



USD

25/04/2016



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

April 18

06:00 - 15:30

- German Buba Monthly Report
- NAHB Housing Market Index

Turquoise Area

April 19

06:30 - 15:00

- German, EMU Zew Survey
- US Building Permits, Housing Starts
- RBA Governor's Stevens' Speech
- BoE Governor Carney's Speech
- BoC Governor Poloz's Speech

Blue Area

April 20

12:30 - 16:00

- Canadian Wholesale Sales
- US Existing Home Sales

Purple Area

April 21

07:00 - 15:00

- Riksbank Interest Rate Decision
- UK Retail Sales, Public Sector Net Borrowing
- ECB Rate Decision, Monetary Policy Statement
- US Jobless Claims, Housing Price Index, CB Leading Indicator

Orange Area

April 22

06:30 - 16:30

- Eurogroup meeting, EcoFin Meeting
- German, EMU Flash Markit PMI
- Canadian Retail Sales, CPI, BoC CPI
- US Flash Markit Manufacturing PMI

USD Currency Index Change

-0.42%	-0.33%	0.15%	0.26%	0.43%
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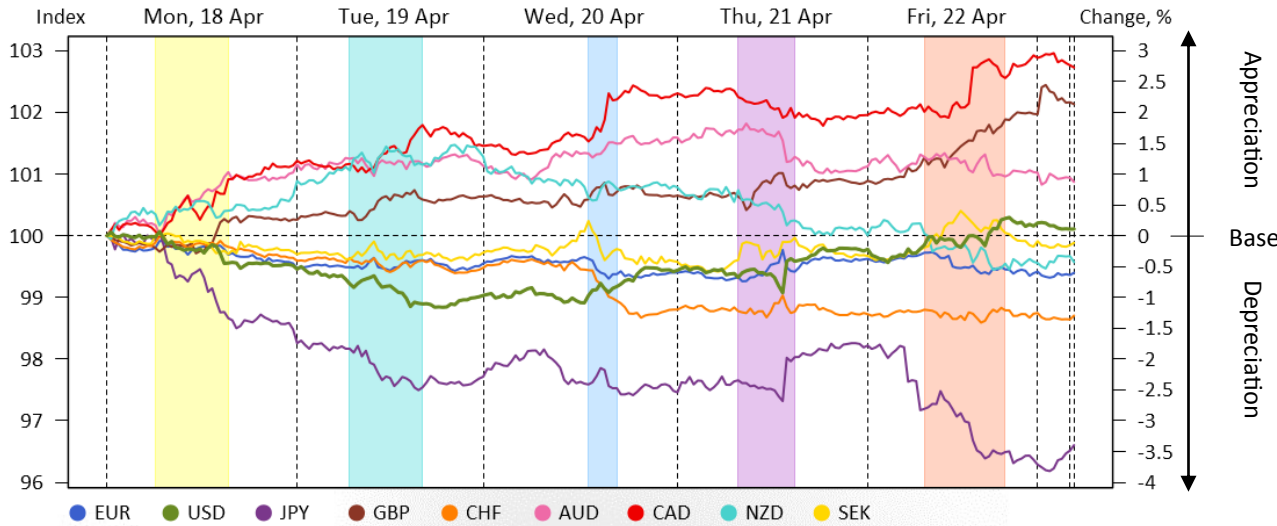
Max USD Volatility Index

1.3	1.55	1.41	1.77	1.23
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Relative Currency Strength

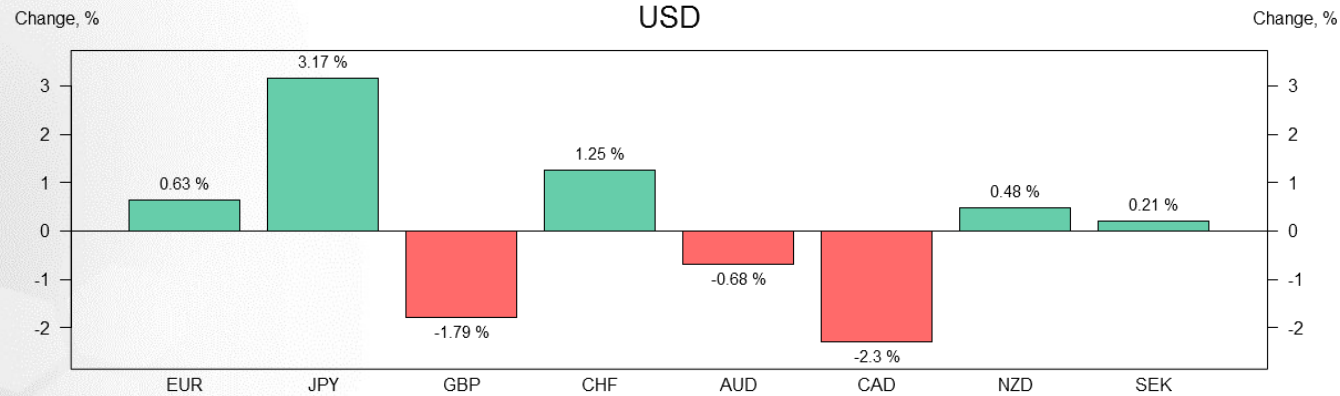
Currency Indexes



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 commodity currencies, which dropped in the early post-OPEC Asian session, strengthened their positions above the baseline against the background of rebounding oil prices. The Loonie's measure got an additional push from optimistic retail and inflation data released on Friday and posted the period's greatest gain. Meanwhile, its Pacific counterparts lost the momentum, and the pound pulled ahead, bolstered by the ECB and another wave of "Brexit" debates. In the negative area, stabilization of oil prices coupled with the BoJ report on expanding negative

interest rate policy made the safe-haven yen the worst-performing currency with almost 4% loss of its index.

The dollar's gauge was varying in a relatively narrow 98.8-100.3 range, moving smoothly and without sharp changes. The first half of the week was associated with oil recovery, which meant losses for the Greenback against its commodity counterparts and resulted in a 1.1% decline of its index. On Wednesday, the dollar started its slow appreciation as the Euro turned south ahead of the ECB meeting. Later on Thursday the index gained 0.5 points in reaction to improving US labor data. Lastly, Friday's news from Japan strengthened the dollar's positions, and pushed the index above the baseline.



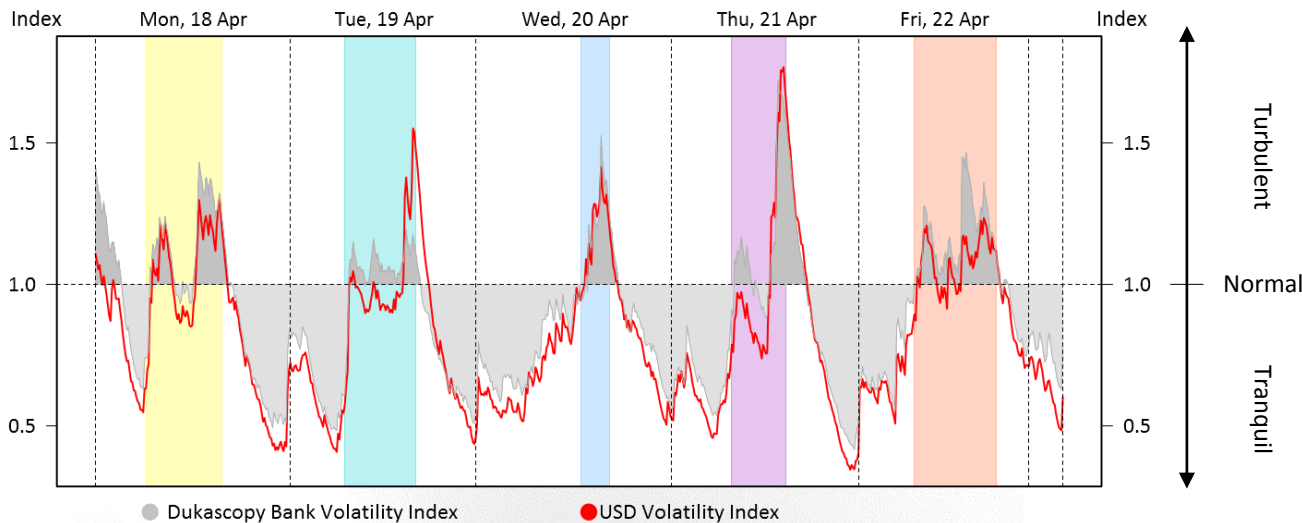
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.6%	0.11%	-3.4%	2.13%	-1.29%	0.87%	2.73%	-0.43%	-0.12%
20	-1.22%	-2.02%	0.15%	0.43%	-2.07%	0.83%	3.24%	1.04%	0.12%
130	-0.29%	-2.35%	6.9%	-8.86%	-2.22%	4.58%	1.71%	-0.89%	1.95%
250	4.7%	1.05%	8.34%	-4.59%	-1.85%	-0.82%	-3.59%	-10.7%	7.46%



Volatility

Volatility



After a few rather turbulent weeks, the past period saw a relative decrease in volatility of almost all observed currencies. The most dramatic change happened to the previous week's most volatile currency, the Aussie, which lost 32% off its overturbulence portion and posted the lowest reading. The Greenback was the second calmest, with all other currencies holding their volatility index above the two-week average for more than 30% of time. The yen and the Swedish krona became the period's most volatile currencies, as their elevated volatility portions were slightly over 40%.

The news of the unproductive OPEC meeting disturbed the market in the very beginning of the week, and the dollar's index along with its counterparts started the period above the reference line, albeit keeping well below the market average. The tendency continued for the first three days of the week, when the dollar's gauge followed the yen's and the Loonie's turbulence measures, staying below the market's index. The exception was the volatility surge on Tuesday, when the index jumped to the 1.55 level after the disappointing US housing data release. Then on Thursday the dollar's zigzagging move pushed the USD Volatility Index to its high of 1.77 points. On Friday, the overall volatility was subdued, and the dollar's measure returned to following the lead of its Canadian and Japanese peers.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	35	24	13	34	25	20	23	31	26	35

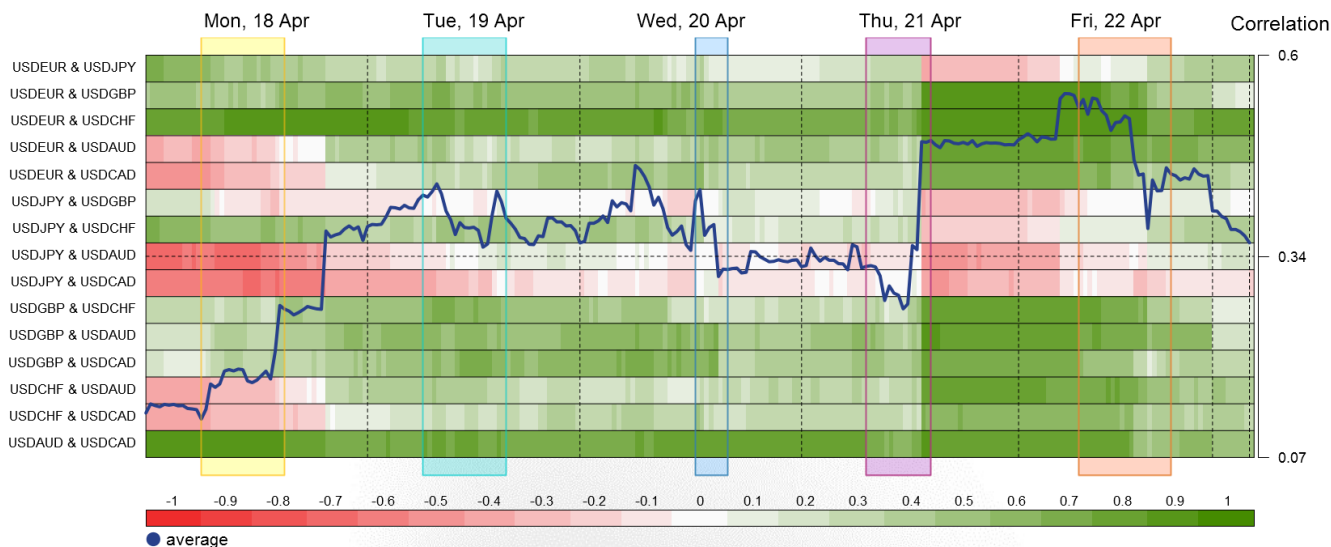
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.72	1.77	3.05	2.5	1.57	2.94	1.59	2.55	1.96	2.29
Min	0.42	0.35	0.27	0.32	0.21	0.24	0.34	0.32	0.31	0.23
Average	0.89	0.82	0.72	0.92	0.75	0.77	0.83	0.85	0.86	0.87



Currency Significance

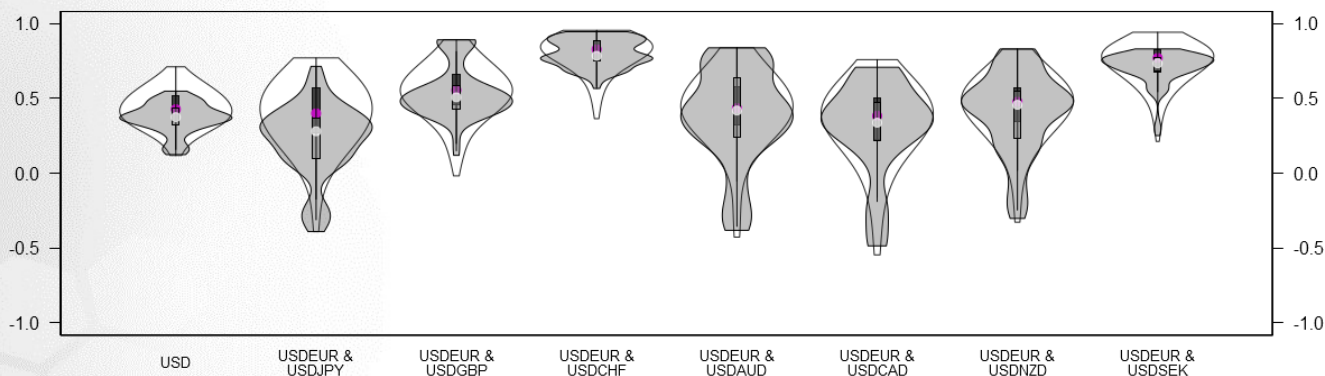
Correlations



The dollar's correlation composite lost 0.05 points off its average, heavily affected by the results of the OPEC meeting and the yen's downside. Mean values of the USD/EUR components remained largely unchanged, mostly due to their distributions spreading wide from long-term highs to long-term lows. A notable exception was the pairs bond with USD/JPY, which spent the week on feeble levels and even fell below zero on Thursday, causing its average to lose over 0.2 points from the previous reading. Meanwhile, the yen's measure was the undisputable leader of the period, posting an average of 0.74 and the high of 0.90 points.

The USD composite started the week with a lot of red in its "safe haven vs. commodity" components, as the associated currencies reacted sharply to the OPEC's failure to reach the "Oil Freeze" deal in Doha. Nevertheless, the measure swiftly climbed up from its near-zero open, and crossed the significance threshold by late Monday. Afterwards it held the level till Thursday afternoon, when an upsurge put it just below the 0.50 line. As the USD Index dipped and then corrected the move to start a recovery, the dollar's non-USD/JPY components turned strongly positive, outweighing the moderate negative bonds produced by the yen moving in tandem with its US counterpart. The dollar's measure lost some points the following day, but still managed to finish the week above the 0.30 line.

Correlations (5 vs 20 days)

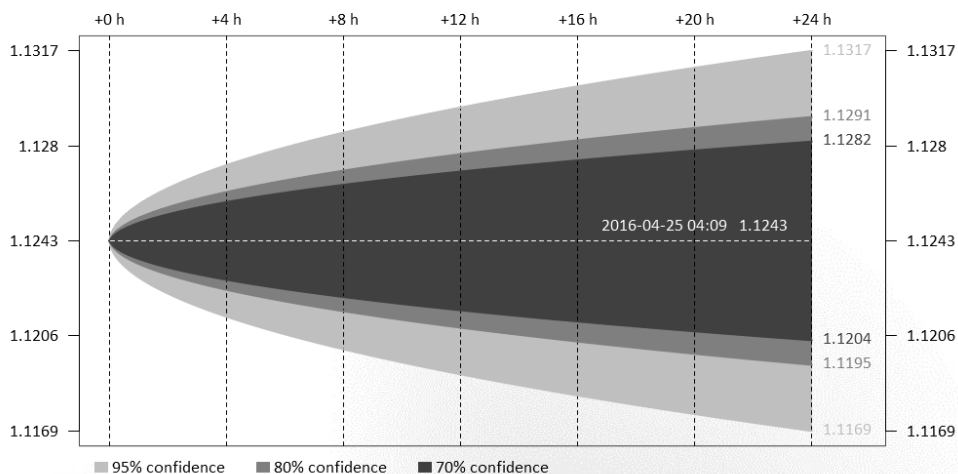


Mean Correlation Coefficient (with USDEUR)

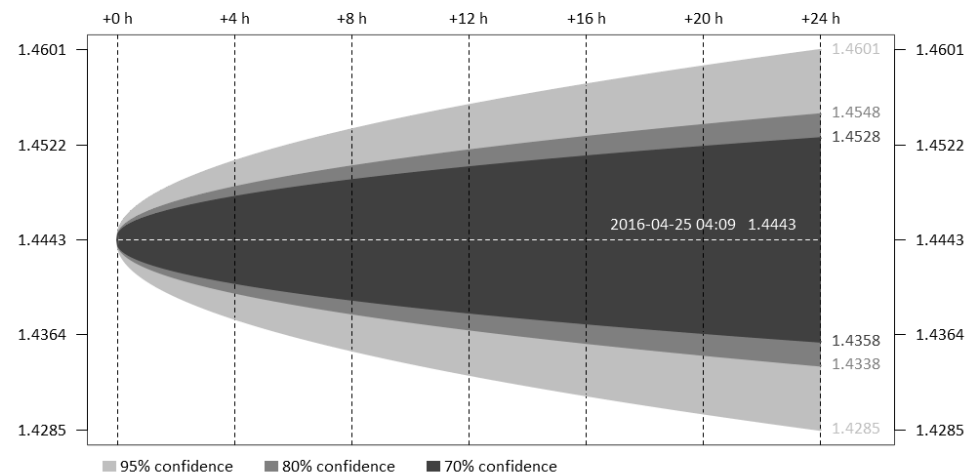
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.37	0.22	0.55	0.8	0.38	0.29	0.4	0.7
20	0.43	0.39	0.54	0.8	0.42	0.34	0.44	0.74
130	0.33	0.48	0.4	0.76	0.19	0.15	0.25	0.72
250	0.38	0.47	0.45	0.75	0.28	0.26	0.31	0.74

Confidence Intervals for Next 24 Hours

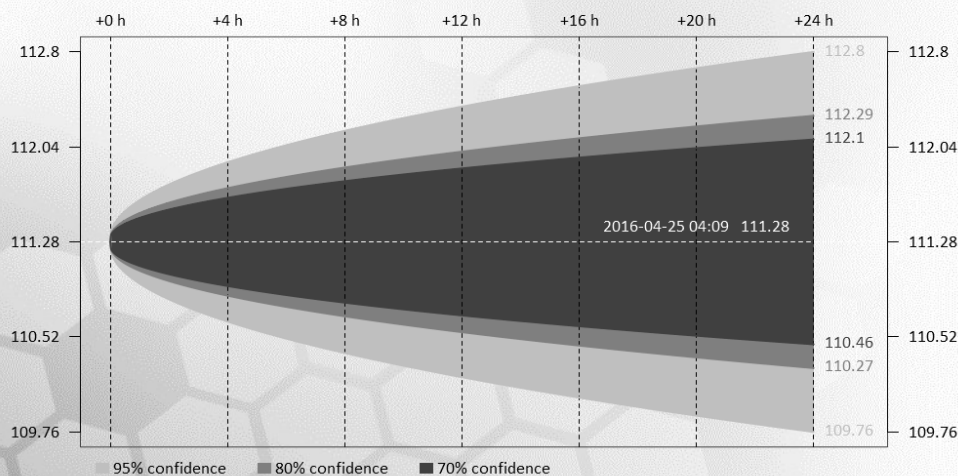
EURUSD Potential Rates



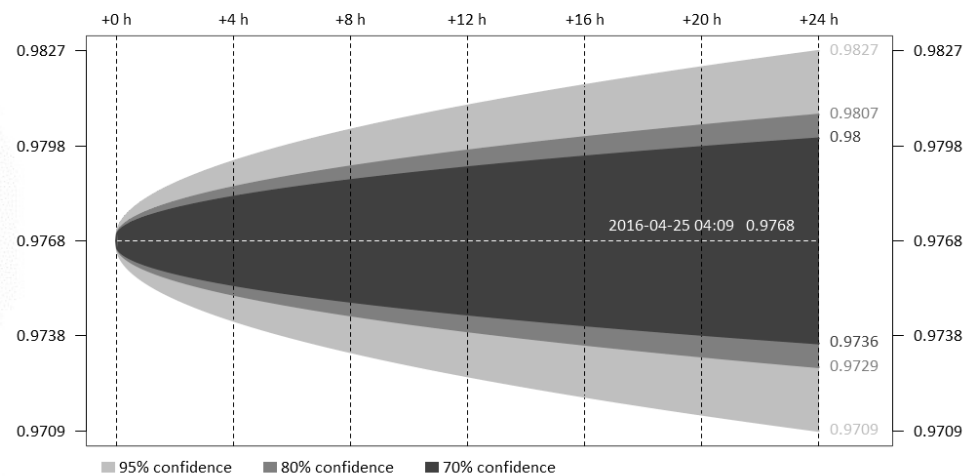
GBPUSD Potential Rates



USDJPY Potential Rates



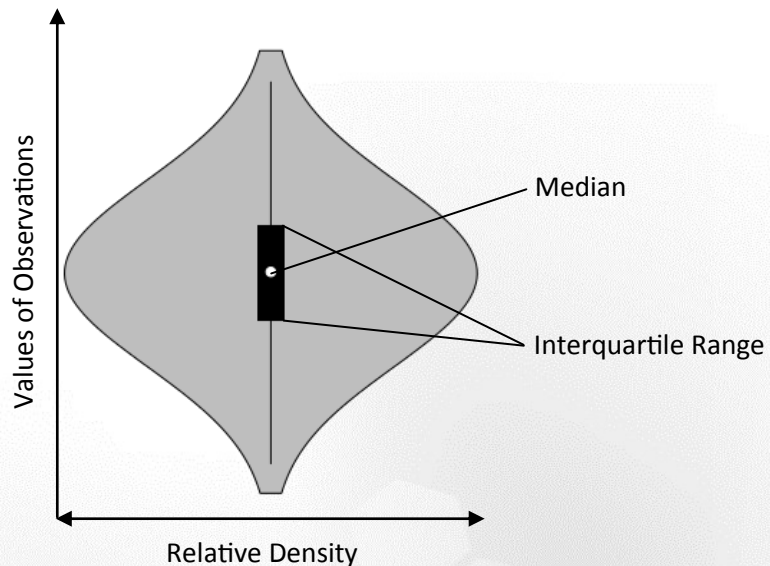
USDCHF Potential Rates



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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