



01/06/2016



DUKASCOPY
RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

May 25

06:30 - 21:00

- EcoFin Meeting
- German IFO Survey
- Swiss Zew Survey
- US Housing Price Index, Flash Markit Services PMI and PMI Composite
- BoC Interest rate Decision, Rate Statement

Turquoise Area

May 26

01:30 - 15:00

- G7 Meeting
- New Zealand Budget
- Swiss Industrial Production
- UK Preliminary GDP
- US Jobless Claims, Durable Goods Orders, Pending Home Sales
- RBA Assist Governor Debelle's Speech

Blue Area

May 27

07:00 - 15:30

- G7 Meeting
- Swiss Employment Level
- Swedish Retail Sales
- US Preliminary GDP, UoM Consumer Sentiment Index

Purple Area

May 31

00:30 - 15:30

- ANZ Business Confidence
- Australian Current Account Balance, Building Permits
- German Unemployment
- EMU Preliminary CPI
- US Personal Consumption
- Canadian GDP

urrency Index Change

0.57%

0.28%

0.27%

-0.36%

CAD Volatility Index

2.92

1.6

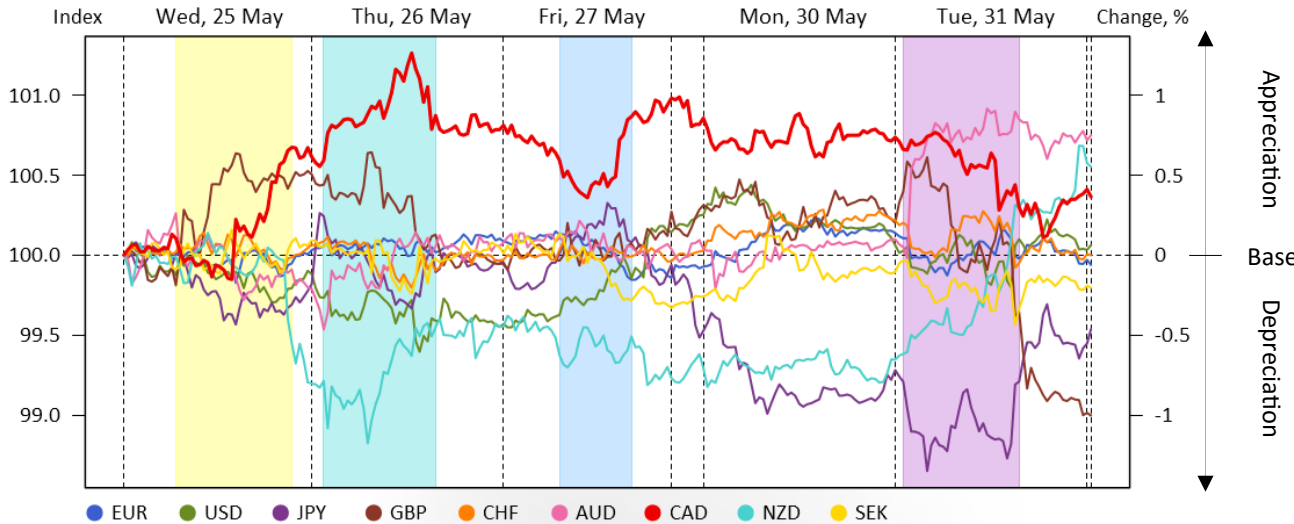
1.33

1.79



Relative Currency Strength

Currency Indexes

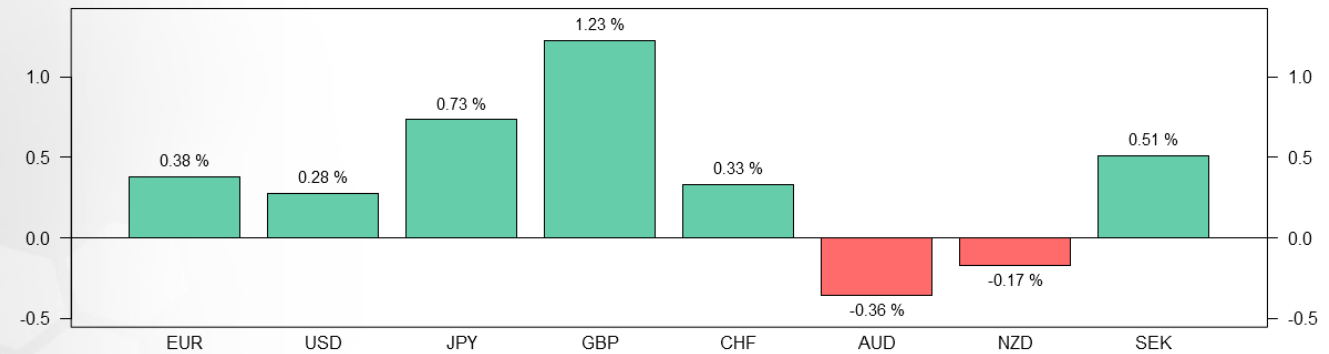


While remaining in a fairly narrow range, the observed indexes still managed to show some impressively sharp moves in the past five trading days. The most notable in this respect was the GBP Index, which surged on May 25 and tumbled on May 31 as the “Brexit” polls swayed between “Remain” and “Leave”. The Kiwi’s gauge was similarly active, first losing over one point and hitting the week’s low on Fonterra’s disappointing milk price estimate, and then rapidly climbing all the way to the second best performer’s position, with the move triggered by rises in building approvals and business confidence. In the end, it was outshined only by its Australian counterpart, which surged earlier the same day after the reports of

narrowing current account deficit and better-than-expected building permits.

The CAD Index started the period by jumping up as the BoC statement pointed at a pick up in the CPI and expressed expectations of a rebound in the country’s economy. The move triggered a rapid upsurge, which, together with rising oil prices, put the index at the week’s absolute high on Thursday noon. Afterwards, it retreated sharply, yielding more than a half of its gains by Friday noon, but seemed to find its footing later in the day and was holding the leading position during the first day of the new week. On Tuesday, however, the Loonie was hit by the disappointing Canadian GDP, and the index nearly touched the baseline, reversing the fall only late in the afternoon.

Change, %



Currency Index Change

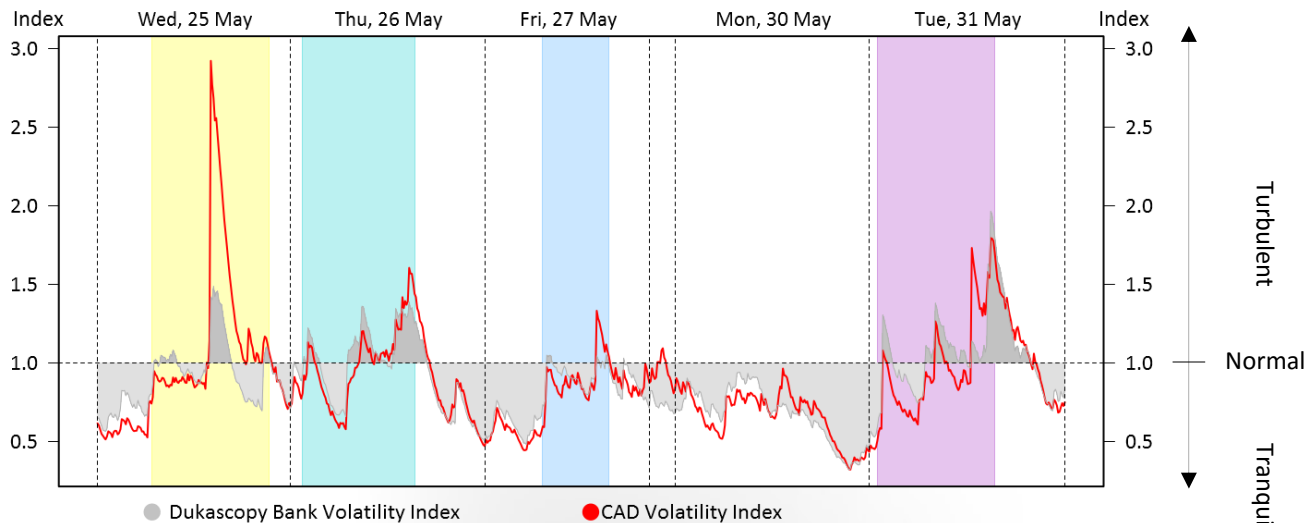
Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.06%	0.06%	-0.46%	-1%	0%	0.75%	0.36%	0.55%	-0.2%
20	-0.83%	2.68%	-0.65%	2.47%	-1.63%	-1.29%	-0.49%	1.01%	-0.94%
130	2.55%	-2.6%	8.85%	-7.04%	1.05%	-3.97%	-0.27%	-0.77%	1.95%
250	3.05%	1.17%	14.3%	-4.84%	-4.72%	-5.02%	-4.27%	-3.9%	4.22%



Volatility

Wednesday, June 01, 2016
15:30 GMT

Volatility



The portion of overturbulence on the market picked up a few more points, showing marginal improvement from the tranquil beginning of the month. Unsurprisingly, most of the volatility came from the pound, which was strongly influenced by the changing “Brexit” sentiment and suffered a 40% portion of elevated volatility. It also posted the highest peak of the volatility index, which spiked to 3.08 as the currency tumbled on Tuesday. The day saw two more turbulence measures reach above the 2.50 line — the franc’s index, which soared with the mix of the pound’s move and the Swiss currency’s own dip amid strengthening in the Asia-Pacific

currencies, and the AUD measure that was pushed up by the Aussie’s late night surge.

The Loonie’s overturbulence portion was in line with the market’s, fueled both by the GBP/CAD component and the Canadian’s own volatility. The index reached its high on Wednesday, when the Loonie’s post-BoC jump stood out starkly against the calm first half of the day, bringing its volatility to 2.92 points. The second highest Canadian news related spike took place on Tuesday and was fueled by the lower-than-expected GDP and the subsequent drop of the Loonie. After such a move, the Canadian’s reaction to the pound’s drop and the rise of the Asia-Pacific currencies only managed to put the index a few hundredths above that spike.

Elevated Volatility (% of the observed period)

Market	CAD	EURCAD	USDCAD	CADJPY	GBPCAD	CADCHF	AUDCAD	NZDCAD	CADSEK
28	25	23	23	19	45	23	23	28	33

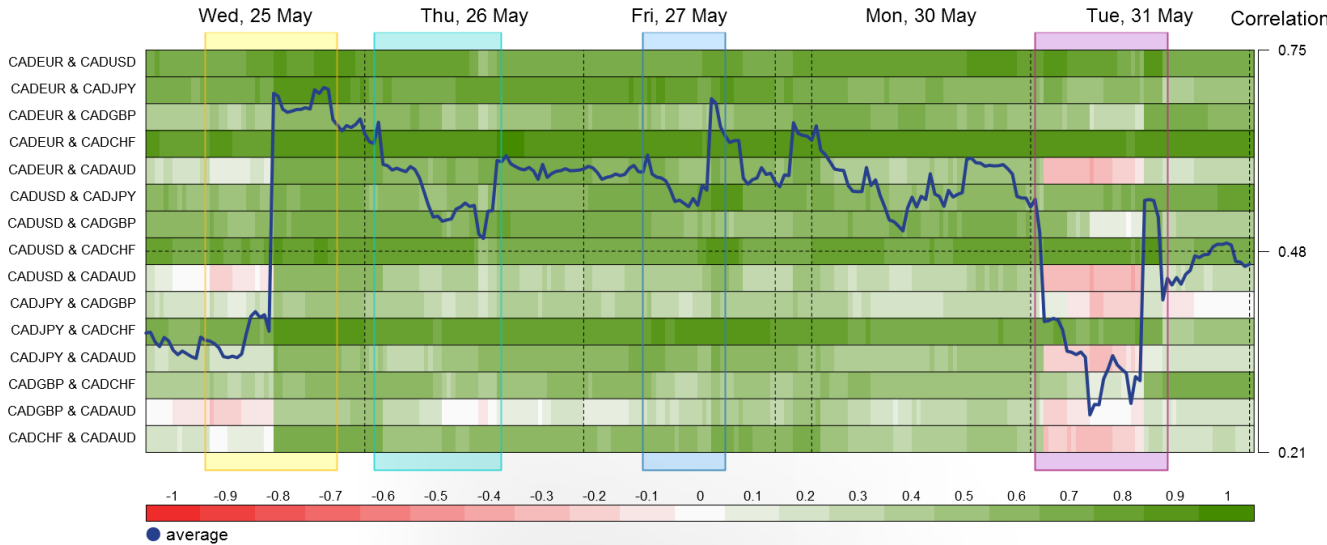
Volatility Index (for the observed period)

	Market	CAD	EURCAD	USDCAD	CADJPY	GBPCAD	CADCHF	AUDCAD	NZDCAD	CADSEK
Max	1.96	2.92	3.22	2.62	2.6	3.25	3.13	3.18	2.6	3.09
Min	0.32	0.32	0.29	0.27	0.19	0.34	0.27	0.34	0.41	0.29
Average	0.87	0.87	0.86	0.83	0.79	1	0.84	0.86	0.9	0.93



Currency Significance

Correlations

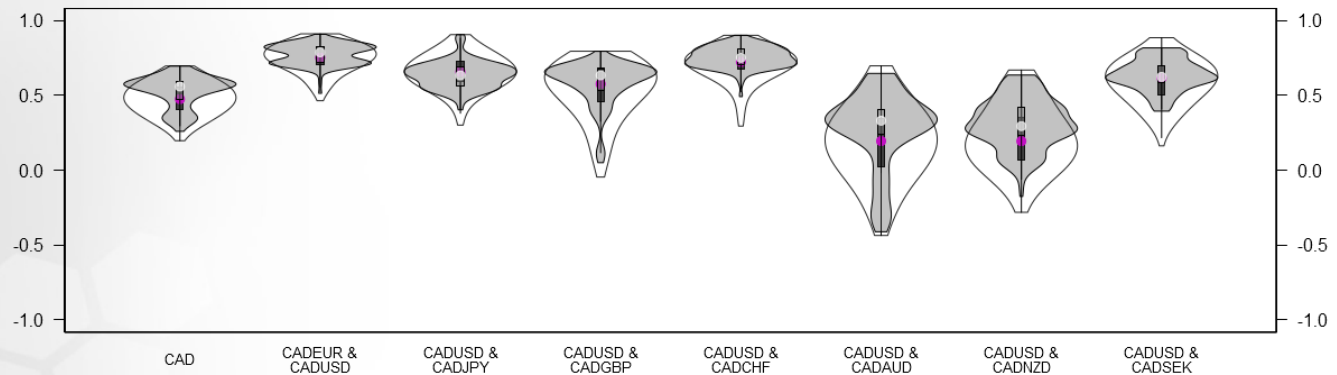


The Loonie's correlation composite put its average slightly above the long-time readings, reflecting the relative strength of the Canadian's position across the board. The CAD/USD components held mostly at or above their monthly medians, with the pair's bond with CAD/AUD being the most notable exception. Still, even as the component reached far into the negative area, the strong positive values prevailed, and its average climbed closer to the significance threshold than any of the long-term readings. Meanwhile, CAD/USD correlation with CAD/JPY was the only one to average below the

long-term values. The component showed no extreme values, but remained largely subdued throughout the period.

The Canadian correlation composite was flat for the most of the period, swaying weekly between 0.50 and 0.60 points. It reached that level in the beginning of the week, gaining 0.32 points on the Loonie's BoC-related jump, and only lost it Tuesday, when the Aussie, the pound, and the yen took the spotlight. As the corresponding components turned weekly negative, the composite tumbled below the significance threshold, fixing the period's low at 0.26. The Loonie managed to recover some of its importance with the strong reaction to worse-than-expected GDP released later the same day, and the composite finished the period above the 0.40 line.

Correlations (5 vs 20 days)



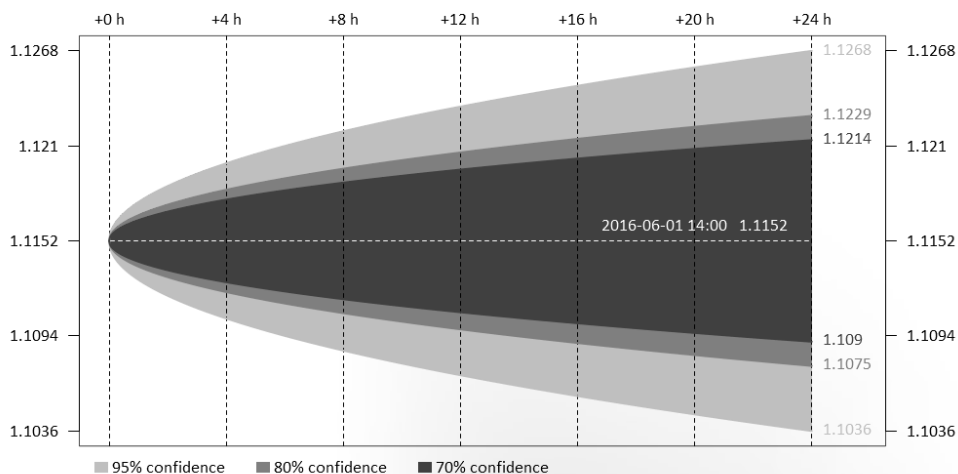
Mean Correlation Coefficient (with CADUSD)

Days	CAD	CADEUR	CADJPY	CADGBP	CADCHF	CADAUD	CADNZD	CADSEK
5	0.53	0.77	0.63	0.58	0.75	0.27	0.31	0.64
20	0.48	0.75	0.66	0.54	0.71	0.18	0.22	0.6
130	0.51	0.71	0.73	0.57	0.69	0.22	0.28	0.62
250	0.46	0.56	0.72	0.6	0.58	0.19	0.21	0.5

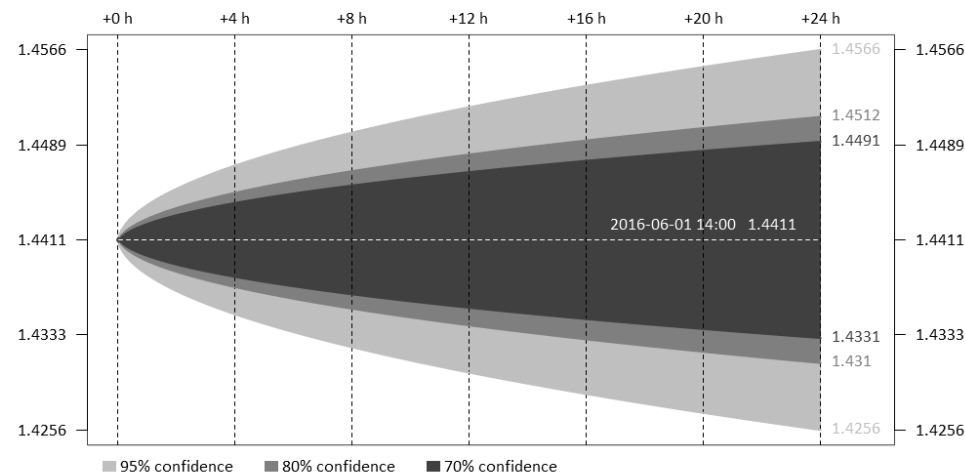
Confidence Intervals for Next 24 Hours

Wednesday, June 01, 2016
15:30 GMT

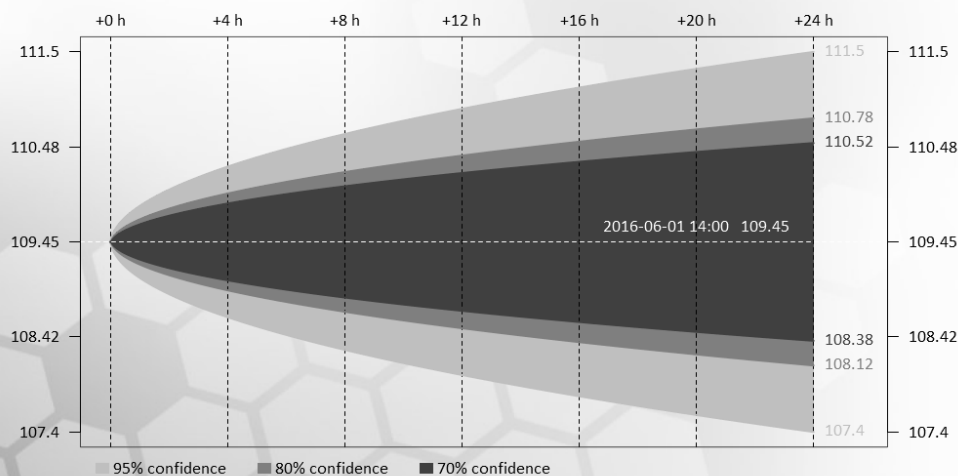
EURUSD Potential Rates



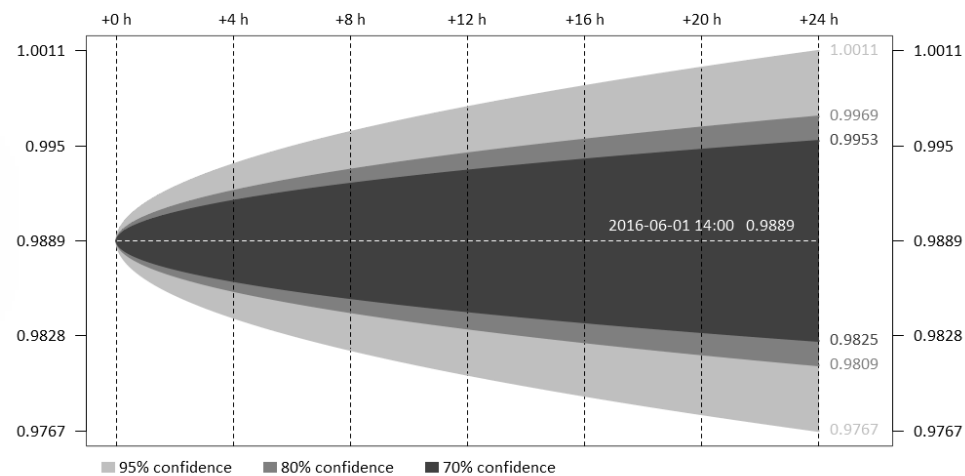
GBPUSD Potential Rates



USDJPY Potential Rates



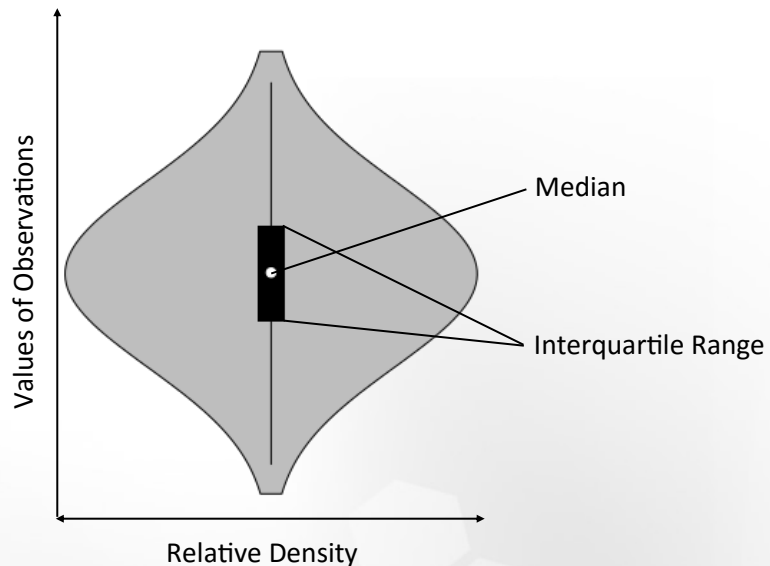
USDCHF Potential Rates



EXPLANATIONS

Violin Plot

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



Methodologies

Volatility Index

Confidence Interval



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.