



**CAD**

10/06/2015



**DUKASCOPY**  
RESEARCH PRODUCTS



# Market Research





# Dominant Events of the Period

## Yellow Area

June 3

04:30 - 14:30

- Australia GDP
- ECB Interest Rate Decision
- US ADP Employment Change and Trade Balance

## Turquoise Area

June 4

01:00 - 16:30

- Canada Ivey PMI
- Australia Trade Balance and Retail Sales
- Bank of England Interest Rate Decision
- US Unemployment Claims

## Blue Area

June 5

05:30 - 20:00

- Canada Net Change in Employment and Unemployment Rate
- US Non-Farm Payrolls
- UK Consumer Inflation Expectations

## Purple Area

June 8

04:30 - 17:30

- Canada Housing Starts
- G7 Meeting
- China Trade Balance
- Germany Industrial Production and Trade Balance

## Orange Area

June 9

04:00 - 16:00

- China CPI
- Euro zone Revised GDP
- Australia Home Loans

CAD Currency Index Change

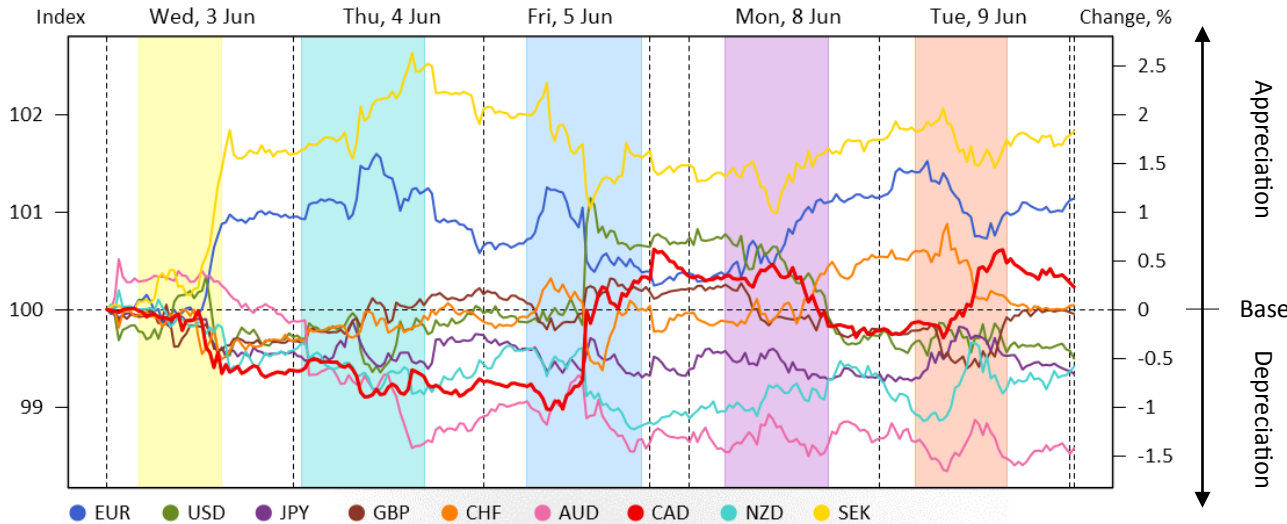
-0.64%	-0.06%	1.12%	-0.51%	0.61%
1.75	1.67	5.45	1.5	1.88

Max CAD Volatility Index



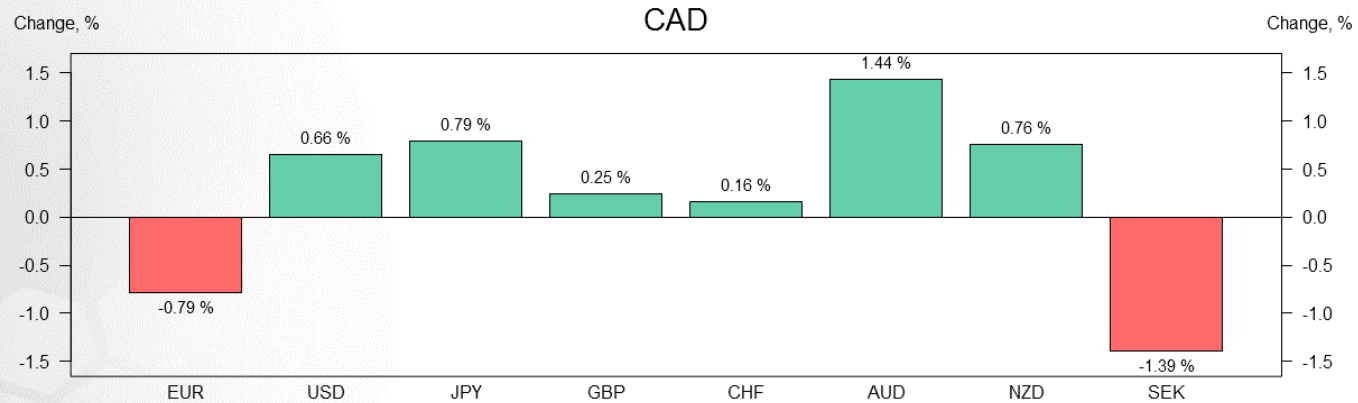
# Relative Currency Strength

Currency Indexes



Helped by busy fundamental data releases' calendar, the Canadian Dollar could certainly be considered one of the most dynamic currencies during the first week of June. The CAD Index fluctuated all around the baseline for the vast part of the week. While the currency was losing value for three out of five days, it still managed to have a weekly positive change of 0.23%. Among other currencies, the Australian Dollar slumped by 1.42% amid disappointing international trade data, while the Euro continued to hover on the green side, while gaining 1.13% on the weekly basis, therefore under-performing only to the Swedish Krona, which rallied 1.82%.

The first half of the period was spent solely below the baseline, and the Canadian Dollar showed no intentions to increase in value, while outperforming only the Aussie, which decided to lead on the side of the losers already on Thursday. Meanwhile, the same day's data on Canadian Ivey PMI, which climbed from 58.2 to 62.3 points, failed to provide the Loonie with positive momentum. A well-pronounced advance of the currency began on Friday, following better than anticipated employment statistics from Canada. The CAD Index has immediately returned above zero, and succeeded in retaining its strength for the rest of the June 3-8 period, only except a minor decline that was noticed in the night between Monday and Tuesday.



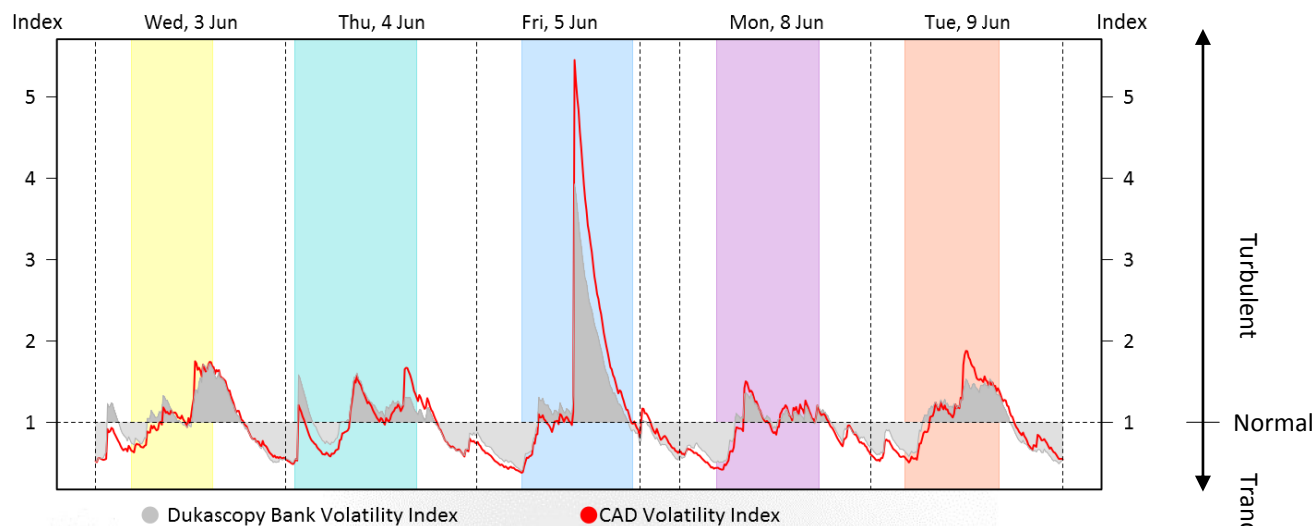
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.13%	-0.51%	-0.66%	-0.05%	0.04%	-1.42%	0.23%	-0.59%	1.82%
20	2.72%	1.73%	-2.28%	-0.18%	1.44%	-2.35%	-1.13%	-2.25%	2.17%
130	-4.99%	4.93%	0.65%	3.34%	10.09%	-3.5%	-2.77%	-3.01%	-5.62%
250	-5.68%	15.05%	-6.66%	5.21%	11.06%	-6.81%	1.19%	-4.34%	-9.03%



# Volatility

## Volatility



The beginning and the end of the analysed time period proved to be significantly more tranquil than in the middle of it on Friday, which still left the overall market volatility quite uplifted. Elevated volatility of the Canadian currency was moderately below the market average at 43% versus 48%, respectively. The EUR/CAD currency cross seemed to be the only one to reach the 50% threshold, while NZD/CAD and CAD/JPY pairs were the least volatile with the portion of elevated volatility at just 30% and 32%, and these two components have driven the overall CAD turbulence below the market mean last week.

Judging from the data provided by the main volatility chart, it may seem that the Canadian currency stayed quiet during the whole period, and the only exception was Friday. However, the reality proved to be different, and the turbulence indicator has in many cases exceeded the 1.5 mark, even though the main drivers of those fluctuations were located outside Canada. In the meantime, on Friday the benchmark registered its highest score of 5.45 points, when a bunch of fundamentals from North America provoked steep changes on the market. The released data included positive employment changes and decreasing jobless rates both from the world's 1st and 11th economies, the US and Canada.

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

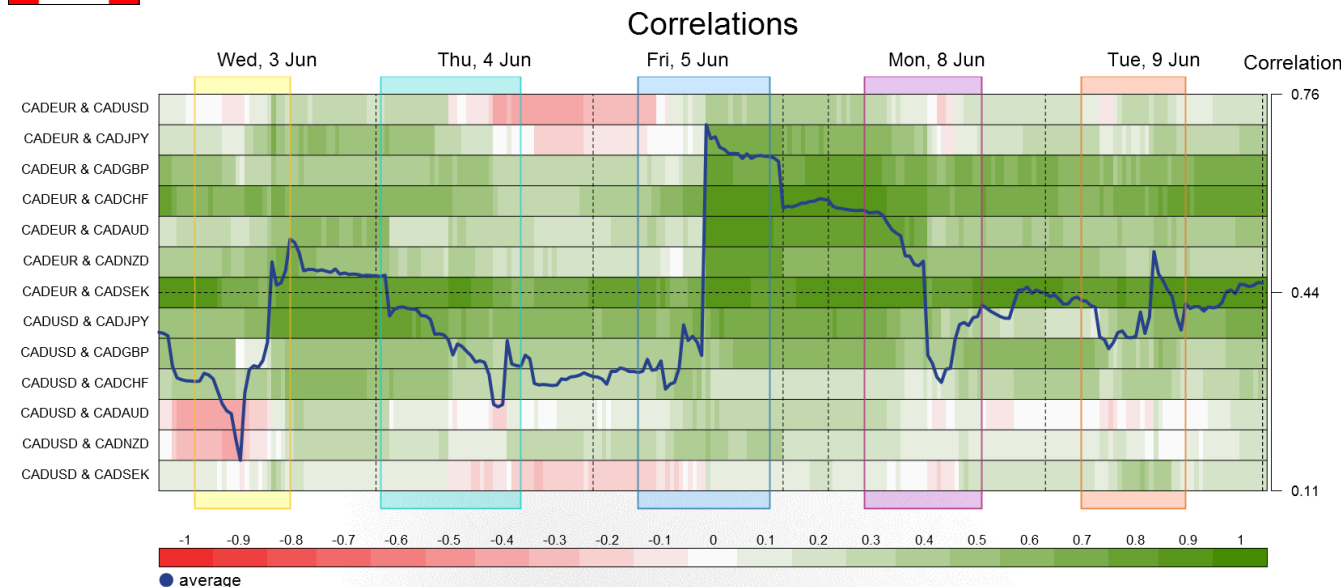
Market	CAD	EURCAD	USDCAD	CADJPY	GBPCAD	CADCHF	AUDCAD	NZDCAD	CADSEK
48	43	50	37	32	35	41	40	30	45

### Volatility Index (for the observed period)

	Market	CAD	EURCAD	USDCAD	CADJPY	GBPCAD	CADCHF	AUDCAD	NZDCAD	CADSEK
Max	3.93	5.45	7.59	2.89	5	4.64	5.76	7.63	4.1	6.29
Min	0.4	0.37	0.31	0.3	0.4	0.23	0.28	0.45	0.37	0.27
Average	1.01	1.02	1.12	0.98	1	0.94	0.99	1.1	0.94	1.04



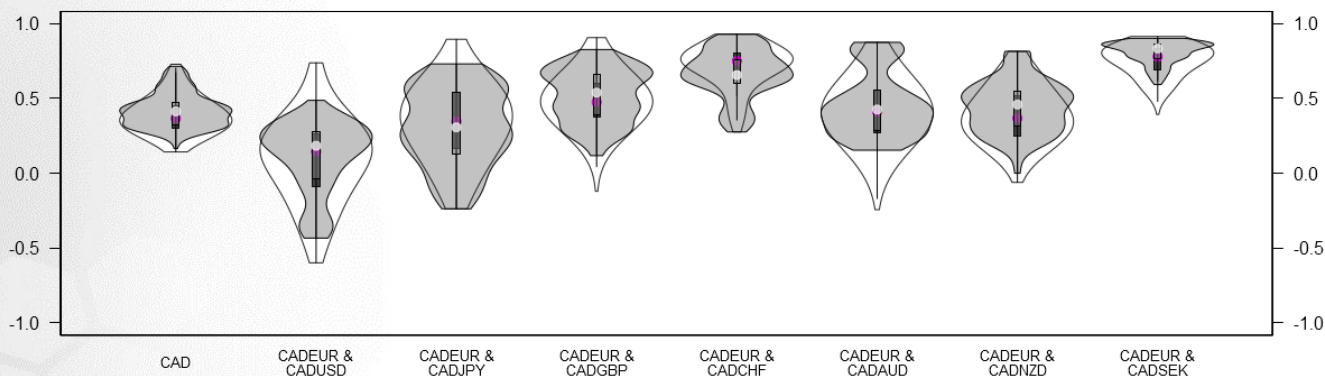
# Currency Significance



Significance of the Canadian currency, calculated as an average correlation between different CAD crosses, was mixed with lots of ups and downs during the reporting period. Such strong movements were predominantly generated by news from Canada and US, and the composite was swinging in a wide range between 0.71 and 0.16 points. Among the components, the highest correlation coefficient of CAD/EUR pair was observed with CAD/SEK at 0.81. Meanwhile, the composite has been generally staying flat last week, compared with its six-month and yearly averages around 0.42-0.45 points.

The composite started its most recent period on the negative note and considerably below the historical average level of 0.44. The weakness was caused by the Loonie's components with the Aussie and Kiwi, which slumped substantially below zero on unexpectedly better than estimated economic growth numbers from Australia. However, a rebound followed shortly, and significance of the Canadian currency hit the weekly highest mark two days later on Friday, as the majority of CAD crosses used to have similar reactions to the crucial employment data. The peak in turn was registered at 0.71 points. However, lack of additional fundamentals on Monday and Tuesday drove the mean correlation coefficient towards its historical average by the end of the period, thus closing it at 0.45 points.

## Correlations (5 vs 20 days)

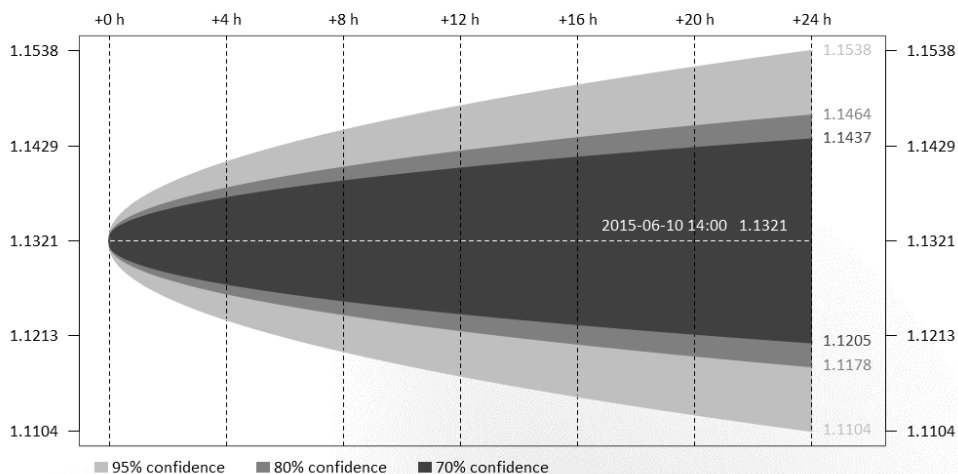


## Mean Correlation Coefficient (with CADEUR)

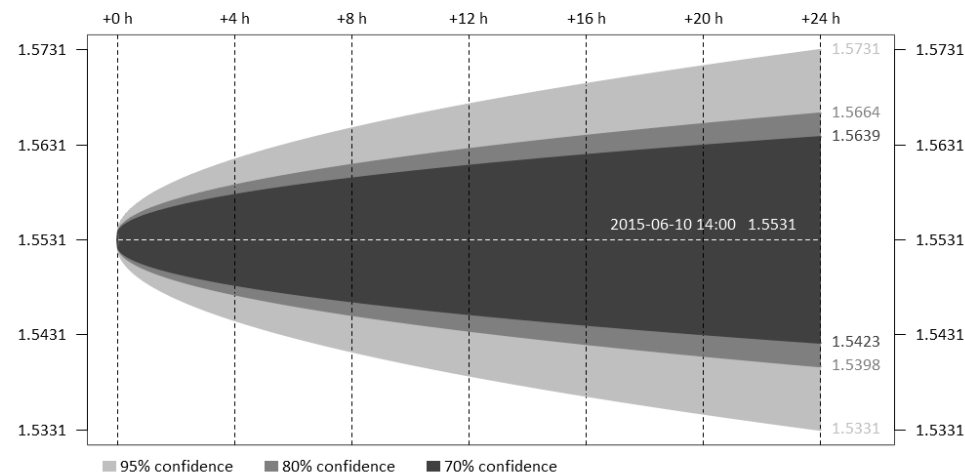
Days	CAD	CADUSD	CADJPY	CADGBP	CADCHF	CADAUD	CADNZD	CADSEK
5	0.42	0.11	0.3	0.52	0.66	0.46	0.44	0.81
20	0.39	0.09	0.34	0.49	0.72	0.41	0.39	0.76
130	0.43	0.3	0.44	0.57	0.68	0.43	0.45	0.69
250	0.45	0.41	0.5	0.58	0.79	0.42	0.43	0.68

# Confidence Intervals for Next 24 Hours

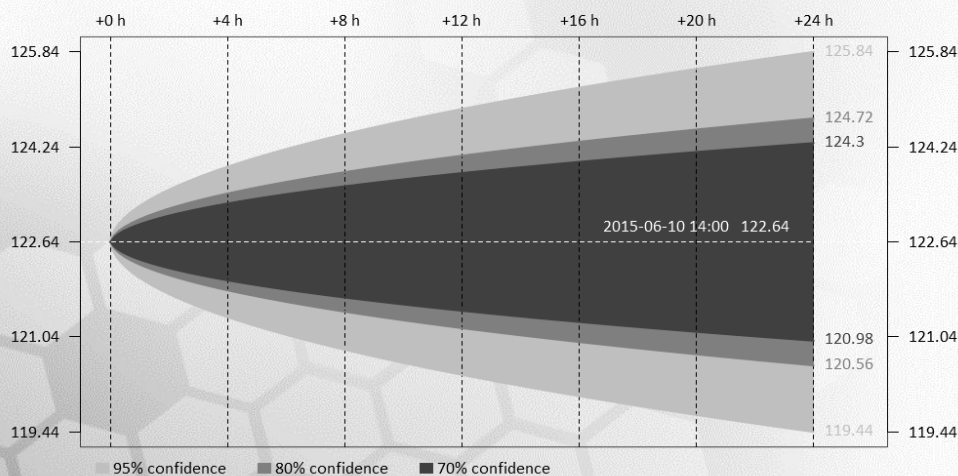
EURUSD Potential Rates



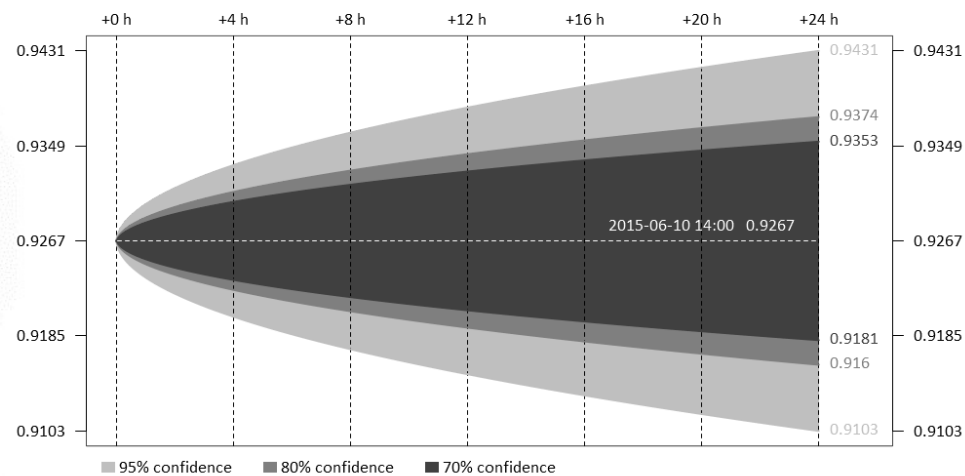
GBPUSD Potential Rates



USDJPY Potential Rates



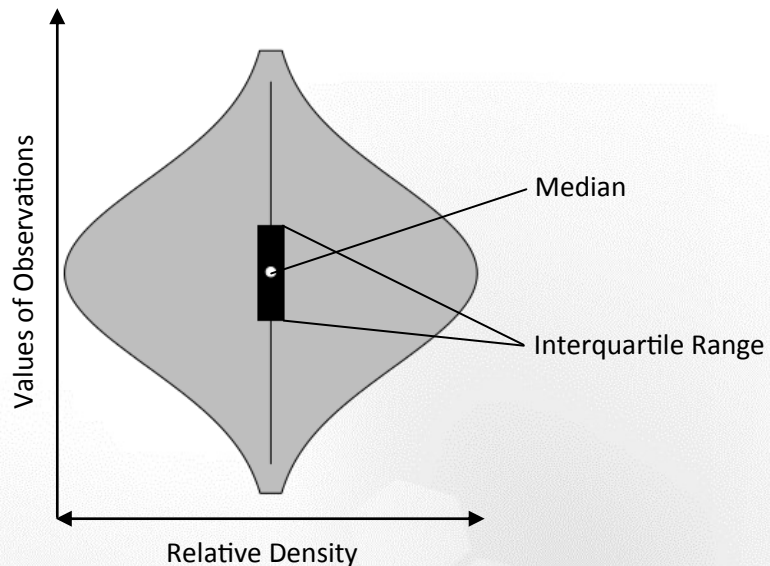
USDCHF Potential Rates



# 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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