



USD

16/05/2016



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Market Research





Dominant Events of the Period

Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
May 9	May 10	May 11	May 12	May 13
06:30 - 15:00	07:00 - 22:00	00:30 - 16:30	09:00 - 15:30	07:30 - 15:30
<ul style="list-style-type: none"> ■ Eurogroup Meeting ■ Swiss CPI ■ Canadian Housing Starts ■ US Labor Market Conditions Index 	<ul style="list-style-type: none"> ■ UK Trade Balance ■ US NFIB Business Optimism Index, JOLTS Job Openings ■ RBNZ Financial Stability Report, Governor Wheeler's Speech 	<ul style="list-style-type: none"> ■ Australian Westpac Consumer Confidence, Home Loans, Investment Lending for Homes ■ RBNZ Governor Wheeler's Speech ■ UK Manufacturing, Industrial Production, NIESR GDP Estimate 	<ul style="list-style-type: none"> ■ EMU Industrial Production ■ BoE Interest Rate Decision, Asset Purchase Facility, MPC Vote, Minutes, Governor Carney's Speech ■ US Jobless Claims, Export, Import Price Index 	<ul style="list-style-type: none"> ■ EMU GDP ■ US Retail Sales, PPI, UoM Consumer Sentiment Index,

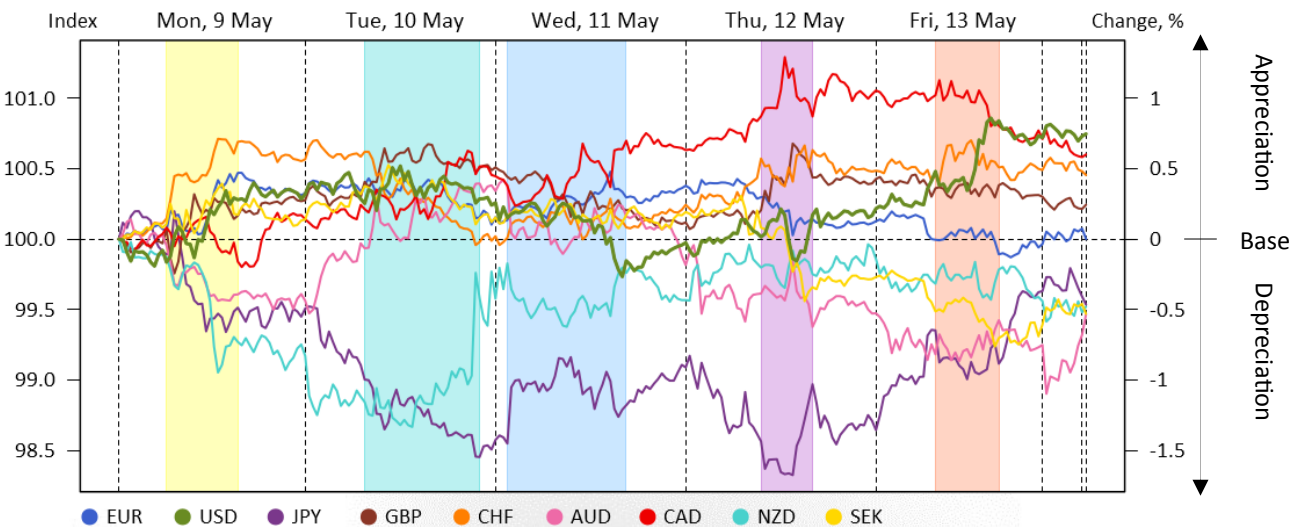
) Currency Index Change	0.44%	0.03%	-0.31%	0.16%	0.36%
Max USD Volatility Index	1.3	1.26	1.25	1.35	1.57



Relative Currency Strength

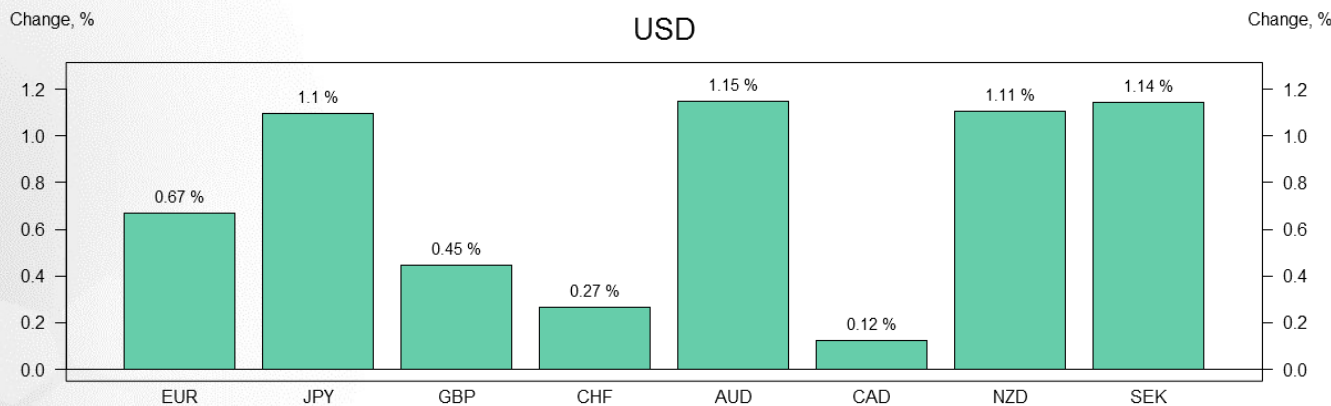
Currency Indexes

While the range of the observed moves notably narrowed from the previous week, some indexes still managed to deviate from the tightly-packed majority. The most prominent of such exceptions was the yen's gauge, which opened the period by dropping more than 0.5% below the baseline after the BoJ minutes weighted on inflation target, backing the negative rate policy. On Tuesday, the downside was further supported by the Finance Minister Aso's warning about an intervention that could come if the yen continues to strengthen. Afterwards, however, the JPY Index went back to being governed by the investors' risk appetite and rejoined its peers. The Kiwi's gauge followed on



a similar pattern, falling throughout the first two days of the period and recovering later in the week. The index was hit by the Finance Minister's comments on employing macroprudential tools to fight strength of the housing market, but shot up after the RBNZ report gave no indication of such measures.

The dollar's rally, which put its index on the top position in the previous week, lost its momentum by Tuesday, leaving the gauge to hover by the baseline. The measure's sharpest changes came on Thursday and Friday. The first was a dip following the release of greater-than-expected jobless claims, while the second was an upsurge fuelled by strong retail sales numbers. The rise helped the USD Index to overcome its peers and once again post the greatest weekly gain.



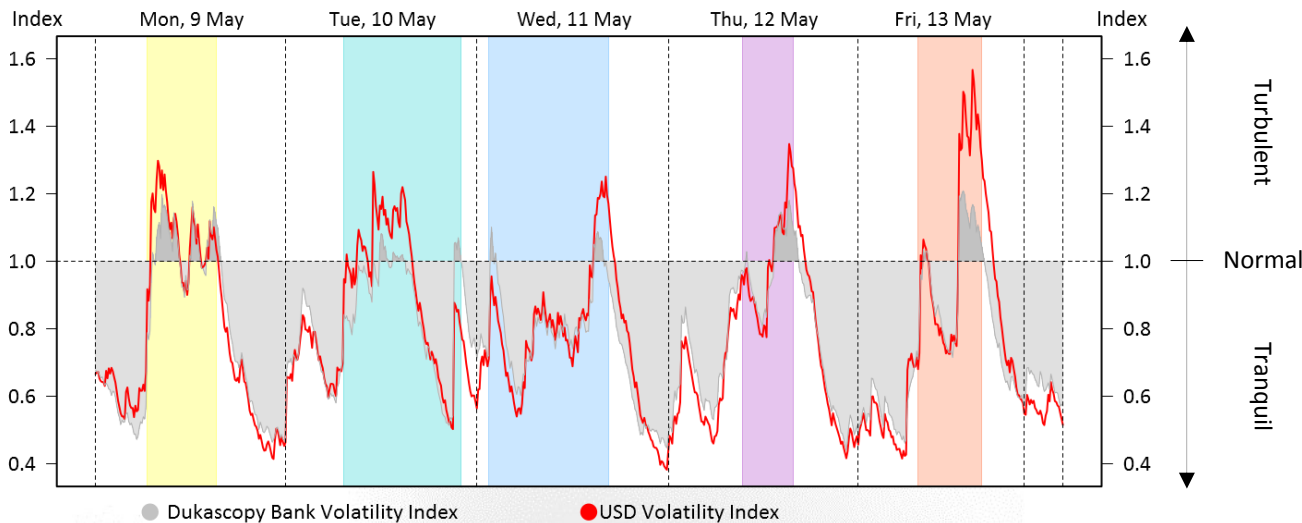
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0%	0.75%	-0.47%	0.24%	0.45%	-0.53%	0.6%	-0.48%	-0.53%
20	1.32%	1.09%	0.33%	2.8%	0.1%	-4.86%	1.12%	-1.54%	-0.3%
130	2.23%	-3.26%	9.74%	-9.51%	-0.08%	-1.17%	-0.57%	0.37%	2.34%
250	3%	4.28%	14.8%	-6.02%	-2.81%	-6.45%	-4.07%	-6.43%	3.75%



Volatility

Volatility



As suggested by the currency indexes, volatility on the market was rather subdued, with most of the overturbulence portions standing below 20%. The only exceptions were the Greenback and the franc, whose volatility indexes held above the two-week average in about 21% of the time. The Kiwi's gauge, in turn, should be marked out for reaching the highest peak. As the RBNZ report and governor's speech pushed the currency up, its turbulence measure surged to the 2.82 mark, with the NZD/USD index reaching the 3-point level. Maximum values of other observed composite indexes were around 1.5, while the market's high stood only at 1.21.

The Greenback's volatility peaks were not high, but the currency did push its index above the 1-point level each day of the past week and was mostly overturbulent compared to the market. On Monday, against the background of the Swiss CPI report and consequent jump of the franc, the dollar's volatility index increased to the 1.3 mark. On Tuesday and Wednesday the index reached the 1.26 level, leaving the market far behind, while on Thursday the unexpectedly high US jobless claims gave an impetus to the intensive growth of the Greenback's volatility index, and it reached the 1.35 mark. Friday came with the most notable peak of the Greenback's volatility. The increase of the US retail sales managed the dollar to grow, and the index jumped to the maximum level of the period.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
16	21	21	6	30	28	19	34	33	22

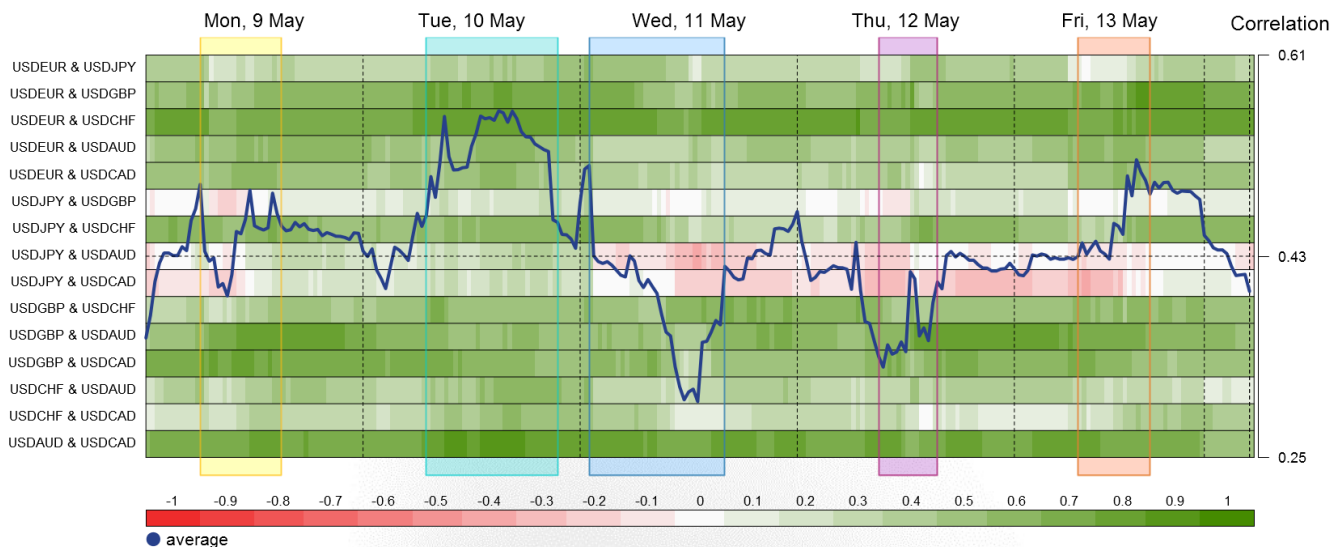
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.21	1.57	2.12	1.59	2.16	2.1	1.68	2.07	3	1.66
Min	0.44	0.38	0.23	0.24	0.25	0.27	0.31	0.32	0.4	0.23
Average	0.77	0.78	0.74	0.61	0.82	0.82	0.79	0.84	0.93	0.75



Currency Significance

Correlations

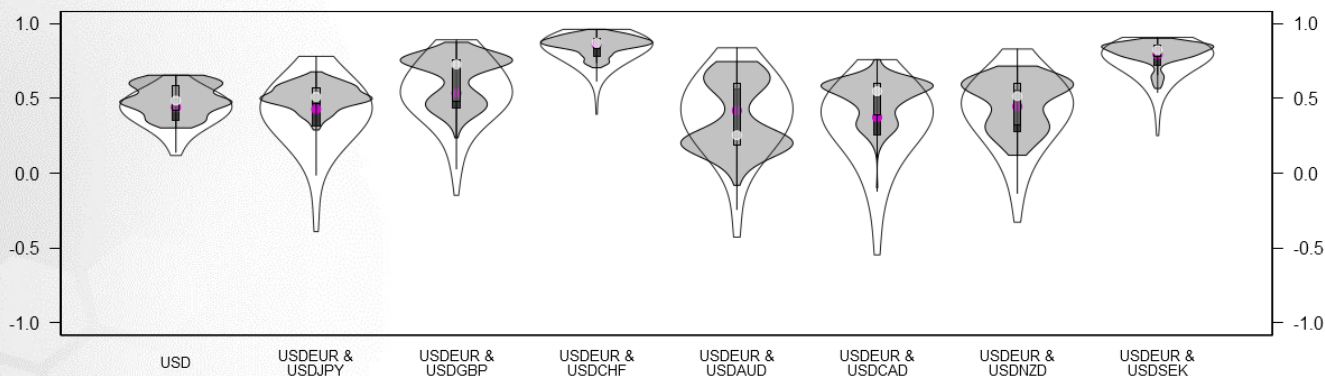


It was a calm week for the Greenback as the Aussie, the Kiwi and the yen were being the main market drivers. Their composites were fluctuating around the 0.65 points level throughout the period and reached as high as 0.80 against the background of RBNZ Wheeler's speech and inflation expectations report from Australia. The European currencies, in turn, took the weakest positions in terms of their significance that week.

The Greenback's composite was rather stable during the week, fluctuating slightly in a range of 0.30-0.55

points. Absence of significant releases on the US economy was reflected in moderate values of the gauge, which was mostly driven by its Asia-Pacific counterparts' movements during the first three days of the week. The first reaction to the domestic release was observed on Thursday, when the pessimistic jobless claims managed the USD correlations to spike, bringing the composite to its week's average level from the lows it fell to as the bonds between the yen and the Pacific currencies turned negative. The unexpectedly high retail sales was another one of the US economic announcements that pushed the dollar's composite to surge, helping it finish the trading week on the 0.50 points level.

Correlations (5 vs 20 days)

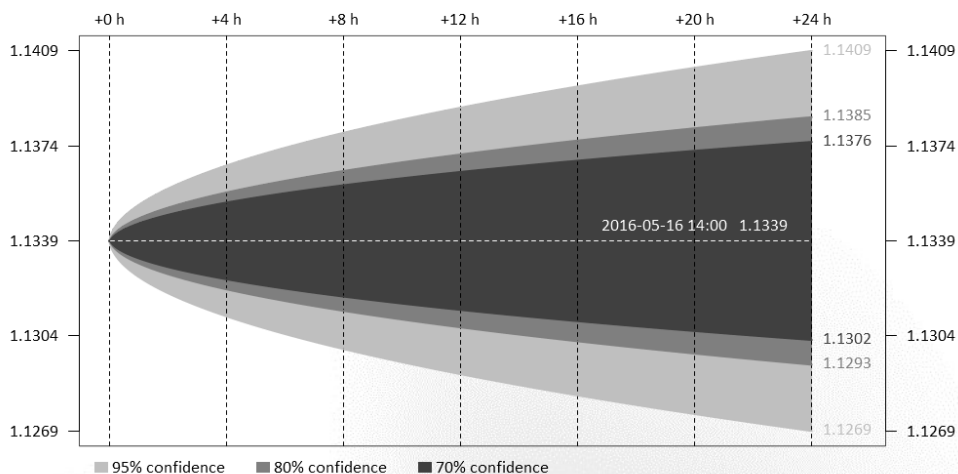


Mean Correlation Coefficient (with USDEUR)

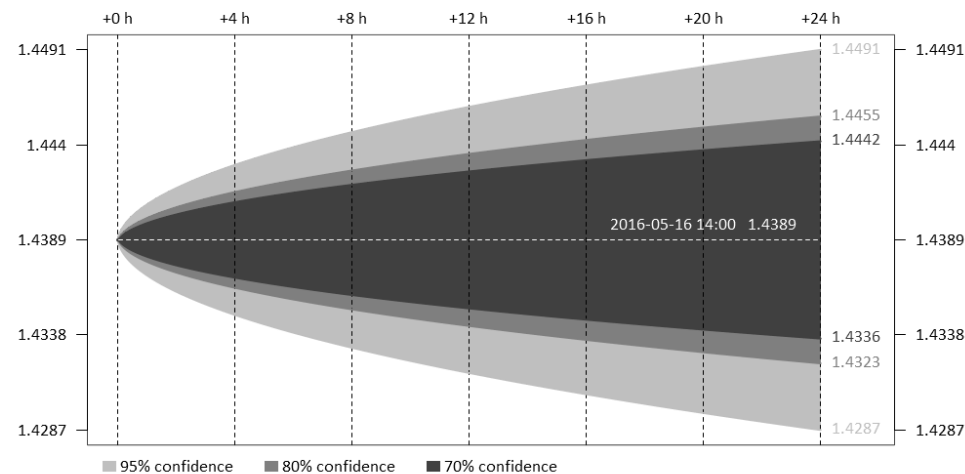
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.49	0.51	0.63	0.86	0.36	0.5	0.47	0.81
20	0.43	0.4	0.54	0.84	0.39	0.33	0.4	0.76
130	0.34	0.47	0.41	0.77	0.2	0.15	0.25	0.72
250	0.38	0.47	0.45	0.76	0.28	0.25	0.31	0.74

Confidence Intervals for Next 24 Hours

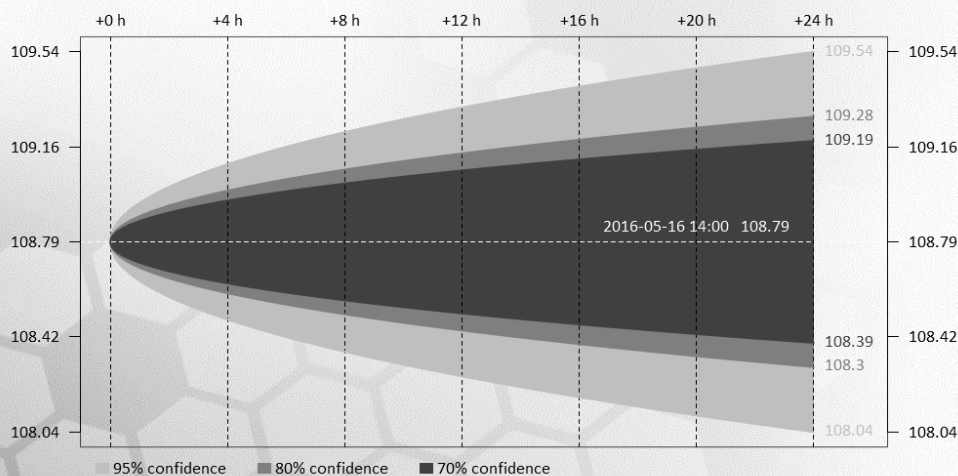
EURUSD Potential Rates



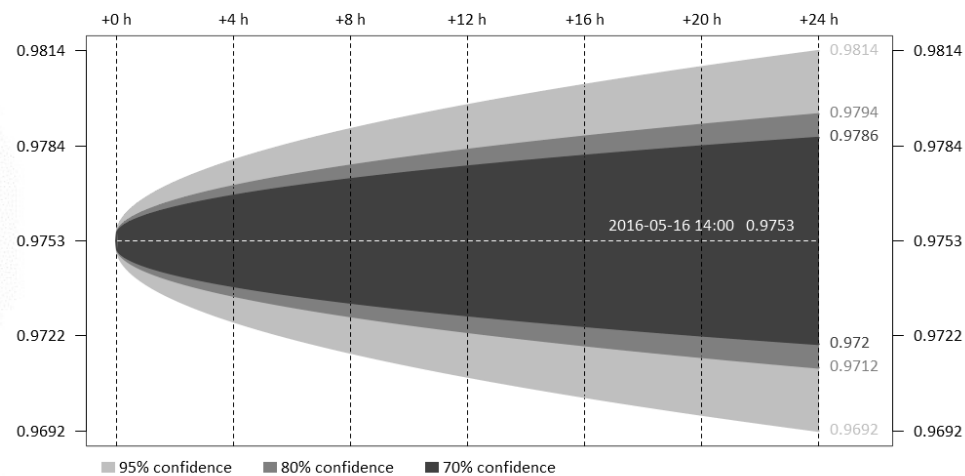
GBPUSD Potential Rates



USDJPY Potential Rates



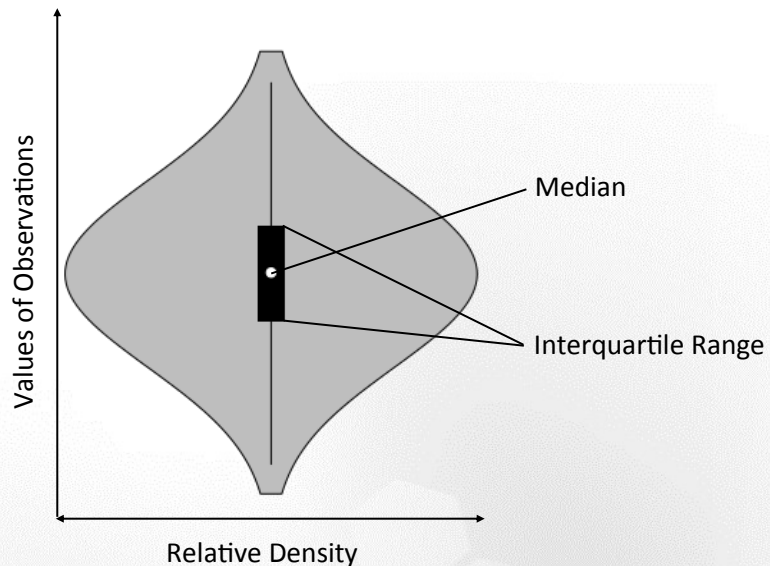
USDCHF Potential Rates



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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