



CAD

22/10/2014



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

October 15

06:30 - 18:30

- US Retail Sales, Producer Price Index
- UK Claimant Count Change

Turquoise Area

October 16

04:00 - 19:00

- Canadian Manufacturing Shipments
- US Unemployment Claims, Industrial Production

Blue Area

October 17

06:00 - 17:00

- Canadian CPI
- US Housing Starts, Building Permits

Purple Area

October 20

05:30 - 14:30

- Canadian Wholesale Sales

Orange Area

October 21

04:00 - 17:00

- US Existing Home Sales
- UK Public Sector Net Borrowing

CAD Currency Index Range

0.66%	0.57%	0.53%	0.29%	0.94%
2.55	2.65	2.2	1.07	1.6

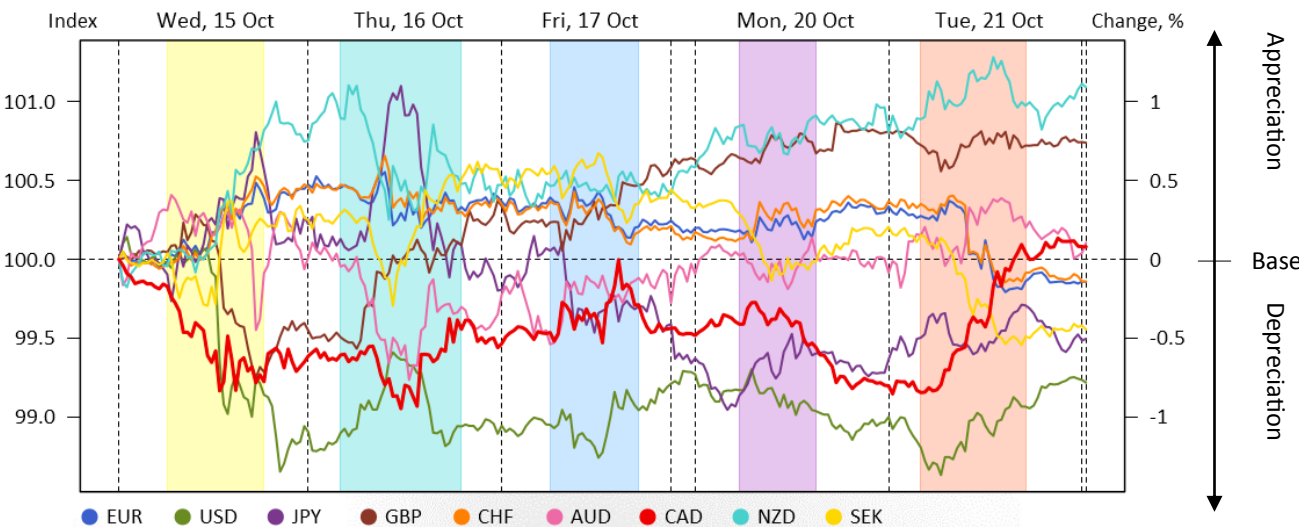
Max CAD Volatility Index



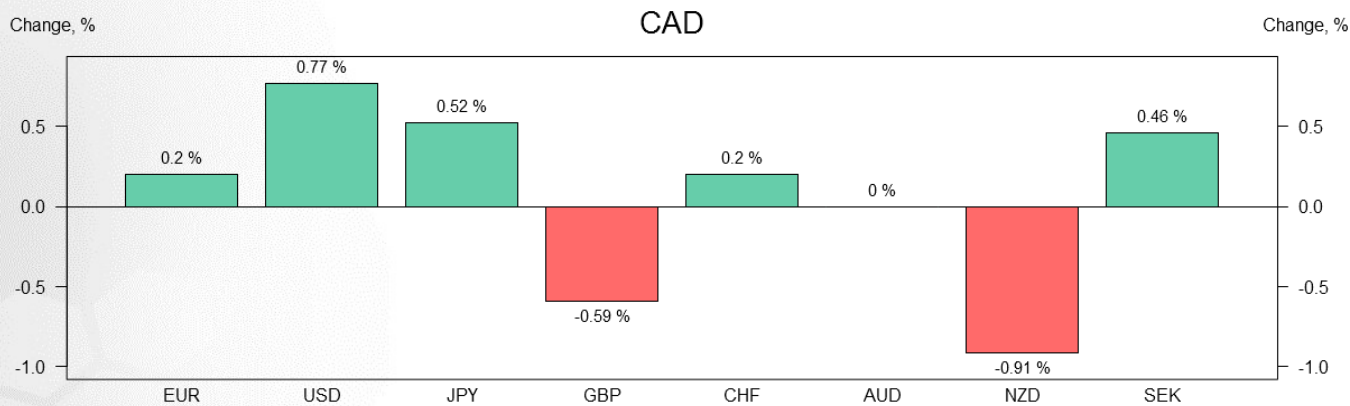
Relative Currency Strength

Currency Indices

The Canadian dollar could certainly be considered one of the most active currencies of the October 15-21 time period. The CAD Index hovered below the baseline for the vast part of the week, however, it managed to gain value in the end of the week, namely 0.08%, if compared to the beginning of the period. The index showed a negative trend right from Wednesday until Tuesday's morning, when it started to recover. Meanwhile, the currency rose against the majority of its observed peers, including USD and JPY by 0.77% and 0.52%, while it declined only against NZD and GBP by 0.91% and 0.59%, respectively.



October 15 has already provided the significant negative impetus for the CAD Index, decreasing it to the level around 99.30 that it held for the rest of the analyzed period. On October 17, the index recovered all losses to reach the 100 mark, mainly due to inflation report, which was released in line with expectations. However, the period's longest drop took place on Thursday, even though data on wholesale sales was released better than forecasted. In the last day of the period, the CAD Index advanced above the baseline, while it was mostly driven by external factors. Among other currencies, NZD surged 1.09% on a weekly basis, while USD slumped as much as 0.78%.



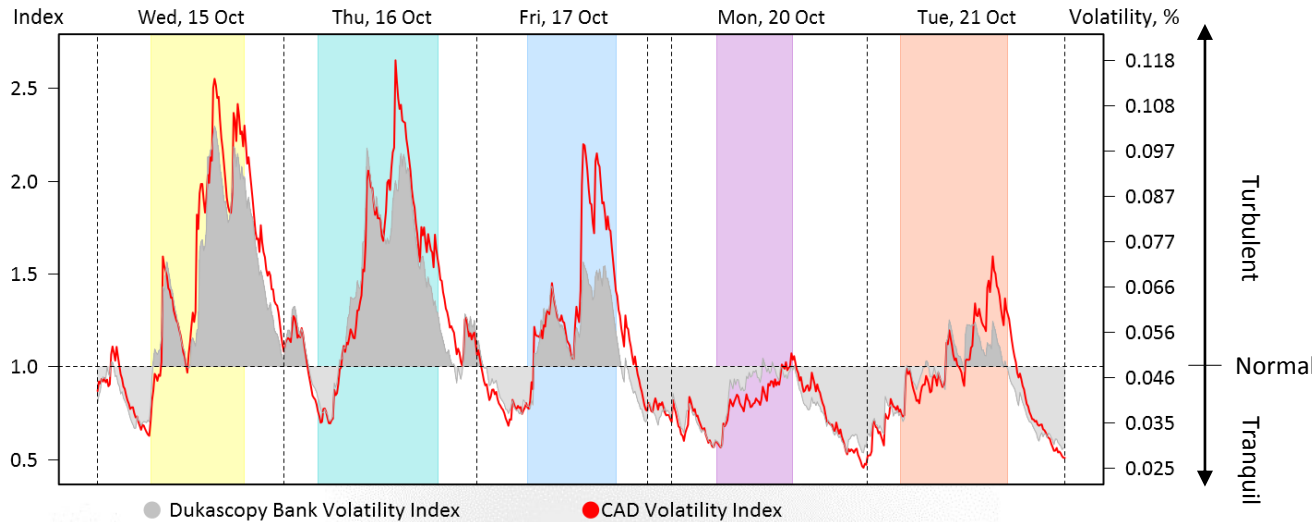
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.14%	-0.78%	-0.5%	0.74%	-0.14%	0.1%	0.08%	1.09%	-0.45%
20	-0.34%	0.83%	2.75%	-1%	-0.28%	-0.06%	-0.68%	-0.53%	-0.57%
130	-3%	6.06%	1.48%	1.17%	-1.69%	-1.21%	4.36%	-2.36%	-4.54%
250	-1%	7.14%	-2.5%	7.04%	1.49%	-3.52%	-2.48%	0.55%	-6.71%



Volatility

Volatility



The beginning of the analysed time period proved to be significantly more turbulent than last two days of it, still leaving the overall market volatility uplifted. Elevated volatility for the Canadian currency was located just above the market average at 49 versus 47 points, respectively. The CAD/JPY currency cross seemed to have the highest indicator of elevated volatility at 68 points, while the NZD/CAD pair was the least volatile. Concerning the volatility index, the highest average was posted by CAD/JPY at 1.41, with CAD/CHF following at 1.21 points.

The USD/CAD currency pair's average volatility index was one of the lowest among major CAD-crosses, however, this pair managed to register one of the biggest maximal values during the period at 3.57 points, helped both by data from Canada and the US. On Wednesday, US retail sales declined unexpectedly and producer price index came out lower than expected, which pushed the pair's volatility up. Canadian fundamental data played an important role on Thursday and Friday, when statistics on manufacturing sales and consumer price index in this country was published. These releases, however, went along with news from US, meaning that both countries had a significant impact on pair's development and its volatility during the October 15-21 time period.

Elevated Volatility (% of the observed period)

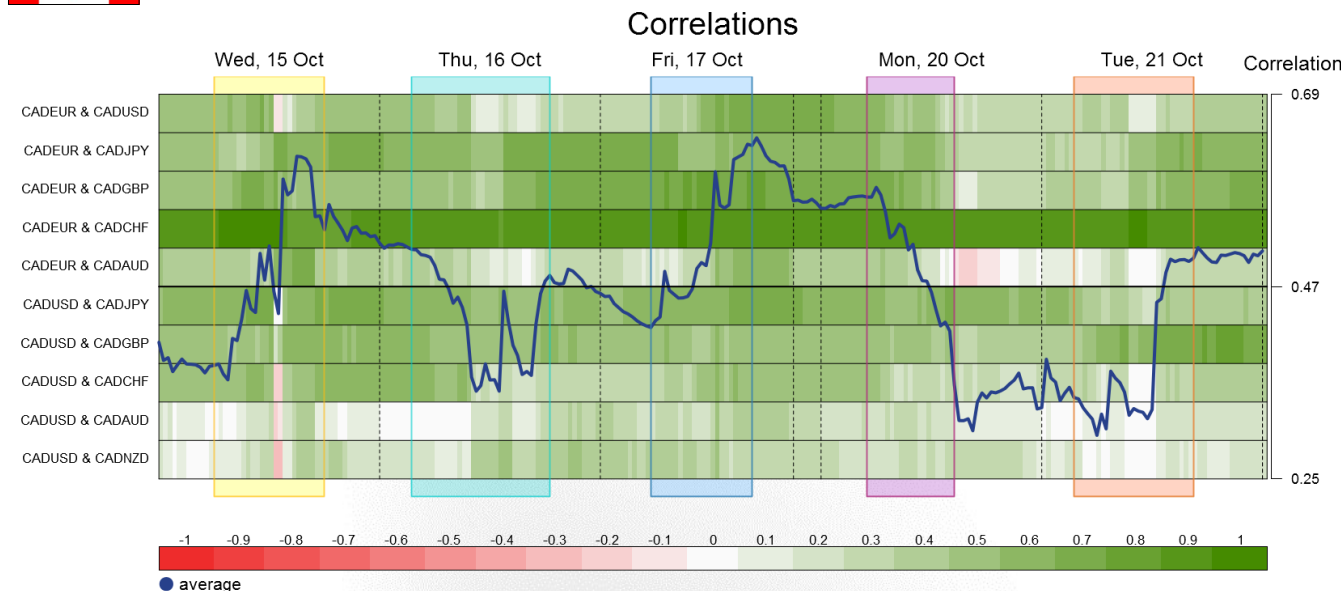
Market	CAD	EURCAD	USDCAD	CADJPY	GBPCAD	CADCHF	AUDCAD	NZDCAD	CADSEK
	47	49	36	68	51	50	46	29	53

Volatility Index (for the observed period)

	Market	CAD	EURCAD	USDCAD	CADJPY	GBPCAD	CADCHF	AUDCAD	NZDCAD	CADSEK
Max	2.3	2.65	3.1	3.57	3.75	3.13	3.22	2.36	2.72	2.93
Min	0.54	0.46	0.31	0.25	0.39	0.43	0.36	0.49	0.43	0.35
Average	1.08	1.13	1.18	1.02	1.41	1.19	1.21	1.07	0.91	1.17



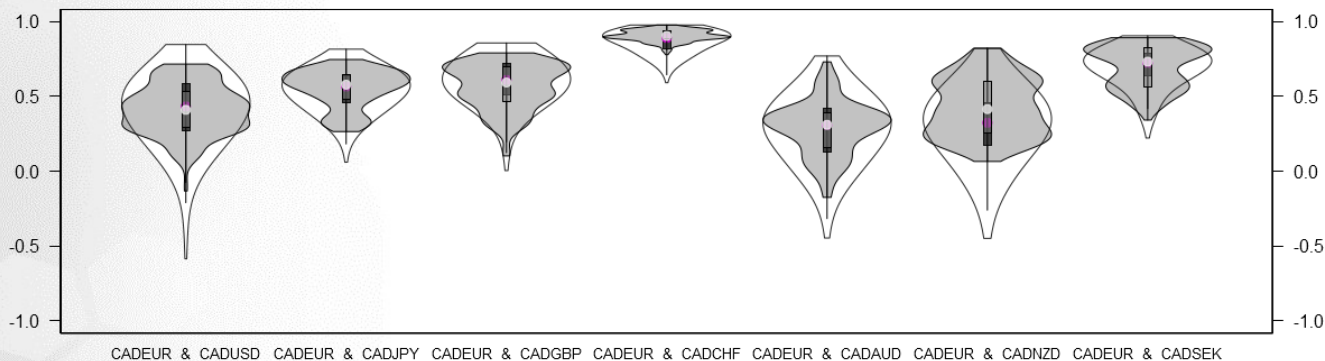
Currency Significance



The Canadian dollar's correlations were on a rather high level throughout the period. Significance of the Canadian currency, calculated as an average correlation between different CAD crosses, was mixed with lots of ups and downs. Such strong movements were mostly caused by big portions of news both from Canada, Europe and US, as the significance index swung between 0.60 and 0.30 during different time periods. Among currency pairs, the highest correlation was observed with CAD/CHF cross during the period.

The CAD significance gauge started to surge on Wednesday afternoon and almost reached its peak at the 0.55 mark by the time the US retail sales data was published. Another hike, similar to Wednesday's one, followed the CPI data release on Friday, but this time the significance index even hit the 0.60 level, the highest in the period. At the same time, due to contrast news throughout the week, the gauge was actively swinging between gains and losses, while after falling to the period's minimum of 0.30 on Monday, the index did not manage to recover fully until Tuesday and finished the week at 0.50 points.

Correlations (5 vs 20 days)

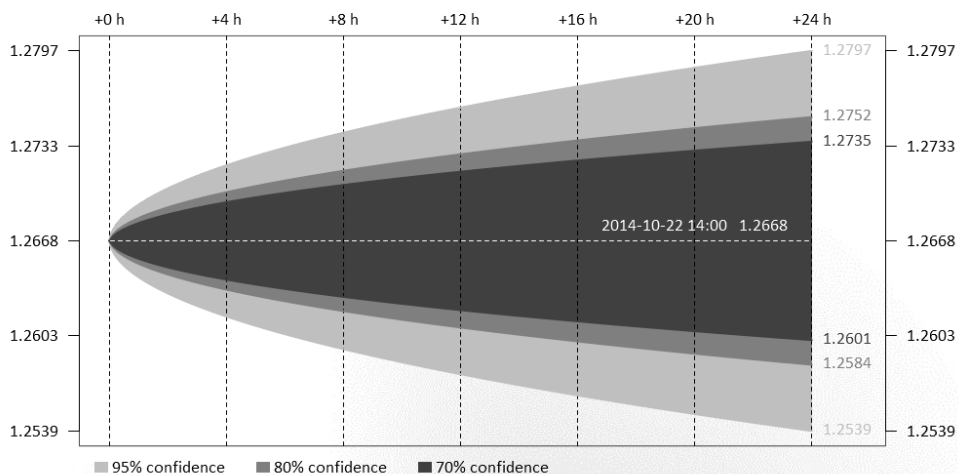


Mean Correlation Coefficient (with CADEUR)

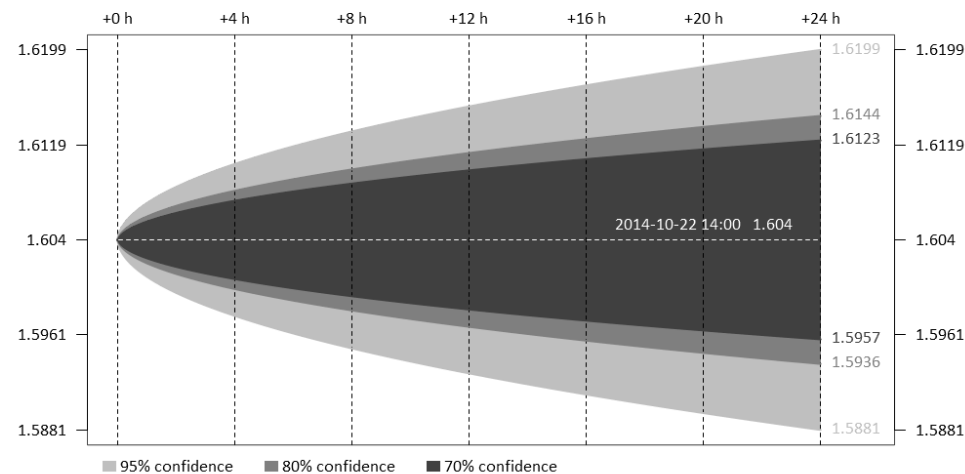
Days	CADUSD	CADJPY	CADGBP	CADCHF	CADAUD	CADNZD	CADSEK
5	0.41	0.55	0.56	0.9	0.29	0.43	0.7
20	0.41	0.54	0.6	0.87	0.28	0.3	0.7
130	0.57	0.55	0.59	0.89	0.38	0.39	0.65
250	0.6	0.51	0.65	0.9	0.37	0.38	0.68

Confidence Intervals for Next 24 Hours

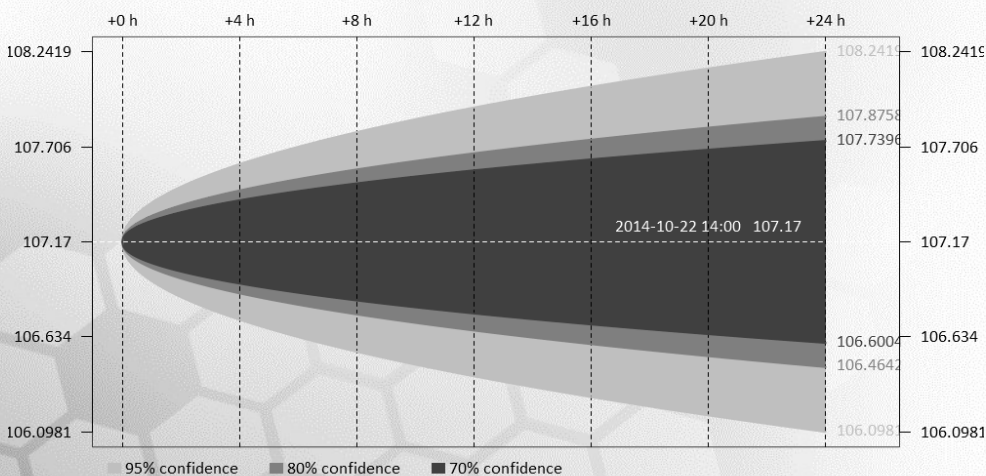
EURUSD Potential Rates



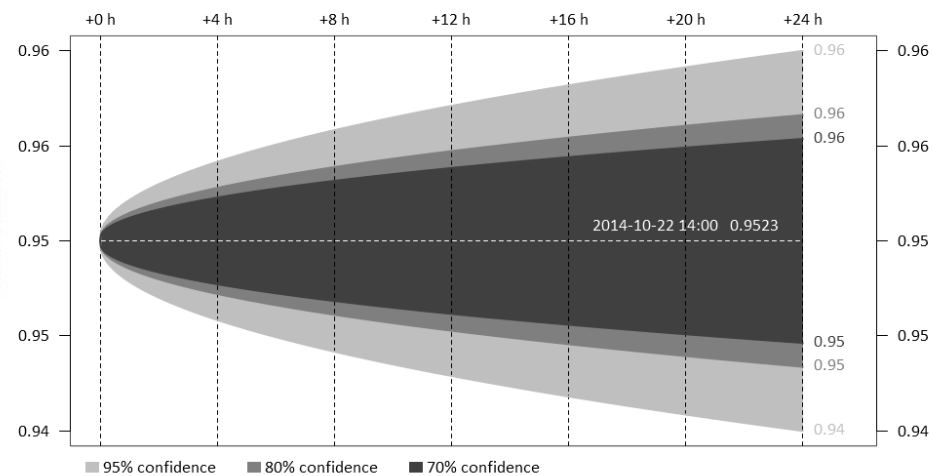
GBPUSD Potential Rates



USDJPY Potential Rates



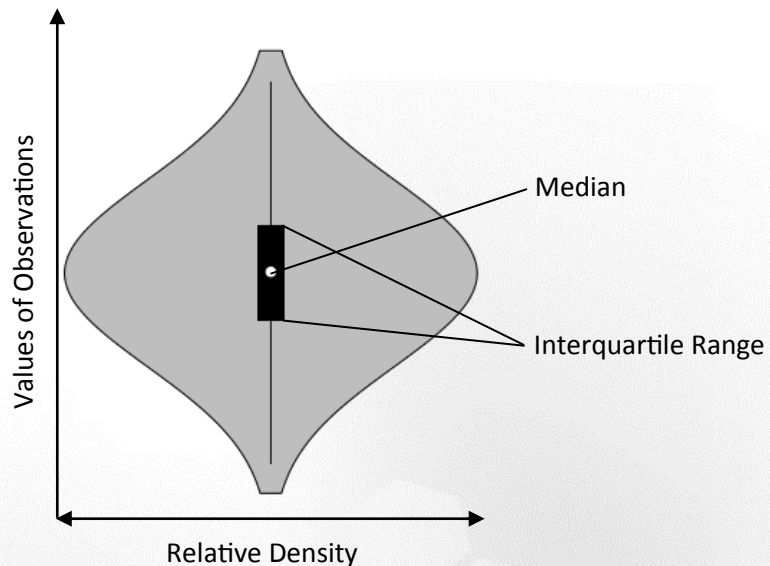
USDCHF Potential Rates



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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