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Market Research





Dominant Events of the Period

Friday, June 03, 2016

15:30 GMT

Yellow Area

May 31

01:00 - 19:30

- Australian Private Sector Credit , Building Permits
- German Retail Sales, Unemployment Rate
- Euro zone Unemployment Rate, Preliminary CPI
- Canadian GDP
- US Chicago PMI, Consumer Confidence

Turquoise Area

June 1

01:00 - 17:30

- Australian GDP
- Swiss GDP
- Euro zone Manufacturing PMI
- UK Manufacturing PMI, Consumer Credit
- US Manufacturing PMI, Construction Spending

Blue Area

June 2

01:00 - 15:00

- OPEC meeting
- Australian Retail Sales, Trade Balance
- Euro zone PPI
- ECB Interest Rate Decision, Deposit Rate Decision, Monetary Policy Statement
- BOE's Governor Carney speech

EUR Currency Index Change

-0.02%	0.26%	-0.23%
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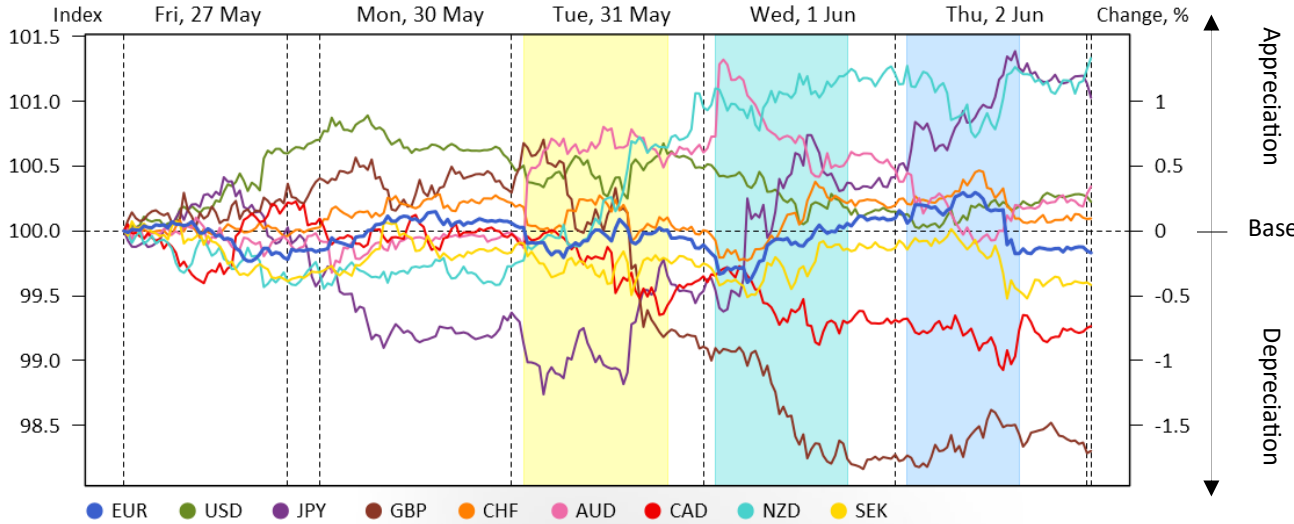
Max EUR Volatility Index

2	1.64	2.35
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Relative Currency Strength

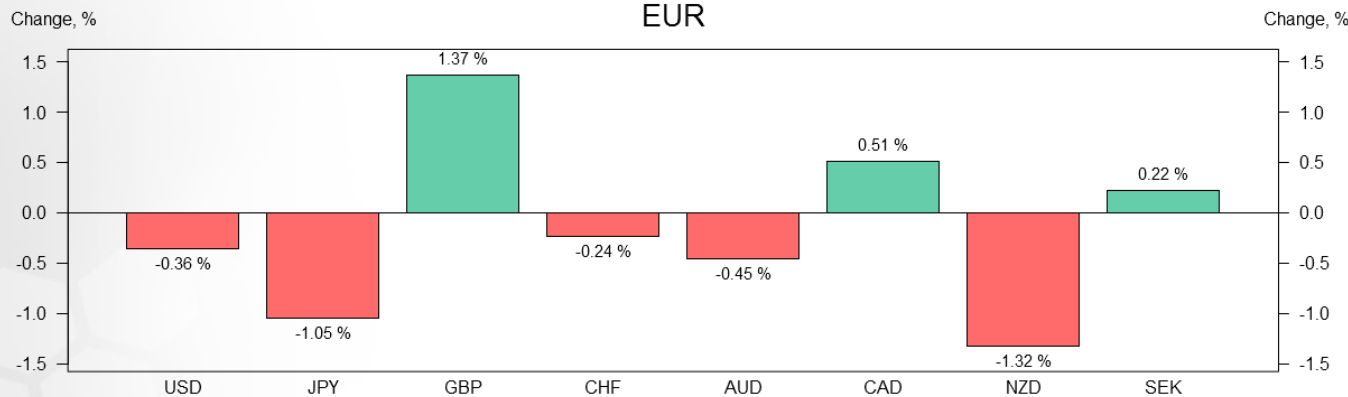
Currency Indexes



The past period was a dynamic one for the observed currencies, packed with wide moves and direction changes. The first days of the period were associated with a notable fall of the yen, while the dollar was outperforming its counterparts. However on Tuesday the situation changed dramatically. Thus, despite the losses of the yen and the Kiwi in the beginning of the period, the currencies appreciated against the background of a slip in crude oil prices, Japanese tax hike delay announcement and improving New Zealand's economic outlook and trade data. As a result, the currencies ended the week as leaders, with 1.03% and 1.33% gains of the

indexes, respectively. Meanwhile, the British pound finished the week as the worst performer after polls showing increasing number of "Brexit" supporters and weak consumer credit data.

For the single European currency this period was relatively calm and its currency index was ranging in relatively narrow range of 99.6-100.3. The observed period started with G7 meeting and the index slid down, but already on Monday the gauge rose above the baseline against the background of improving economic sentiment releases. During the following days the index was slightly fluctuating reacting to its counterparts' movements. All in all the ECB report on Thursday was the only event, which significantly influenced the currency as the index lost 0.4 points reacting to a lack of changes in monetary policy.



Currency Index Change

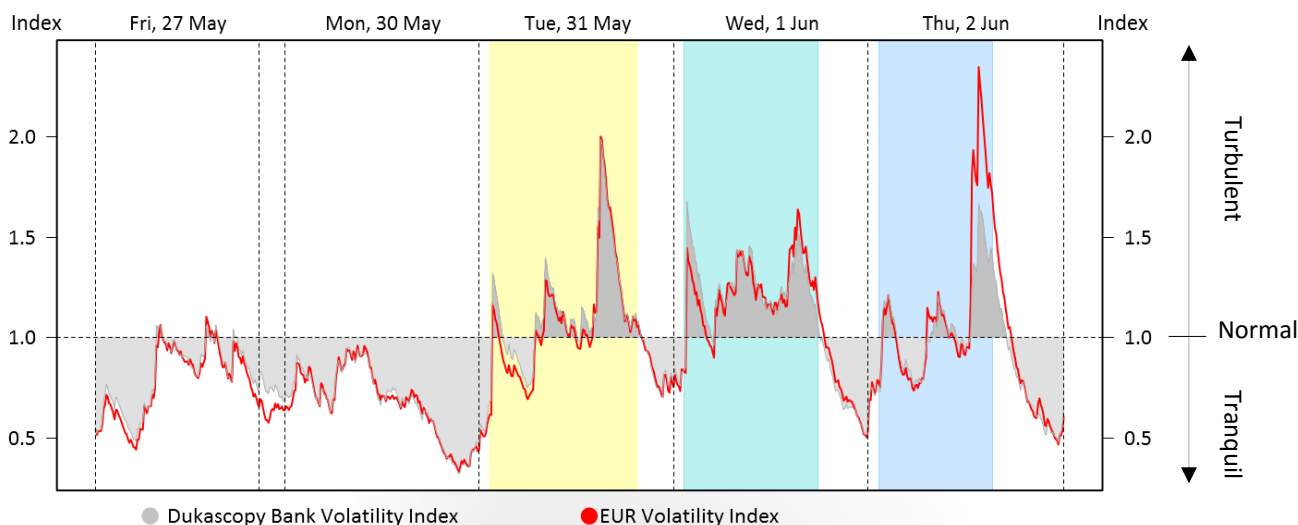
Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.17%	0.22%	1.03%	-1.7%	0.1%	0.34%	-0.73%	1.33%	-0.42%
20	-0.79%	1.66%	-0.23%	1.24%	-0.85%	-0.67%	-0.18%	1.22%	-1.21%
130	0.49%	-1.71%	10.96%	-7.05%	-1.51%	-3.15%	0.5%	0.59%	0.44%
250	1.95%	1.8%	16.49%	-5.16%	-4.73%	-6.07%	-4.13%	-3.64%	3.52%



Volatility

Friday, June 03, 2016
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Volatility



After several periods of decreasing turbulence, market volatility finally picked up, and the measures of both the market and the Euro came to exceed their past two-week averages in 35% of time. Moreover, the economic releases from different regions sent the corresponding volatility measures to high above-2 level. Thus, the pound and the Aussie became the leaders in terms of height of their indexes' peaks. The former exceeded the 3.0 level following the poll data on "Brexit", while the latter reached the 4.0 mark reacting to GDP data being announced well above the forecasts. It is worth noting that the British news became the most resonant event for the market as all the European

currencies negatively reacted to it and the market volatility measure reached its period's maximum.

As the Euro was mostly driven by its counterparts during the week, its volatility measure moved in line with the market's gauge. The previous week's Friday and the first day of the current trading week turned out to be very tranquil with no volatility spikes caused by economic releases. The rest of the period was completely different story with great spikes and the volatility measures above the average historical level in more than 50% of time. The culmination for the Euro was Thursday's ECB's statement, which managed the index to reach the 2.35 mark.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
35	34	33	50	45	34	24	25	16	35

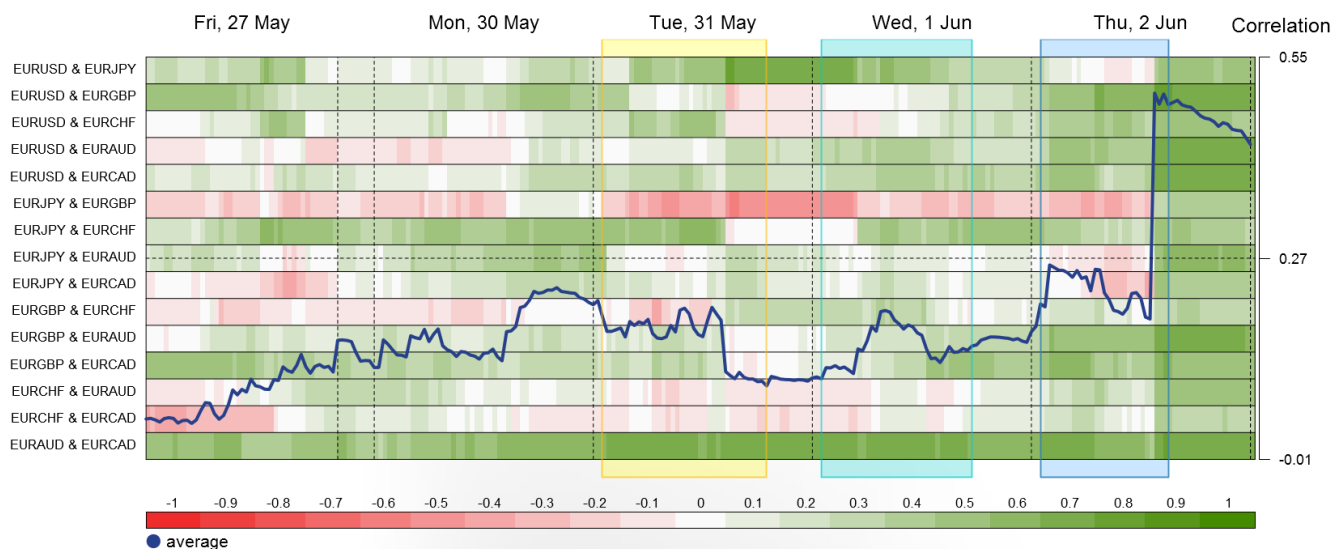
Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.99	2.35	3.28	3.51	3.32	2.87	4.38	2.32	1.76	2.03
Min	0.32	0.33	0.32	0.32	0.33	0.34	0.22	0.33	0.29	0.22
Average	0.92	0.91	0.92	1.09	1.06	0.96	0.87	0.87	0.77	0.84



Currency Significance

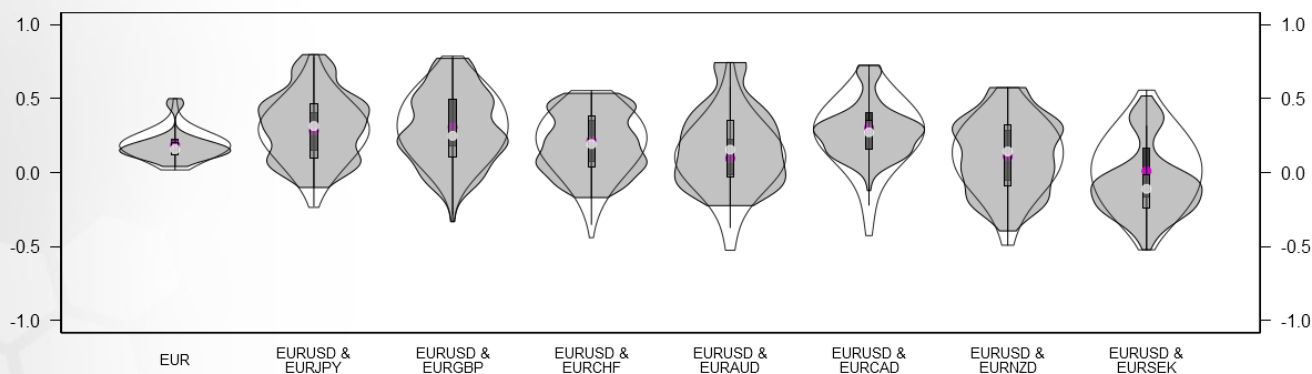
Correlations



That was another period of strong Asia-Pacific currencies' performance, this time accompanied by GBP as a notable market driver against the background of new wave of worries on "Brexit" issue. The correlations between the pairs of these currencies were especially strong during the Tuesday-Thursday period, when their composites were fluctuating around the high 0.7 level. It is worth noting that the highest mark of 0.89 points was reached by the Aussie's component and was associated with the currency's gain which followed optimistic releases of business conditions indicators.

During the first four days of the observed period the significance measure of the Euro followed a descending pattern, as there were no economic releases from the Euro zone that could notably influence the bonds between the single currency's pairs. Thus, the distributions of the correlations between the most traded pair and its EUR counterparts remained very similar to monthly ones, demonstrating exceptionally weak bonds between the euro instruments. However, the composite finished the week on relatively high 0.43 points level, decreasing from 0.5 mark, which followed the ECB's disappointing monetary policy report.

Correlations (5 vs 20 days)



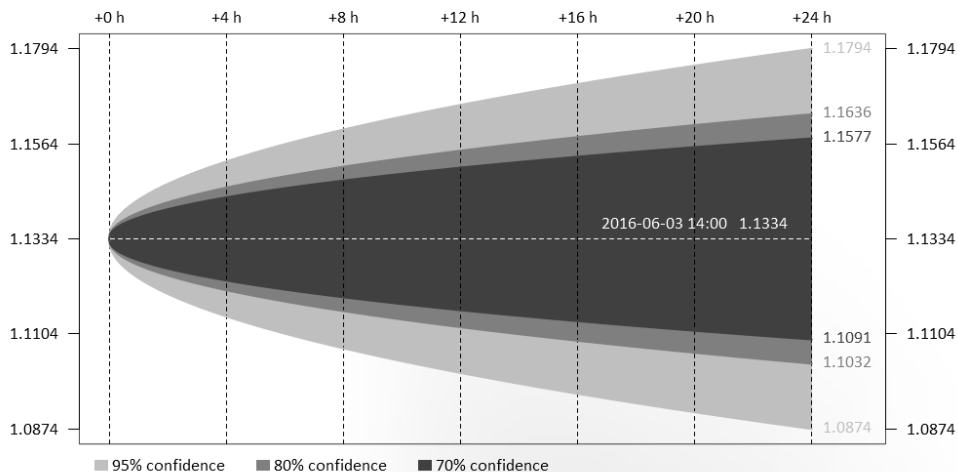
Mean Correlation Coefficient (with EURUSD)

Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.18	0.31	0.29	0.19	0.18	0.28	0.12	-0.08
20	0.19	0.28	0.32	0.2	0.1	0.27	0.1	0.01
130	0.29	0.4	0.45	0.26	0.4	0.52	0.34	0.2
250	0.35	0.56	0.58	0.32	0.44	0.6	0.38	0.2

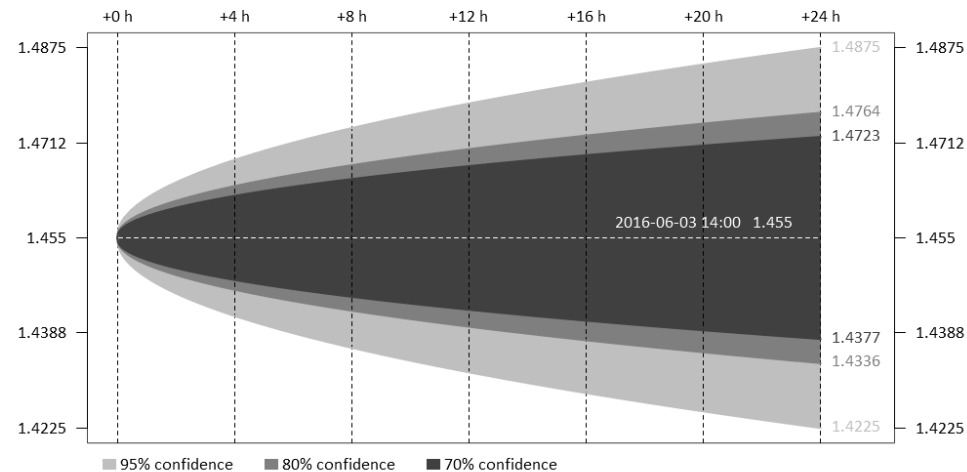
Confidence Intervals for Next 24 Hours

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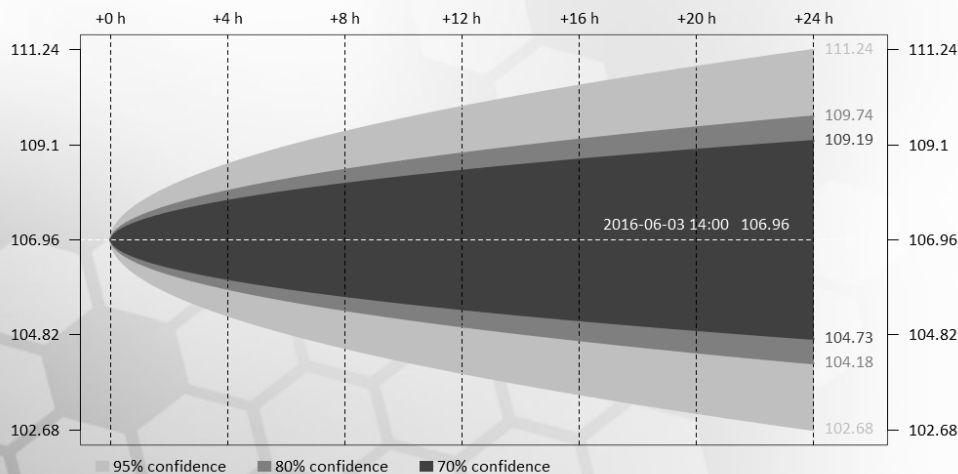
EURUSD Potential Rates



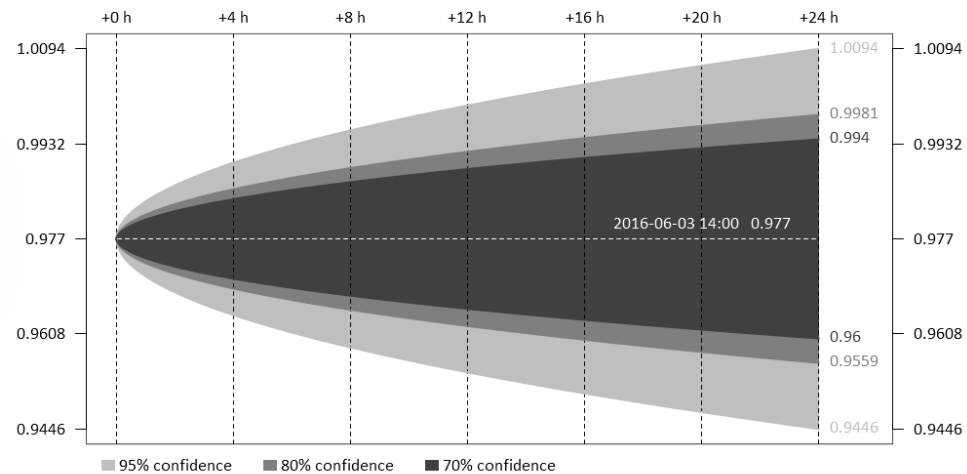
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

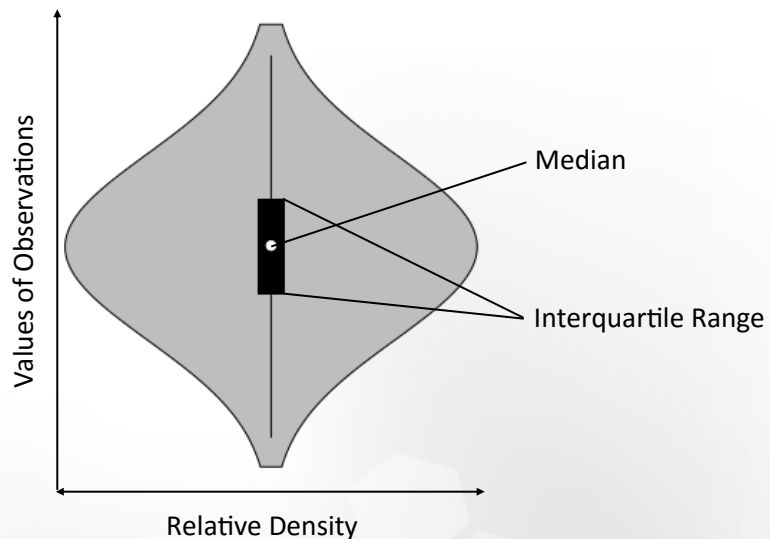
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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