



02/03/2016



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

February 24

06:00 - 19:00

- US Crude Oil Inventories
- Australian Private Capital Expenditures

Turquoise Area

February 25

04:30 - 17:00

- UK Second Estimate GDP
- BOE Governor Carney Speaks
- US Durable Goods Orders and Unemployment Claims

Blue Area

February 26

04:30 - 16:30

- G20 Meetings
- US Prelim GDP

Purple Area

February 29

05:30 - 19:30

- Australian Building Approvals
- RBA Cash Rate
- Chinese Manufacturing PMI

Orange Area

March 1

06:30 - 17:30

- UK Manufacturing PMI
- Canadian GDP
- US ISM Manufacturing PMI
- New Zealand GDT Price Index
- Australian GDP

GBP Currency Index Change

-0.68%

-0.23%

-0.07%

0.34%

0.26%

Max GBP Volatility Index

1.51

1.15

1.5

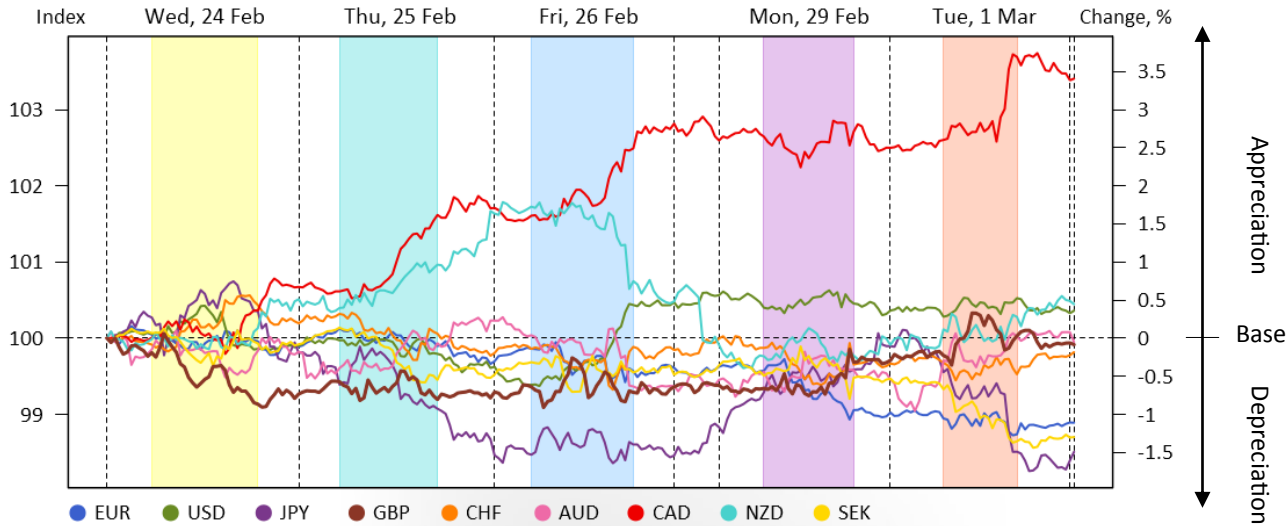
1.4

1.54



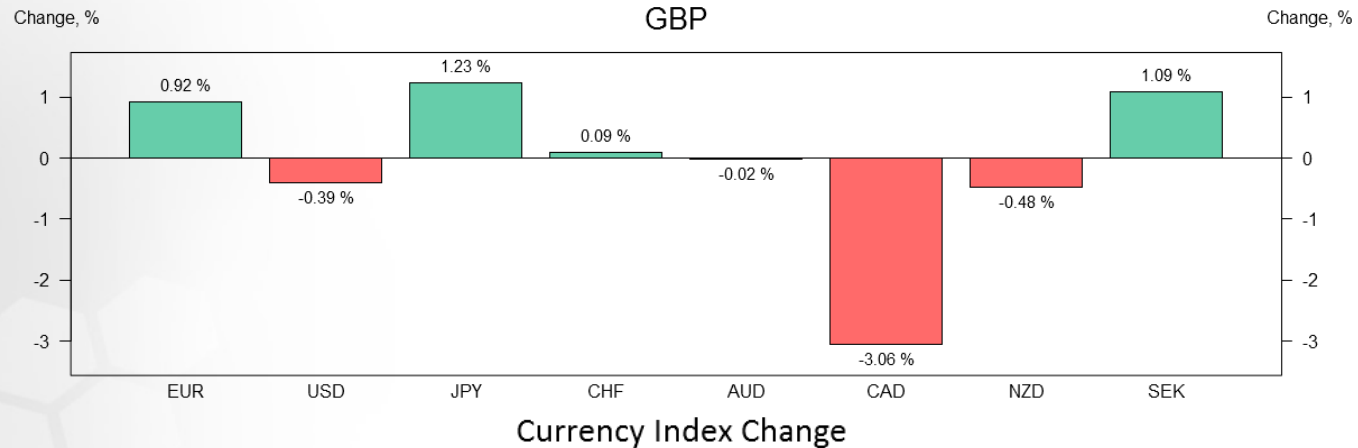
Relative Currency Strength

Currency Indexes



Canadian Dollar represented the example of a very reliable price growth in course of the past period, even though the country's fundamental calendar brought us nothing but the Tuesday's GDP report. Here we have got a classical influence of commodity prices on currencies that depend on oil and other energy developments. Both CAD and NZD were booking the largest increases on Wednesday-Friday of the previous week. In the meantime, the busy economic week for Britain failed to move the Pound, which seems to be entering the wait-and-see mode before the upcoming referendum on the UK's membership in the EU on June 23.

The Sterling was declining on daily basis in the first three days of the period, while recovering on Monday and Tuesday. It has therefore given the currency an overall negligible decrease of nine basis points over the whole period. Among even worse performers, the Euro, Japanese Yen and Swedish Krona all tumbled by more than one full percentage point amid a return of risk-on sentiment to global stock and commodity markets. Back to the Pound, this currency was locally supported by the second release of the country's GDP data for the last three months of 2015, which remained unchanged at 0.5% despite some negative estimates. On Tuesday, declining growth in activity of UK industrial sector has even surprisingly pushed the GBP Index into the green, but all gains were pared later in the day.

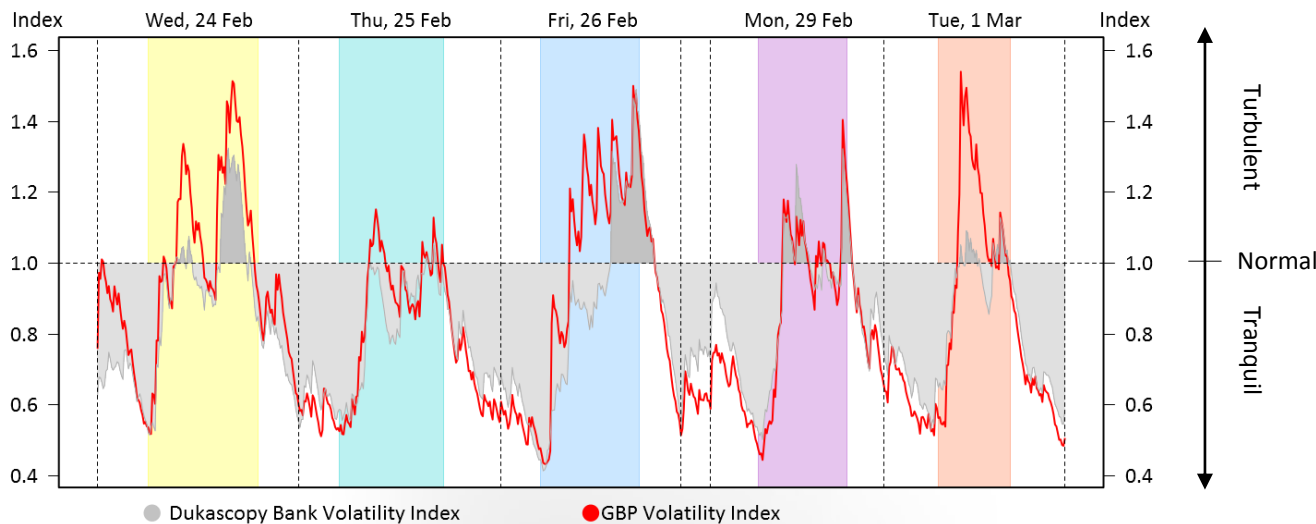


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-1.11%	0.36%	-1.49%	-0.09%	-0.18%	-0.05%	3.41%	0.44%	-1.3%
20	-1.78%	-1.31%	3.88%	-5.03%	0.99%	1.05%	4.21%	0.2%	-1.89%
130	-2.77%	0.94%	6.68%	-8.99%	-2.67%	3.37%	-0.76%	6.74%	-1.07%
250	2.37%	5.36%	11.22%	-5.81%	0.59%	-3.98%	-2.57%	-9.14%	1.96%



Volatility

Volatility



The Pound was definitely much more volatile in course of the observed time period than the market as a whole. A particularly turbulent cross was the most popular one—the Cable. GBP/USD was active in 37% of all time of the period, according to the elevated volatility indicator’s data. Some important economic events caused movement of the Greenback, including a decent durable goods report on Thursday and the second-estimate Q4 GDP release a day later. US economy posted a 1% economic expansion amid a buildup in inventories. Investors, however, had anticipated a slowdown to only a 0.4% increase.

Ironically, the Pound was the least volatile in times when the most important news from Britain were out on Thursday. That day the Office for National Statistics confirmed the country’s GDP added 0.5% in October-December. On top of that, the Bank of England’s Governor Mark Carney spoke later the same day at the G20 conference of central bankers and finance ministers in Shanghai, China. The peak volatility, in turn, was seen on Wednesday, Friday and Tuesday. The first had reflected expectations of the upcoming growth report from Britain. On Friday the US GDP drove markets quite substantially. Meanwhile, the weekly high of 1.54 points was touched on Tuesday when UK manufacturing PMI missed average economists’ predictions and retreated to 50.8 points in February.

Elevated Volatility (% of the observed period)

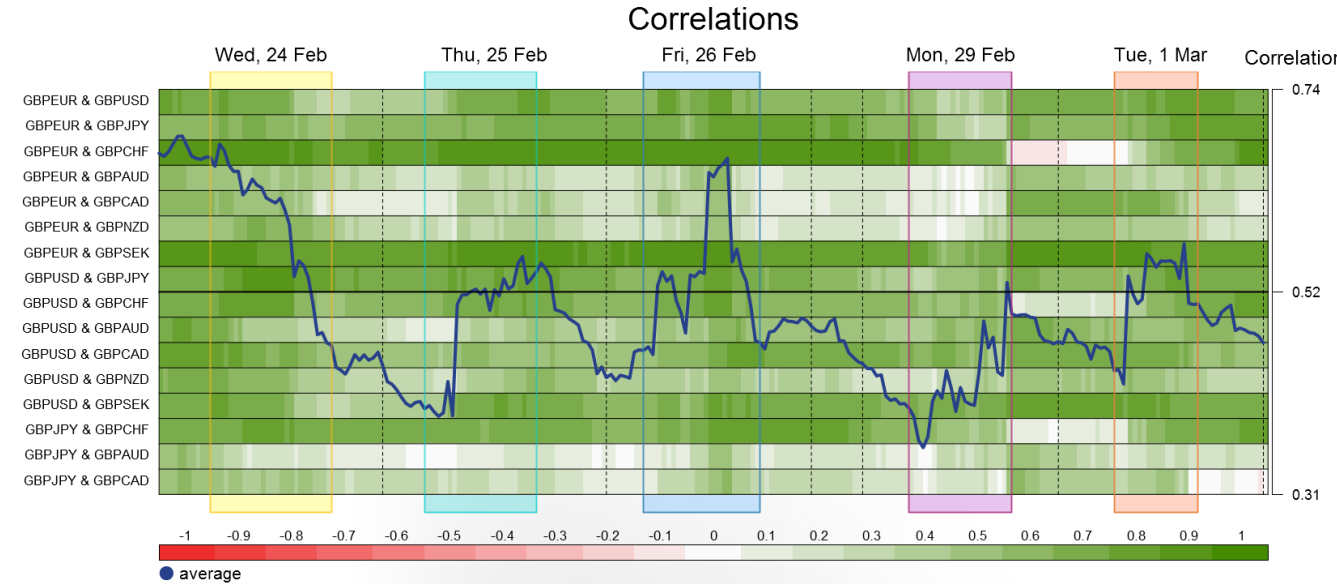
Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
17	29	25	37	25	29	30	29	34	28

Volatility Index (for the observed period)

	Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
Max	1.49	1.54	1.79	1.97	1.58	1.54	1.78	2.08	2.66	2.01
Min	0.41	0.43	0.35	0.31	0.27	0.33	0.43	0.35	0.45	0.31
Average	0.82	0.85	0.8	0.87	0.83	0.8	0.87	0.85	0.93	0.84



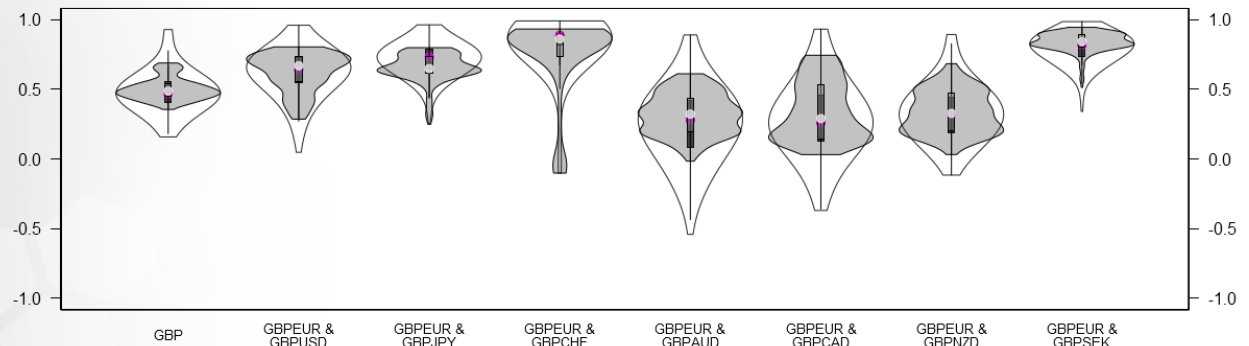
Currency Significance



Significance of the researched currency was a subject to decline on a day-to-day basis over the period we are looking at—from Wednesday of the previous week until this Tuesday. Nonetheless, mean correlations of all crosses of the Pound have received a reading of 0.50 points, which is more than 0.48 points for the 20-day period before the observed week and 0.38 points on the annual basis. Traditionally, low correlations were booked by those components that include commodity-dependent currencies on the one side and safe-havens, such as the Euro, on the other.

In the meantime, a high degree of united movement between the Euro and the Swiss Franc provided the respective component (GBP/EUR & GBP/CHF) with a 0.74 correlation indicator for the five-day period. As for the composite's changes, it started the week at the maximum level for the week (0.69), but dipped over the first day amid sharp influence from fundamental news that were not directly linked to the Pound. The composite rebounded on Friday when the US GDP report came out and kept the market mood positive. A renewed loss followed by the end of the past calendar week and on Monday when the composite hit the weekly low of 0.36. The busy economic calendar for late-Monday and Tuesday was, however, supporting the Pound's unity and activity. As a result, the GBP composite has just fallen slightly short of 0.50 points by the period-end.

Correlations (5 vs 20 days)



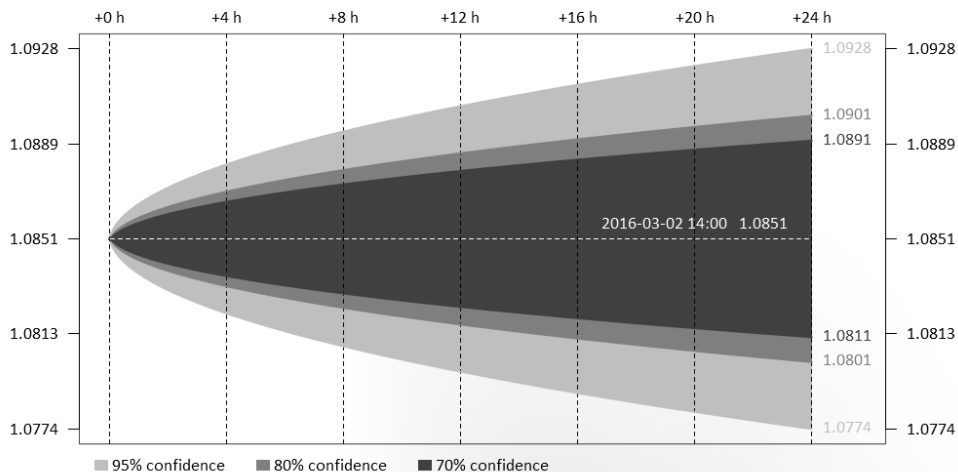
Mean Correlation Coefficient (with GBPEUR)

Days	GBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
5	0.5	0.62	0.65	0.74	0.32	0.34	0.34	0.84
20	0.48	0.62	0.72	0.84	0.25	0.28	0.33	0.8
130	0.39	0.4	0.58	0.78	0.16	0.21	0.21	0.74
250	0.38	0.24	0.44	0.7	0.26	0.26	0.3	0.73

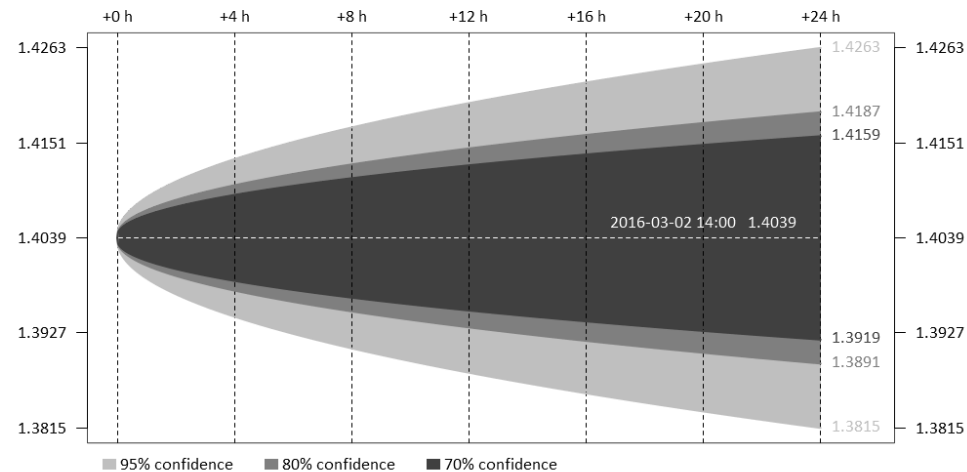
Confidence Intervals for Next 24 Hours

Wednesday, March 02, 2016
16:30 GMT

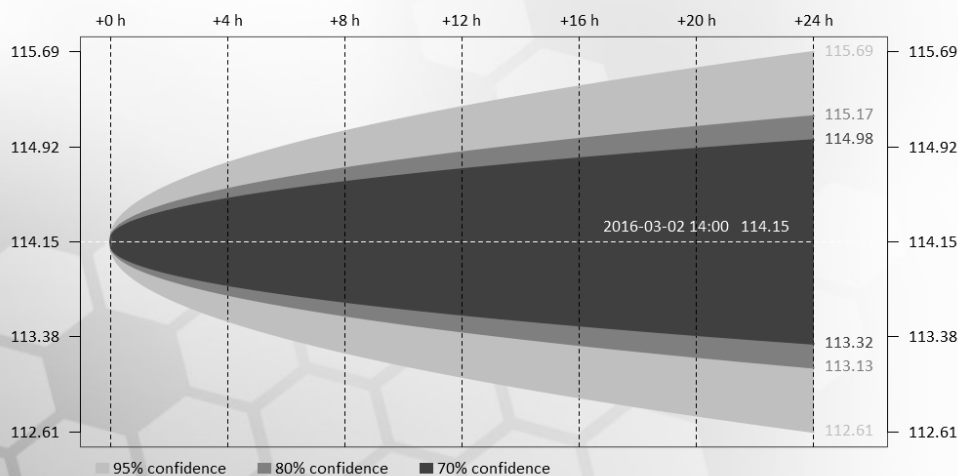
EURUSD Potential Rates



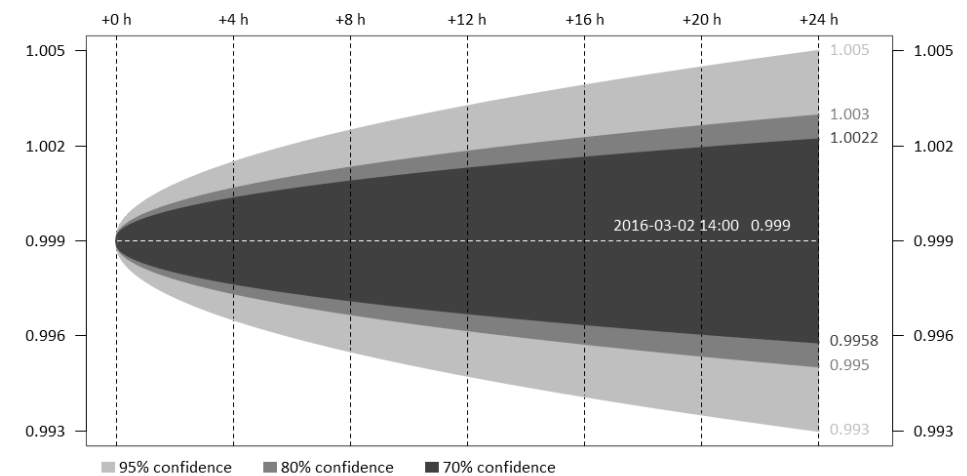
GBPUSD Potential Rates



USDJPY Potential Rates



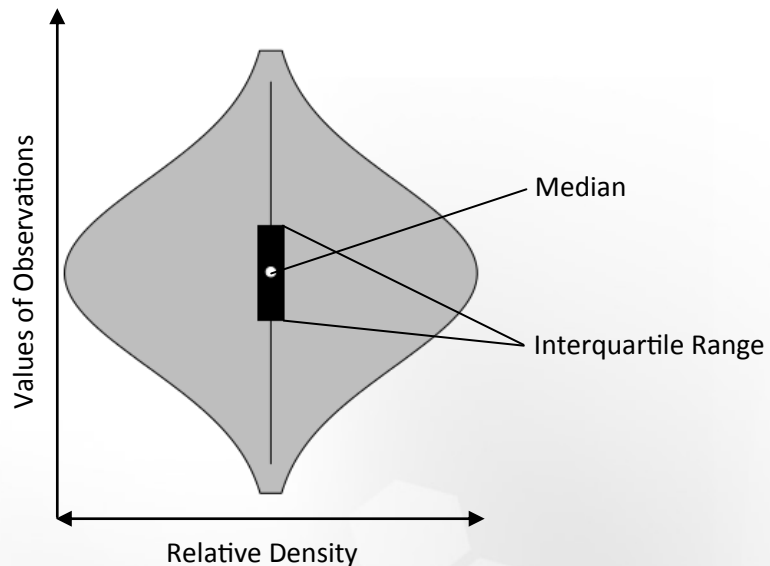
USDCHF Potential Rates



EXPLANATIONS

Violin Plot

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



Methodologies

Volatility Index

Confidence Interval



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