



30/05/2016



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Market Research





Dominant Events of the Period

Yellow Area

May 23

06:30 - 09:00

- German Markit PMI
- Euro zone Markit PMI

Turquoise Area

May 24

06:00 - 12:00

- German GDP
- UK Public Sector Net Borrowing, Inflation Report Hearings
- EU Financial Stability Review
- Eurogroup meeting

Blue Area

May 25

12:30 - 16:30

- Euro zone EcoFin meeting
- US Housing Price Index, Markit PMI Composite, Markit Services PMI
- BoC Interest Rate Decision

Purple Area

May 26

07:00 - 17:00

- G7 meeting
- Swiss Industrial Production
- UK GDP
- US Initial Jobless Claims, Durable Goods Orders, Pending Home Sales

Orange Area

May 27

15:30 - 19:30

- US Baker Hughes US Oil Rig Count, Fed's Yellen Speech

USD Currency Index Change

0.17%

0.03%

0.03%

-0.07%

0.25%

Max USD Volatility Index

1.07

1.23

1.49

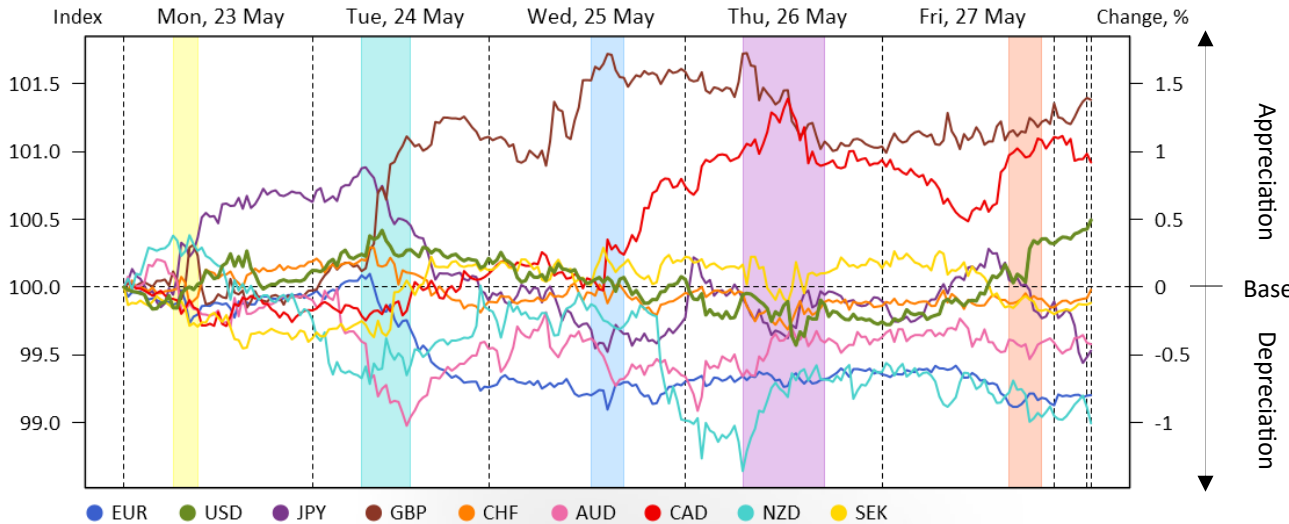
1.59

1.52



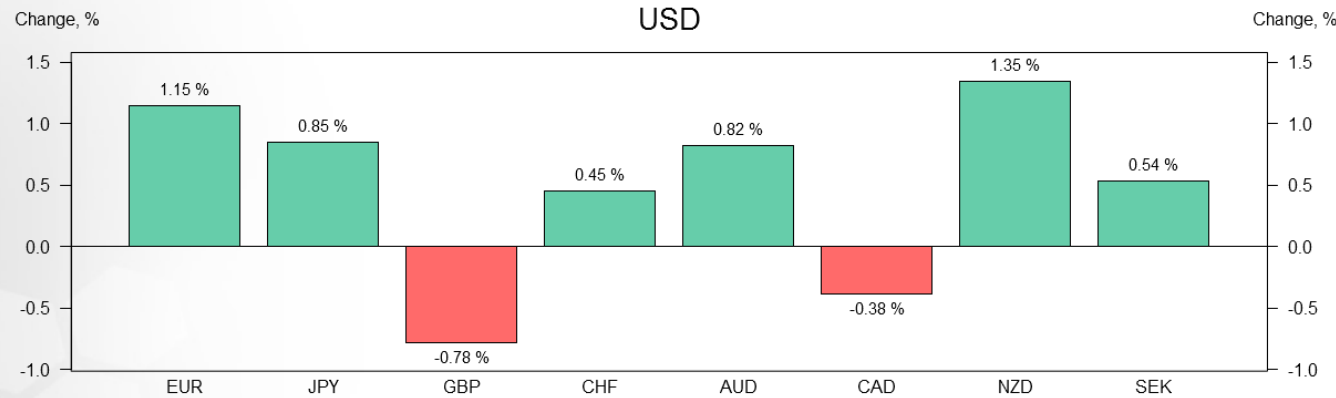
Relative Currency Strength

Currency Indexes



The British pound retained the leading position for the second week in a row. Nevertheless, the gap between the pound and its peers has narrowed, and GBP Index showed only a 1.38% gain. Meanwhile, after the BoC interest rate decision, the Loonie became the second best performer with a 0.92% growth, thus taking the Kiwi's place, which fell down to show the worst result of the period. The NZD Index's sporadic movements were caused by the Fonterra milk prices' forecast as well as Bill English's statement on the housing market, and the gauge ultimately ended the period with a 1% loss. Notably, almost all indexes spent the past week below the baseline, posting 0.12-1.00% losses.

The Greenback was rather calm in the past week and fluctuated in a range between -0.5% and +0.5%. On Monday, the US manufacturing PMI pushed the index up, and it reached the 100.27 level. However, the momentum was soon lost and the index reduced to the 100 mark just a few hours later. On Tuesday, the gauge started to rise early in the morning, and gained 0.42% against the background of the German ZEW survey report. Afterwards, the index has gradually declined, reaching its low on Thursday, after the US durable goods orders data release. Finally, on Friday, Janet Yellen's speech pushed the index up, and it managed to enter the new week 0.5 points above the baseline.



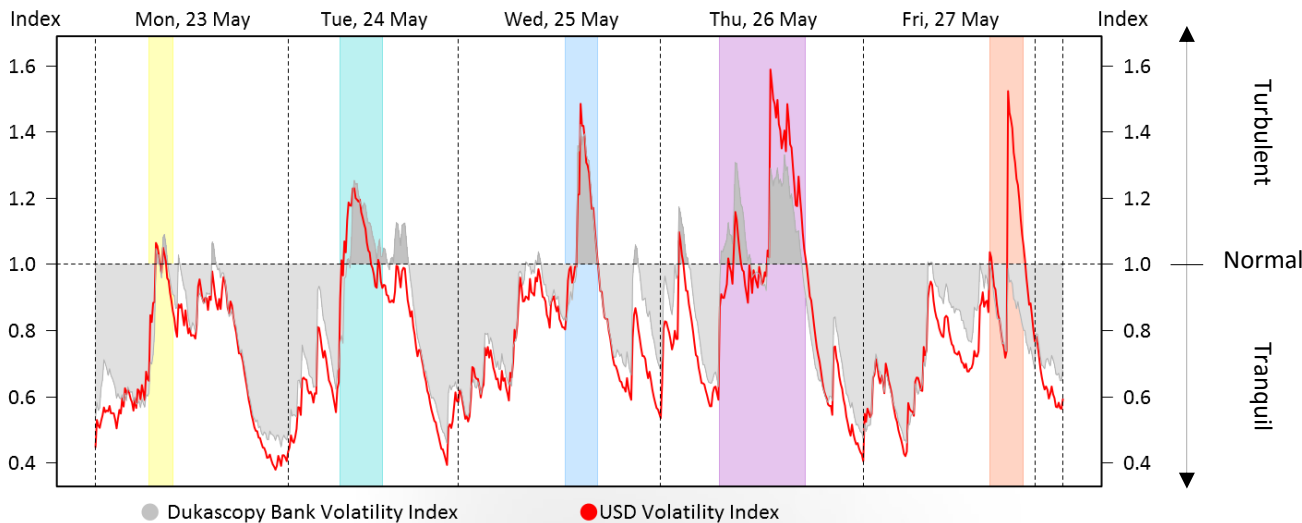
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.8%	0.5%	-0.47%	1.38%	-0.02%	-0.42%	0.92%	-1%	-0.12%
20	0.02%	3.75%	-0.65%	3.98%	-0.5%	-2.99%	-0.97%	-1.51%	-0.82%
130	2.28%	-2.94%	7.95%	-6.07%	0.97%	-3.39%	-0.44%	-0.67%	1.98%
250	3.05%	1.43%	14.34%	-3.54%	-4.63%	-5.74%	-3.84%	-5.28%	4.18%



Volatility

Volatility



After several weeks of tranquility, volatility on the market picked up 9%, but still remained below the one-third level. The most active currency was once again the British pound, even though it lost 5% from the previous reading. The most notable rises of elevated volatility portion was observed in the Kiwi's and the yen's gauges, whose readings increased by 12% and 15%, respectively. The jump of the yen's volatility took place against the background of the G7 meeting at Ise-Shima. Meanwhile, USD/CAD was the leader among the dollar's pairs in terms of the maximum volatility level, as it jumped with the mix

of the BoC rate statement and the good news for the Greenback on Thursday.

The dollar's volatility peaks were not particularly high, though the index rose above the 1-point level every day. The week started with the release of preliminary US Market manufacturing PMI, which came out lower than expected, pushing the volatility index up. On Wednesday, a notable rise in the Greenback's volatility was caused by the BoC rate decision. The greatest spike came on Thursday and was associated with the higher-than-expected US durable goods orders, while the second largest surge took place on Friday after the Fed's governor's speech.

Elevated Volatility (% of the observed period)

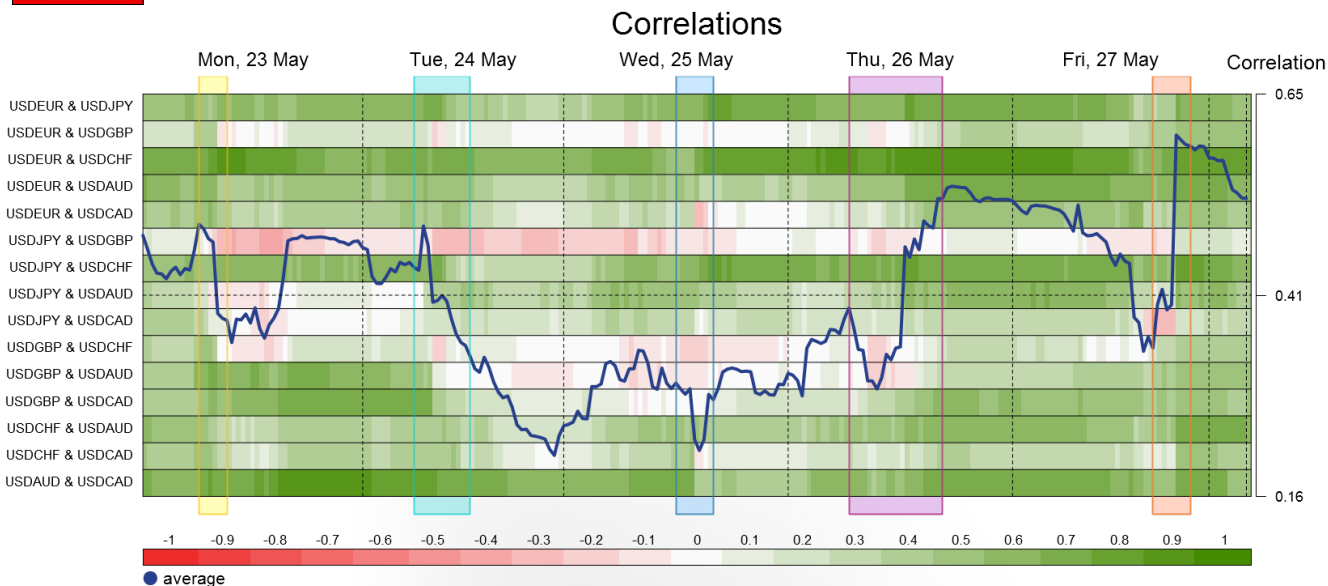
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
20	14	20	17	31	19	17	13	29	29

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.42	1.59	2.21	1.74	1.74	1.97	1.74	2.7	2.02	2.51
Min	0.45	0.38	0.32	0.25	0.28	0.3	0.27	0.27	0.32	0.3
Average	0.82	0.79	0.76	0.77	0.8	0.73	0.78	0.75	0.85	0.82



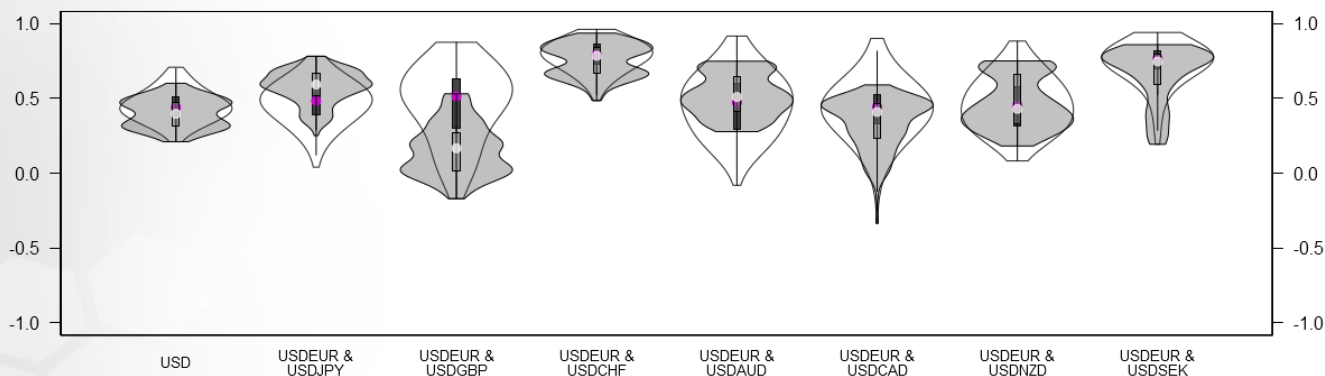
Currency Significance



The strong growth of the British pound caused the weakening of the most of the USD significance measure components containing USD/GBP. Moreover, some of them even dropped to the negative area. Thus the pair's component with USD/JPY posted negative values for more than 70% of the period. The mean correlation between USD/GBP and USD/EUR has weakened by 0.28 points compared with the previous week's readings. Among the USD/EUR components, the bond with USD/JPY was the only one to show a growth in the average value. The mean of the Greenback's significance measure, in turn, also has declined comparing with the previous value.

During the week the dollar's composite was varying in a wide range of 0.2-0.6 points with several notable ups-and-downs. Starting the period on a 0.48 level, the measure has slight dropped at the time of the Euro zone PMI release, losing 0.12 points. On Tuesday, against the background of the Euro zone and German ZEW survey data reports the measure started to weaken and by the end of the day reduced up to the minimum value of the period. The composite managed to recover only on Thursday. The encouraging US durable goods orders data pushed the measure up and it surged to 0.55 mark. Friday was marked by the Yellen speech, and the composite spiked to the 0.6 level. Afterward the aggregate has gradually declined and finished the period at the level of 0.52.

Correlations (5 vs 20 days)



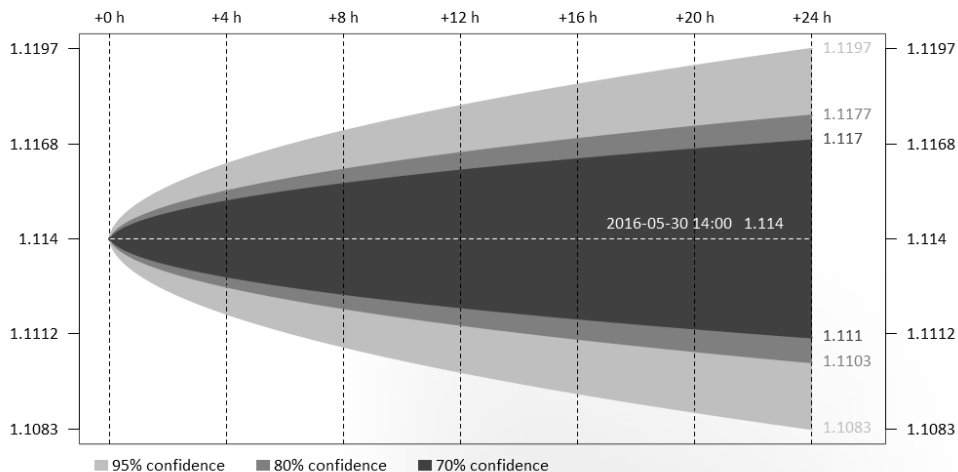
Mean Correlation Coefficient (with USDEUR)

Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.4	0.58	0.15	0.75	0.52	0.33	0.47	0.65
20	0.45	0.47	0.46	0.78	0.46	0.43	0.46	0.73
130	0.34	0.46	0.4	0.77	0.2	0.15	0.25	0.71
250	0.37	0.46	0.44	0.75	0.27	0.24	0.3	0.73

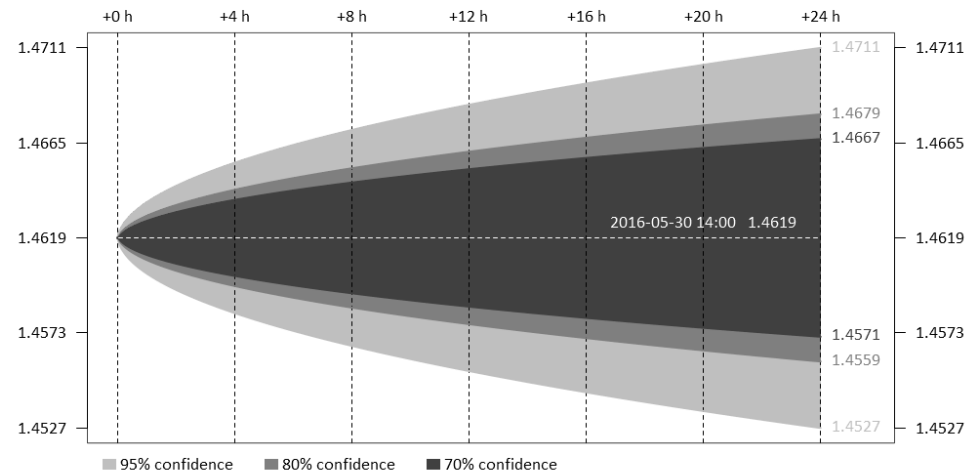
Confidence Intervals for Next 24 Hours

Monday, May 30, 2016
15:30 GMT

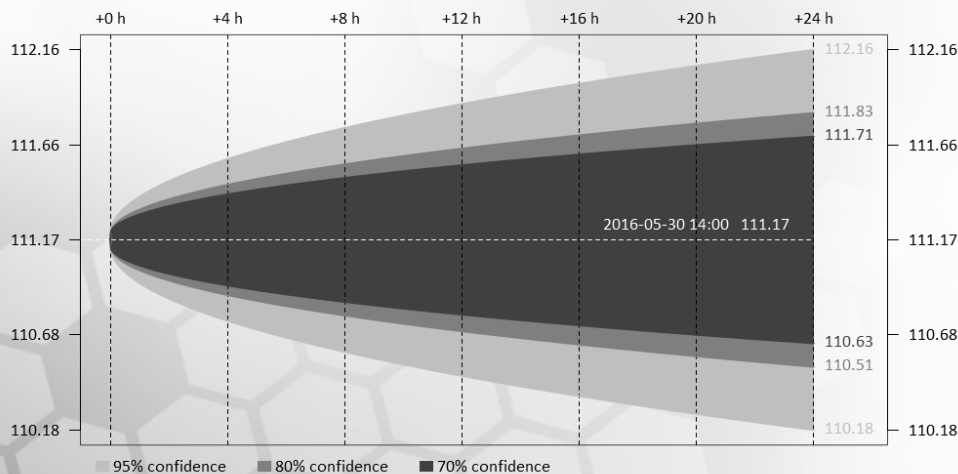
EURUSD Potential Rates



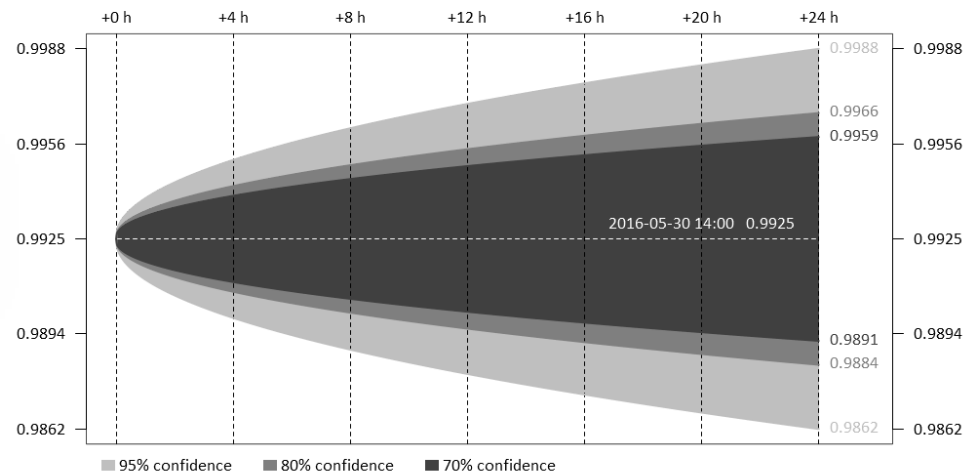
GBPUSD Potential Rates



USDJPY Potential Rates



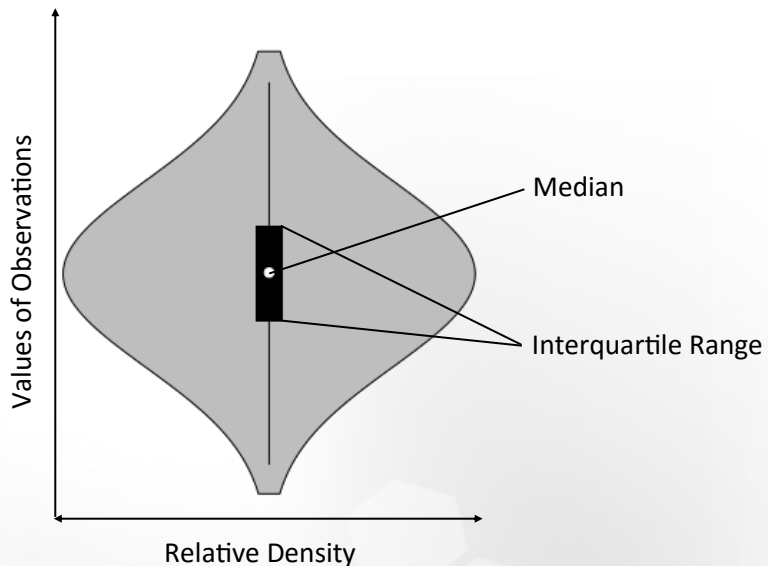
USDCHF Potential Rates



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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