



19/08/2015



**DUKASCOPY**  
RESEARCH PRODUCTS



# Market Research





# Dominant Events of the Period

## Yellow Area

August 12

00:30 - 17:30

- UK Claimant Count Change/  
Unemployment Rate and Average Earnings
- Chinese Industrial Production
- US Monthly Budget Statement

## Turquoise Area

August 13

01:00 - 16:30

- German CPI
- US Retail Sales and Unemployment Claims
- New Zealand Retail Sales

## Blue Area

August 14

11:30 - 16:30

- German, French, Italian and Euro zone Prelim GDP
- US PPI, Industrial Production and Prelim UoM Consumer Sentiment
- Canadian Manufacturing Sales
- Greek Parliament Bailout Vote

## Purple Area

August 17

06:30 - 15:00

- Euro zone Trade Balance
- Japanese Prelim GDP
- RBA Monetary Policy Meeting Minutes

## Orange Area

August 18

07:00 - 15:30

- UK CPI
- US Building Permits/Housing Starts

GBP Currency Index Change

-0.61%

-0.05%

0.28%

-0.5%

0.57%

Max GBP Volatility Index

1.85

1.48

1.3

1.1

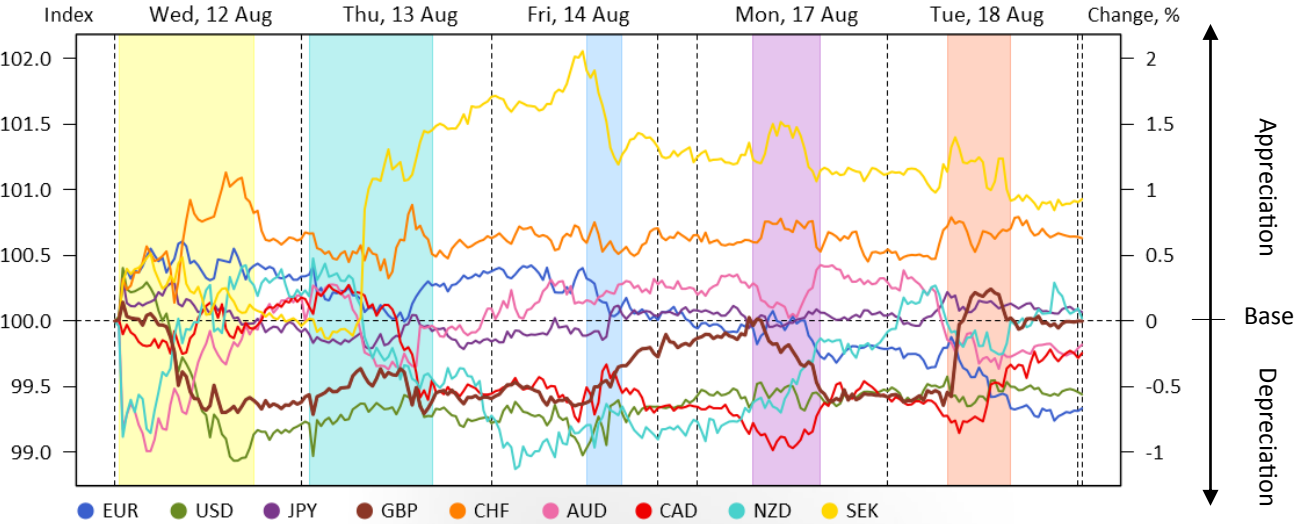
2.1



# Relative Currency Strength

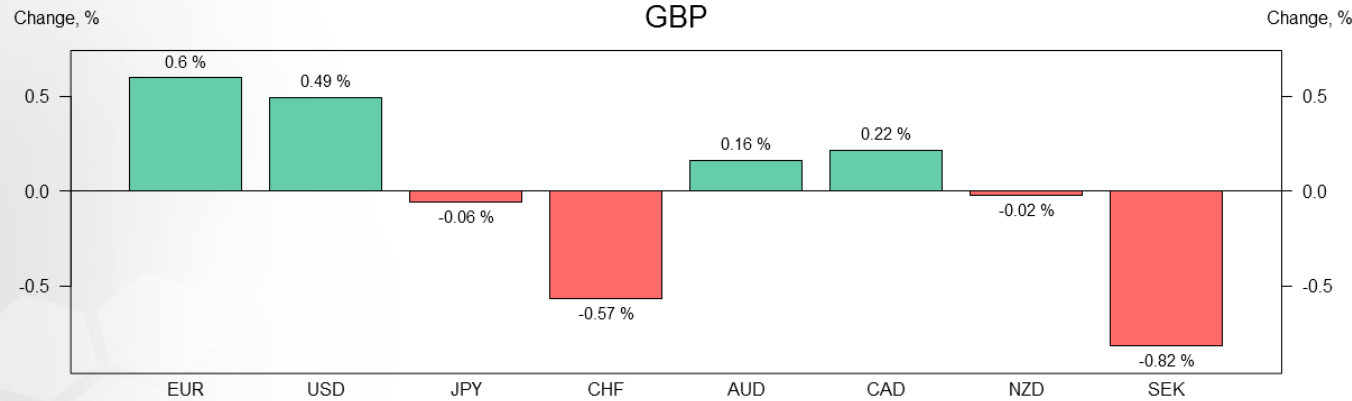
## Currency Indexes

Unlike our previous reports on the Pound, this one is unique in terms of this currency's weekly performance. Despite some important news coming both from the UK and abroad, the Sterling managed to show completely no percentage change in its value on a five-day basis. Among currency pairs, GBP surged against the Euro and US Dollar amid weaker GDP reports from the Euro zone and speculations that the Fed will not hike interest rates in September due to recent turmoil with Chinese Yuan. On the other hand, GBP/CHF and GBP/CHF had an opposite situation, as they dropped the most by 0.57% and 0.82%, respectively.



The Swedish Krona was in turn the best performer of the period ended August 18, as inflation figures in Sweden have improved sharply in the month of July. On the contrary, the Euro erased gains it posted in the beginning of the week, after second-quarter economic growth missed estimates in Germany, France and Italy.

Meanwhile, the Sterling was initially depressed by lower wage growth numbers from Britain, and the GBP Index stood somewhat below 99.5 points for the most of the period. However, a surprising pick up in inflation to 0.1% in July energised bulls for a rally, which managed to decrease losses and even sent the GBP above the base line. However, the period was still closed exactly at the mark of 100.

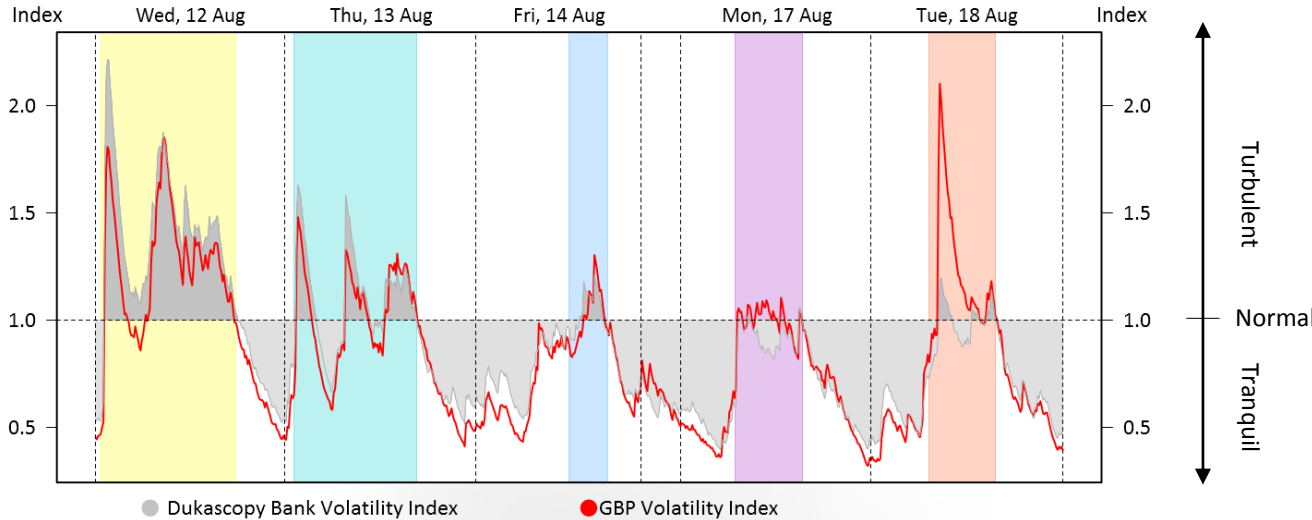


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.66%	-0.56%	0.07%	0%	0.63%	-0.18%	-0.24%	0.02%	0.93%
20	1.37%	0.32%	-0.19%	0.62%	-1.71%	-0.66%	-0.24%	-0.06%	0.68%
130	1%	3.79%	-0.82%	5.76%	0.93%	-2.78%	-0.74%	-10.78%	2.96%
250	-3.86%	17.61%	-3.99%	10.3%	9.22%	-9.19%	-2.74%	-10.3%	-7.08%



# Volatility

## Volatility



Elevated volatility of the British currency was hovering around the median readings of several preceding weeks, as it stood at 31% versus 29% for the market during a five-working-day period from August 12 until August 18. These numbers were also reflected in the mean volatility index, which reached only 0.84 points. There were two major spikes in turbulence registered throughout the week, and one of them has been created solely by the Sterling, which posted considerable reaction after the CPI data from the UK. Other currency that was affecting volatility of the Pound was the Canadian Dollar, as GBP/CAD was turbulent in 36% of all time.

Volatility of the Sterling had no opportunities to fluctuate anywhere below 1.0 in the very beginning of the period. Markets were awaiting important statistics concerning the labour market, which should have showed a number of claims for jobless benefits, unemployment rate in Britain and, most importantly, the wage growth. A disappointment for the latter indicator in contrast to positive jobless claims sent the Pound considerably lower, while volatility jumped as high as 1.85 points. Markets were turbulent on Thursday as well, as Swedish CPI numbers weighed on both the Krona and other majors. However, the Pound's weekly high was still hit only on August 18 at 2.1 points, as UK data showed that July annual inflation outperformed economists' forecasts by rising to 0.1%.

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

Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
29	31	30	22	22	30	25	36	26	30

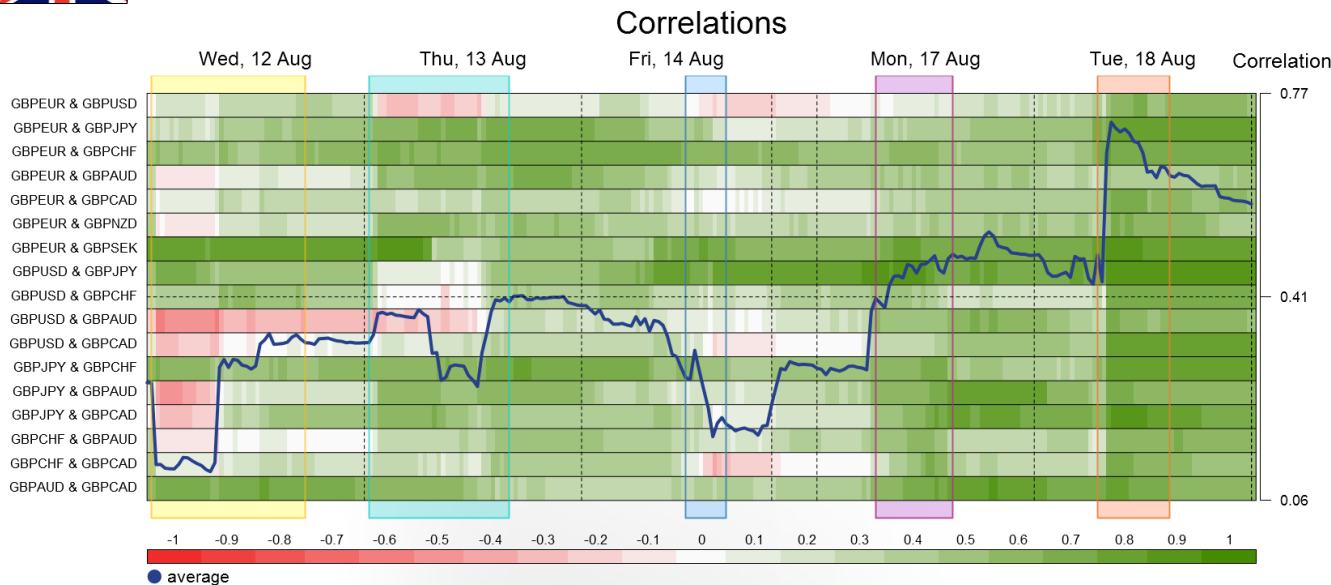
### Volatility Index (for the observed period)

	Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
Max	2.21	2.1	3.03	2.35	2.58	2.87	3.5	2.43	3.18	3.21
Min	0.4	0.32	0.23	0.17	0.2	0.27	0.32	0.3	0.3	0.29
Average	0.88	0.84	0.82	0.76	0.79	0.87	0.87	0.87	0.89	0.83





# Currency Significance

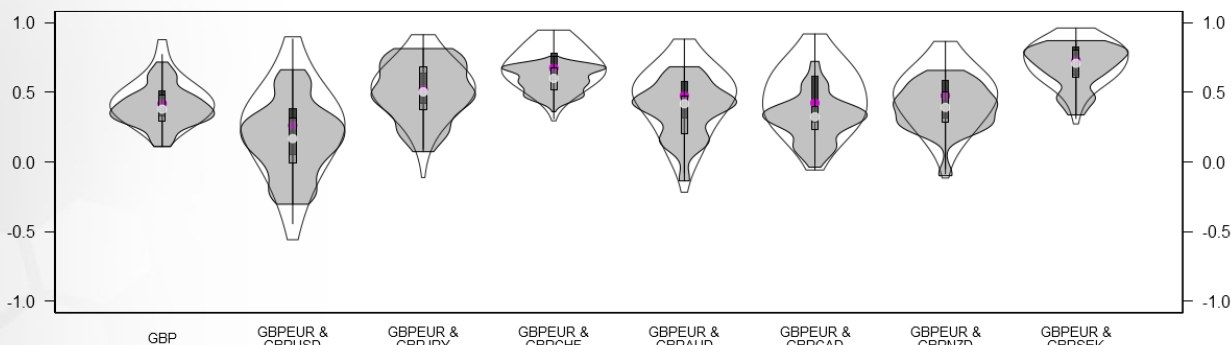


Significance of the UK Pound, which is calculated as an average correlation between different crosses of this currency, was rising every day during the reported period, only except Friday when we have observed some weakness of the composite. In general, the mean correlation coefficient for the period ended Tuesday of this week stood at 0.39 points, slightly below the average historical level for the Sterling currency of 0.41. Despite that, the gauge managed to overcome both six-month and annual means of 0.38 points, but lacked impetus to reach this month's average figure of 0.43. At the same time, correlations were strong enough to keep distributions with rather short tails.

The only noticeable exception was a correlation between GBP/EUR and GBP/USD currency pairs, which was located in red from time to time. Moreover, the composite has also been negatively affected by components, which included Australian and Canadian dollars, as important fundamentals from these countries forced their national currencies to develop in a different way relatively to the market.

The worst point in time for GBP correlations was surpassed as early as Wednesday at just 0.11 points. By improving in course of the next five working days, it climbed to 0.72 by Tuesday's 8:30 GMT, when UK inflation data succeeded to unite the market around the Pound, as literally all crosses of this currency posted a confident upward trend.

Correlations (5 vs 20 days)



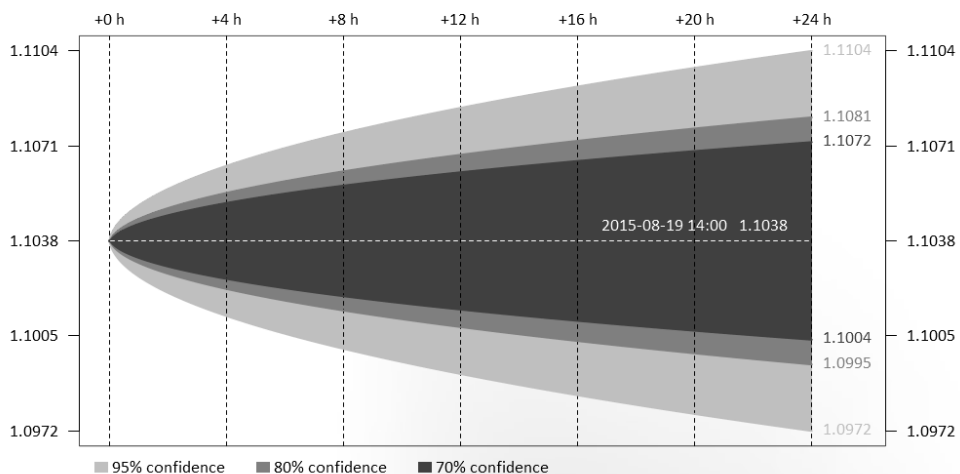
Mean Correlation Coefficient (with GBPEUR)

Days	GBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
5	0.39	0.16	0.51	0.59	0.37	0.31	0.38	0.68
20	0.43	0.23	0.52	0.68	0.44	0.45	0.46	0.72
130	0.38	0.08	0.28	0.62	0.38	0.33	0.4	0.71
250	0.38	0.18	0.35	0.72	0.36	0.33	0.39	0.67

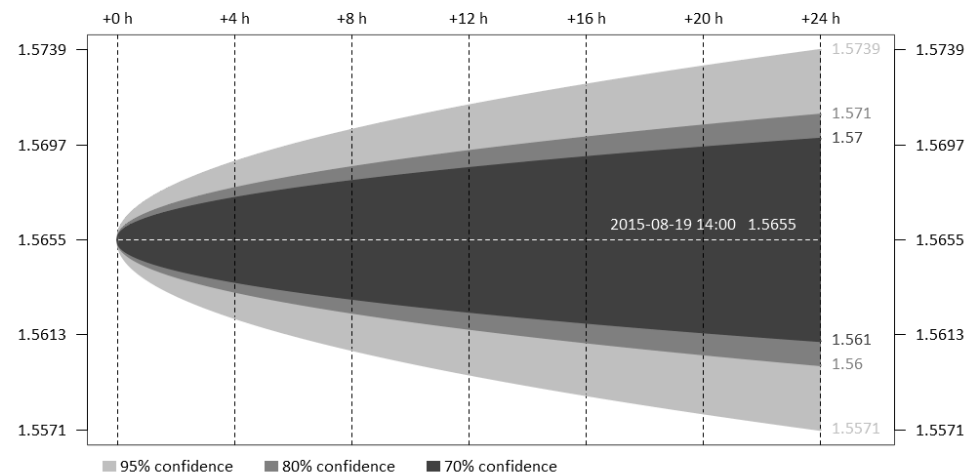
# Confidence Intervals for Next 24 Hours

Wednesday, August 19, 2015  
15:30 GMT

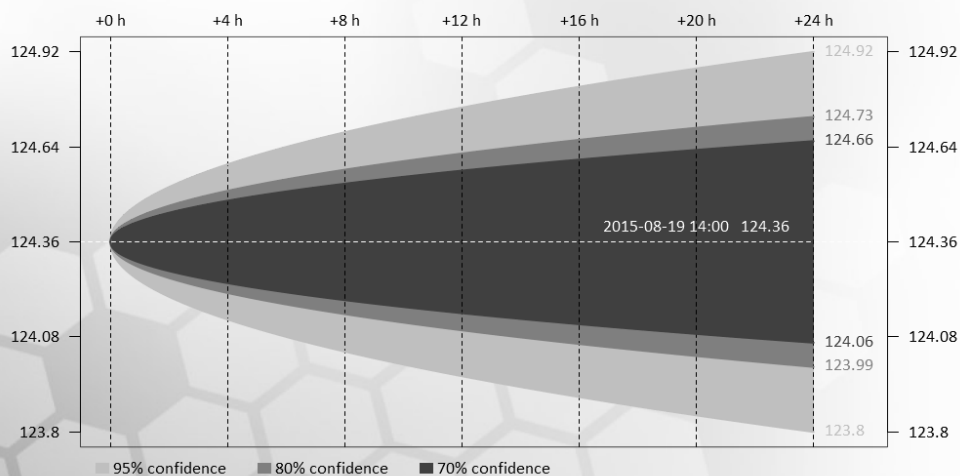
EURUSD Potential Rates



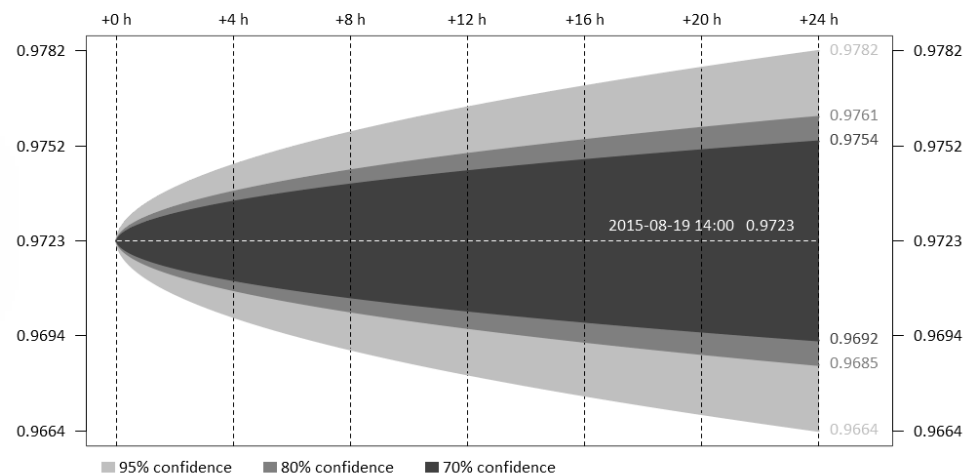
GBPUSD Potential Rates



USDJPY Potential Rates



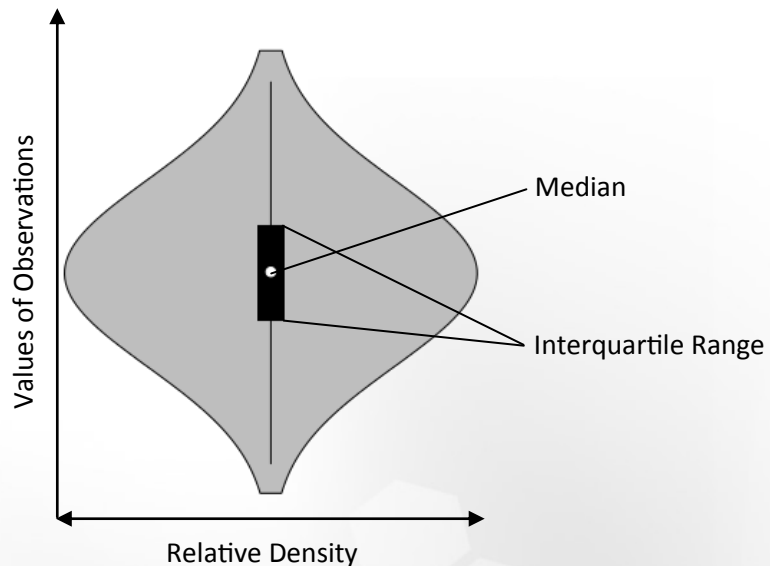
USDCHF Potential Rates



# EXPLANATIONS

## Violin Plot

Violin Plot is a combination of a Box Plot and rotated Kernel Density Plot



## Methodologies

Volatility Index

Confidence Interval



**Newest releases and archive:**

- Fundamental Analysis
- Technical Analysis
- Press Review
- Market Research
- Expert Commentary
- Dukascopy Sentiment Index
- Trade Pattern Ideas
- Global Stock Market Review
- Commodity Overview
- Economic Research
- Quarterly Report
- Aggregate Technical Indicator

**Additional information:**

- Dukascopy Group Home Page
- Market News & Research
- FXSpider
- Live Webinars
- Dukascopy TV
- Daily Pivot Point Levels
- Economic Calendar
- Daily Highs/Lows
- SWFX Sentiment Index
- Movers & Shakers FX
- Forex Calculators
- Currency Converter
- Currency Index
- CoT Charts

**Social networks:**



**Disclaimer**

Everything in this article, including opinions and figures, is provided for informational purposes only and may not be interpreted as financial advice or solicitation of products. Dukascopy group assume no responsibility for the completeness or the accuracy of any data contained in this article. Financial figures indicated in this article have not been verified by the Dukascopy group. Views, opinions and analyses are those of the author of the article, and are not endorsed by the Dukascopy group.

Dukascopy group waive any and all warranties, express or implied, regarding, but without limitation to, warranties of the merchantability or the fitness for a particular purpose, with respect to all information in this article. Dukascopy group shall under no circumstances be responsible for any direct, indirect, consequential, contingent or any other damages sustained in connection with the use of this article.