



21/10/2015



DUKASCOPY
RESEARCH PRODUCTS



Market Research



Dominant Events of the Period

Yellow Area

October 14

06:30 - 15:30

- UK Claimant Count Change and Unemployment Rate
- Chinese CPI
- Euro zone Industrial Production
- US Retail Sales

Turquoise Area

October 15

07:00 - 22:30

- US CPI and Monthly Budget Statement
- Australian Employment Change and Unemployment Rate
- New Zealand CPI

Blue Area

October 16

12:30 - 16:00

- Euro zone CPI and Trade Balance
- US Industrial Production and Reuters/Michigan Consumer Sentiment Index

Purple Area

October 20

07:00 - 16:00

- BOE Governor Carney Speaks
- RBA Meeting Minutes
- US Housing Starts and Building Permits

GBP Currency Index Change

0.72%

0.24%

0%

-0.09%

Max GBP Volatility Index

1.9

1.39

1.19

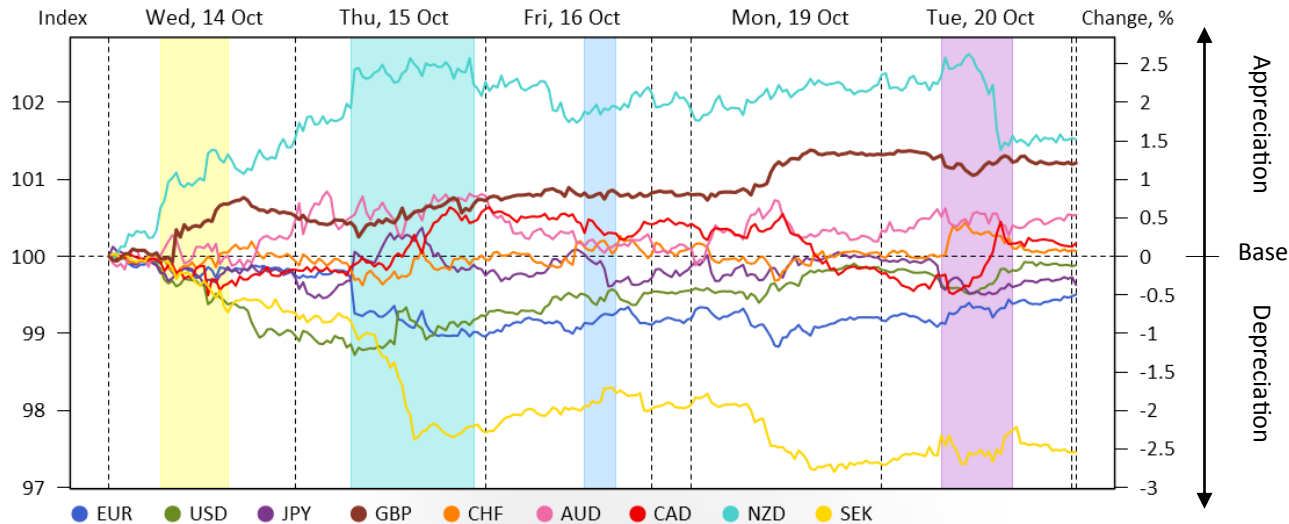
1.12



Relative Currency Strength

Wednesday, October 21, 2015
15:30 GMT

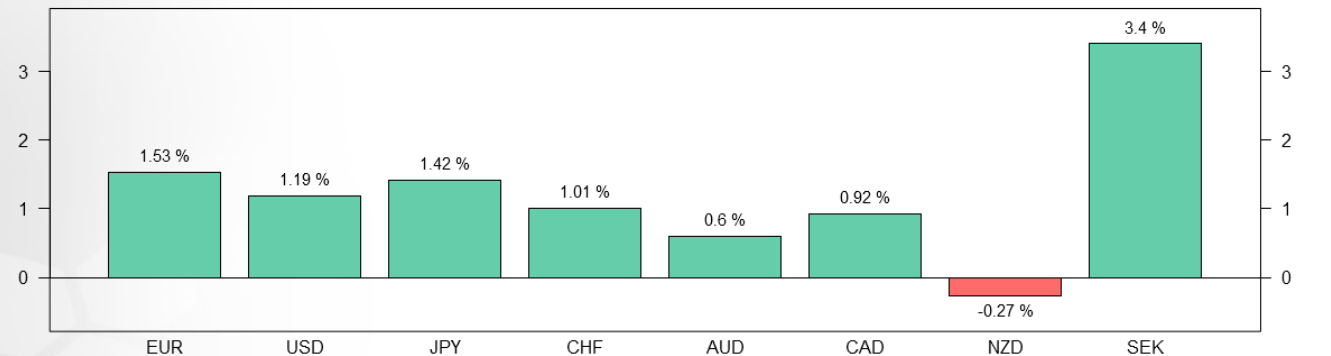
Currency Indexes



Markets were extremely calm and tranquil during the weekly period ended October 20. Market leadership was immediately taken by the New Zealand Dollar on Wednesday of the previous week and gains were preserved until the very end of the period. The Pound was the second-best performer as it also rallied by more than one full percentage point. On the side of gainers, the Aussie, Loonie and Franc also managed to advance in value. Meanwhile, the Swedish Krona tumbled as much as 2.54%, pushing its loss against the British currency to 3.4% on a five-day basis.

The UK currency's movements were partly influenced by domestic fundamentals, especially in the beginning of the period. A first spike took place on October 14, when British labour market data revealed a surprising decrease of the jobless rate in the country down to 5.4% in the three months through August, while employment reached record-high levels and wages continued to grow. An increase in the price of the Pound continued to be in place for the rest of the period. Unusually strong influence was created by commodity currencies due to oil price volatility, which were putting pressure on the Sterling on Monday and Tuesday. Nevertheless, the week was successfully finished with a rise of 1.21%, but the Kiwi remained the leader with a 1.52% surge.

Change, %



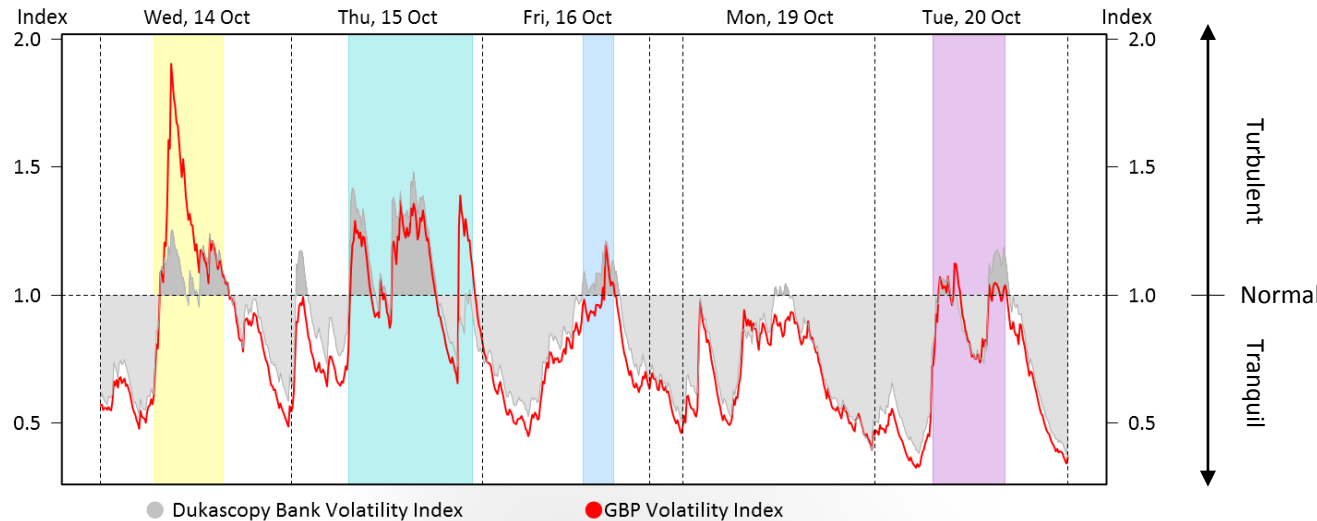
Currency Index Change

| Days | EUR | USD | JPY | GBP | CHF | AUD | CAD | NZD | SEK |
|------|--------|--------|--------|--------|--------|--------|--------|---------|--------|
| 5 | -0.5% | -0.11% | -0.37% | 1.21% | 0.07% | 0.54% | 0.17% | 1.52% | -2.54% |
| 20 | -0.07% | -2.1% | -2.3% | -1.49% | -0.09% | 1.36% | 0.19% | 7.12% | -1.12% |
| 130 | 7.91% | 1.58% | 1.5% | 4.59% | 1.52% | -6.07% | -5.62% | -10.78% | 6.81% |
| 250 | -1.74% | 11.73% | -1.34% | 6.61% | 10.13% | -9.67% | -3.98% | -6.99% | -4.76% |



Volatility

Volatility



As the major Pound's changes were observed in the first two days of the researched period, volatility of this currency also showed uplifted readings during that time. All in all, turbulence remained fairly weak, which is proved by Elevated Volatility indicators for both the market and the Pound separately. The former one stayed at 25%, somewhat above the UK currency's 20%. As mentioned before, commodity-linked currencies strongly affected markets last week. Thus, GBP/CAD, GBP/AUD and GBP/NZD enjoyed the highest elevated volatility in the range between 28% and 35%. Meanwhile, the usually-tranquil EUR/GBP cross has unsurprisingly been volatile in just 15% of all time.

The first spike in volatility was registered already on Wednesday, the first day of the period. The reading climbed as high as 1.9 points, following better than projected employment statistics from Britain. The same day, some additional turbulence was created by US retail sales and PPI data, which disappointed market participants on all fronts. Thursday's rapid market changes were fuelled by US consumer price fundamentals, as well as by the Philadelphia Fed Manufacturing Index later in the day. The third daily increase in volatility was caused by New Zealand's inflation numbers, which revealed the prices rising more than the average analysts' survey had suggested.

Elevated Volatility (% of the observed period)

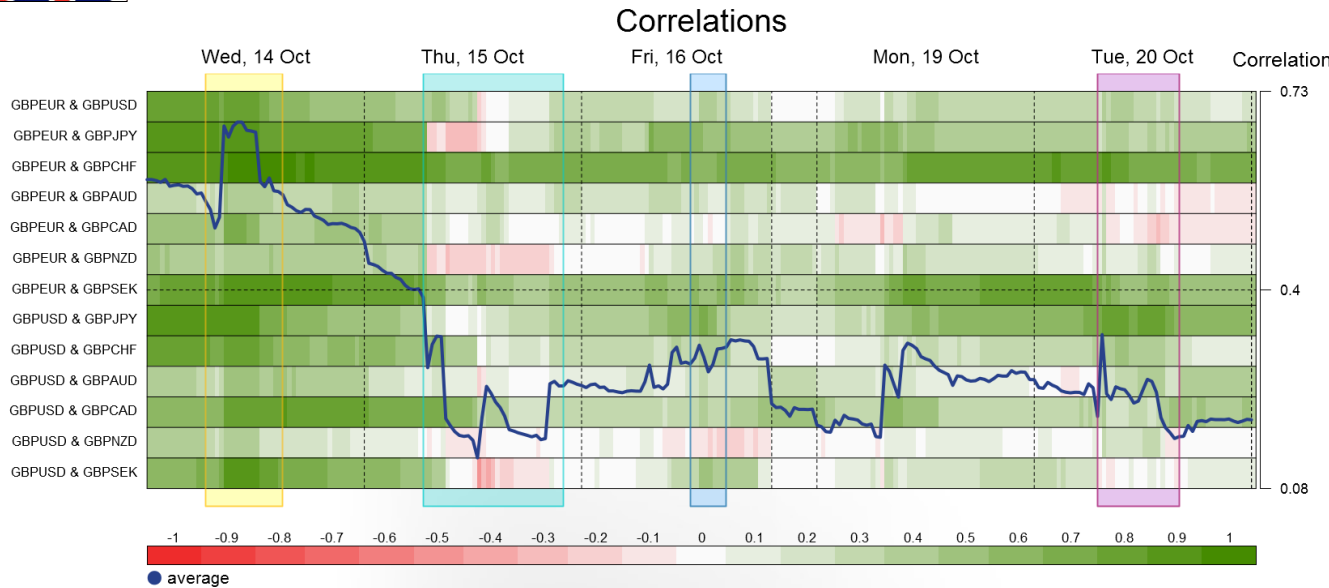
| Market | GBP | EURGBP | GBPUSD | GBPJPY | GBPCHF | GBPAUD | GBPCAD | GBPNZD | GBPSEK |
|--------|-----|--------|--------|--------|--------|--------|--------|--------|--------|
| 25 | 20 | 15 | 23 | 21 | 21 | 28 | 35 | 28 | 19 |

Volatility Index (for the observed period)

| | Market | GBP | EURGBP | GBPUSD | GBPJPY | GBPCHF | GBPAUD | GBPCAD | GBPNZD | GBPSEK |
|---------|--------|------|--------|--------|--------|--------|--------|--------|--------|--------|
| Max | 1.48 | 1.9 | 2.16 | 3.03 | 2.07 | 1.89 | 2.39 | 2.13 | 1.82 | 1.89 |
| Min | 0.38 | 0.32 | 0.19 | 0.2 | 0.26 | 0.25 | 0.34 | 0.33 | 0.37 | 0.23 |
| Average | 0.83 | 0.8 | 0.69 | 0.83 | 0.77 | 0.74 | 0.88 | 0.86 | 0.86 | 0.72 |



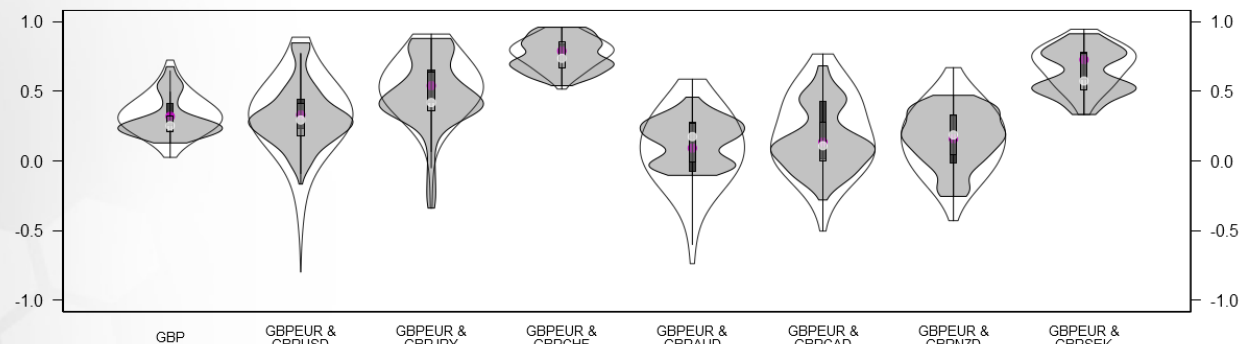
Currency Significance



Currency significance was extremely low during the observed time period, meaning that the market was predominantly driven by currencies other than the Sterling. The mean correlation coefficient for this currency fell as low as 0.3 points, way below the historical average of 0.4 points. On top of that, the indicator missed all monthly, half-year and annual average correlations of 0.33, 0.37 and 0.36 points, respectively. The components have therefore had longer tails this time, with some of them dipping noticeably below zero.

The composite started trading with a quite positive sentiment as the majority of Pound's crosses were moving in the similar way due to presence of high-priority UK fundamentals, namely the labour market data back on Wednesday. However, the composite began dropping rapidly on Thursday, and different currencies started driving the Pound crosses in their own direction. They differed from time to time. The Yen, Kiwi and Swedish Krona slid deeply into the red against GBP/EUR and GBP/USD on Thursday, and the composite hit the five-day low of just 0.13 points. The new working week, however, saw the Australian and Canadian dollars being unstable as their correlations with main GBP crosses changed the colour from green to red. With no UK statistics to trigger and support united GBP movement, this currency's correlation composite ended the week at just 0.19.

Correlations (5 vs 20 days)



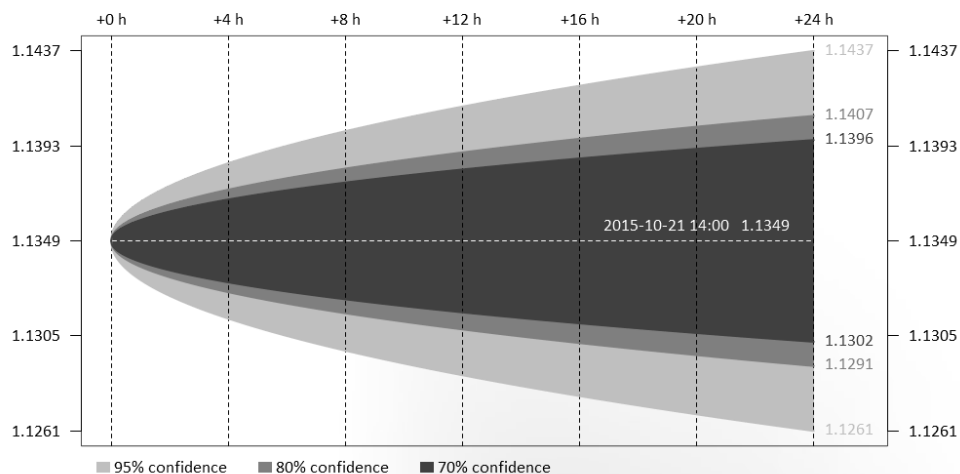
Mean Correlation Coefficient (with GBPEUR)

| Days | GBP | GBPUSD | GBPJPY | GBPCHF | GBPAUD | GBPCAD | GBPNZD | GBPSEK |
|------|------|--------|--------|--------|--------|--------|--------|--------|
| 5 | 0.3 | 0.32 | 0.47 | 0.76 | 0.15 | 0.15 | 0.17 | 0.63 |
| 20 | 0.33 | 0.33 | 0.54 | 0.78 | 0.09 | 0.19 | 0.15 | 0.69 |
| 130 | 0.37 | 0.16 | 0.38 | 0.69 | 0.27 | 0.27 | 0.29 | 0.72 |
| 250 | 0.36 | 0.17 | 0.36 | 0.69 | 0.31 | 0.28 | 0.34 | 0.67 |

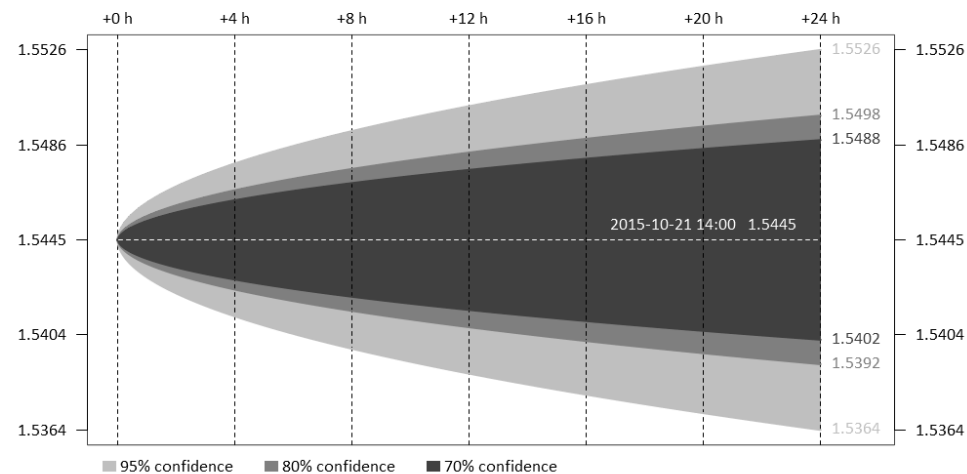
Confidence Intervals for Next 24 Hours

Wednesday, October 21, 2015
15:30 GMT

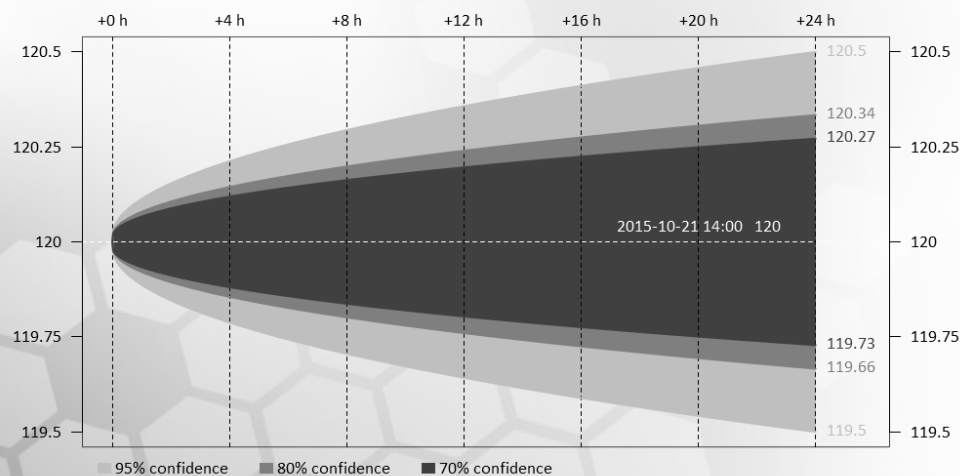
EURUSD Potential Rates



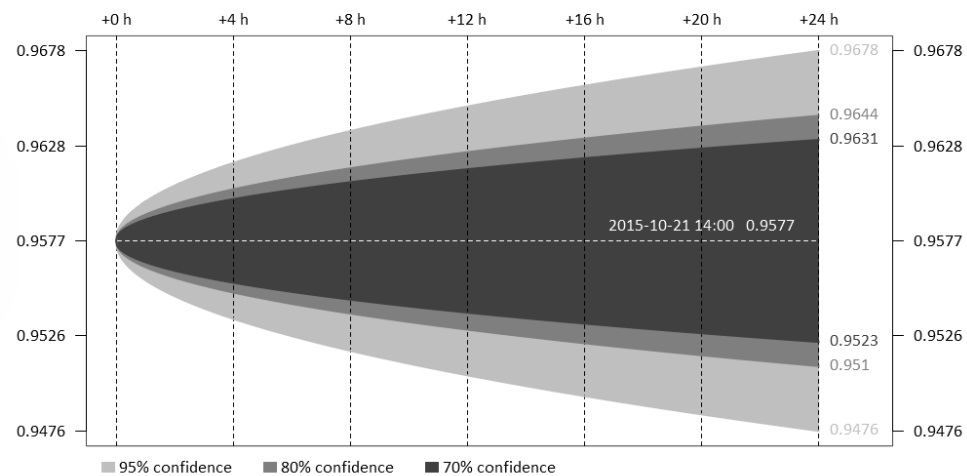
GBPUSD Potential Rates



USDJPY Potential Rates



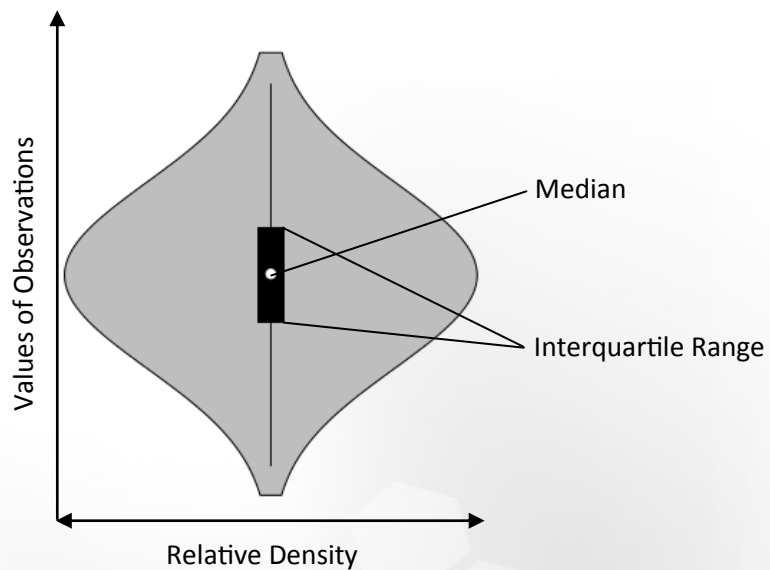
USDCHF Potential Rates



EXPLANATIONS

Violin Plot

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



Methodologies

Volatility Index

Confidence Interval



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