



11/11/2015



DUKASCOPY
RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

November 4

05:00 - 17:30

- *UK Services PMI*
- *Euro zone Services PMI*
- *US ADP Non-Farm Employment Change and ISM Non-Manufacturing PMI*
- *Canadian Trade Balance*
- *Fed Chair Yellen Testifies*

Turquoise Area

November 5

06:00 - 20:00

- *BOE Official Bank Rate, Monetary Policy Summary and Inflation Report*
- *BOE Governor Carney Speaks*
- *US Unemployment Claims*

Blue Area

November 6

06:00 - 19:30

- *UK Manufacturing Production*
- *US Non-Farm Employment Change, Unemployment Rate and Average Hourly Earnings*
- *Canadian Employment Change and Unemployment Rate*

GBP Currency Index Change

0.3%

-1.14%

-0.06%

Max GBP Volatility Index

1.32

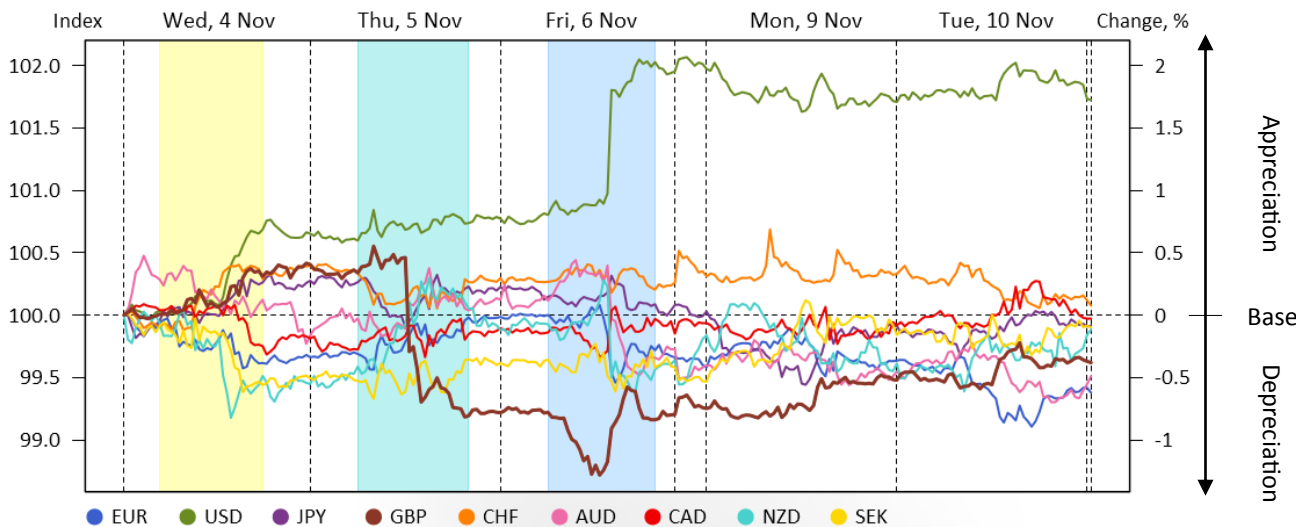
4.15

2.9



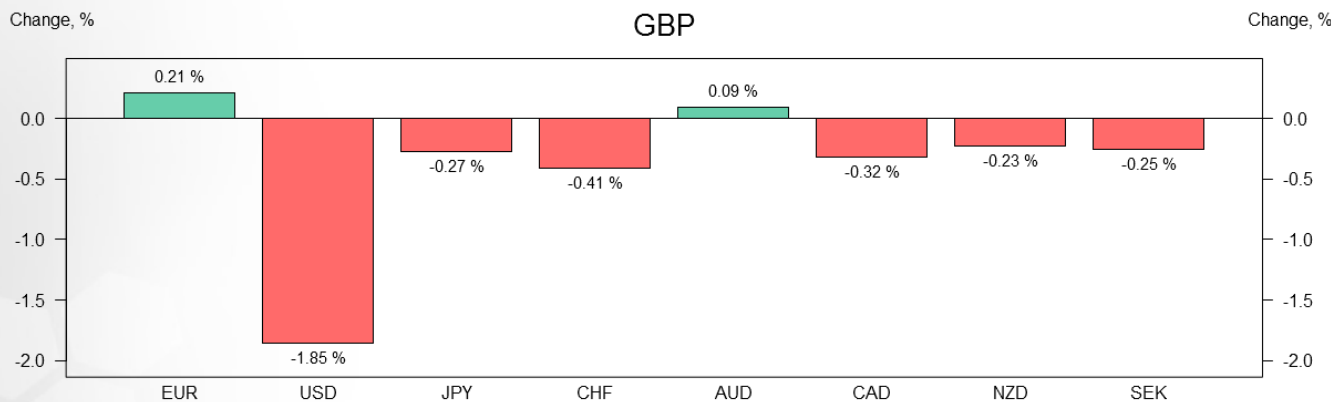
Relative Currency Strength

Currency Indexes



Despite an overall short period of analysis, namely three days from Wednesday till Friday of the previous week, there are plenty of economic events that are worth mentioning and that were driving currency markets last week. The undisputed leader of the period was US Dollar, which surged by 1.72% on the back of ultra-positive US employment data. Country's companies added 271,000 jobs in October, way above 181,000 expected by the markets. The Pound lost 1.85% versus the Greenback. Meanwhile, the Sterling managed to advance only against the Euro (+0.21%) and Australian Dollar (+0.09%) as they weakened amid stronger American currency.

For the Sterling the researched period began on a positive note. Upbeat UK PMI for services industry provided positive impetus for market participants and encouraged purchases of the Pound. However, the biggest disappointment came from the Bank of England, which kept very unexpected dovish stance on the monetary policy. Only one MPC member continued to vote in favour of raising the key rate. Moreover, the BOE downgraded its inflation and growth forecasts. The Pound depreciated by 1.14% during Thursday. Despite additional losses on Friday due to industrial production data, UK currency managed to recover along with the Greenback later in the day. Some moderate increases were posted on Monday and Tuesday, and the week was finished with a loss of only 0.38%.



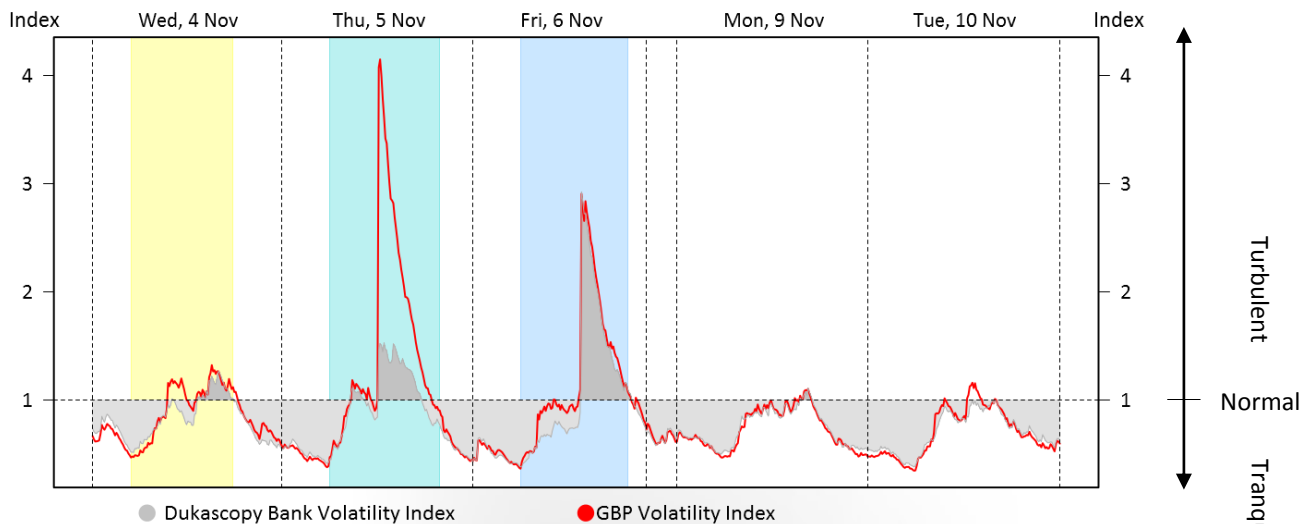
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.62%	1.72%	-0.08%	-0.38%	0.08%	-0.49%	-0.03%	-0.12%	-0.1%
20	-3.31%	3.19%	0.3%	2.26%	-1.89%	0.69%	1.38%	1.38%	-4.02%
130	1.42%	7.89%	4.59%	3.41%	-2.46%	-7.44%	-3.25%	-6.9%	2.57%
250	-4.25%	12.18%	4.53%	7.05%	7.92%	-10.46%	-5.06%	-6.68%	-5.25%



Volatility

Volatility



Volatility of the Sterling exceeded average reading for the market, owing to surprising news from the Bank of England on Thursday and positive US labour market and wage numbers. Elevated volatility for the Sterling amounted to 23%, which was somewhat below the numbers we have seen several weeks before. GBP/JPY and GBP/SEK crosses helped to outpace the mean market elevated volatility of just 16%, being that they posted these indicators at 30%. We could expect all currency pairs of the Canadian Dollar to be turbulent as well. Indeed, the GBP/CAD pair registered the third-largest maximum volatility for the period at 4.68 points after GBP/USD's 5.59 and GBP/JPY's 5.23 points.

Pound's turbulence was not considerably strong on Wednesday, when UK Services PMI showed a growth to 54.9 points in October, up from 53.3 one month before and exceeding analysts' estimates for an advance to 54.6 points. Weekly volatility high was touched on Thursday at 4.15 points, even though overall market maximum was just 2.92 points. The second noticeable spike was prompted by Friday's US data on employment and wages in October. The world's largest economy created 90,000 more jobs than it had been anticipated. Jobless rate fell to 5%, while earnings grew. This data pushed odds for a Fed rate hike in December to 74%. Meanwhile, turbulence remained completely silent on Monday-Tuesday amid lack of any fundamentals from Britain.

Elevated Volatility (% of the observed period)

Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
16	23	27	29	30	28	15	24	23	30

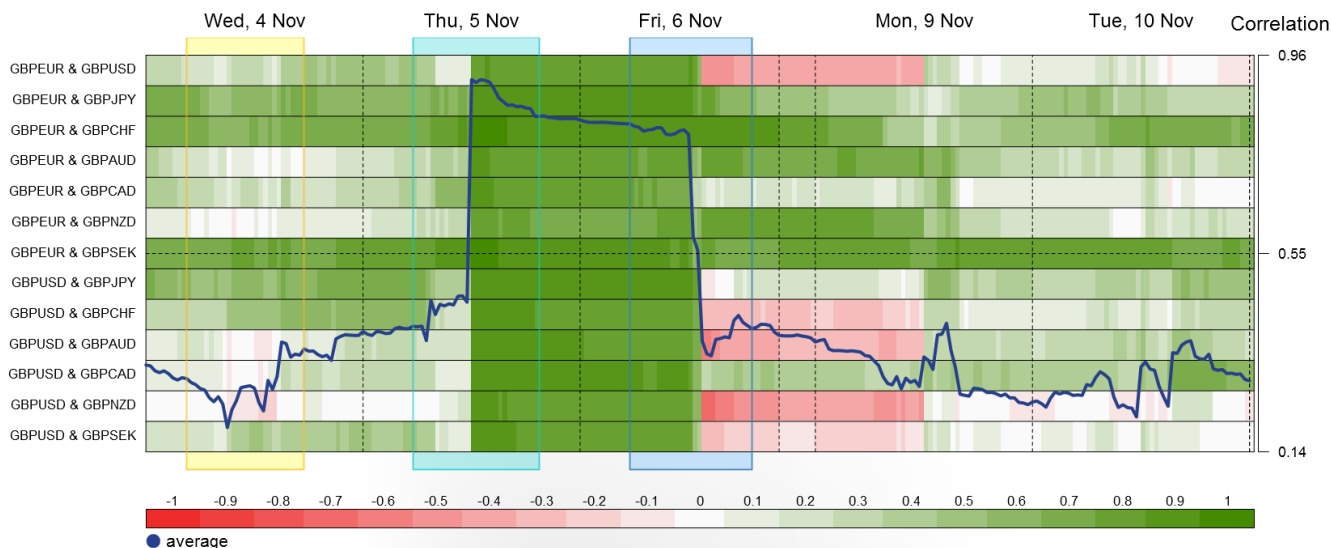
Volatility Index (for the observed period)

	Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
Max	2.92	4.15	4.15	5.59	5.23	4.13	3.87	4.68	4.04	3.72
Min	0.38	0.34	0.28	0.24	0.35	0.24	0.34	0.27	0.34	0.27
Average	0.79	0.87	0.87	0.92	0.95	0.82	0.83	0.83	0.89	0.87



Currency Significance

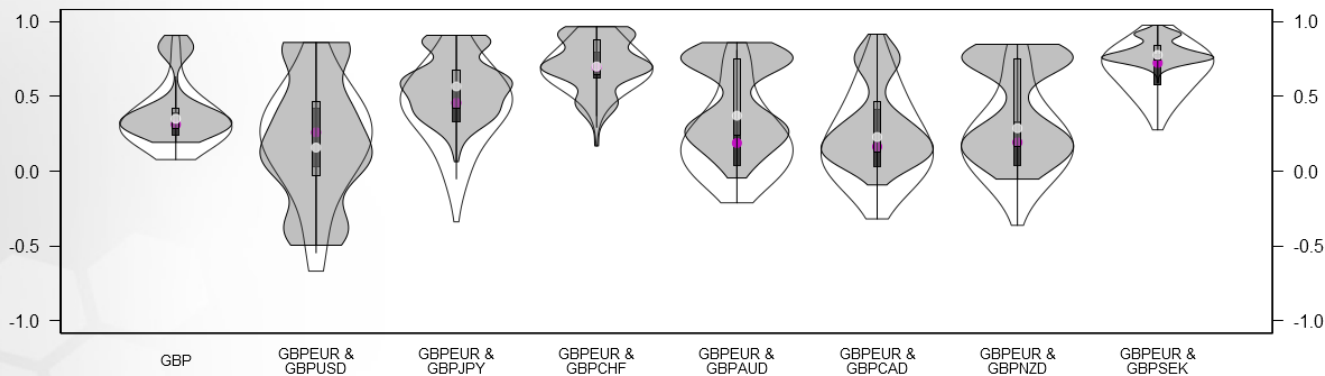
Correlations



Significance of the Pound Sterling could be very low for the period ended November 10. However, this indicator was helped by the Bank of England's data on Thursday, which pushed the composite significantly to the north and improved the mean correlation coefficient, which surged to 0.43 points. This reading was above 0.34-0.36 points posted for the past month, six months and last year. Traditionally low correlations were posted by first and second most traded GBP crosses, namely the Cable and EUR/GBP. As a result, this particular component had longer tails than others as it used to fall deeply into red on Friday and Monday.

Week started with a reading of 0.32 points for GBP composite. It had been growing gradually, before eventually climbing as high as 0.91 points on Thursday after 12:00 PM GMT. News from the Bank of England pushed the Pound down on the back of dovish comments from Governor Mark Carney. Conditions changed dramatically on Friday. Strong US portion of employment statistics sent the Dollar deeply into green. Therefore, all components which included the Buck were moving against the market until mid-Monday. On top of that, the upcoming Monday release of RBNZ Financial Stability Report weighed on the Kiwi. This fact was reflected in GBP/NZD & GBP/USD component, where correlations were tumbling as low as -0.71 points. Meanwhile, the composite ended the week slightly below its opening level around 0.29 points.

Correlations (5 vs 20 days)



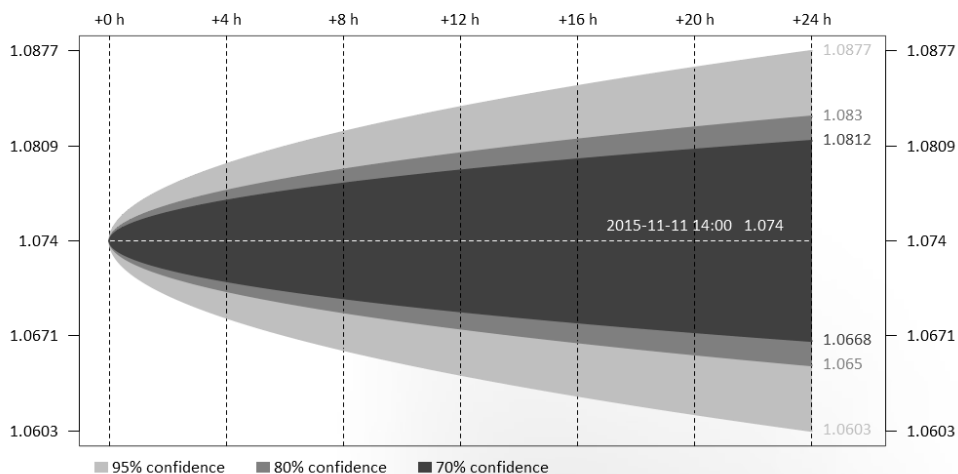
Mean Correlation Coefficient (with GBPEUR)

Days	GBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
5	0.43	0.21	0.57	0.71	0.47	0.32	0.42	0.8
20	0.34	0.21	0.44	0.7	0.23	0.22	0.22	0.69
130	0.36	0.17	0.39	0.68	0.26	0.26	0.28	0.72
250	0.36	0.17	0.36	0.67	0.3	0.28	0.33	0.67

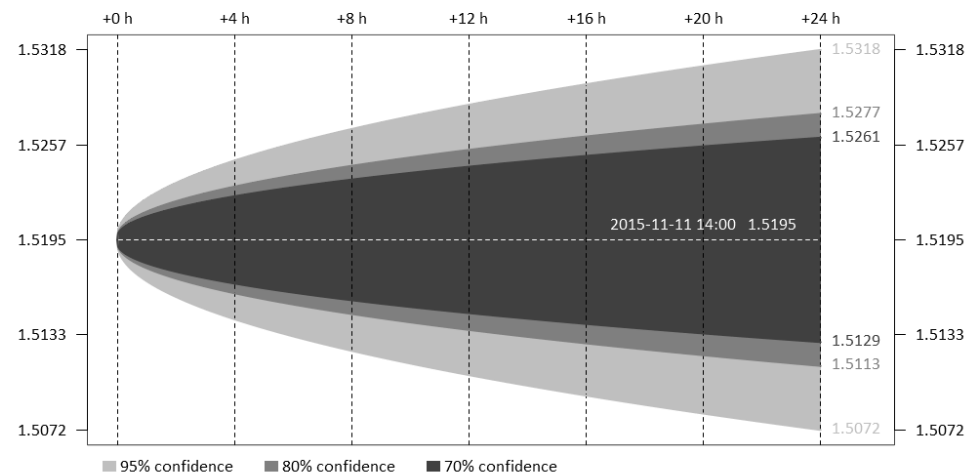
Confidence Intervals for Next 24 Hours

Wednesday, November 11, 2015
16:30 GMT

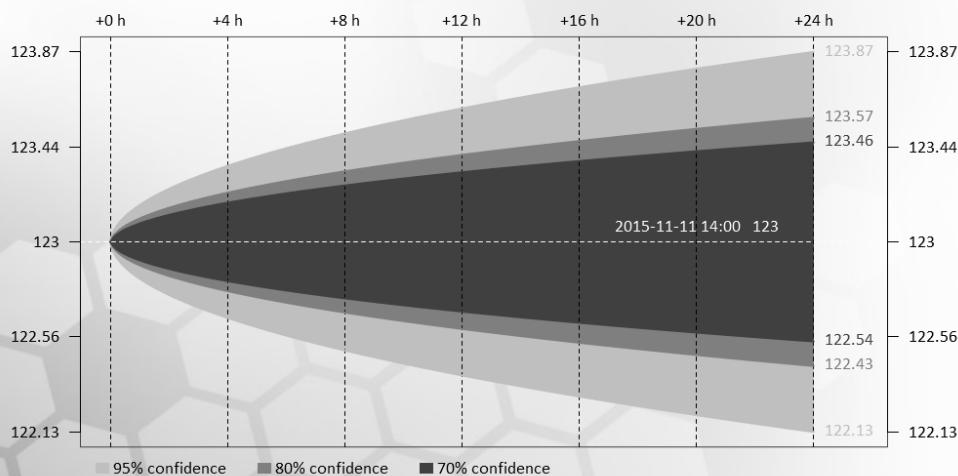
EURUSD Potential Rates



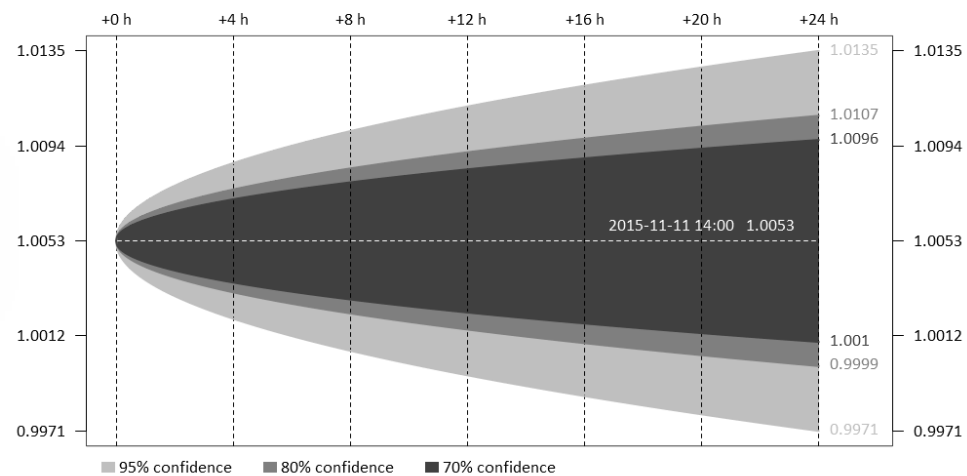
GBPUSD Potential Rates



USDJPY Potential Rates



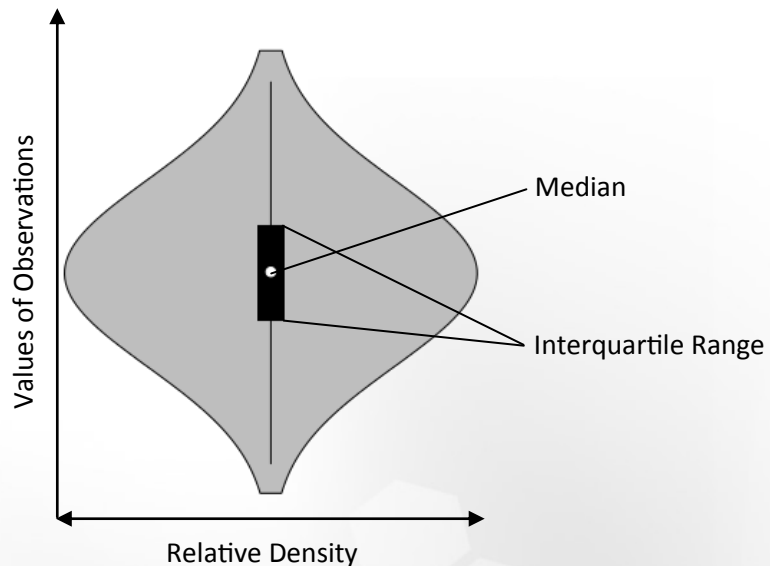
USDCHF Potential Rates



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.