



**GBP**

11/03/2015



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# Dominant Events of the Period

## Yellow Area

March 4

06:00 - 18:30

- UK Markit Services PMI
- Euro zone Retail Sales
- US Markit Services PMI
- ADP Employment Change

## Turquoise Area

March 5

04:30 - 20:00

- Bank of England Interest Rate Decision and Asset Purchase Facility
- ECB Interest Rate Decision
- US Unemployment Claims

## Blue Area

March 6

04:00 - 20:00

- UK Consumer Inflation Expectations
- Euro zone GDP
- German Industrial Production
- US Non-Farm Payrolls, Trade Balance and Unemployment Rate

## Purple Area

March 10

06:00 - 19:30

- BoE Governor Carney's Speech
- Swiss Unemployment Rate
- Japanese Machinery Orders

GBP Currency Index Change

0.51%

-0.39%

0.28%

-0.28%

Max GBP Volatility Index

1.58

1.84

2.88

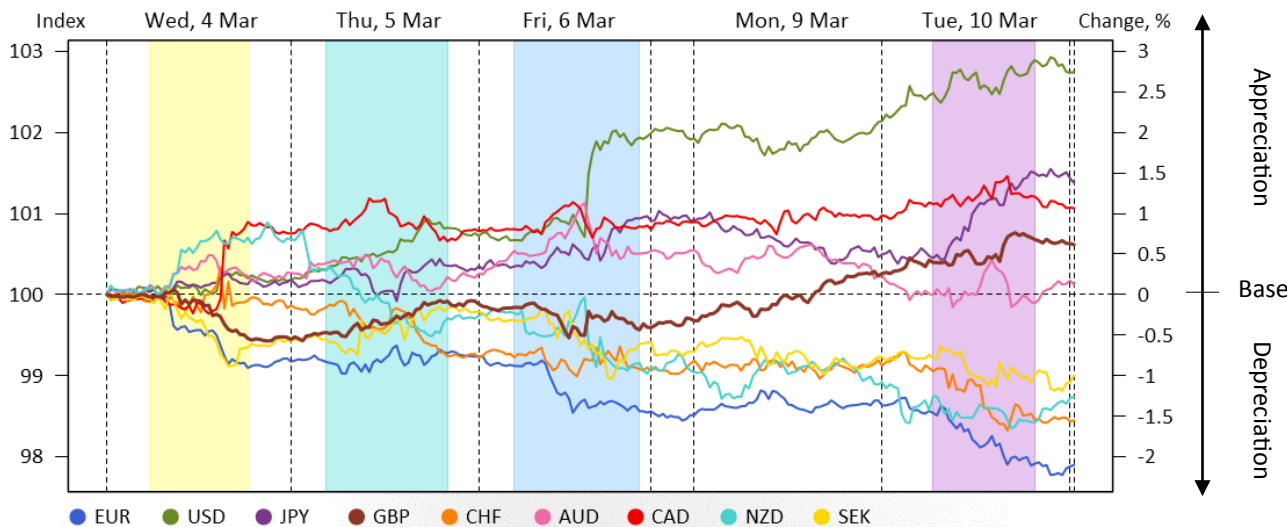
1.57





# Relative Currency Strength

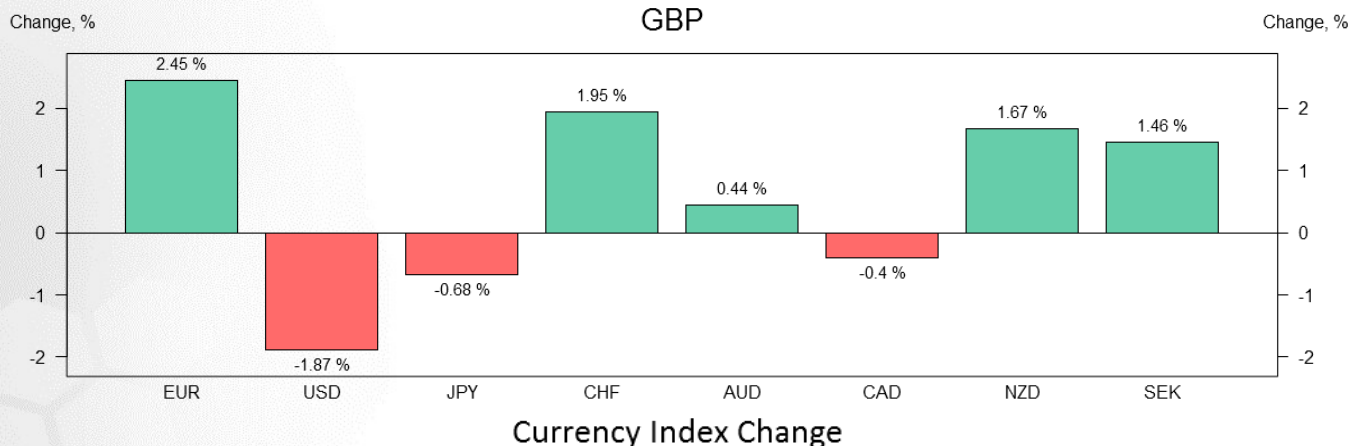
Currency Indexes



Despite trading below the baseline for more than 50% from all time period between March 4 and March 10, the British Pound succeeded in gaining enough bullish momentum in order to gain value by Tuesday of the current week and close above 100 points. The currency added 0.61% on a weekly basis and used to be the fourth best performing, only giving a lead to US and Canadian Dollars, as well as the Japanese Yen. On the annual basis, however, the Sterling is currently the second fastest growing currency (+6.26%), while a clear leader is the Greenback which managed to appreciate by 17.39% since March of the previous year.

Taking into account developments of the previous trading week, the Pound added the most noticeable value against the Euro, as the GBP/EUR cross surged 2.45% from Wednesday till Tuesday, while GBP/CHF jumped 1.95% last week. Clearly, the single European currency is now underperforming the majority of its counterparts, broadly reflecting beginning of the QE in the Euro zone.

There were only a few fundamentals factors that could influence the Pound during the period. As a result, fluctuations of the Pound Index did not exceed the boundaries of 0.5 points in either direction. Moreover, a rebound of Monday-Tuesday period has also been caused mostly by news from outside the United Kingdom.

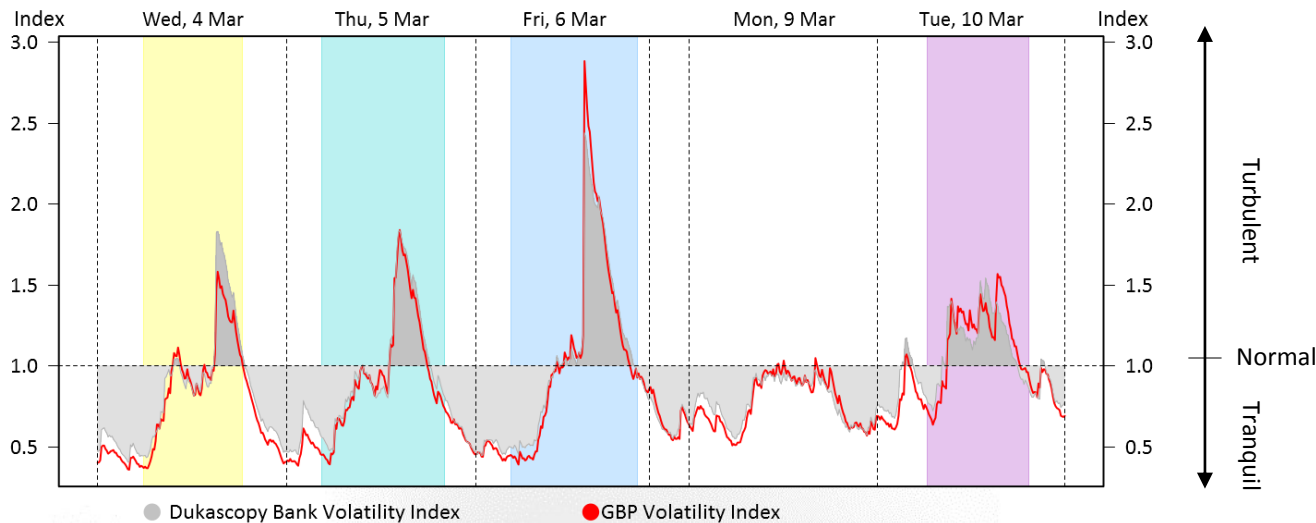


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-2.1%	2.74%	1.38%	0.61%	-1.55%	0.12%	1.07%	-1.26%	-1%
20	-3.83%	2.24%	1.36%	0.92%	-5.37%	1.2%	2.13%	1.05%	0.19%
130	-7.95%	13.17%	-1.12%	6.21%	6.23%	-6.94%	-2.36%	-0.19%	-7.8%
250	-11.76%	17.39%	-0.52%	6.26%	2.94%	-1.55%	2.58%	0.4%	-15.7%



# Volatility

## Volatility



As can be seen from the main volatility chart, the period with the highest turbulence took place in first three days of the period, with the largest one registered on March 6. The portion of elevated GBP volatility at 24% was slightly below that of the market average of 25%. The mean volatility index has also been marginally below the market's one. The highest elevated volatility indicator was posted by GBP/NZD currency pair, even though this cross used to be turbulent in just 45% of all time. The most tranquil Pound currency pair was GBP/JPY, which was volatile in just 12% of time during the period.

Despite staying rather silent in 76% of the time period from last Wednesday until this Tuesday, the general trend of the turbulence index was positive. The volatility index's minimum was hit just in the beginning of the reported week, when it was located even below 0.5 points. Towards the end of the period it managed to gain some ground and reach 0.7 points on March 10. Major spikes in turbulence took place on Wednesday, Thursday and Friday. The Sterling was influenced by worse than expected services PMI data for February and Bank of England's interest rate decision. At the same time, usually optimistic labour market data from the United States on Friday resulted in GBP's turbulence of just below 3 points in the peak-time.

### Elevated Volatility (% of the observed period)

Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
25	24	36	34	12	35	26	23	45	23

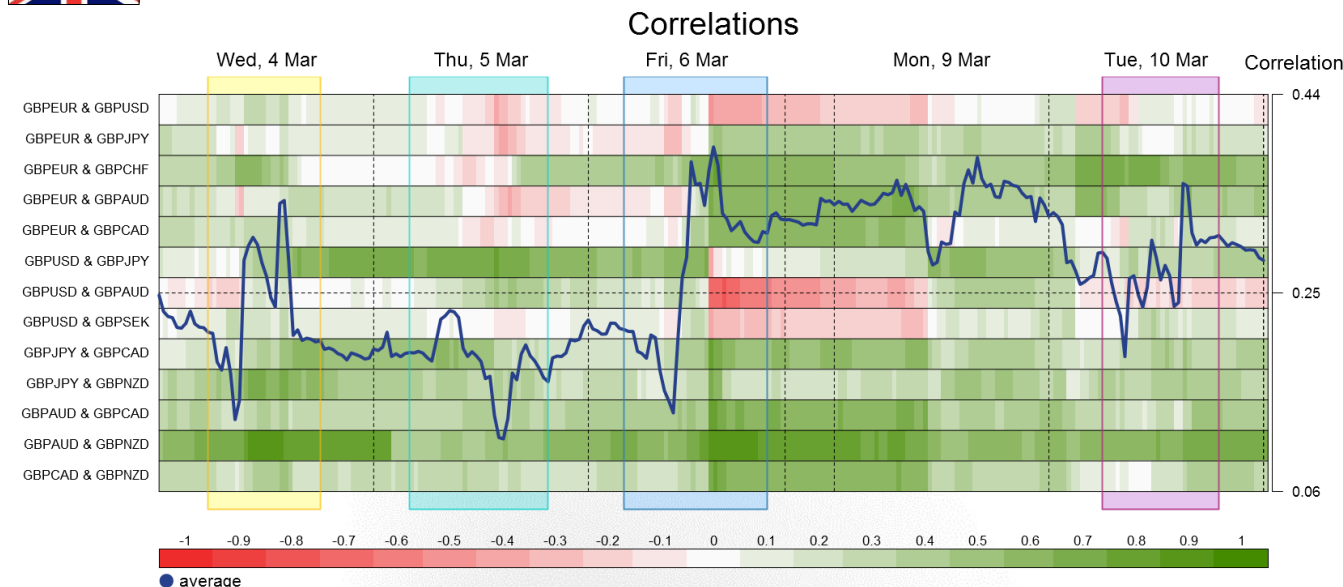
### Volatility Index (for the observed period)

	Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
Max	2.44	2.88	3.96	3.28	1.78	2.79	3.8	3.04	3.79	2.69
Min	0.41	0.36	0.24	0.23	0.3	0.25	0.38	0.2	0.41	0.17
Average	0.88	0.85	0.93	0.91	0.73	0.88	0.88	0.77	1.03	0.74





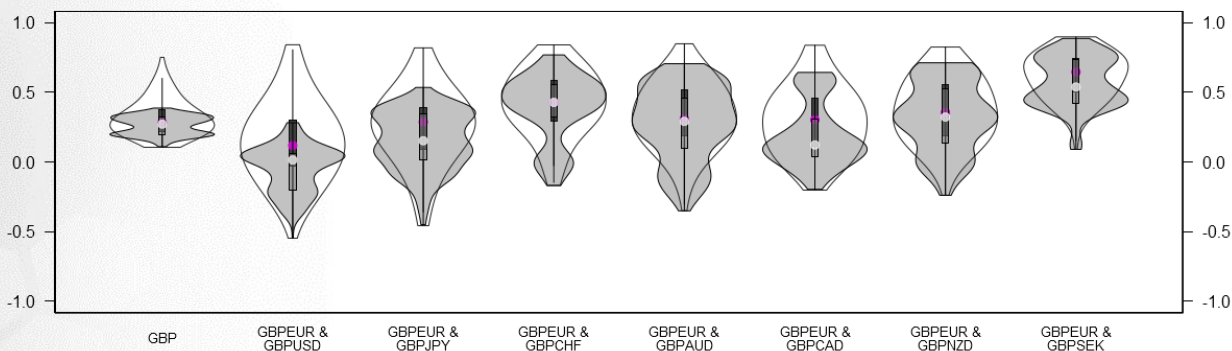
# Currency Significance



Significance level of the GBP, calculated as an average correlation between different crosses of this currency, was at low levels during the reported trading period. The average correlation index stood at just 0.25 points and the composite developed both from upside and downside of this mark during the period. Especially low correlations of different Sterling currency pairs took place in the beginning of the period, even though somewhat higher-than-average correlations were the case on Wednesday. Nevertheless, the minimum was reached a day later on Thursday just around 0.10 points.

The composite reached its maximum point at the end of the previous working week, helped by long-awaited and unusually strong labour market statistics from the world' largest economy. Job creation that amounted to 295,000 in February of this year pushed correlations of the majority of currency pairs to the upside. However, some correlations reacted in a negative way, including GBP/EUR with GBP/USD. However, it had little effect on the composite which climbed to its highest level of the period at just below 0.40 points. It succeeded in remaining rather stable during the weekend and in the beginning of this working week on Monday and Tuesday. Average correlations stayed confidently above the mean level and closed around 0.28 on Tuesday.

## Correlations (5 vs 20 days)

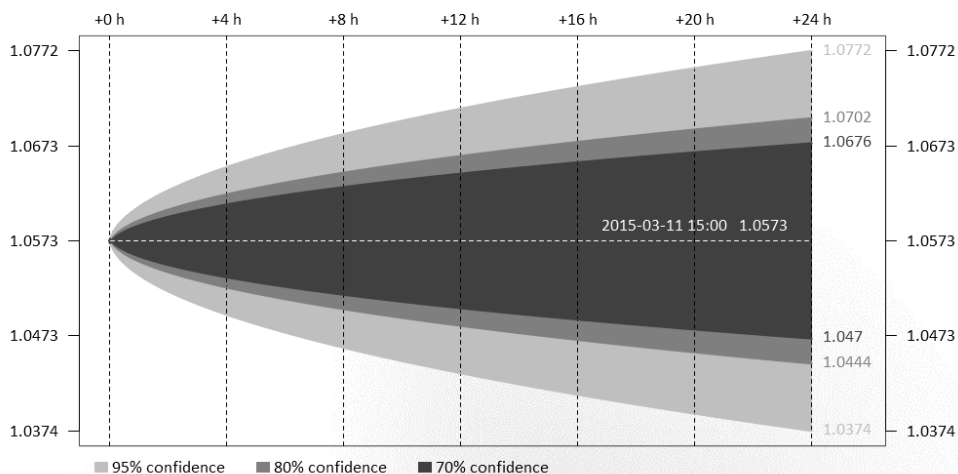


## Mean Correlation Coefficient (with GBPEUR)

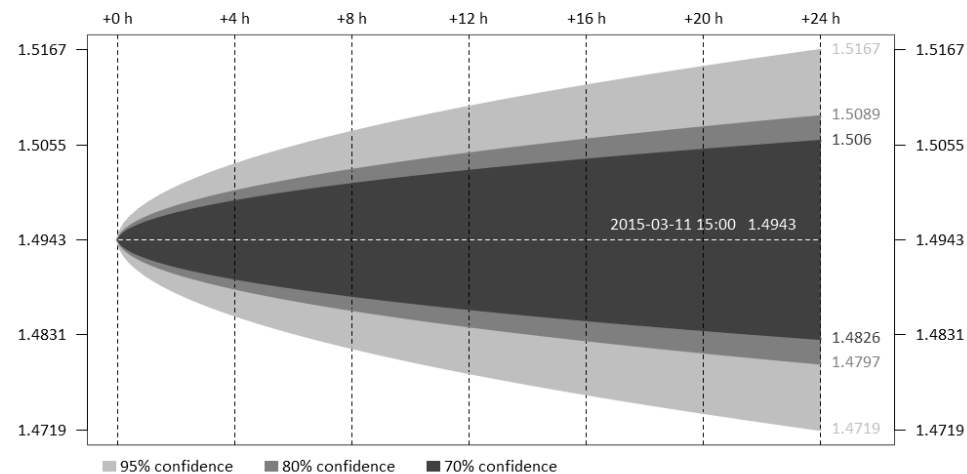
Days	GBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
5	0.26	-0.05	0.15	0.39	0.27	0.19	0.32	0.56
20	0.31	0.15	0.25	0.42	0.33	0.3	0.37	0.62
130	0.36	0.25	0.4	0.76	0.34	0.32	0.37	0.61
250	0.38	0.35	0.4	0.82	0.33	0.33	0.34	0.61

# Confidence Intervals for Next 24 Hours

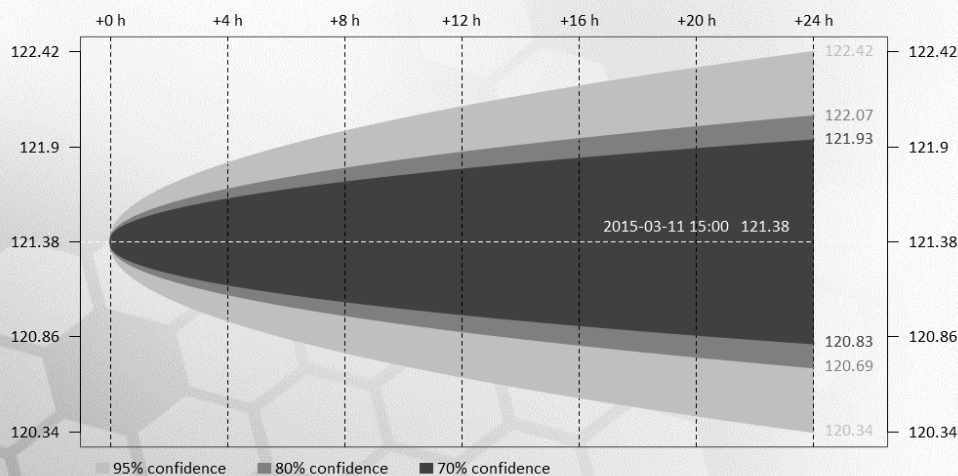
EURUSD Potential Rates



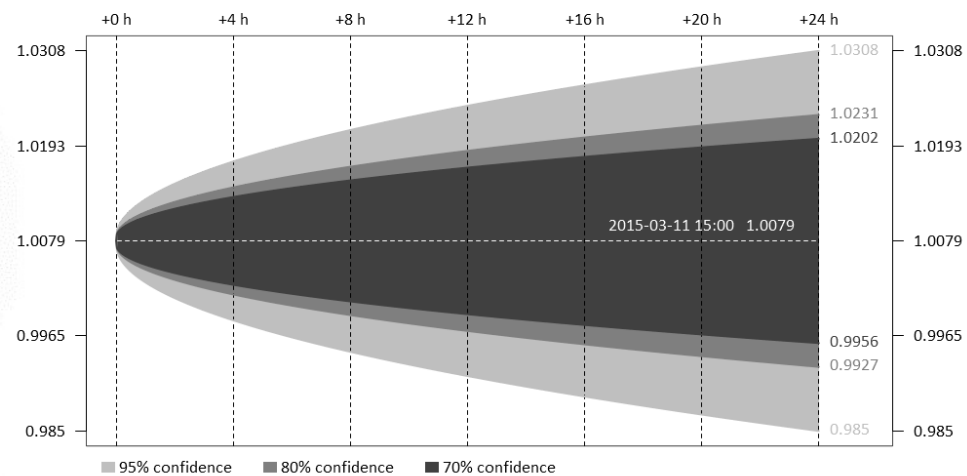
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates

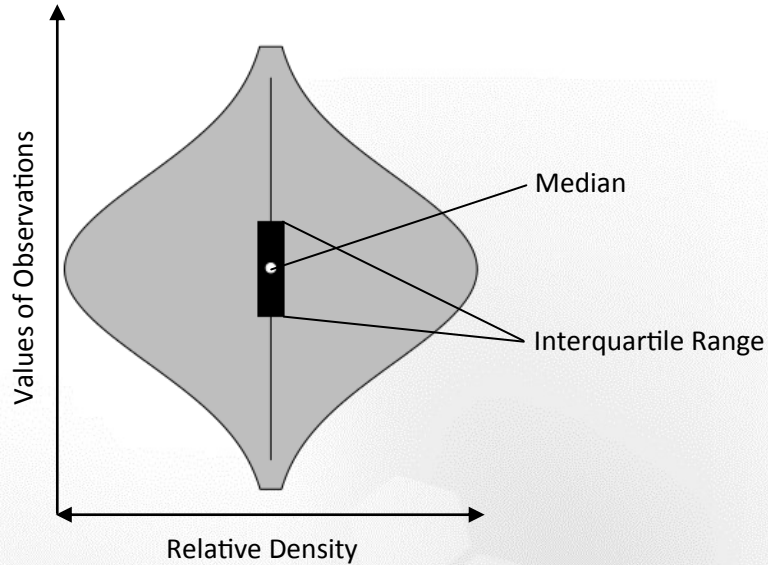




# EXPLANATIONS

## 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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