



20/04/2016



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

April 13

05:30 - 19:00

- Bank of Canada Overnight Rate Decision and Press Conference
- US PPI and Retail Sales

Turquoise Area

April 14

01:00 - 17:00

- Australian Employment Change and Unemployment Rate
- Bank of England Interest Rate Decision
- US CPI

Blue Area

April 15

05:30 - 16:30

- Canadian Manufacturing Sales
- Chinese GDP
- US Industrial Production, Empire State Manufacturing Index and Consumer Sentiment Index

Purple Area

April 18

00:30 - 17:00

- Doha Oil Summit
- New Zealand CPI
- FOMC Members Dudley and Rosengren Speak

Orange Area

April 19

05:00 - 18:30

- BOC Governor Poloz Speaks
- RBA Governor Stephens Speaks
- BOE Governor Carney Speaks
- German ZEW Economic Sentiment
- US Building Permits

CAD Currency Index Change

0.11%	-0.14%	-0.53%	0.91%	0.62%
2.4	1.53	1.41	1.61	1.49

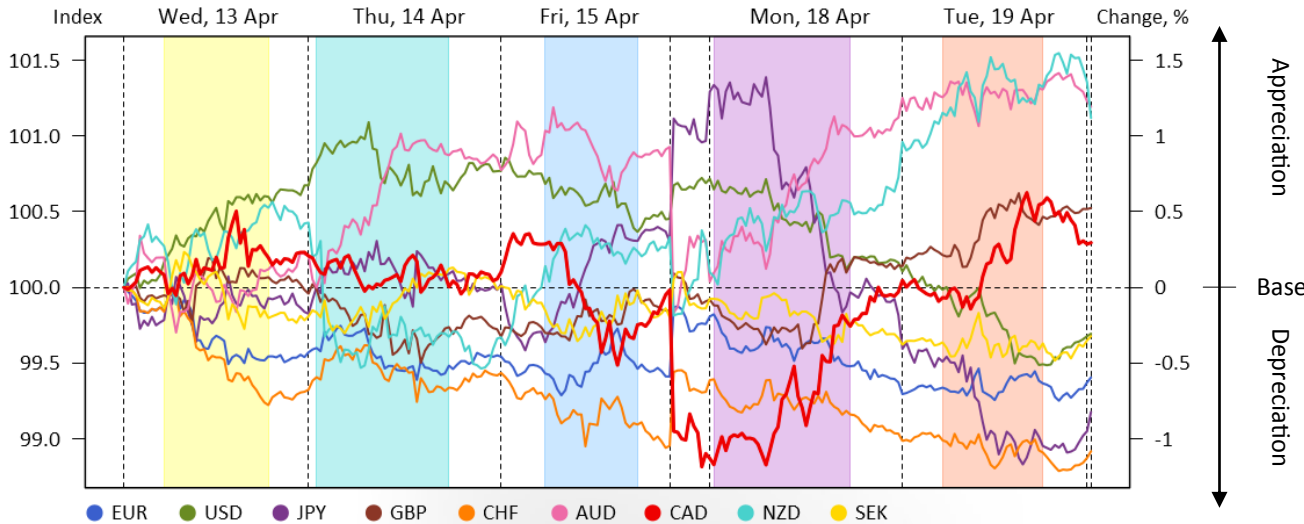
Max CAD Volatility Index



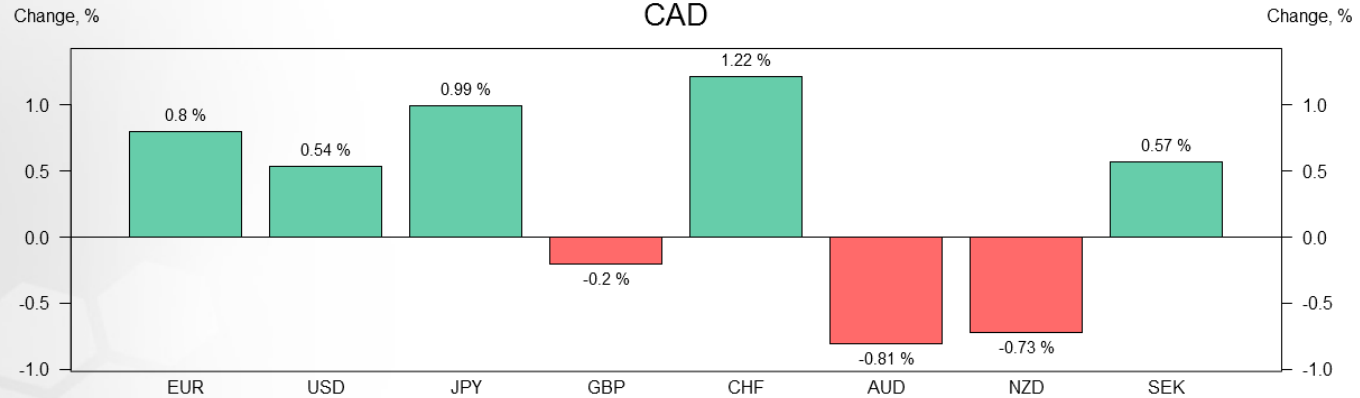
Relative Currency Strength

Currency Indexes

Last period the Canadian Dollar was one of the most volatile currencies across the board, driven mainly by oil price developments in the wake of crucial output talks in Doha, Qatar. However, the fundamental front has been rich as well. The events included the Bank of Canada's monetary policy meeting, speeches among various officials and core statistical data. The currency recovered from weekly lows and closed the period with a 0.30% gain against its peers. Australian and New Zealand dollars spiked even more by 1.19% and 1.12%, respectively, amid a positive impact provided by commodities. In the meantime, safe havens were complete outsiders last week.



The period was started at a materially bullish note; however, the market was getting ready for all outcomes of oil production freeze negotiations that took place last weekend in Qatar's capital. On Wednesday the CAD Index was, at some point of time, the second-best performer just behind the Greenback. However, weak Friday statistics on manufacturing sales in February along with failed Doha talks diminished the bulls' advantage and pushed the currency index much below the base line. By midday Monday the currency was losing more than one percentage point on the basis of previous four days. However, given that oil prices refocused from Doha to Kuwait oil workers' strike and advanced, it helped CAD to regain strength and soar back above zero.



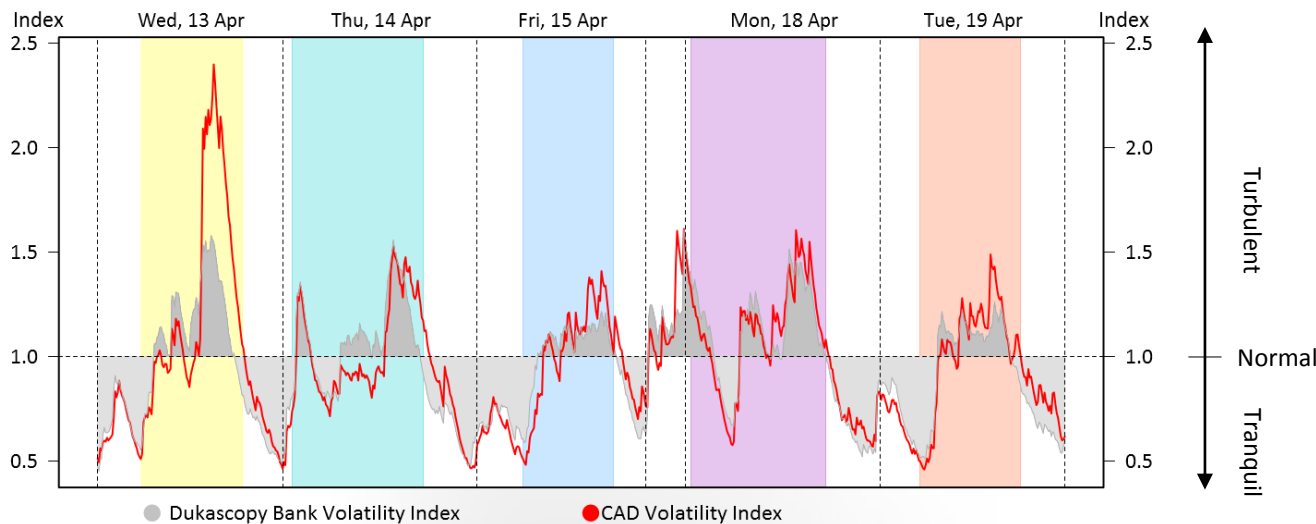
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.59%	-0.31%	-0.82%	0.52%	-1.08%	1.19%	0.3%	1.12%	-0.32%
20	-0.68%	-2.15%	0.94%	-0.77%	-0.78%	0.2%	1.12%	2.7%	-0.18%
130	-2.17%	-2.3%	8.27%	-9.83%	-2.73%	6.64%	0.42%	2.67%	0.52%
250	5.42%	-0.15%	9.47%	-4.66%	-1.36%	-0.52%	-4.64%	-10.83%	7.23%



Volatility

Volatility



Despite the most considerable movements of the Canadian Dollar in the early morning on Monday, April 18, this currency's highest volatility reading was registered on another day of the period. Possibly, central bank events continue weighing on FX pricing more than ever before, thereby generating uplifted turbulence. All in all, the Loonie was volatile in 43% of the whole period's time, i.e. when the CAD Volatility Index hovered above the 1.00 mark. Only the GBP/CAD component used to be much less volatile than others with 33%, owing to relative calmness of the Sterling in present times and notwithstanding the upcoming referendum on UK's EU membership.

Traders of the researched currency were actively preparing for the outcome of the Bank of Canada's monetary policy meeting on Wednesday of the last week. However, practically nobody had awaited any surprises from the central bank. It left the benchmark rate at 50 bps, as bets for a rate cut tumbled on the back of optimistic economic growth forecasts. Nevertheless, the Dollar's volatility was far from being low and the respective indicator skyrocketed to 2.40 points at its peak time. Other increases in CAD's turbulence were incomparable to Wednesday's activity, as they were barely managing to overshoot the 1.5 mark. Noticeable events to influence the Canadian Dollar included US CPI, Doha talks and speeches given by many FOMC members.

Elevated Volatility (% of the observed period)

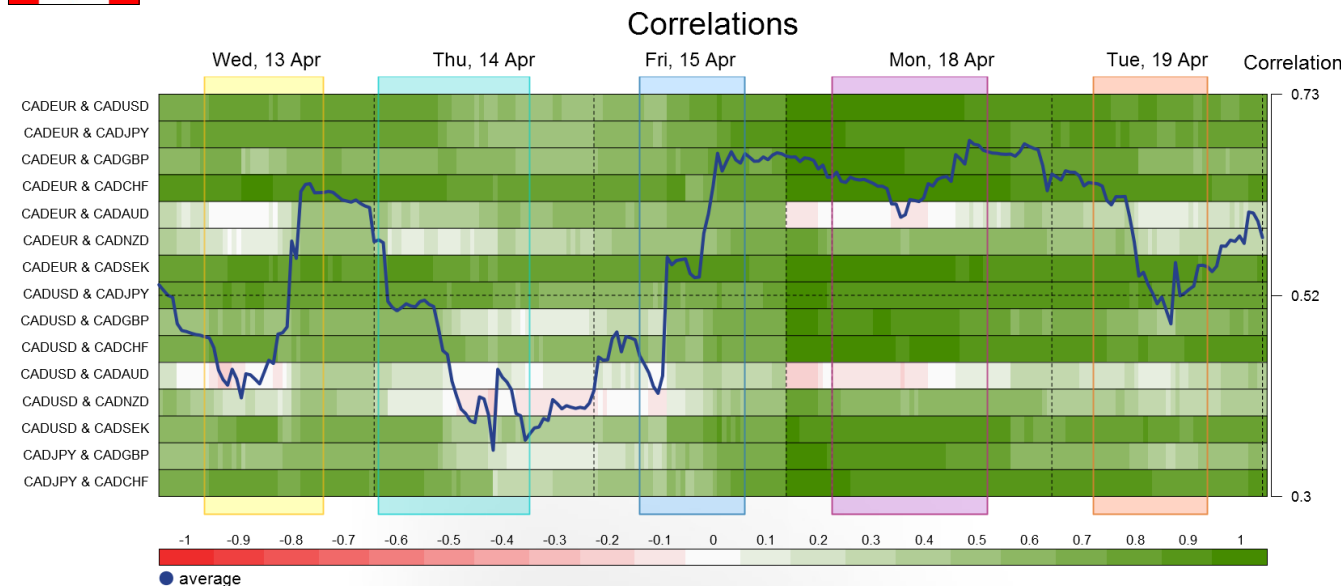
Market	CAD	EURCAD	USDCAD	CADJPY	GBPCAD	CADCHF	AUDCAD	NZDCAD	CADSEK
	49	43	40	43	39	33	39	39	44

Volatility Index (for the observed period)

	Market	CAD	EURCAD	USDCAD	CADJPY	GBPCAD	CADCHF	AUDCAD	NZDCAD	CADSEK
Max	1.61	2.4	2.73	2.76	2.24	2.13	2.43	2.54	2.91	2.35
Min	0.46	0.46	0.34	0.29	0.32	0.33	0.37	0.45	0.49	0.37
Average	0.95	0.97	0.98	0.99	0.96	0.89	0.94	0.98	1.06	0.97



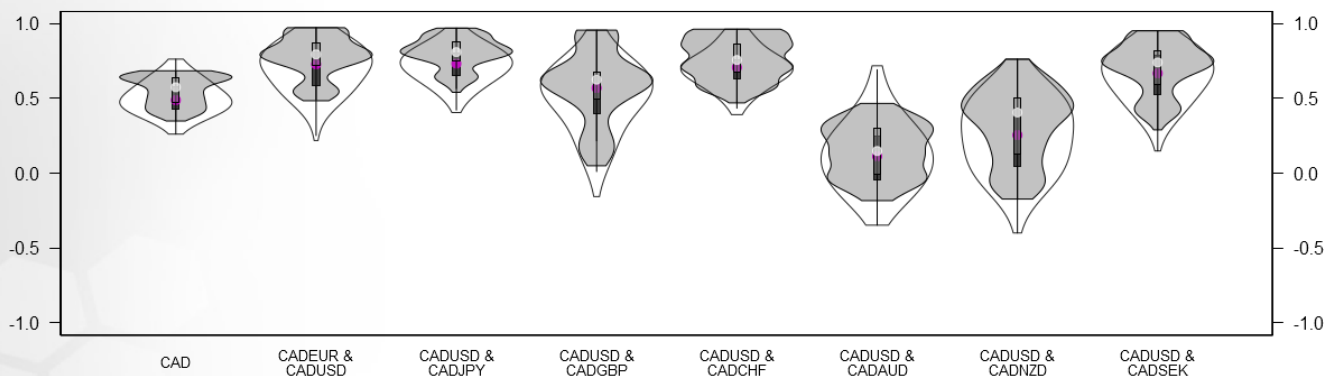
Currency Significance



Significance of the Canadian Dollar was on the rise throughout the vast part of the period we are looking at. Despite that, red correlations of some particular components were not entirely avoided, which led to longer tails of their distributions. The mean correlation coefficient was 0.55 points, which can be considered a very respectable reading. This is because the 20-working day average was 0.50 points, while annual average correlations between all crosses of the Canadian Dollar were as low as only 0.45 points. With a traditionally high number of events taking place worldwide, CAD was in power to remain united in its previous week's movements.

A somewhat noisy environment was generated by the components that included other-than-CAD commodity-dependent currencies. Indeed, these particular correlations were sometimes falling noticeably below zero, thus dragging the composite down as well. Such development could be little influenced by the Canadian Dollar in any substantial way, because all negative correlations were in place amid the divergence between the Euro and Dollar on the one side and the Aussie and Kiwi on the other side. At 0.38 points, the composite reached the weekly low on Thursday. However, a major recovery followed later on April 15-18, with the help of failed Doha talks and growing oil prices. As a result of that, over the period's second part the composite stayed fit and consistently strong.

Correlations (5 vs 20 days)



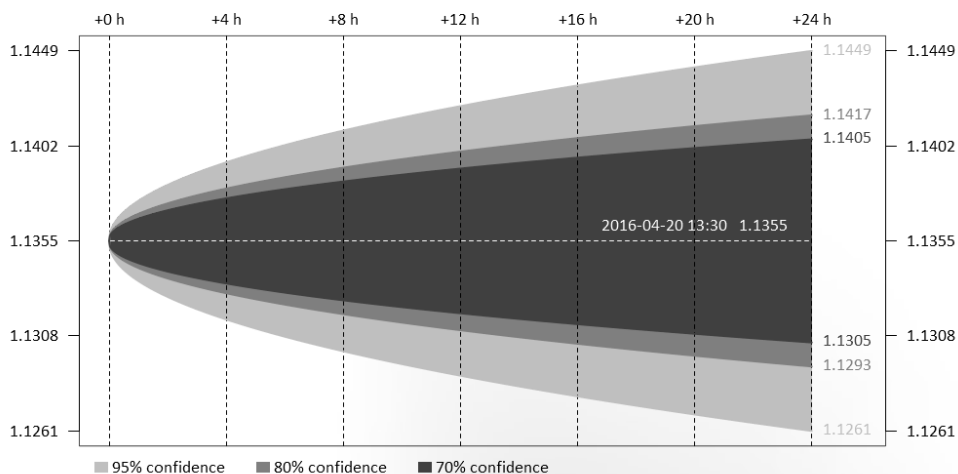
Mean Correlation Coefficient (with CADUSD)

Days	CAD	CADEUR	CADJPY	CADGBP	CADCHF	CADAUD	CADNZD	CADSEK
5	0.55	0.78	0.8	0.58	0.77	0.15	0.33	0.71
20	0.5	0.7	0.72	0.51	0.7	0.12	0.24	0.65
130	0.49	0.63	0.74	0.59	0.64	0.22	0.26	0.58
250	0.45	0.5	0.72	0.59	0.52	0.18	0.2	0.45

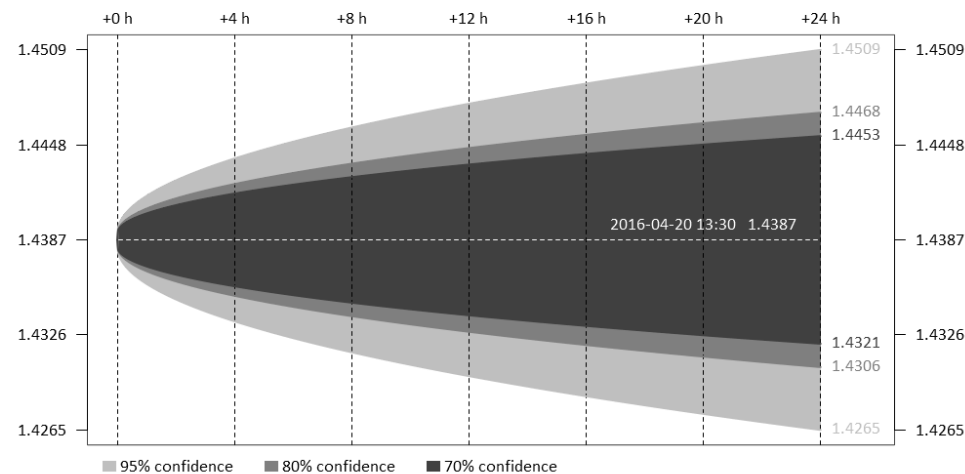
Confidence Intervals for Next 24 Hours

Wednesday, April 20, 2016
15:30 GMT

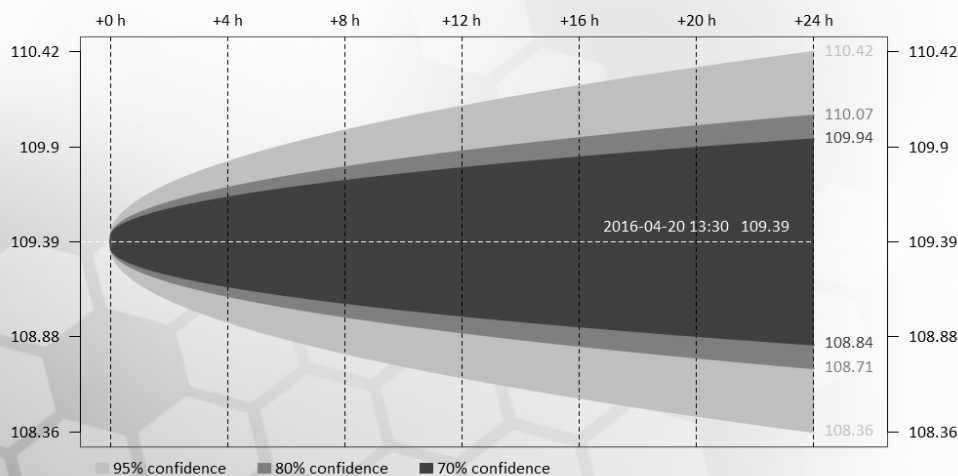
EURUSD Potential Rates



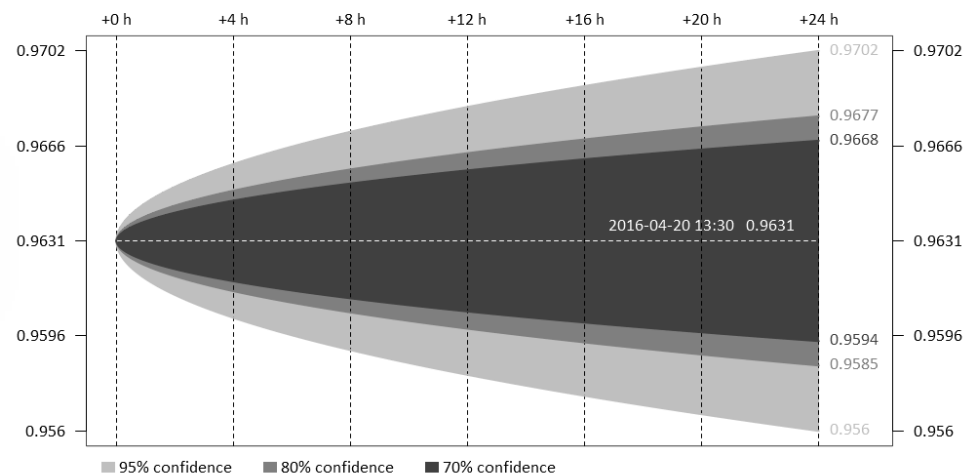
GBPUSD Potential Rates



USDJPY Potential Rates



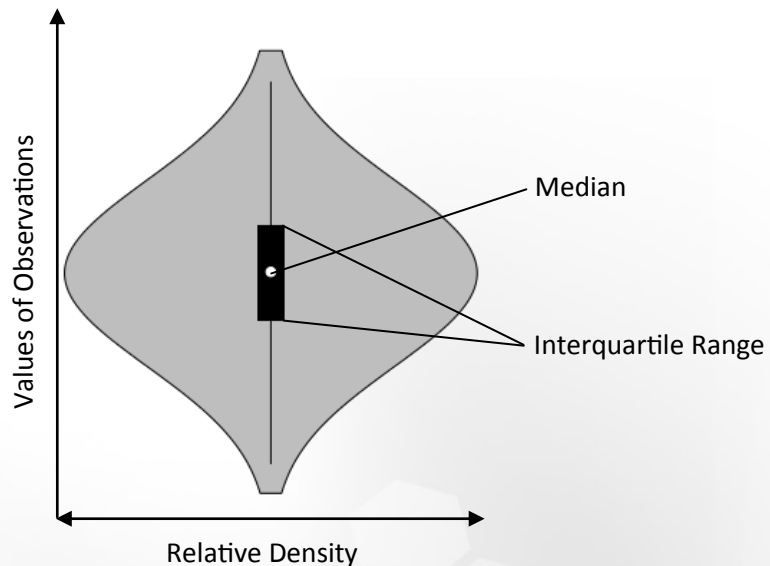
USDCHF Potential Rates



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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