



CAD

22/04/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

April 15

09:30 - 21:00

- Bank of Canada Interest Rates Decision
- German CPI
- ECB Interest Rate Decision
- US Industrial Production

Turquoise Area

April 16

05:30 - 20:30

- US Unemployment Claims
- Australian Employment Change and Unemployment Rate

Blue Area

April 17

10:00 - 19:30

- Canadian CPI
- US CPI
- Euro zone CPI
- UK Claimants Count Change and Unemployment Rate

Purple Area

April 20

08:00 - 17:30

- Bank of Canada's Governor Poloz Speech

Orange Area

April 21

07:30 - 19:00

- Reserve Bank of Australia Meeting Minutes
- Japanese Trade Balance

CAD Currency Index Change

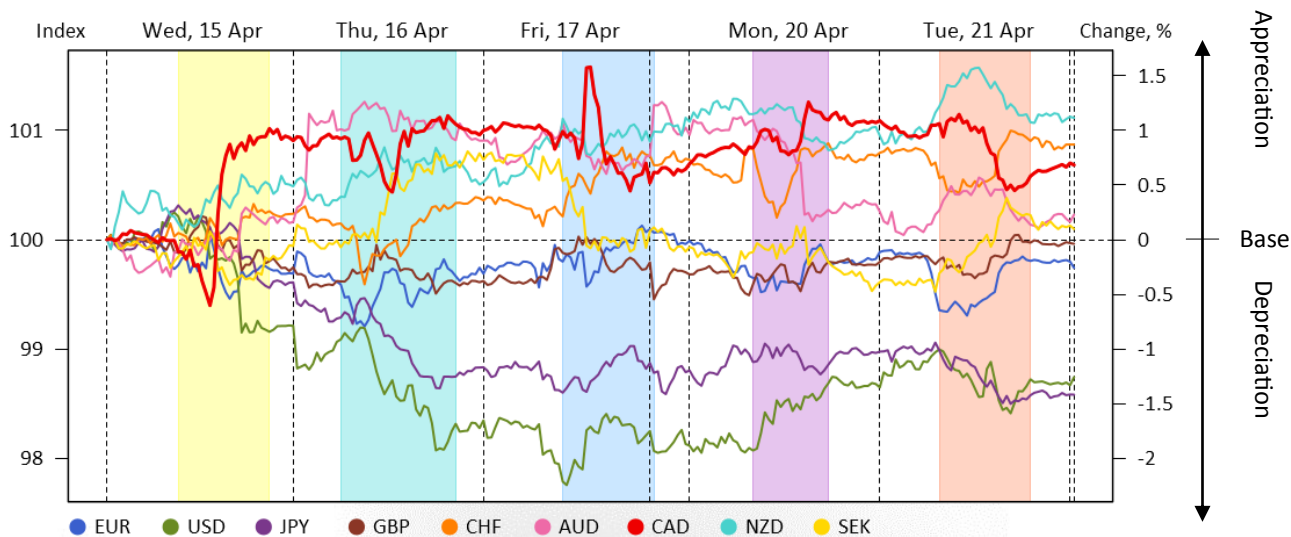
1.13%	0.13%	-0.37%	0.26%	-0.48%
3.96	1.84	5.24	1.88	1.57

Max CAD Volatility Index



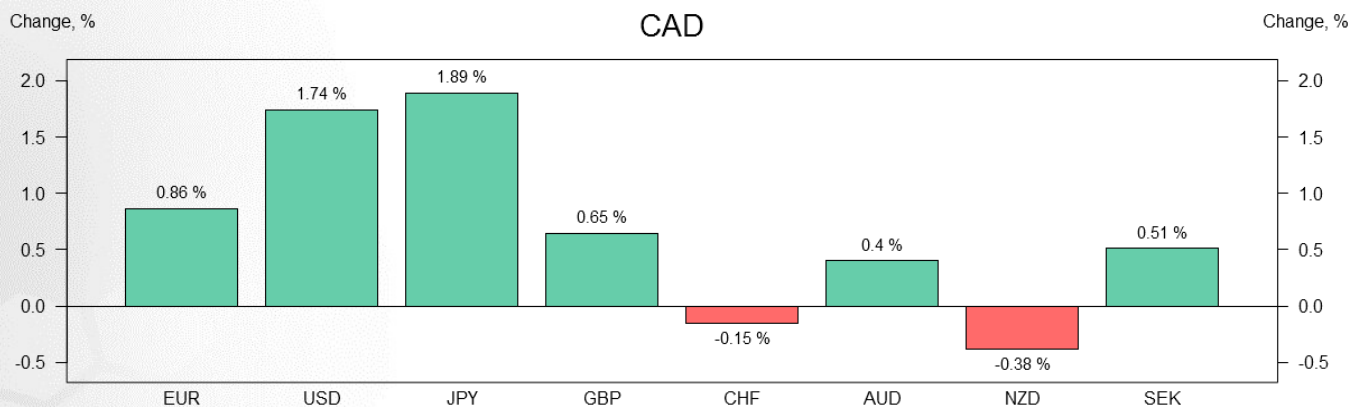
Relative Currency Strength

Currency Indexes



The Canadian Dollar could certainly be considered one of the most active currencies of the April 15-21 time period. The CAD Index hovered above the baseline for the vast part of the week, which provided this currency with the third biggest increase in weekly value which amounted to 0.68%. The index showed a positive trend right from the second part of Wednesday until Monday's evening, when it fell marginally. Meanwhile, the currency rose against the majority of its observed peers, including USD and JPY by 1.74% and 1.89%, while it declined only against NZD and CHF by 0.38% and 0.15%, respectively.

Nevertheless, beginning of the week was started on a negative note, as markets were largely expecting the Bank of Canada to cut the benchmark interest rate amid zero economic growth in the first quarter of 2015. However, the decision to keep monetary policy unchanged forced the Loonie to skyrocket more than 1%. While staying at relatively high levels, the CAD Index received one additional positive impetus on Friday, when Statistics Canada published better than expected inflation data for March of the current year. The weekly high for CAD Index was registered at 101.5 points. However, towards the end of the period the currency's growth balanced, but it still closed well above the baseline.



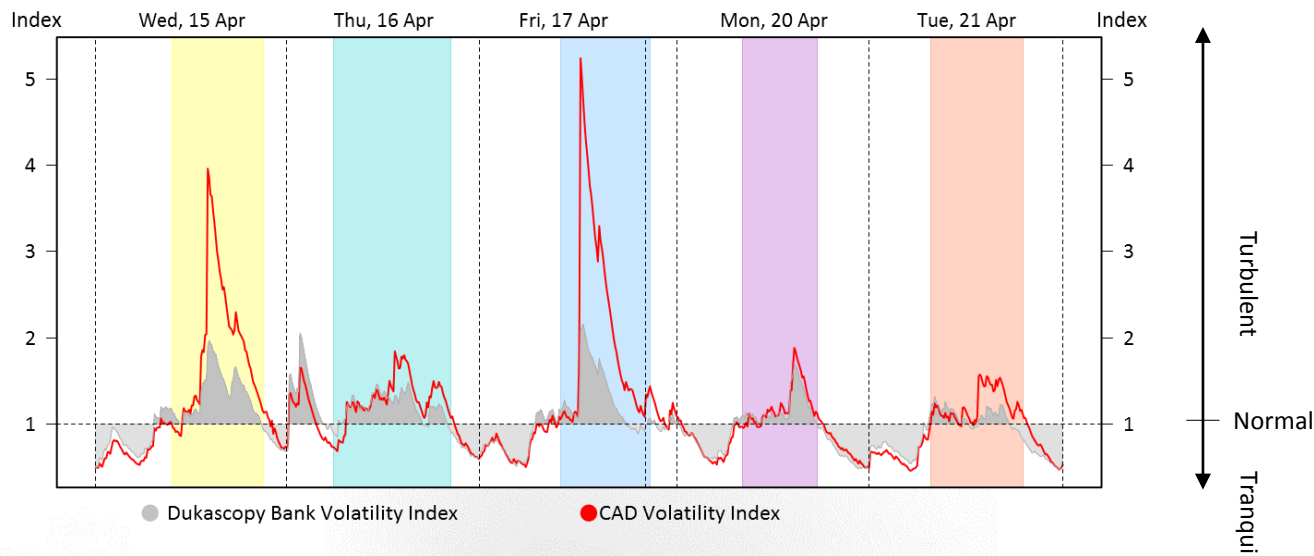
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.26%	-1.26%	-1.42%	-0.04%	0.87%	0.23%	0.68%	1.11%	0.1%
20	-1.97%	0.28%	0.33%	0.71%	0.7%	-1.88%	2.36%	0.98%	-2.23%
130	-9.41%	9.46%	-2.65%	1.57%	9.42%	-4.61%	-0.01%	5.8%	-10.62%
250	-12.26%	16.05%	-1.25%	2.77%	7.41%	-5.5%	3.89%	3.38%	-14.48%



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 54 versus 52 points, respectively. The CAD/CHF currency cross seemed to have the highest indicator of elevated volatility at 56 points, while the AUD/CAD pair was the least volatile with just 44%. Concerning the maximum volatility index, the Canadian Dollar has also significantly exceeded the market mean at 5.24 vs 2.15 points.

Volatility of the Canadian currency started rising already during the first day of the period, when market participants were preparing to receive important data from the Bank of Canada. Despite any decision during the BoC's meeting, volatility reacted strongly to this data and the index reached as high as 4 points on Wednesday. Similar to the general currency's development, its turbulence climbed noticeably on Friday one more time, surging higher than two days before. Consumer price index in Canada well exceeded the 0% mean expectation and jumped to 1.2% on the annual basis. As a result, volatility of CAD reached 5.24 points at its peak, with EUR/CAD hitting 6.05.

Elevated Volatility (% of the observed period)

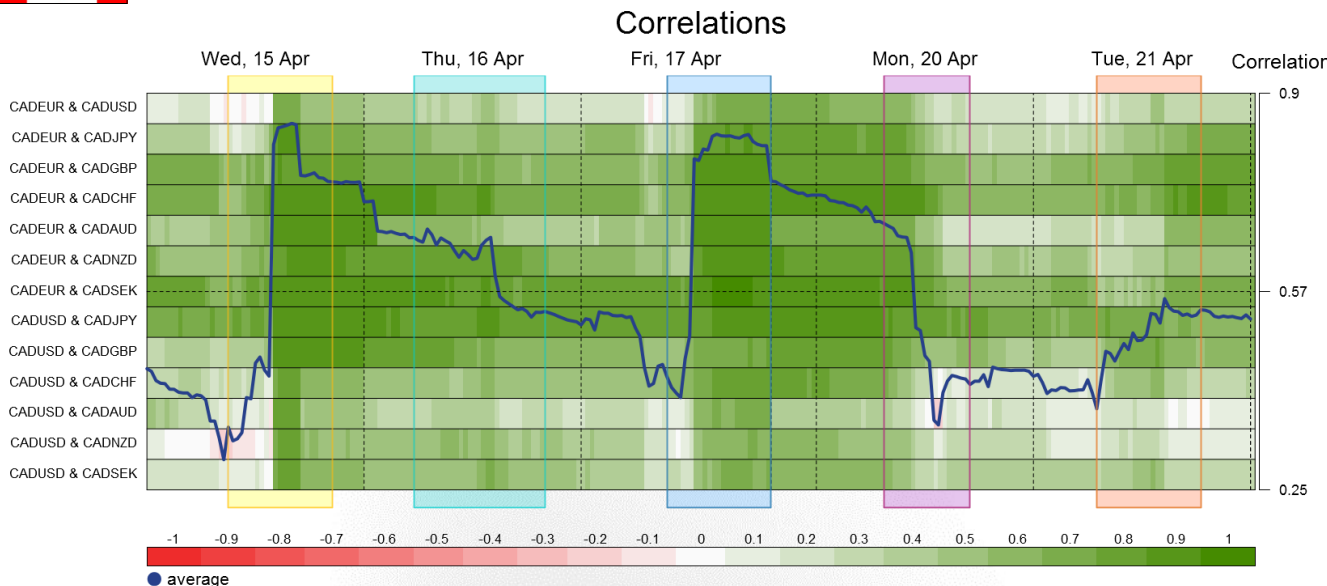
Market	CAD	EURCAD	USDCAD	CADJPY	GBPCAD	CADCHF	AUDCAD	NZDCAD	CADSEK
52	54	51	48	55	50	56	44	45	53

Volatility Index (for the observed period)

	Market	CAD	EURCAD	USDCAD	CADJPY	GBPCAD	CADCHF	AUDCAD	NZDCAD	CADSEK
Max	2.15	5.24	6.05	4.65	5.67	5.66	5.32	5.04	5.3	4.98
Min	0.47	0.46	0.33	0.31	0.38	0.3	0.27	0.47	0.44	0.33
Average	1.02	1.15	1.15	1.15	1.22	1.13	1.16	1.16	1.1	1.15



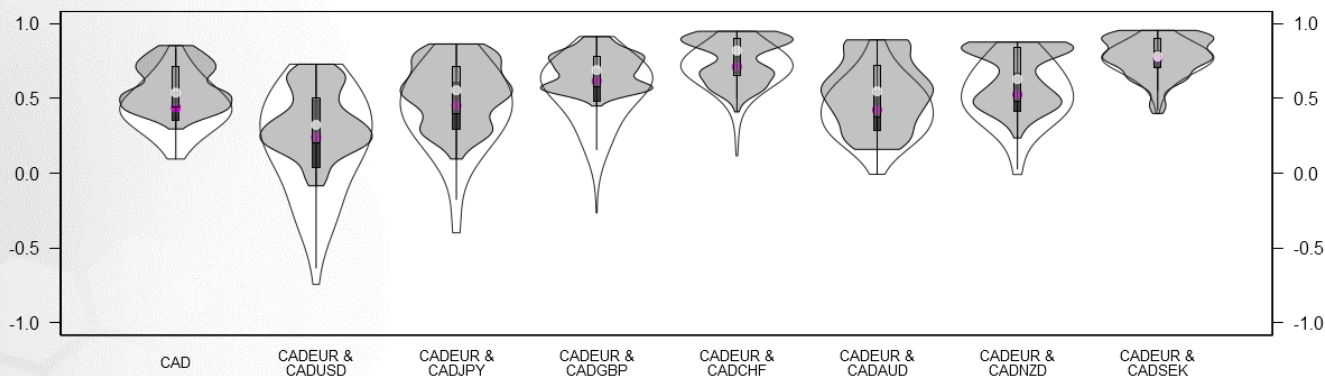
Currency Significance



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 0.85 and 0.35 during different time periods. Among currency pairs, the highest correlation coefficient of CAD/EUR pair was observed with CAD/SEK cross during the period, namely 0.78 points.

One of the strongest significance levels, without any doubt, were registered on April 15 and April 17, when they reached 0.85 points at some points of time due to previously mentioned strong fundamental background. However, we observed a sharp decline in correlations on Monday. This day was marked by Bank of Canada Governor's speech. Stephen Poloz signalled that the rate cut in January was correct and the regulator predicts the economy to rebound in the medium-term. It used to have a major negative impact on a composite which slumped to its second weekly low at just 0.35 points. However, no correlations involving CAD/USD or CAD/EUR crosses fell below zero, thus allowing the composite to rebound towards the end of Tuesday and close at 0.53.

Correlations (5 vs 20 days)

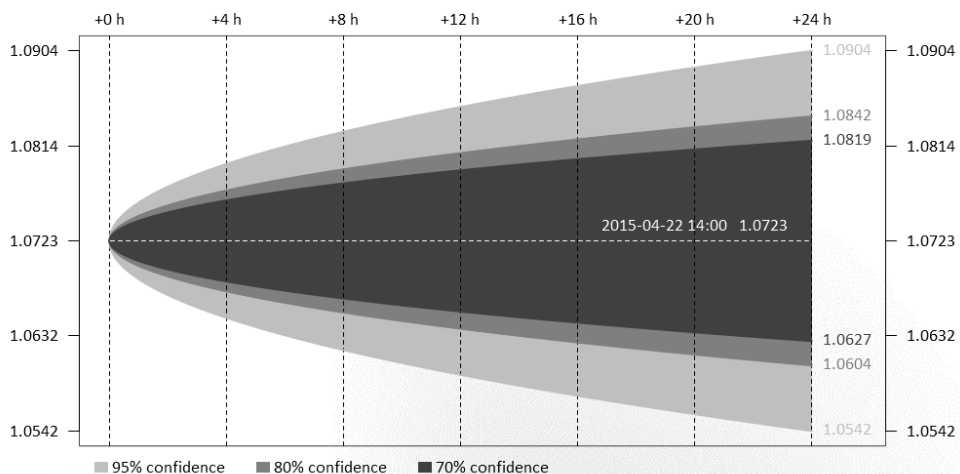


Mean Correlation Coefficient (with CADEUR)

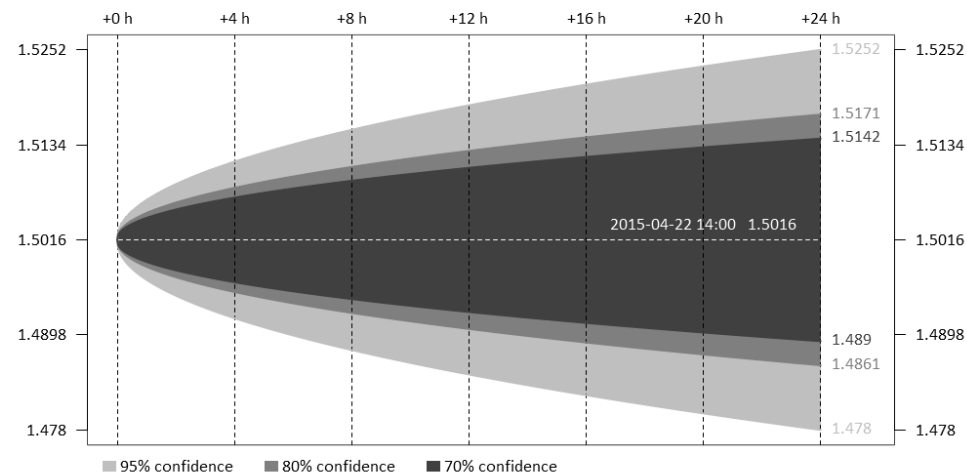
Days	CAD	CADUSD	CADJPY	CADGBP	CADCHF	CADAUD	CADNZD	CADSEK
5	0.58	0.34	0.54	0.68	0.76	0.54	0.65	0.78
20	0.45	0.22	0.43	0.56	0.71	0.43	0.53	0.76
130	0.45	0.38	0.48	0.62	0.73	0.44	0.47	0.68
250	0.46	0.48	0.52	0.61	0.81	0.41	0.44	0.67

Confidence Intervals for Next 24 Hours

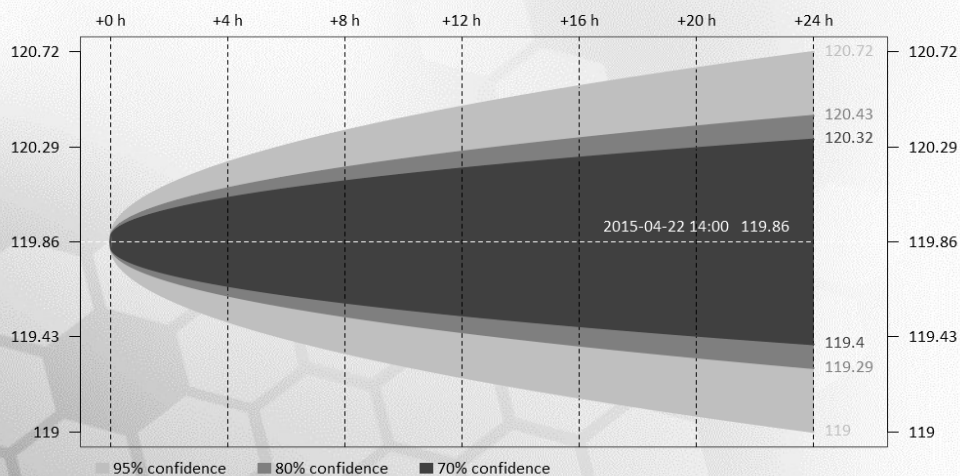
EURUSD Potential Rates



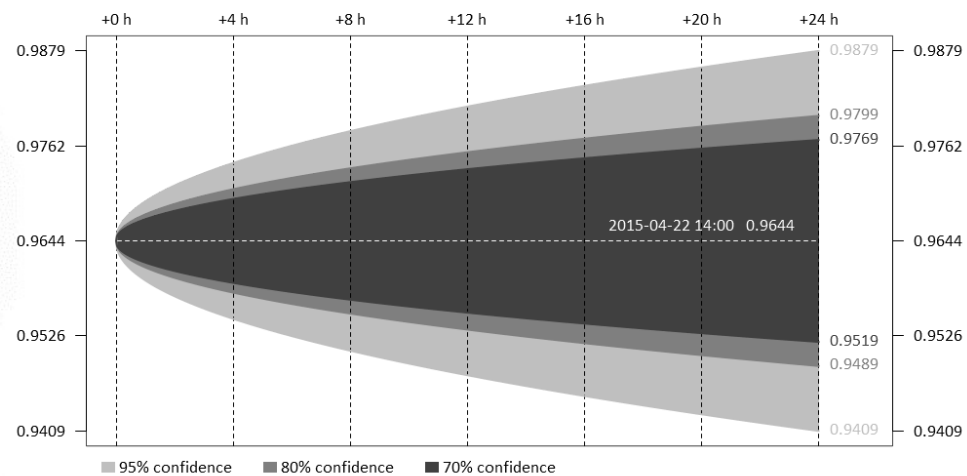
GBPUSD Potential Rates



USDJPY Potential Rates



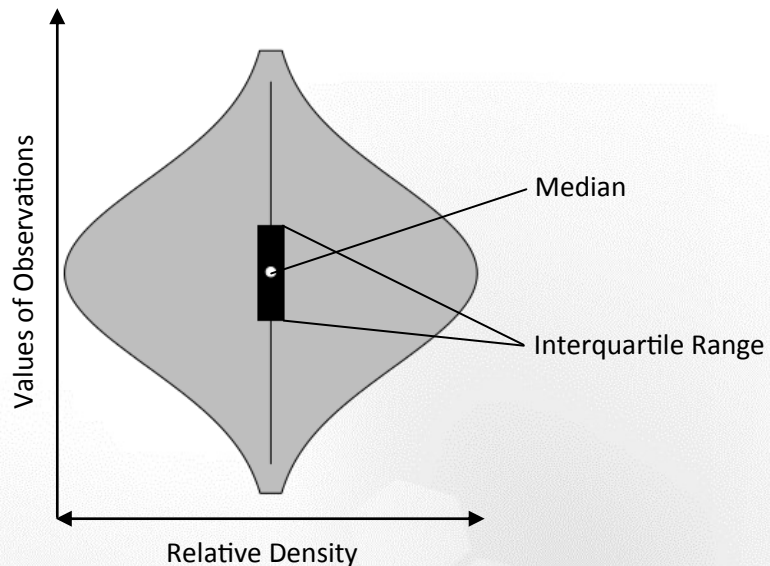
USDCHF Potential Rates



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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