



GBP

24/06/2015



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RESEARCH PRODUCTS



Market Research



Dominant Events of the Period

Yellow Area

June 17

03:00 - 23:30

- UK Claimant Count Change and Unemployment Rate
- BoE MPC Meeting Minutes
- Euro zone CPI
- FOMC Interest Rate Decision
- New Zealand GDP

Turquoise Area

June 18

04:30 - 17:00

- UK Retail Sales
- Swiss National Bank Interest Rate Decision
- ECB Targeted LTROs
- US Unemployment Claims and CPI

Blue Area

June 19

02:30 - 14:30

- UK Public Sector Net Borrowing
- Canadian Retail Sales and CPI

Purple Area

June 22

04:30 - 17:00

- Euro Summit and Eurogroup Meeting

Orange Area

June 23

00:30 - 16:00

- German Manufacturing and Services PMI
- Euro zone Manufacturing and Services PMI
- US Durable Goods Orders, New Homes Sales and Manufacturing PMI

GBP Currency Index Change

0.96%

0.04%

0.22%

-0.04%

0.06%

Max GBP Volatility Index

1.79

1.24

1.16

1.4

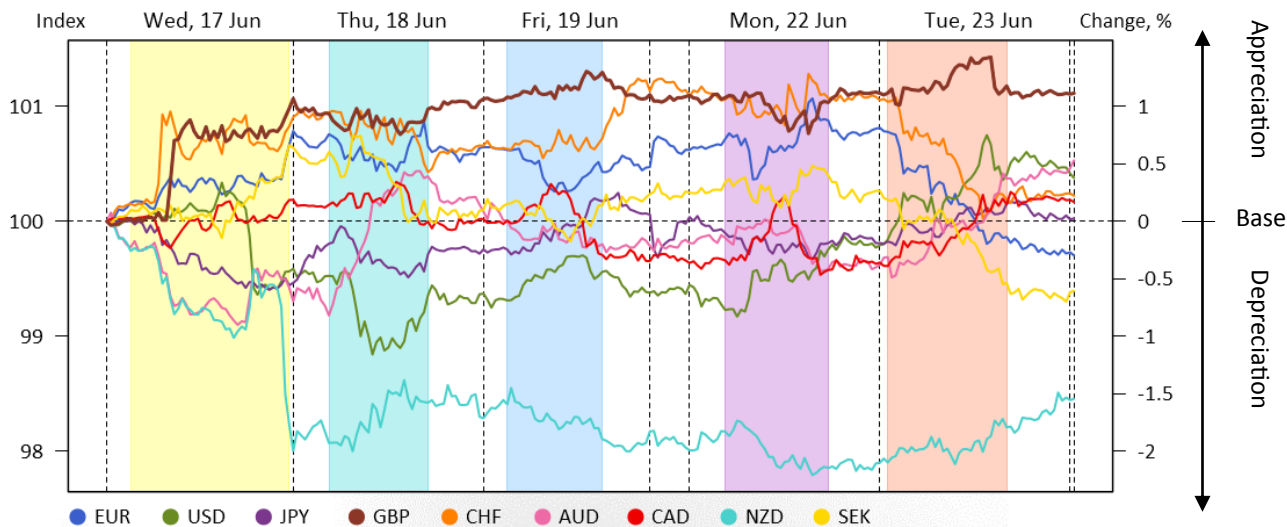
1.25



Relative Currency Strength

Wednesday, June 24, 2015
15:30 GMT

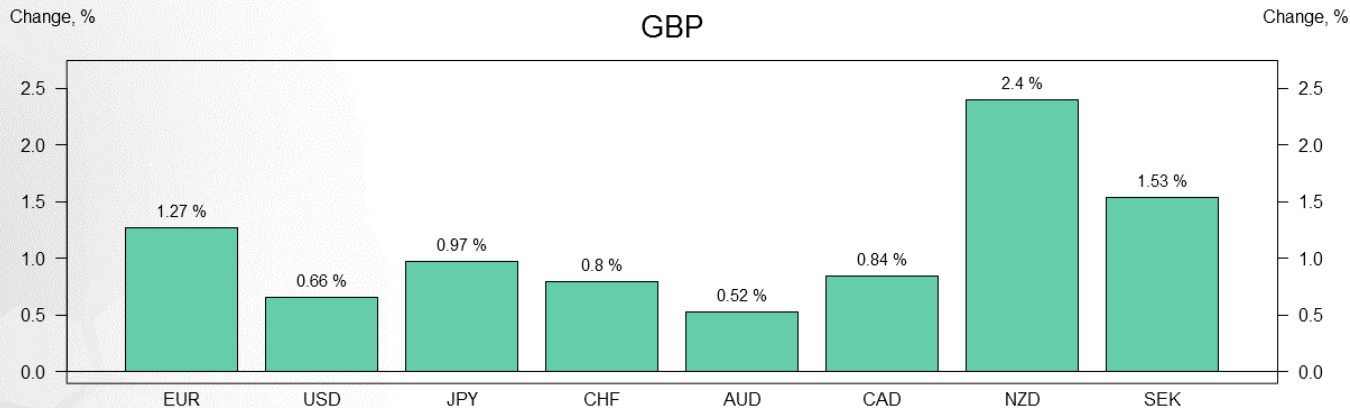
Currency Indexes



After establishing the stable tendency to grow in the beginning of the period, the British Pound decided to lead gains in course of the whole week, while outperforming the majority of its counterparts on the foreign exchange market. From Wednesday till Monday, the only Sterling's competitor was the Swiss Franc; however, sharp losses of this currency on Tuesday resulted in the unconditional leadership of the Pound by the end of the period. It rallied the most versus the Kiwi (+2.4%), as the New Zealand's currency continued to retreat for a third week in a row. Meanwhile, Australian Dollar was the second best performer last week, but it managed to

accumulate just a 0.53% weekly increase in value, while the Sterling rallied 1.12%.

Initial intentions to inch higher were demonstrated already on the first day of the period, when the GBP Index climbed past 101 points, as the currency has positively reacted to the average earnings' and labour market data earlier the same day. The bullish trend of the UK currency was preserved for the next two days as well, following better than expected statistics on retail sales in Britain, as well as decreasing public sector net borrowing in May. On Monday and Tuesday the observed currency continued to remain buoyant and upbeat, therefore leading the period's gains until the very end of the week.



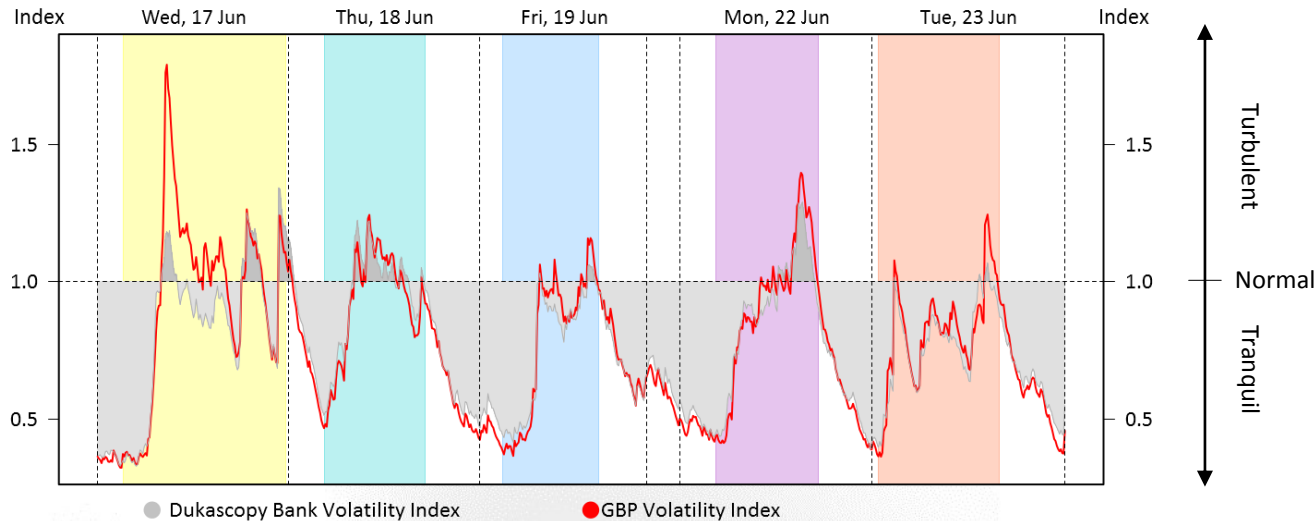
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.3%	0.38%	0.03%	1.12%	0.22%	0.53%	0.17%	-1.54%	-0.6%
20	2.42%	-0.37%	-1.24%	1.86%	1.16%	-0.39%	0.42%	-6.78%	2.91%
130	-5.76%	3.59%	1%	5.3%	10.12%	-1.09%	-2.56%	-9.23%	-2.09%
250	-5.93%	16.16%	-5.81%	7.35%	11.38%	-5.82%	0.59%	-10.63%	-7.27%



Volatility

Volatility



Last week was quiet in terms of volatility of the British currency, while from time to time the local UK fundamentals failed to cheer up market participants in order to force the currency to show any active changes. Elevated volatility indicator was just at 22% for the Sterling during the preceding week, even though it outperformed the market's average gauge of 17%. Among the components, GBP/CHF was turbulent in 37% of all time, which is proved by more dynamic development of the Swiss Franc last week. On the contrary, the Pound/Kiwi cross was the most tranquil, showing the elevated volatility index of only 13%, as the NZD's turbulence was negatively

influenced by this currency's predictable movement to the downside, while no noticeable spikes or drops occurred at any time, except Wednesday.

A well-pronounced rally of the Pound resulted in the uplifted volatility, which surged to its highest weekly level already on the Day 1 of the researched period. The maximum of 1.79 points was reached when three data releases were published, including labour market, wages and MPC meeting minutes. At the same time, this statistics overshadowed the majority of other events that happened on June 18-23. The only additional increase in volatility was seen on Monday, when the Eurogroup announced that Greece and its creditors are likely to have a long-awaited deal this week.

Elevated Volatility (% of the observed period)

Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
17	22	27	22	20	37	22	32	13	22

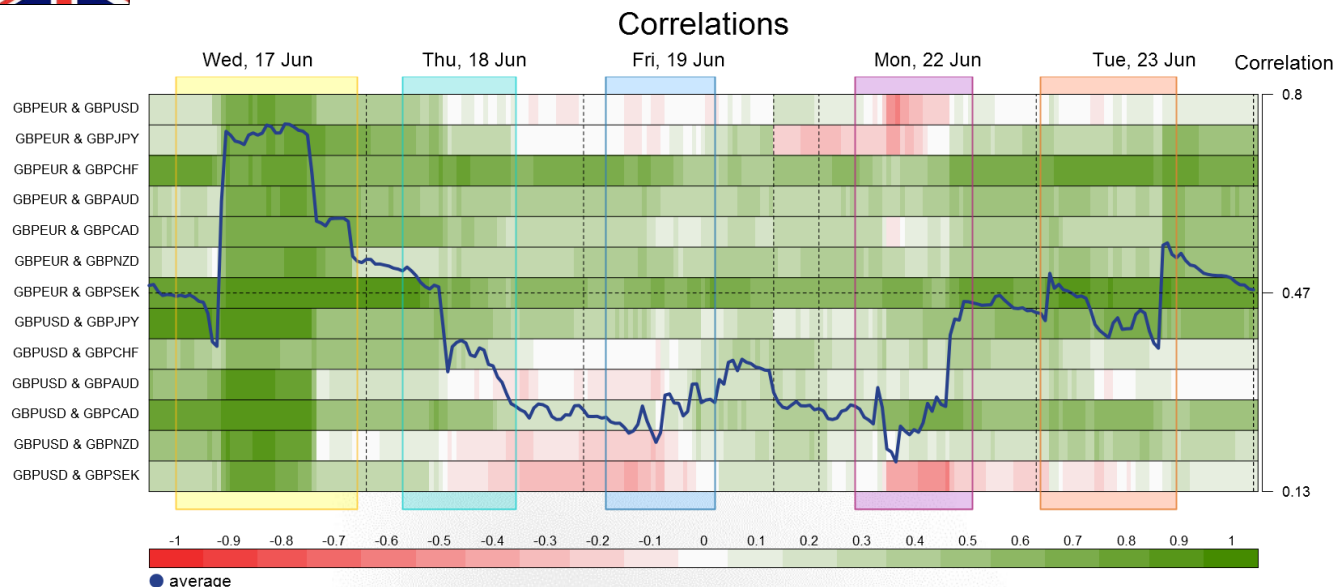
Volatility Index (for the observed period)

	Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
Max	1.34	1.79	2.06	1.86	1.88	2.21	1.91	2.15	3.4	1.76
Min	0.33	0.32	0.22	0.2	0.26	0.24	0.32	0.24	0.27	0.21
Average	0.76	0.77	0.79	0.73	0.74	0.88	0.8	0.8	0.7	0.76



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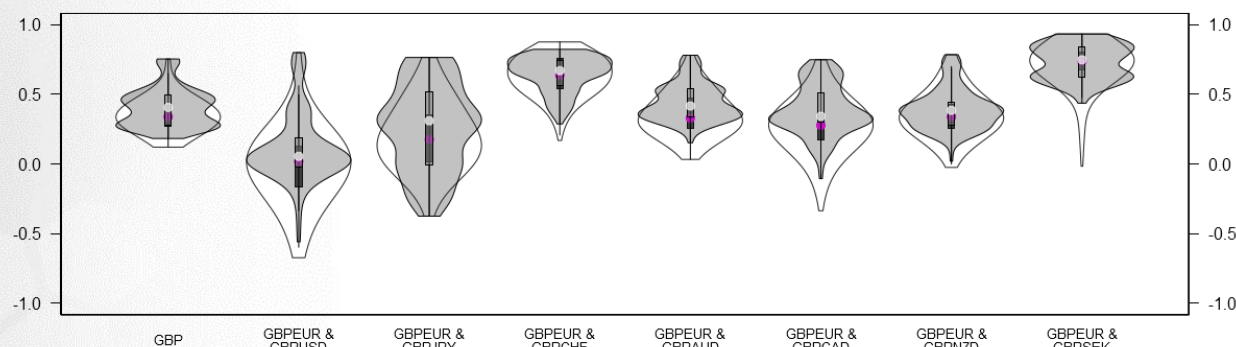
Currency Significance



Significance of the UK currency, calculated as an average correlation between different crosses of the Sterling, showed no homogeneous trend during the June 17-23 time period. There were three distinct time slots, when the GBP composite was either above the mean historical level (Wednesday), below it (Thursday-Monday) or hovered just around this mark of 0.47 (Tuesday). At the same time, the average correlation coefficient stayed below the historical mean at 0.41 points. This fact underlined the dominance of low correlations, which used to have a considerable impact on the composite last week.

Despite all the movements showed by the GBP composite correlation indicator, it managed to start and finish the period precisely at the historical average level of 0.47. Among the trading days, Wednesday's news and events have substantially raised significance of the Sterling, as the composite reached its weekly maximum at 0.75. Nonetheless, the period of weakness followed, and the gauge slumped considerably on Friday and Monday, by reaching the weekly low at just 0.18 points on June 22. It was provoked by the several EUR components entering the red zone. The correlations dropped below zero, as markets were waiting for the results of the Euro Summit, which was determining future of the Greek bailout programme and has eventually ended with the more or less positive outcome.

Correlations (5 vs 20 days)



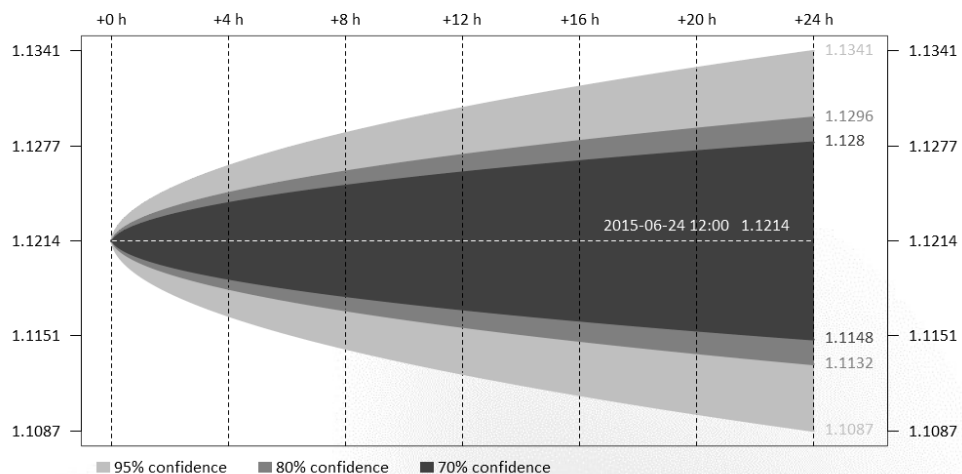
Mean Correlation Coefficient (with GBPEUR)

Days	GBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
5	0.41	0.12	0.26	0.65	0.45	0.39	0.39	0.73
20	0.35	-0.01	0.2	0.63	0.36	0.27	0.35	0.72
130	0.35	0.1	0.27	0.6	0.36	0.29	0.39	0.66
250	0.38	0.24	0.38	0.76	0.36	0.33	0.38	0.64

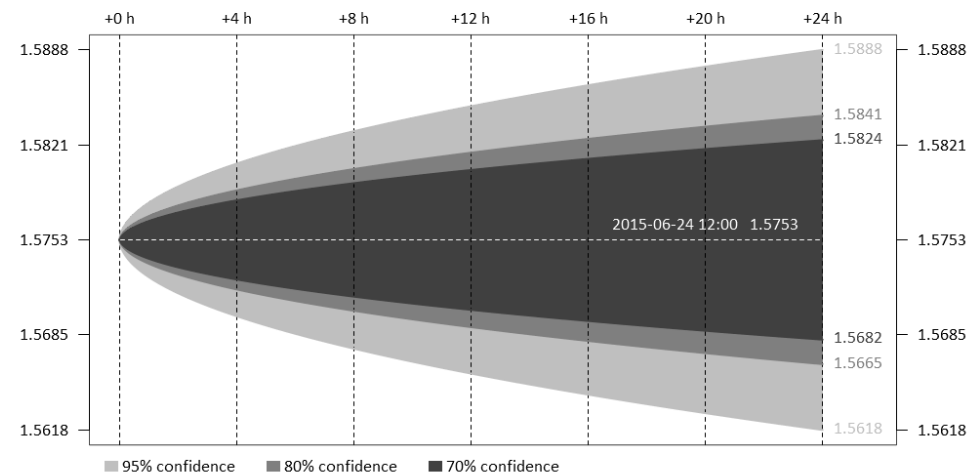
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Confidence Intervals for Next 24 Hours

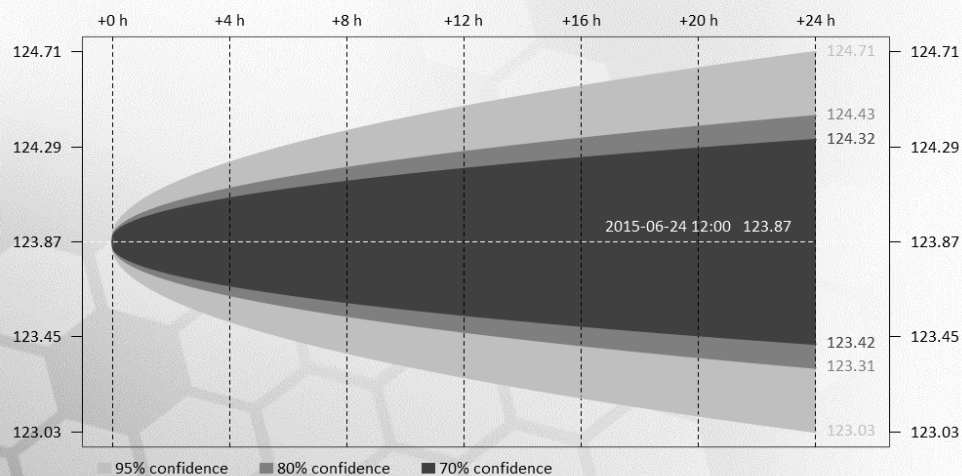
EURUSD Potential Rates



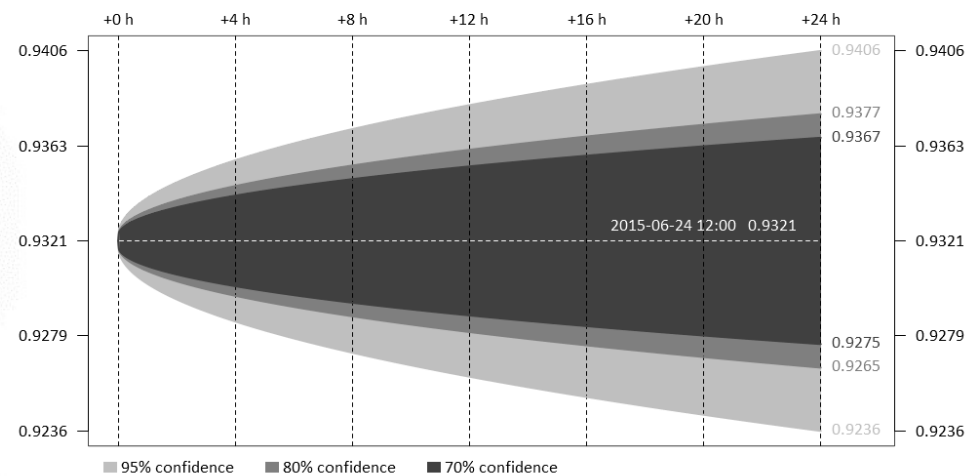
GBPUSD Potential Rates



USDJPY Potential Rates



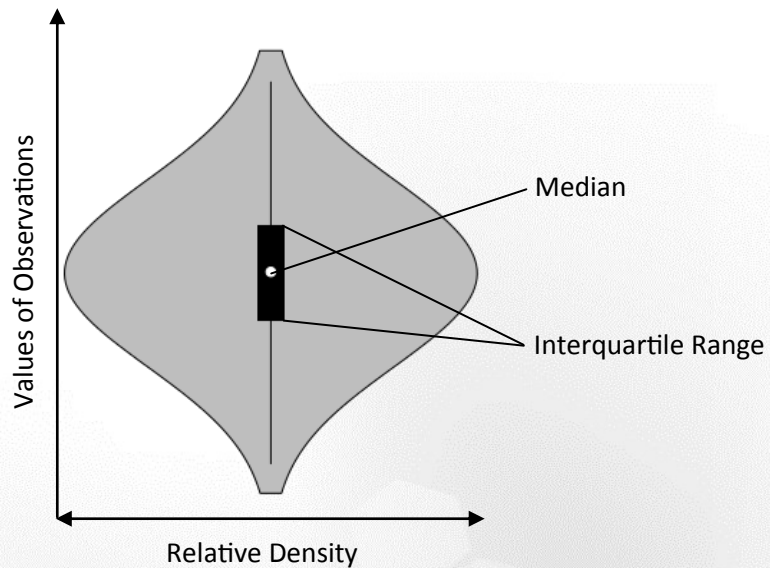
USDCHF Potential Rates



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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