Market Research

Dominant Events of the Period

Yellow Area

March 29

10:30 - 16:30

- *US Redbook Index, Consumer Confidence*
- *Fed Yellen's Speech*

Turquoise Area

March 30

07:00 - 18:30

- *Swiss KOF Leading Indicator*
- *German Flash CPI, HICP*
- *US ADP Employment Change*

Blue Area

March 31

12:00 - 15:30

- *US Jobless Claims, Chicago PMI*
- *Canadian GDP*

Purple Area

April 1

12:00 - 15:00

- *US Nonfarm Payrolls, Average Weekly Hours, Labor Force Participation Rate, Unemployment Rate, Markit Manufacturing PMI, ISM Manufacturing PMI, Construction Spending*
- *RBC Manufacturing PMI*

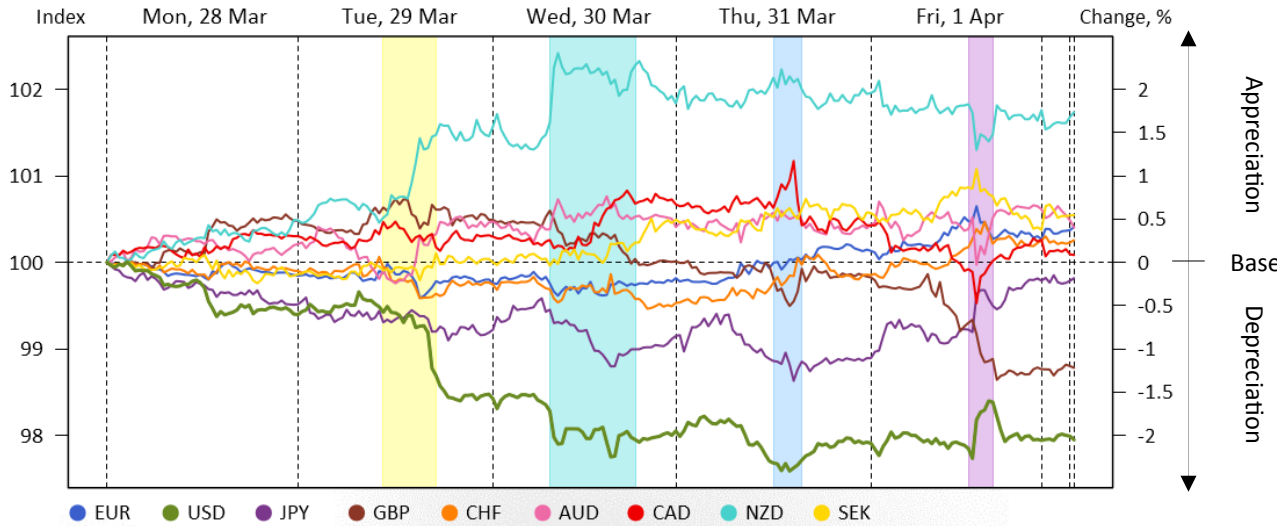|	Yellow	Turquoise	Blue	Purple
USD Currency Index Change	-0.73%	-0.33%	0.03%	0.54%
Max USD Volatility Index	2.42	1.51	1.57	2.1

Relative Currency Strength

Currency Indexes

The past week was a steady one for the observed currencies, as most of the indexes waved around moderate levels with little to no directional movements. Among notable exceptions were the NZD Index's surges on Tuesday and Wednesday, backed by the Greenback's weakness and strong building permits data coming from New Zealand. The jumps put the Kiwi's gauge at +2.4%, and the measure yielded only 0.7 points by the end of the period, posting the greatest weekly growth. On the other side of the baseline, the longest downside was suffered by the pound's index, which failed to shake off its general "Brexit"-fuelled feebleness and

lost over one point after a disappointing manufacturing PMI release on Friday.

The GBP Index, however, was only the second-worst performer of the week, as the greatest decline was posted by the dollar's gauge. The USD Index started the week with a reversal of the past period's growth, but the defining blow came from Yellen's speech on Tuesday, as its dovish tone caused the measure to tumble below 98.5 points. The momentum carried over to the next day, and the gauge settled around 98.0 points — the level it stagnated around till the end of the week. An uptick above the mark happened on Friday, as the dollar gained support from strong nonfarm payrolls, but the move swiftly turned south, leaving the index with a 2% weekly loss.
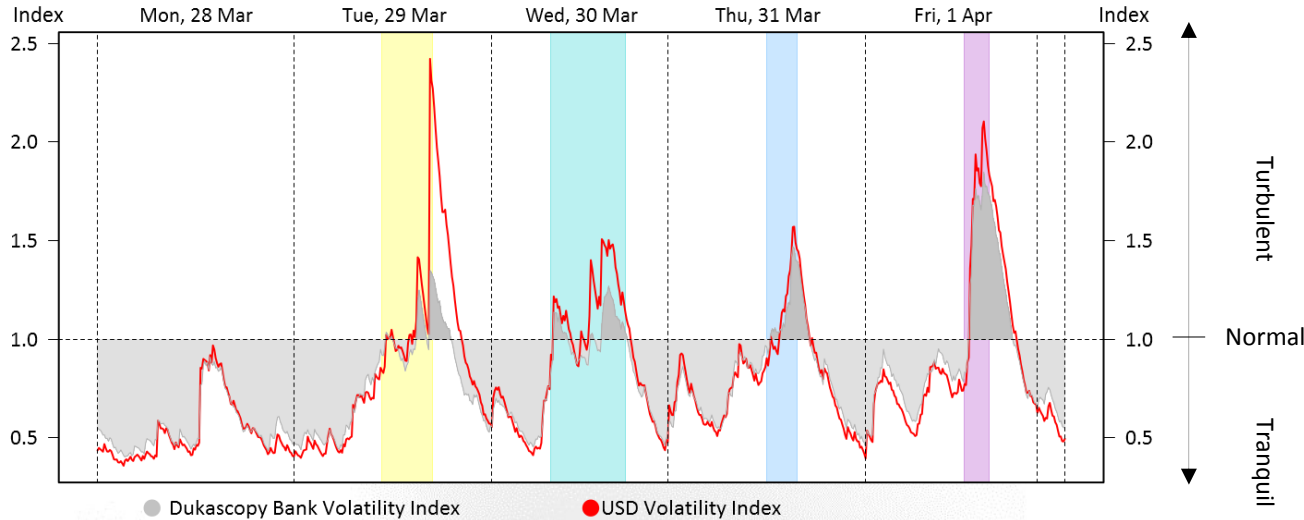
USD
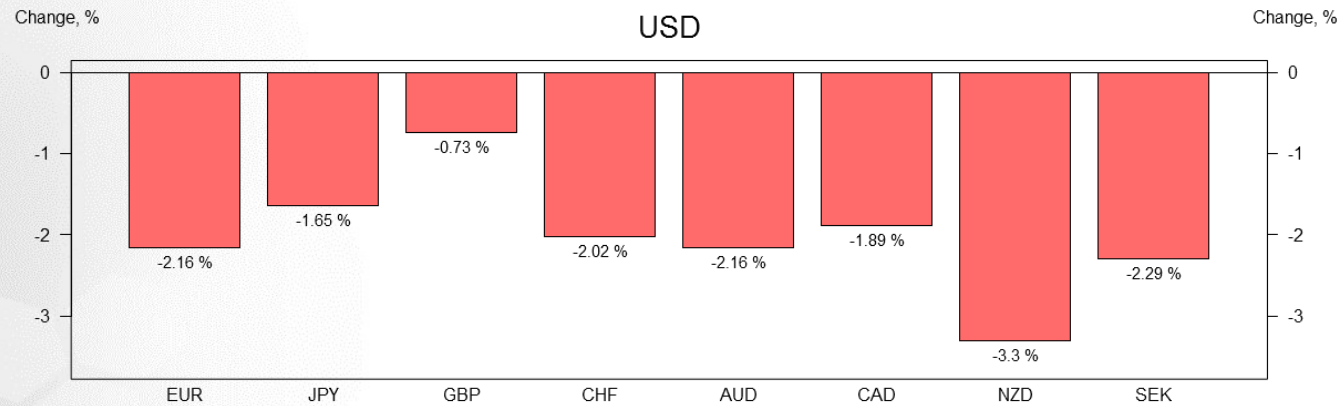
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.41%	-2.05%	-0.18%	-1.22%	0.26%	0.4%	0.09%	1.74%	0.55%
20	1.46%	-2.53%	-0.52%	-2.53%	1.52%	1.13%	0.03%	-0.9%	2.2%
130	-0.87%	-2.42%	5.76%	-9.38%	-0.89%	6.48%	-2.04%	4.65%	0.16%
250	4.68%	0.54%	7.67%	-4.78%	-0.13%	0.8%	-4.41%	-10.55%	6.14%

Volatility

Volatility

Activity on the market and among the dollar's pairs rose slightly from the readings of the previous week, though the latest level of turbulence still remained rather low. The Greenback's aggregate volatility index spent 21% of the time above its historical level and largely pointed to the dollar's overturbulence compared to the market, as it held above the overall measure during the past week. Thus the Greenback became one of the most volatile currencies of the observed period, with only the pound posting a greater overturbulence portion of 29%. Moreover, the dollar's index also reached the highest spike compared with its peers, surging to 2.42 points.

The most notable spike of the Greenback's volatility took place on Tuesday. The index exceeded the 1-point level right after the unexpectedly high US consumer confidence came out, and a few hours later, at the time of Janet Yellen's speech, jumped to the highest mark of the week. On Wednesday, the index started to rise against the background of the Swiss and German economic news, and after the encouraging release of US ADP employment data reached the day's high of 1.51. Later the US jobless claims and PMI data pushed the index to the 1.57 level on Thursday, while Friday was marked by a variety of the US labor fundamentals, and after the nonfarm payrolls and unemployment rate releases the volatility index jumped sharply to 2.10 points.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
17	21	16	17	36	18	32	30	24	18

Volatility Index (for the observed period)

|	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.85	2.42	2.75	1.95	3.58	2.74	2.39	3.25	2.04	2.28
Min	0.4	0.36	0.18	0.27	0.23	0.16	0.34	0.31	0.28	0.2
Average	0.77	0.8	0.66	0.77	0.87	0.71	0.9	0.93	0.79	0.72

Currency Significance
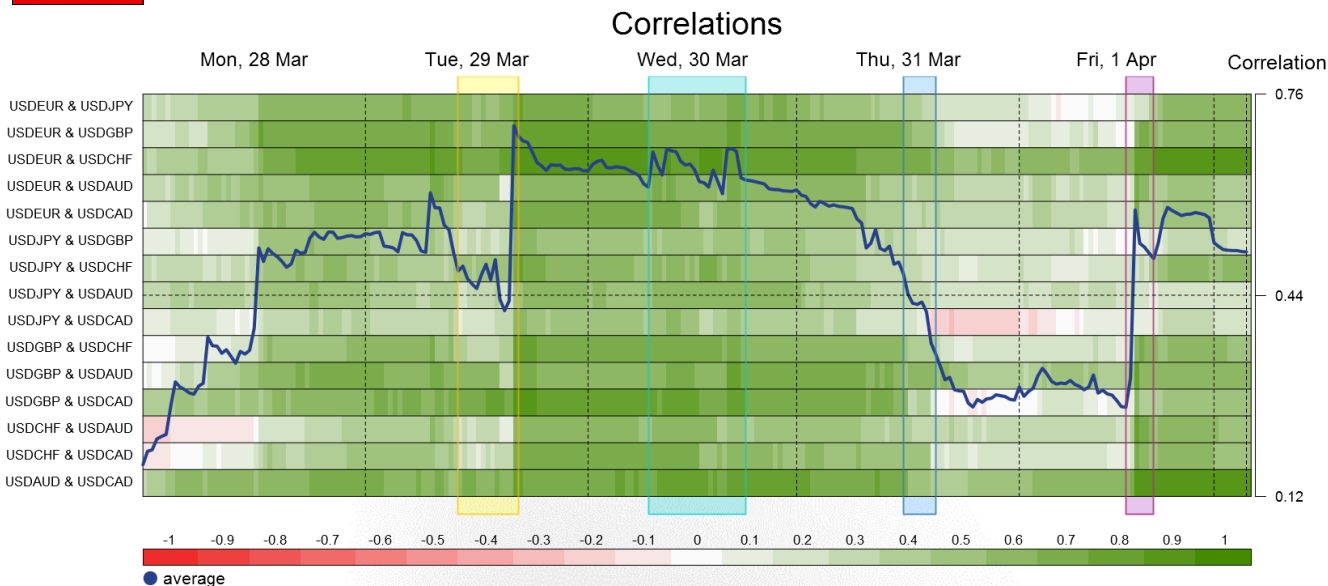
Correlations

The week was associated with the strengthening of the bonds between the USD instruments. The average levels of the correlations between the USD/EUR and the non-European USD pairs were above their long-term values, while the components containing two European pairs continued to demonstrate high correlation. As a result, the composite's average gained 0.08 to 0.17 points against the long-term readings, which pointed out exceptional significance of the Greenback that week. Meanwhile, the Kiwi became the dollar's main competitor in terms of its market driving power, as it strongly reacted to its US counterparty's losses and gains.

During the week the dollar's composite was varying in a wide range of 0.17-0.71 points with several notable ups-and-downs. Starting the period on a feeble 0.17 level, the measure surged in midday, as the dollar slipped in response to the US data showing retreating inflation and a downward revision to consumer spending. A day later Yellen's dovish comments sent the gauge to its high of 0.71. The composite fluctuated slightly around this level till Thursday, when it lost 0.34 points against the background of strengthening CAD's positions after the domestic GDP release. Lastly, the USD gauge returned to the 0.5-0.6 level, inspired by stronger-than-expected US jobs and factory data.
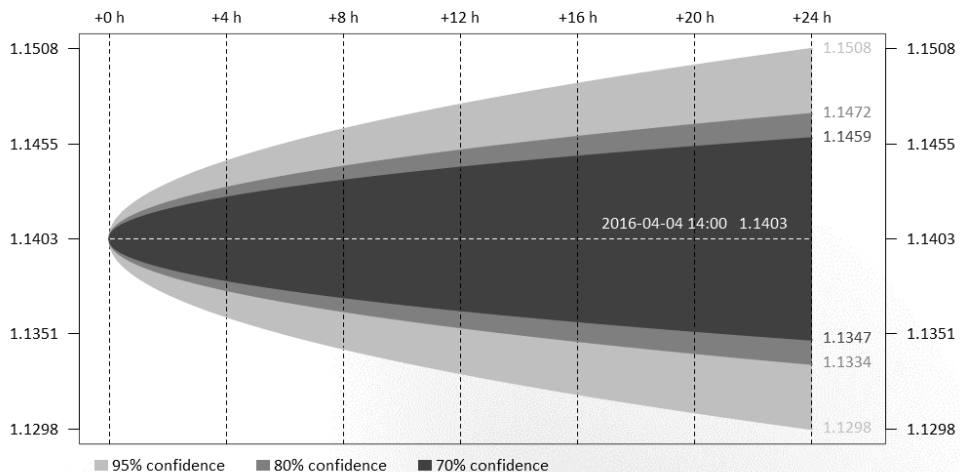
Correlations (5 vs 20 days)
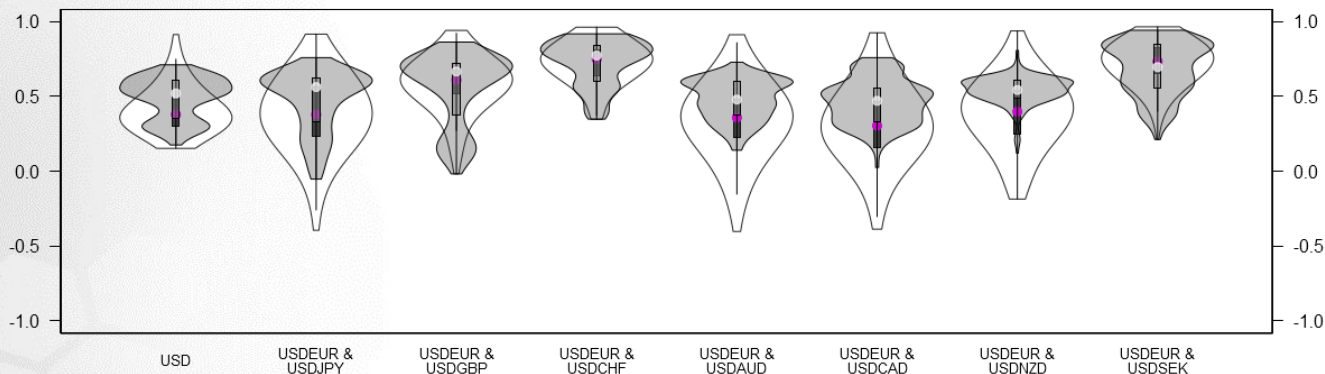
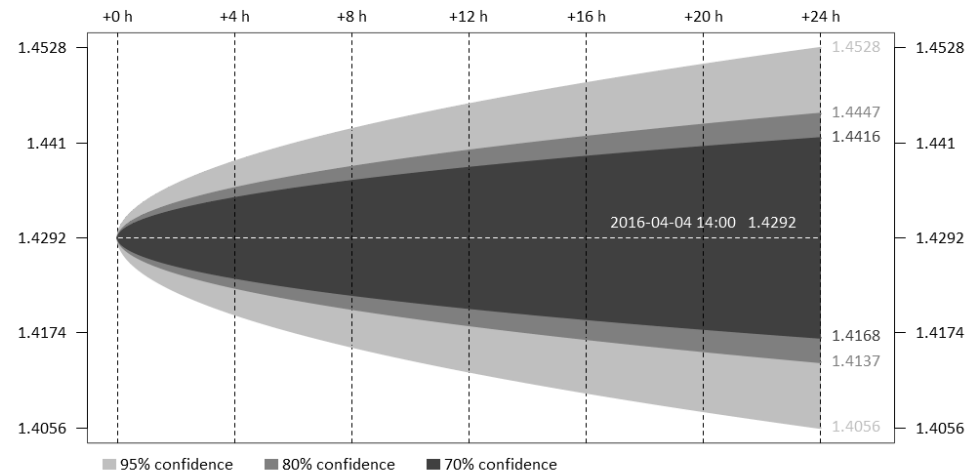

Mean Correlation Coefficient (with USDEUR)

Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.49	0.47	0.55	0.72	0.48	0.46	0.54	0.69
20	0.41	0.38	0.58	0.73	0.34	0.31	0.39	0.73
130	0.32	0.48	0.38	0.76	0.16	0.14	0.23	0.71
250	0.39	0.48	0.46	0.75	0.29	0.27	0.33	0.74

Confidence Intervals for Next 24 Hours

EURUSD Potential Rates

| | +0 h | +4 h | +8 h | +12 h | +16 h | +20 h | +24 h |

- 1.1508
- 1.1472
- 1.1459
- 1.1403 2016-04-04 14:00 1.1403
- 1.1347
- 1.1334
- 1.1298

95% confidence   80% confidence   70% confidence

GBPUSD Potential Rates

| | +0 h | +4 h | +8 h | +12 h | +16 h | +20 h | +24 h |

- 1.4528
- 1.4447
- 1.4416
- 1.4292 2016-04-04 14:00 1.4292
- 1.4168
- 1.4137
- 1.4056

95% confidence   80% confidence   70% confidence

USDJPY Potential Rates

| | +0 h | +4 h | +8 h | +12 h | +16 h | +20 h | +24 h |

- 112.41
- 112.05
- 111.91
- 111.36 2016-04-04 14:00 111.36
- 110.81
- 110.67
- 110.31

95% confidence   80% confidence   70% confidence

USDCHF Potential Rates

| | +0 h | +4 h | +8 h | +12 h | +16 h | +20 h | +24 h |

- 0.9663
- 0.9633
- 0.9622
- 0.9576 2016-04-04 14:00 0.9576
- 0.953
- 0.9519
- 0.9489

95% confidence   80% confidence   70% confidence

Dukascopy Bank SA, Route de Pre-Bois 20, International Center Cointrin, Entrance H, 1215 Geneva 15, Switzerland tel: +41 (0) 22 799 4888, fax: +41 (0) 22 799 4880

research@dukascopy.com
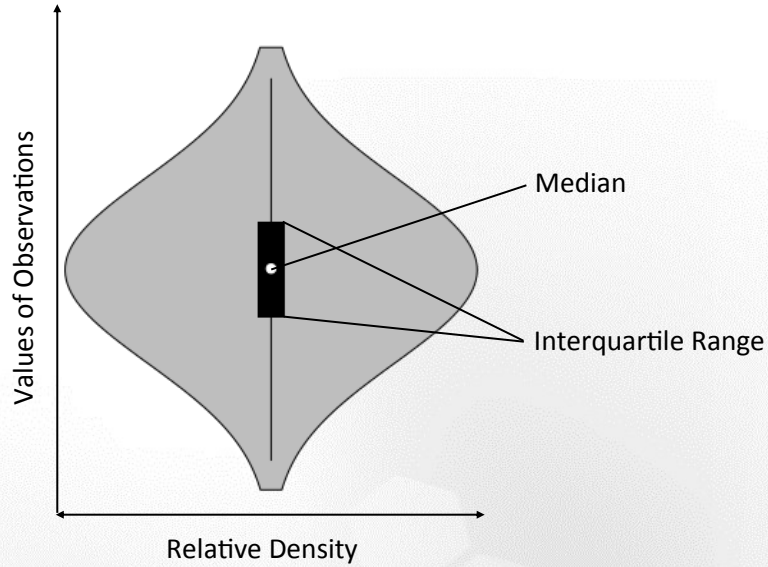
EXPLANATIONS

Violin Plot

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

Methodologies

Volatility Index

Confidence Interval

DUKASCOPY
Swiss Forex Bank & Marketplace

Fundamental Analysis	**Technical Analysis**	**Press Review**	**Market Research**
Expert Commentary	**Dukascopy Bank Sentiment Index**	**Trade Pattern Ideas**	**Global Stock Market Review**
Commodity Overview	**Economic Research**	**Dukascopy Aggregate Technical Indicator**	

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: