



USD

09/05/2016



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Market Research





Dominant Events of the Period

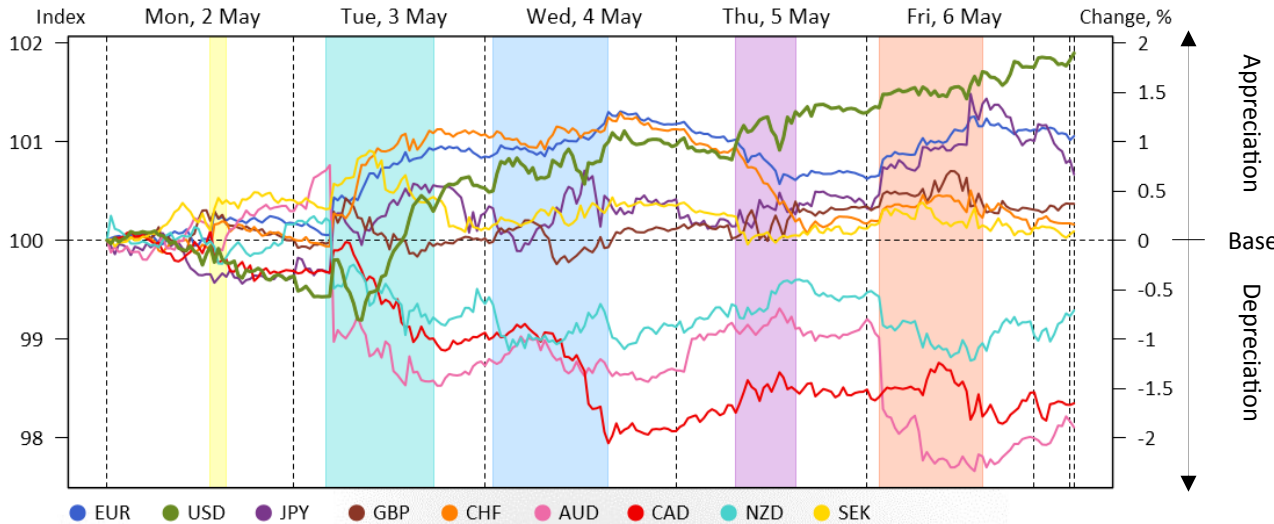
Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
May 2	May 3	May 4	May 5	May 6
13:00 - 15:30	04:00 - 17:00	01:00 - 15:00	07:30 - 15:00	01:00 - 14:30
<ul style="list-style-type: none"> RBC Manufacturing PMI US Markit Manufacturing PMI, ISM Manufacturing PMI, Construction Spending ECD President Draghi's Speech 	<ul style="list-style-type: none"> RBA Interest Rate Decision, Australian Budget SECO Consumer Climate Swedish Industrial Production BoC Governor Poloz's Speech EC Economic Growth Forecasts 	<ul style="list-style-type: none"> ANZ Commodity Price EMU, German Markit Services PMI, PMI Composite UK PMI Construction US ADP Employment Change, Trade Balance, Markit Services, ISM Non-Manufacturing PMI 	<ul style="list-style-type: none"> EMU Economic Bulletin US Jobless Claims 	<ul style="list-style-type: none"> RBA Monetary Police Statement US Average Weekly Hours, Nonfarm Payrolls, Unemployment Rate Canadian Unemployment Rate, Ivey PMI

Currency Index Change	-0.17%	0.86%	0.5%	0.34%	0.36%
Max USD Volatility Index	1.55	1.89	1.85	1.43	1.69



Relative Currency Strength

Currency Indexes

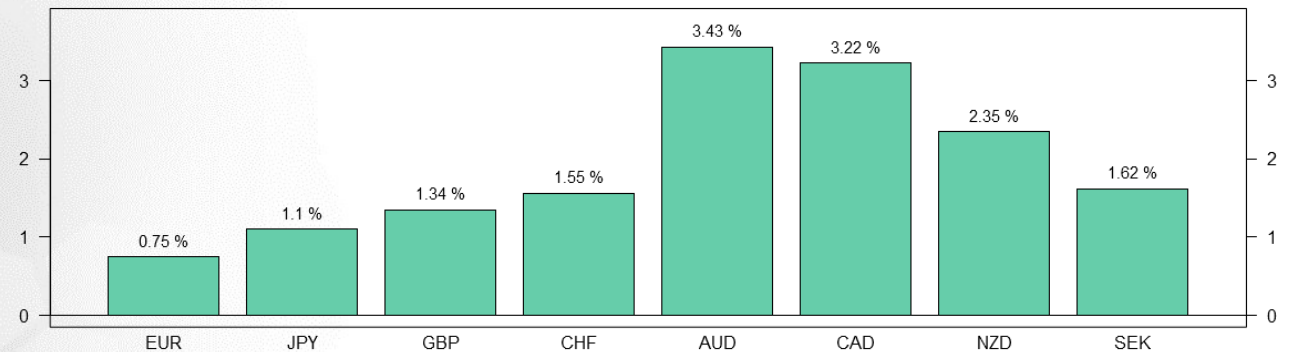


The past week proved to be another period of weak commodity currencies, though this time the oil prices were not the main driving force behind the descend. The RBA's decision to cut interest rate managed the Aussie's gauge to tumble below 99.0 points on Tuesday, and the monetary policy statement released on Friday pushed the index lower still, putting the Aussie in the main loser's position. The Loonie's measure finished the week slightly above its Pacific counterpart, but still posted a more than 1.5% loss, despite the good unemployment and PMI releases on Friday.

The USD Index spent most of the week recovering

from the previous period's losses. It lost some ground in the beginning of the week, weakened by lower-than-expected manufacturing PMI numbers, and reached the week's lowest point of 99.2 in Tuesday morning. Afterwards it started on a rapid recovery, reaching the 101.0 level by Wednesday evening, as the day brought a portion of good news on the US economy with shrinking trade gap and growing factory orders and services PMI. The dollar continued to appreciate in anticipation of Friday's US payrolls report, which missed the expectations, but failed to notably hurt the Greenback. The bigger news was the Fed's Dudley comments, who said to the New York Times that the central bank might raise interest rates twice in 2016. Thus the index finished the week with an almost 2% gain – the highest result among its peers.

Change, %



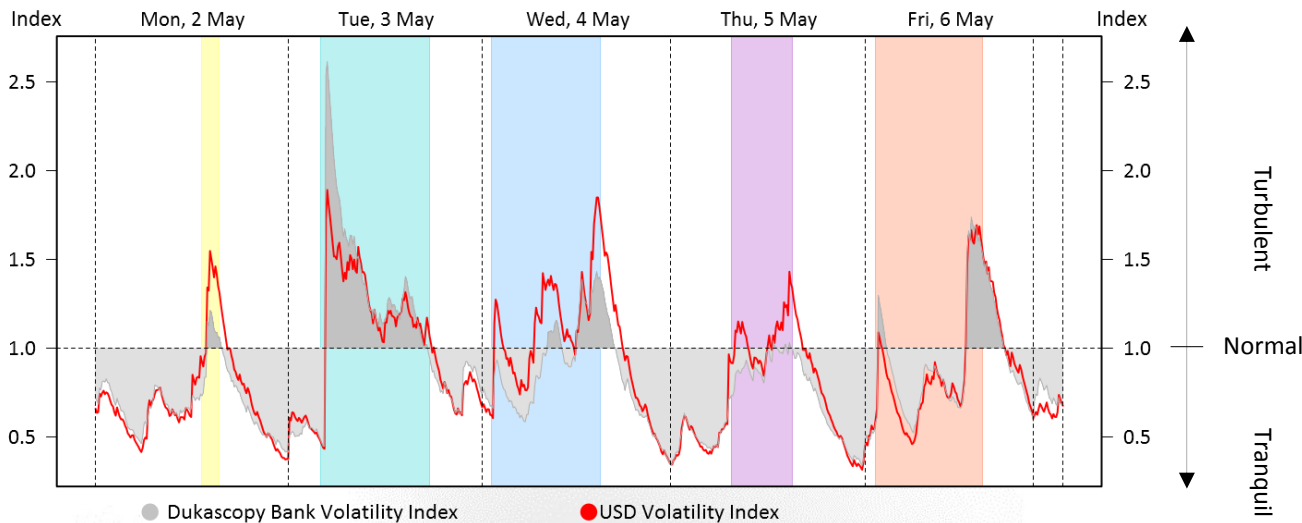
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.06%	1.9%	0.67%	0.37%	0.16%	-1.9%	-1.65%	-0.71%	0.09%
20	-0.02%	0.31%	0.49%	2.69%	-2.19%	-2.8%	0.71%	0.69%	0.18%
130	1.65%	-4.14%	10.7%	-9.14%	-1.06%	0.34%	-1.58%	0.62%	2.82%
250	4.34%	2.52%	14.57%	-5.21%	-2.45%	-5.8%	-5.15%	-6.66%	3.82%



Volatility

Volatility



Volatility edged down from the previous week's moderate levels, with the dollar's overturbulence portion being the only one to reach the usual level of one third. The pound's and the Loonie's reading's were close behind, falling just a few tenths short of the 30% mark. Somewhat uncharacteristically, the lowest elevated volatility portion was posted by the yen, whose index reached above its two-week average in less than 15% of the time. Meanwhile, the most turbulent dollar's pairs were the ones with its European peers - USD/CHF, EUR/USD, and GBP/USD, all showing elevated volatility of 40% or more.

The dollar's overturbulence portion was almost 10% higher than the market average, and its volatility index rose above the aggregate in almost all observed peaks. The first such occurrence took place on Monday, when the Greenback zigzagged with disappointing manufacturing PMI, and its index shot to 1.5 points amid the overall tranquility. Later, the dollar's measure held above the market's throughout most of Wednesday, reaching its second highest peak at the services PMI releases. The week's highest spikes, however, were not provoked by the US fundamentals, but came as the result of the RBA's rate cut and the Aussie's tumble. At the move, the dollar's turbulence reading was among the weakest, while its Australian counterpart pushed its index to 7.6 points.

Elevated Volatility (% of the observed period)

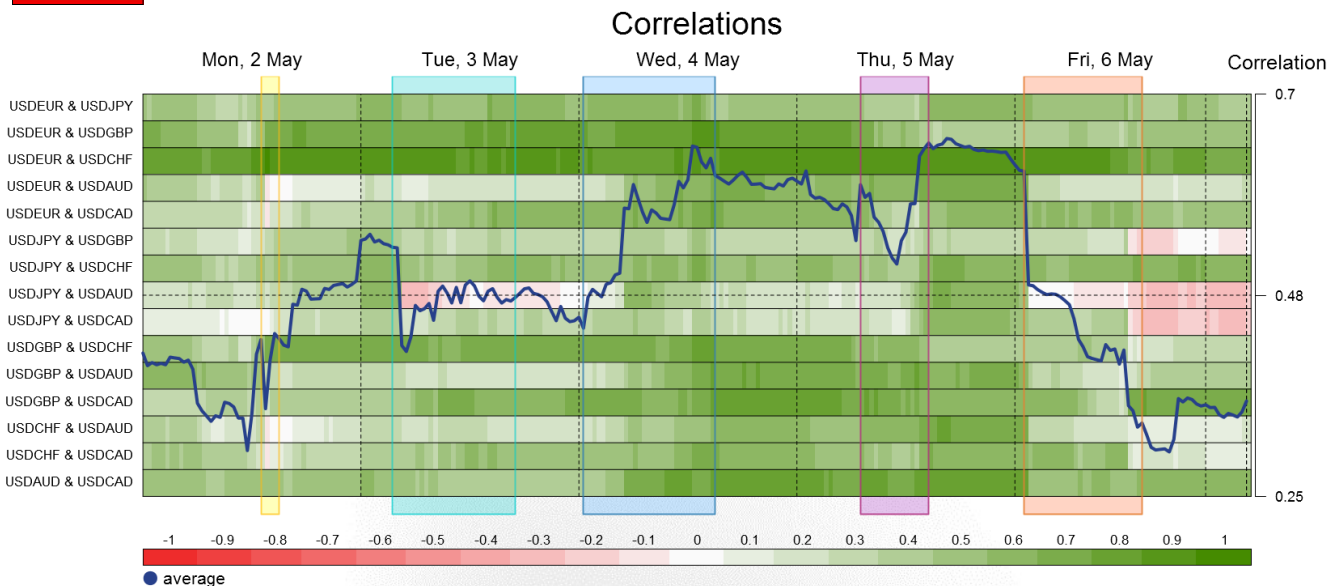
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
24	33	40	12	40	45	30	39	26	34

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.61	1.89	2.95	1.67	2.28	2.54	7.13	3.02	2.52	2.23
Min	0.34	0.32	0.29	0.2	0.21	0.27	0.31	0.28	0.26	0.24
Average	0.84	0.87	0.97	0.66	0.89	0.99	0.96	0.92	0.83	0.89



Currency Significance

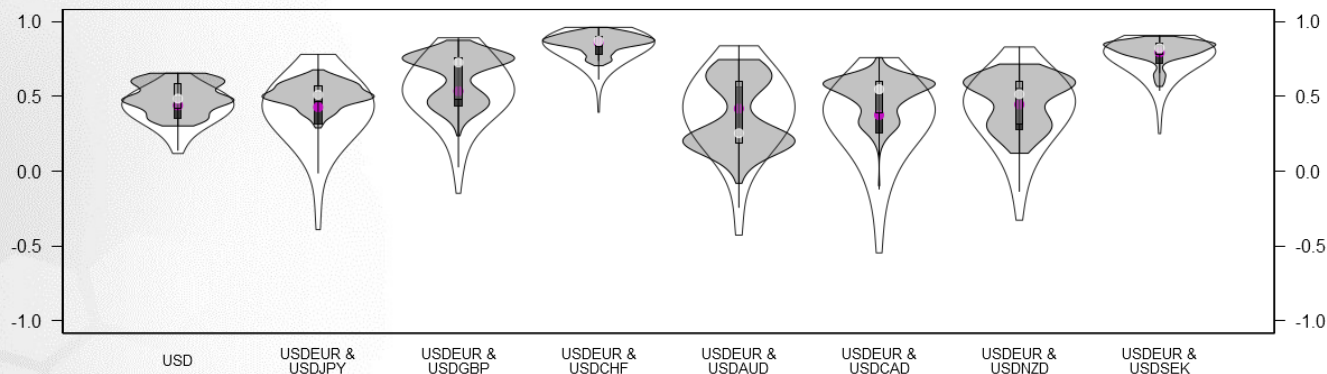


The past week was marked by relative strength of the Greenback's significance measure, with several ups-and-downs holding it in a range of 0.30 to 0.65, all above the significance threshold. The mean of the composite edge higher once more, adding 0.07 points to the previous readings, with most of the USD/EUR components' averages showing the same tendency and gaining 0.02-0.20 points. The only exception was the pair's bond with USD/AUD, which lost 0.05 points from the previous week's value. The sharp falls of the Aussie's Currency Index on Tuesday and Friday pushed the USD/AUD components down, and its correlations with USD/JPY went as far as

dropping into the negative area.

The dollar's composite started the period with a raise, fueled by the unexpectedly low US manufacturing PMI, and reached 0.55 points by Tuesday. The RBA rate cut on Tuesday pushed the composite down 0.1 point, and it held at the level of 0.46 till the next day. On Wednesday, the measure was rising against the background of the dollar's index increase, and reached the 0.64 mark at the time of the US trade balance and employment data release. On Thursday, after the US jobless claims report, the composite rose to its period high of 0.65. On Friday, another drop of the Aussie pushed the USD measure down and it continued to fall till the weekend, finishing the period at 0.35 points.

Correlations (5 vs 20 days)

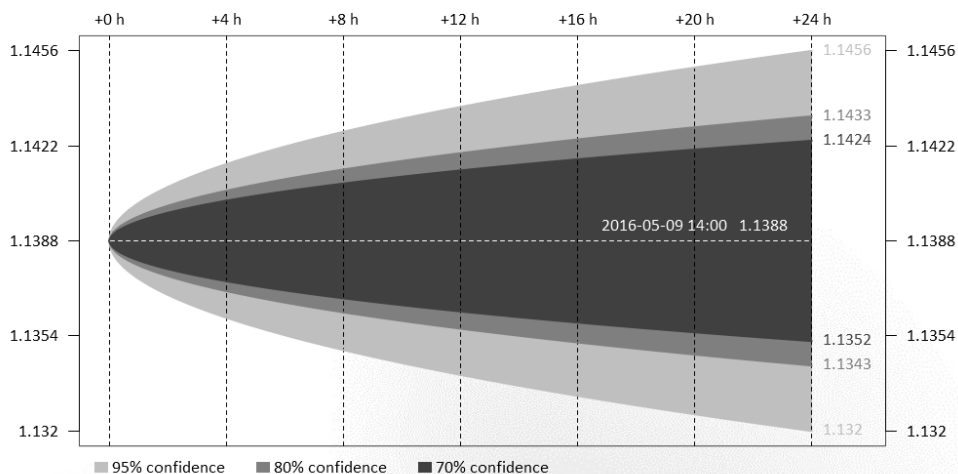


Mean Correlation Coefficient (with USDEUR)

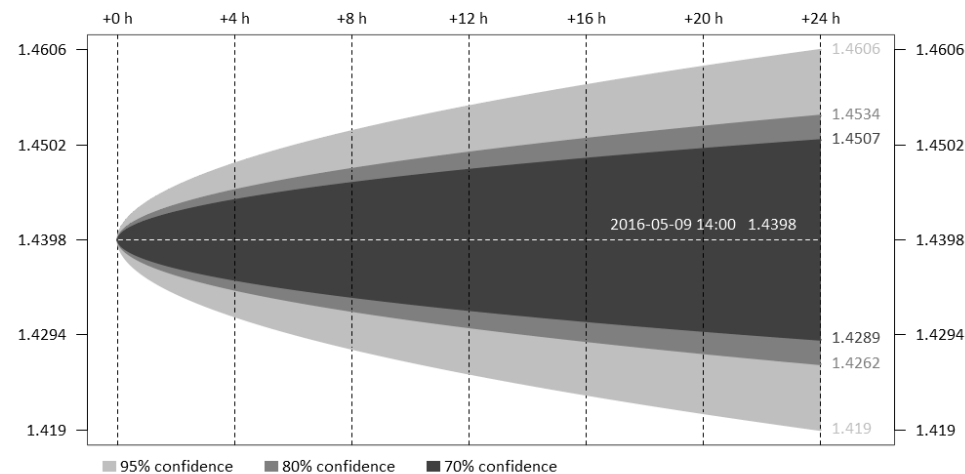
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.49	0.51	0.63	0.86	0.36	0.5	0.47	0.81
20	0.43	0.4	0.54	0.84	0.39	0.33	0.4	0.76
130	0.34	0.47	0.41	0.77	0.2	0.15	0.25	0.72
250	0.38	0.47	0.45	0.76	0.28	0.25	0.31	0.74

Confidence Intervals for Next 24 Hours

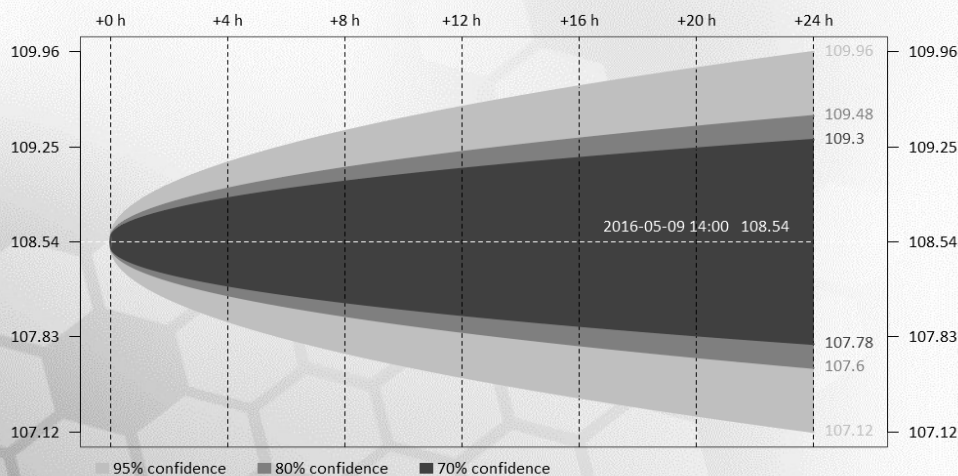
EURUSD Potential Rates



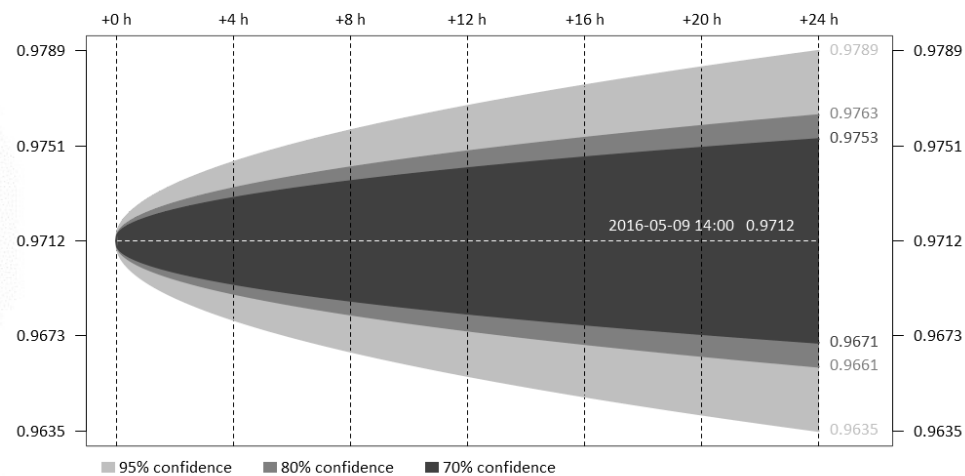
GBPUSD Potential Rates



USDJPY Potential Rates



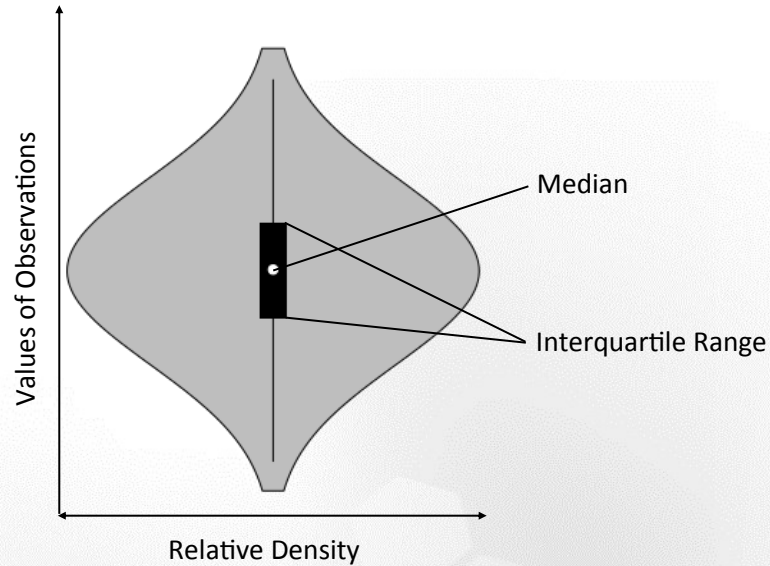
USDCHF Potential Rates



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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