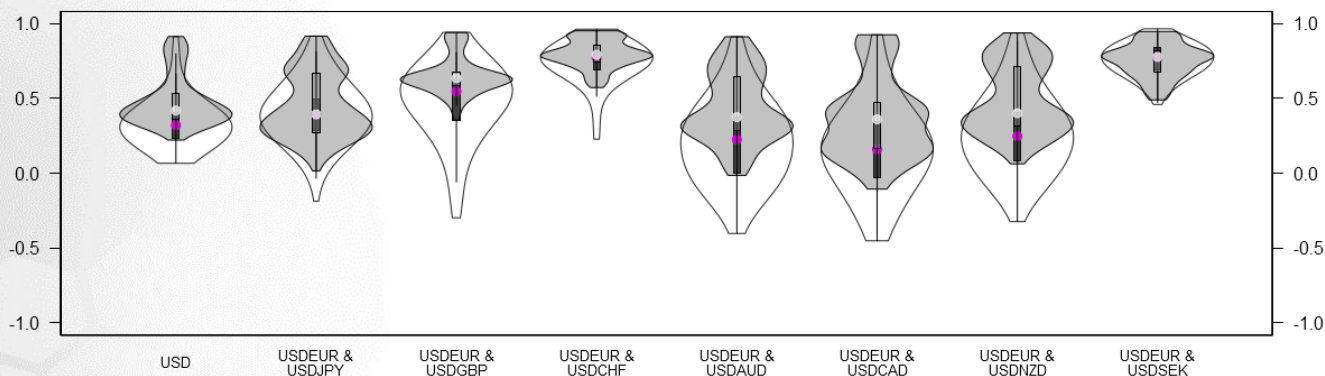


After shooting up with the post-ECB turmoil on March 10, the dollar's correlation composite spent most of the past week above the significance threshold. The gauge also managed to pull its 5-day average just below a solid level of 0.5 and thus above all long-term readings. Among the USD/EUR components, the most notable changes took place in the bond with commodity currencies' pairs, as the gauges cut their negative tails and put their averages from near-zero levels to 0.4-0.5 points.

The dollar's composite started the period at 0.4

points and spent the first half of the week swaying on weakly positive levels between 0.3 and 0.5. The only dip below the significance threshold happened on early Tuesday, when the yen's surge and the counterweighting falls of the pound, the Loonie, and the Pacific currencies forced the associated correlations into the negative area. The second half of the period, in turn, was taken up by easing down from the week's most impressive spike, which took the dollar's composite above the 0.9 mark. The measure added 0.55 points in one half-hour move as the Greenback tumbled when the Fed delivered a dovish message. A descent started right away and lasted till the opening of the new week, ultimately putting the gauge on the 0.3 mark.

Correlations (5 vs 20 days)

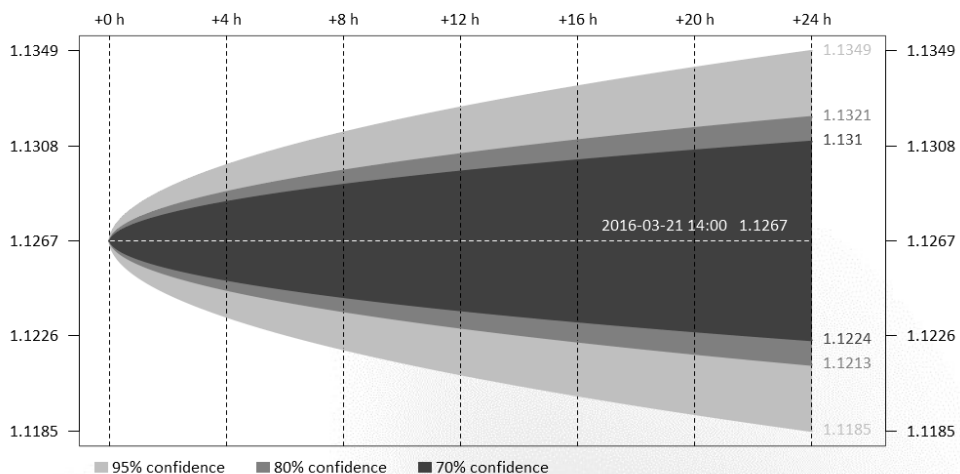


Mean Correlation Coefficient (with USDEUR)

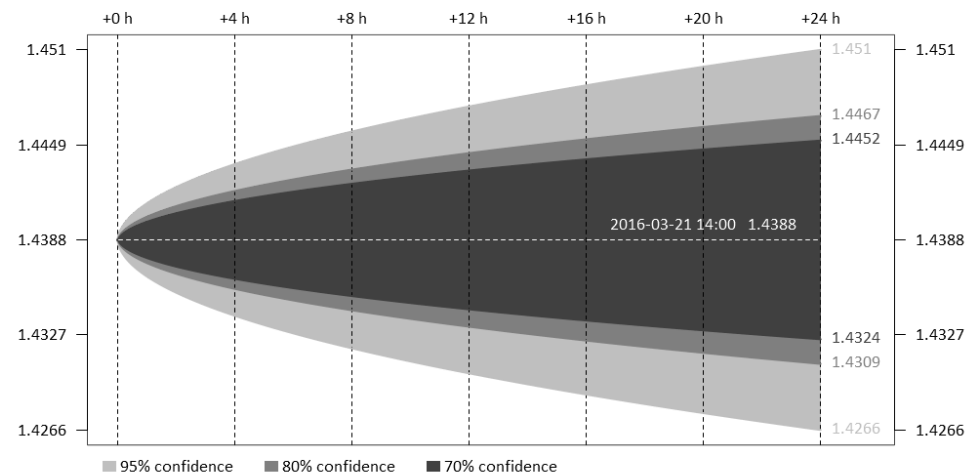
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.48	0.46	0.65	0.8	0.44	0.37	0.49	0.75
20	0.33	0.4	0.48	0.75	0.21	0.16	0.27	0.76
130	0.31	0.5	0.37	0.76	0.14	0.12	0.2	0.71
250	0.4	0.49	0.47	0.75	0.3	0.28	0.34	0.75

Confidence Intervals for Next 24 Hours

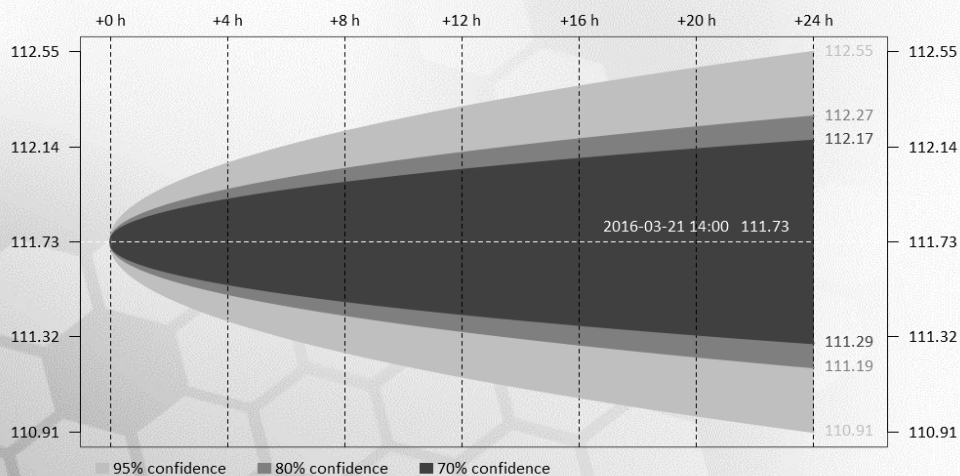
EURUSD Potential Rates



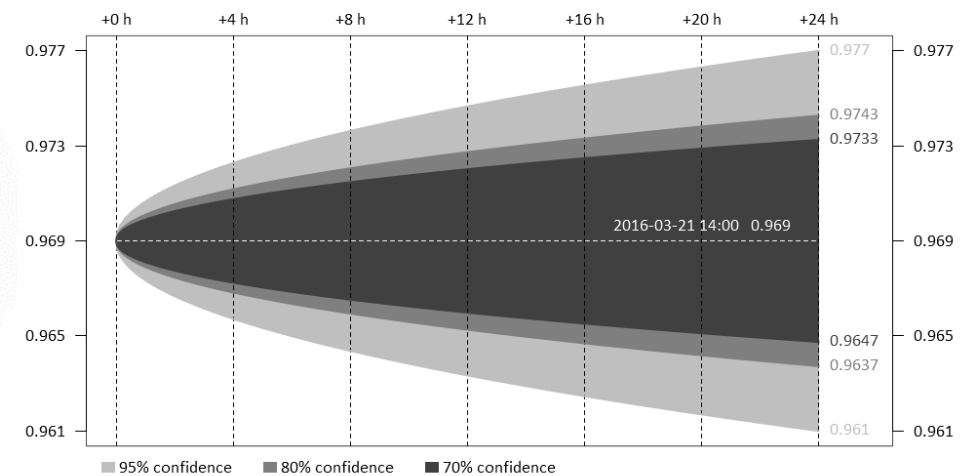
GBPUSD Potential Rates



USDJPY Potential Rates



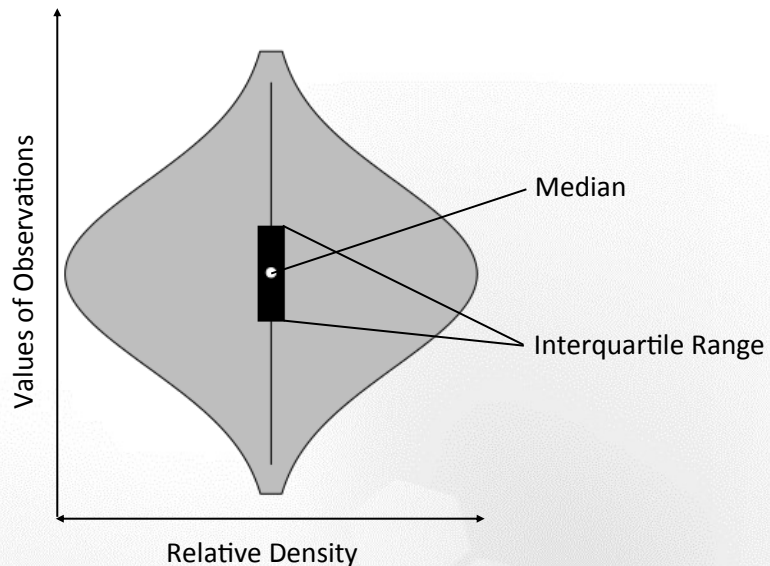
USDCHF Potential Rates



EXPLANATIONS

Violin Plot

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



Methodologies

Volatility Index

Confidence Interval



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