



08/06/2016



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Market Research





Dominant Events of the Period

Wednesday, June 08, 2016

15:30 GMT

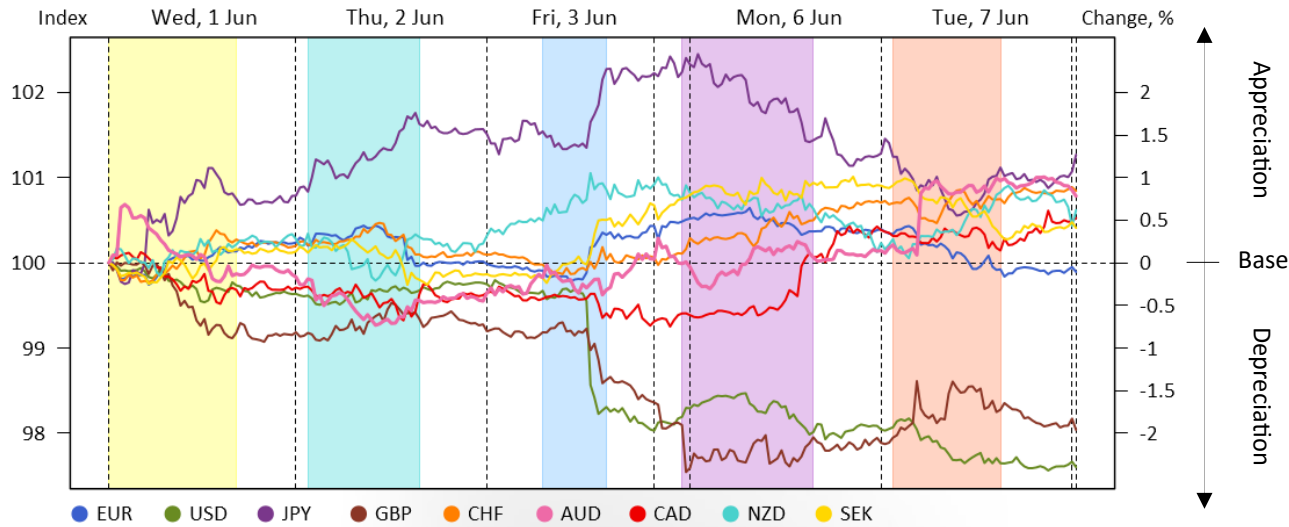
Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
June 1	June 2	June 3	June 5 - 6	June 7
00:30 - 16:30	01:00 - 15:30	07:00 - 14:30	22:30 - 15:30	01:00 - 15:00
<ul style="list-style-type: none"> Chinese Non-Manufacturing PMI, Manufacturing PMI Australian GDP German, EMU Manufacturing PMI UK Manufacturing PMI, Consumer Credit US Manufacturing PMI 	<ul style="list-style-type: none"> OPEC Meeting Australian Retail Sales, Trade Balance ECB Rate Decision, Monetary Policy Statement US ADP Employment Change, Jobless Claims BoE Carney's Speech 	<ul style="list-style-type: none"> German, EMU Services PMI, PMI Composite US Unemployment Rate, NFP, Trade Balance, Services PMI, PMI Composite, Factory Orders 	<ul style="list-style-type: none"> Australian TD Securities Inflation US Labor Market Conditions Index 	<ul style="list-style-type: none"> RBA Interest Rate Decision, Rate Statement Japanese Leading Economic Index, Coincident Index EMU GDP US Nonfarm Productivity, Unit Labor Costs Canadian Ivey PMI

Change	-0.13%	-0.25%	-0.14%	0.07%	0.75%
Volatility Index	4.16	1.52	2.06	1.2	4.14



Relative Currency Strength

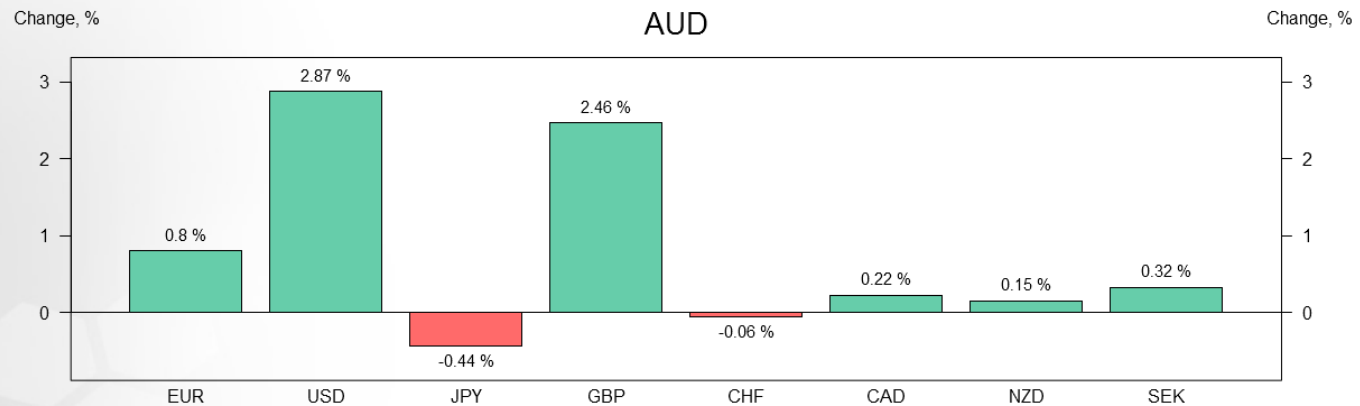
Currency Indexes



The past week was rich with market-moving news, and the observed currencies reacted to them with a few rather wide moves. The broadest downslides were suffered by the Greenback's and pounds's gauges, which were hit by the extremely disappointing US jobs report and renewed worries about Brexit risk, respectively. The indexes of both currencies fell by more than 2.4% during the period, however, the pound could slightly retrieve on Tuesday and finished the period with less than 2% loss. Meanwhile, the yen's gauge enjoyed the longest 2.4% rally during Wednesday-Friday, but, after the slide at the beginning of the current trading week, finished the period with

1.27% gain over the base value, which still remained the best result of the period.

There were two economic releases on the first and the last days of the observed period which notably influenced the Aussie, while during the rest of the period the currency was slightly fluctuating around the baseline driven by movements of its counterparts. Thus, the past Wednesday was associated the Australian GDP release, which substantially exceeded market forecasts and was followed by the 0.65% surge of the index. However, the effect was short-lived and the next and only significant surge of the gauge was the consequence of the RBA's decision to keep interest rates unchanged and do not hurry with further monetary policy easing.



Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.11%	-2.4%	1.27%	-1.96%	0.84%	0.78%	0.53%	0.62%	0.41%
20	-1.28%	-1.05%	0.67%	-0.39%	-0.03%	0.38%	0.6%	1.8%	-0.67%
130	0.07%	-4.34%	10.34%	-8.06%	-1.39%	-1.12%	2.74%	1.02%	0.52%
250	1.52%	-0.97%	16.96%	-6.54%	-3.95%	-3.73%	-3.59%	-2.35%	2.63%

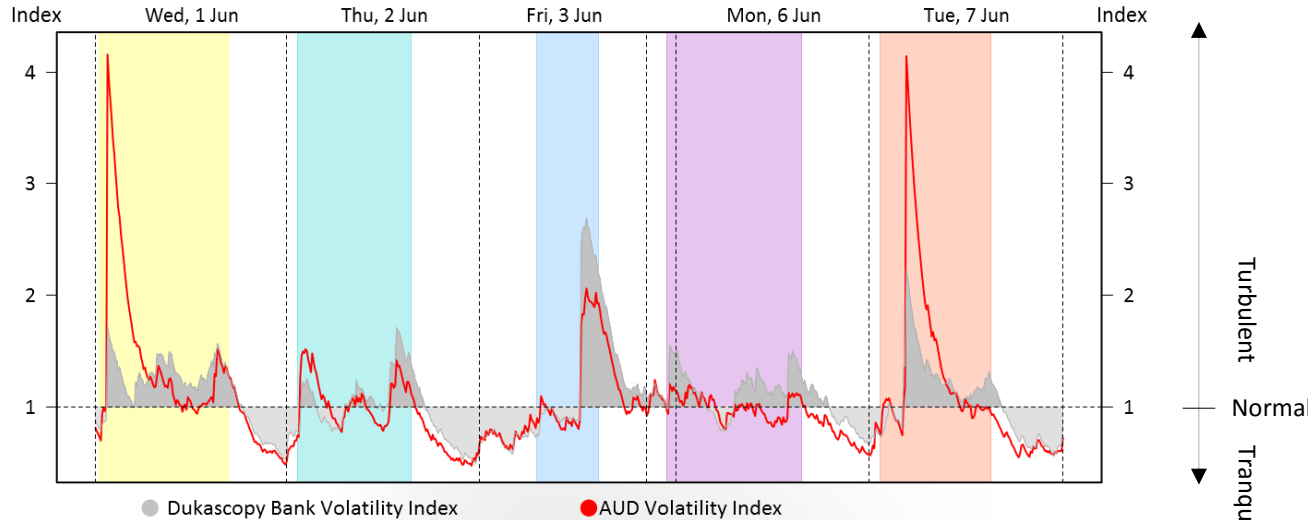


Volatility

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Volatility



During the observed period the Aussie's volatility picked up as the index twice climbed above 4 points, but the elevated volatility portion exceeded the 40% level. The elevated volatility portion exceeded the 30% level for the most of AUD crosses, but the GBP/AUD stood out in this respect, its volatility measure spent more than half of time above the average historical level and even reached the 5.7 mark, which is not surprising against the background of worries about the upcoming "Brexit" referendum. Meanwhile, the yen became the absolute leader in terms of its activity as its elevated volatility portion reached 66% mark, while the dollar's measure posted

the highest spike of 5.49 amid the four-times lower-than-expected nonfarm payrolls showing, which became the most resonant event of the week.

The Aussie's volatility index started the period with the 4.16 spike caused by high GDP. The next day's retail sales release was followed by a slight negative movement in the currency index and thus a moderate but notable surge in the AUD volatility measure. However, during the next several days the Aussie's measure stayed below the market's pointing to relative passivity of the currency and only on Tuesday, when the RBA's rate report came out, it made a new 4.15 points high.

Elevated Volatility (% of the observed period)

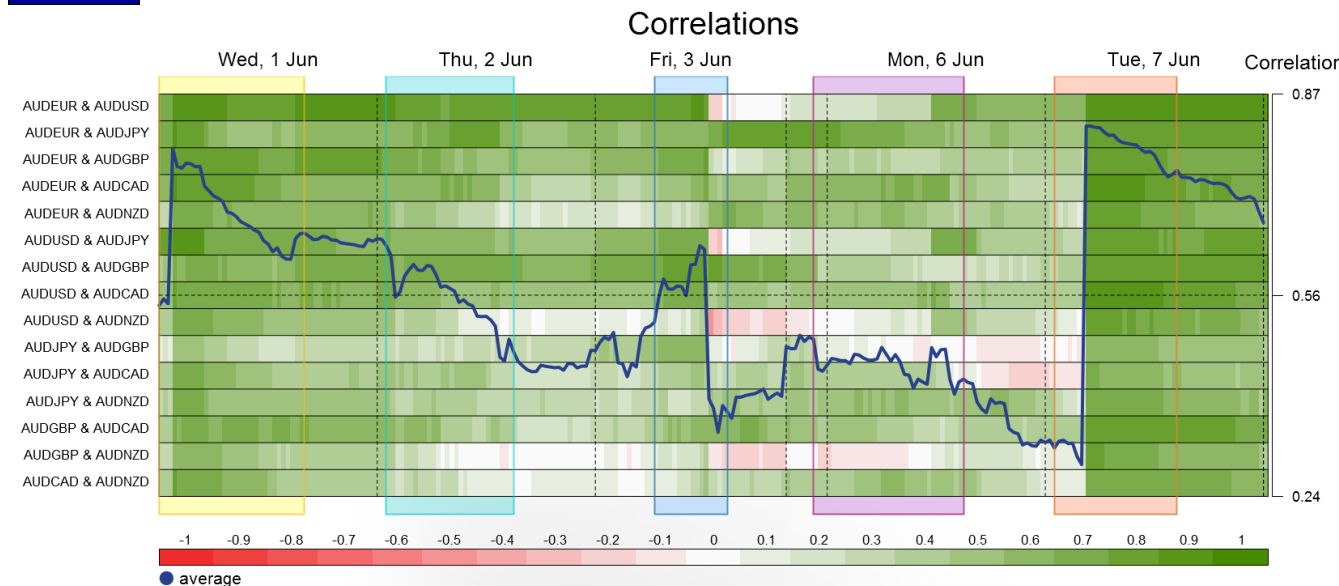
Market	AUD	EURAUD	AUDUSD	AUDJPY	GBPAUD	AUDCHF	AUDCAD	AUDNZD	AUDSEK	
	56	43	32	28	48	53	35	42	51	34

Volatility Index (for the observed period)

	Market	AUD	EURAUD	AUDUSD	AUDJPY	GBPAUD	AUDCHF	AUDCAD	AUDNZD	AUDSEK
Max	2.7	4.16	4.45	4.17	4	5.71	4.19	4.97	5.04	4.01
Min	0.49	0.47	0.4	0.27	0.41	0.39	0.42	0.46	0.47	0.43
Average	1.08	1.05	1.01	0.98	1.08	1.17	0.99	1.08	1.13	0.99



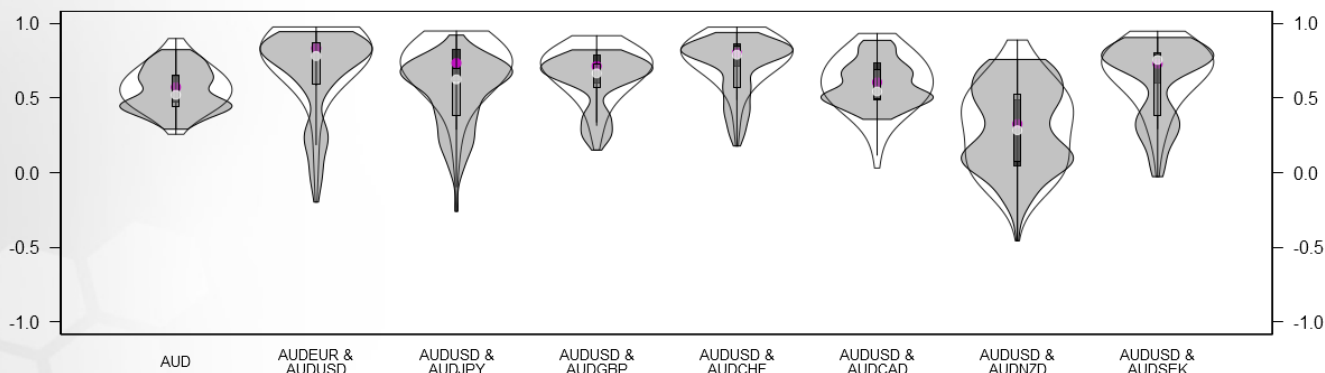
Currency Significance



The Aussie's composite, which measures the currency's significance on the market, was varying in a wide range of 0.29-0.83 points. In spite of the fact that the two previously discussed Australian economic releases heavily influenced the currency and thus managed the correlations between the Aussie's pairs to grow significantly but the composite to reach the exceptionally high 0.8 level, the average showings of the AUD/USD components were below its historical levels. It was associated with relatively weak performance of the currency during the period between the GDP and interest rate releases.

Thus, in Thursday-Monday, while the currency was mostly driven by its counterparts, the composite slid to 0.3 level. The most notable drop of the gauge was observed against the background of the US labor data release, which made the Greenback's composite to surge by 0.6 points to the week's absolute high of 0.94. However, the yen, which had a strong positive movement on Wednesday-Friday and followed relatively stable downtrend on Monday-Tuesday had the strongest bonds between its currency pairs and, as a result, the composite above its counterparts.

Correlations (5 vs 20 days)



Mean Correlation Coefficient (with AUDUSD)

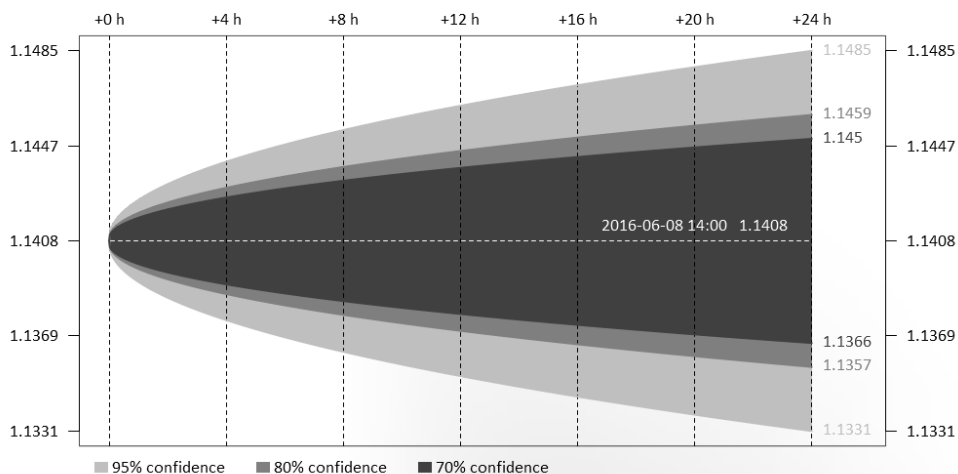
Days	AUD	AUDEUR	AUDJPY	AUDGBP	AUDCHF	AUDCAD	AUDNZD	AUDSEK
5	0.55	0.67	0.53	0.6	0.7	0.59	0.31	0.61
20	0.57	0.79	0.69	0.68	0.77	0.6	0.29	0.68
130	0.58	0.78	0.77	0.68	0.77	0.58	0.29	0.72
250	0.57	0.69	0.8	0.73	0.71	0.63	0.26	0.64

Confidence Intervals for Next 24 Hours

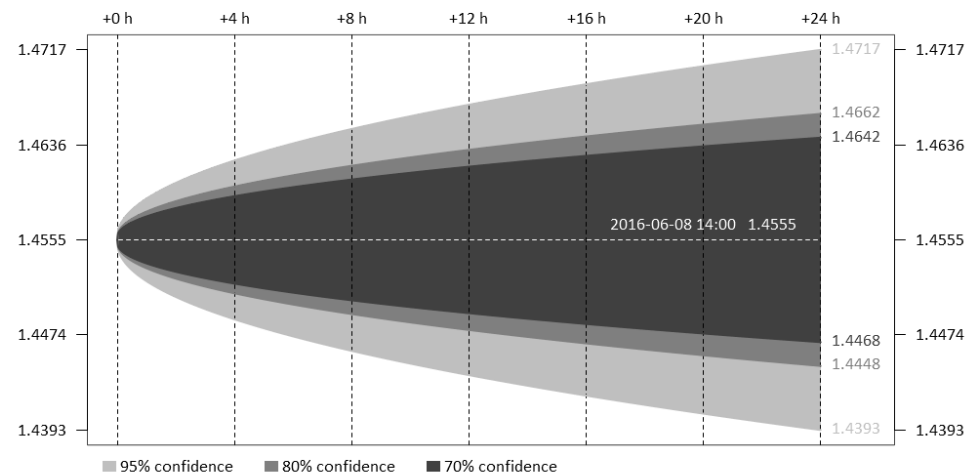
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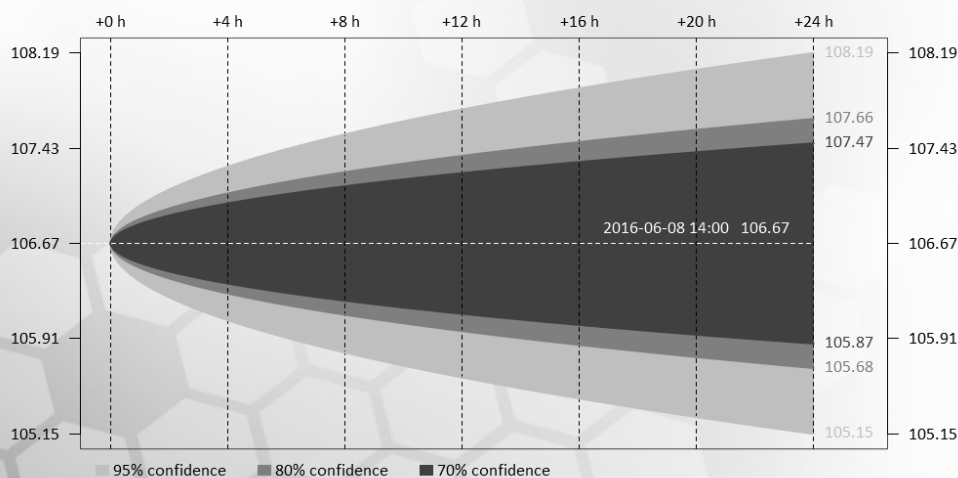
EURUSD Potential Rates



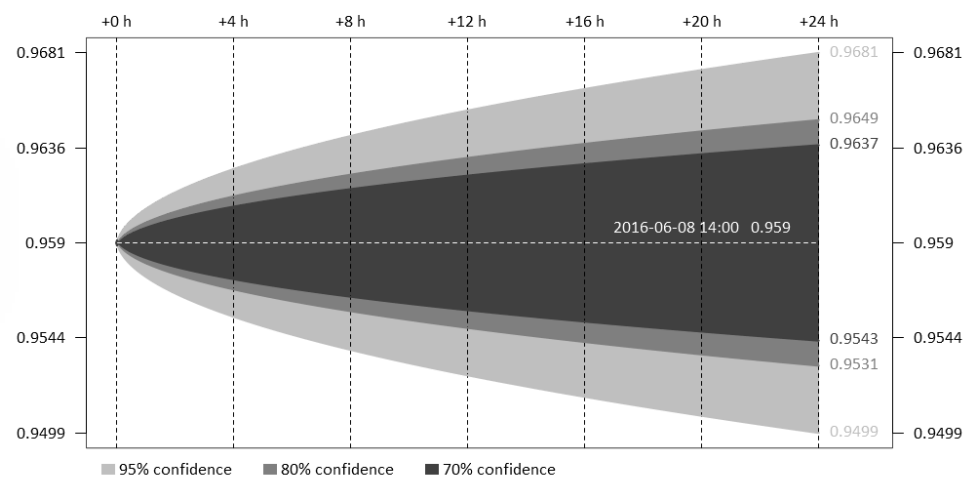
GBPUSD Potential Rates



USDJPY Potential Rates



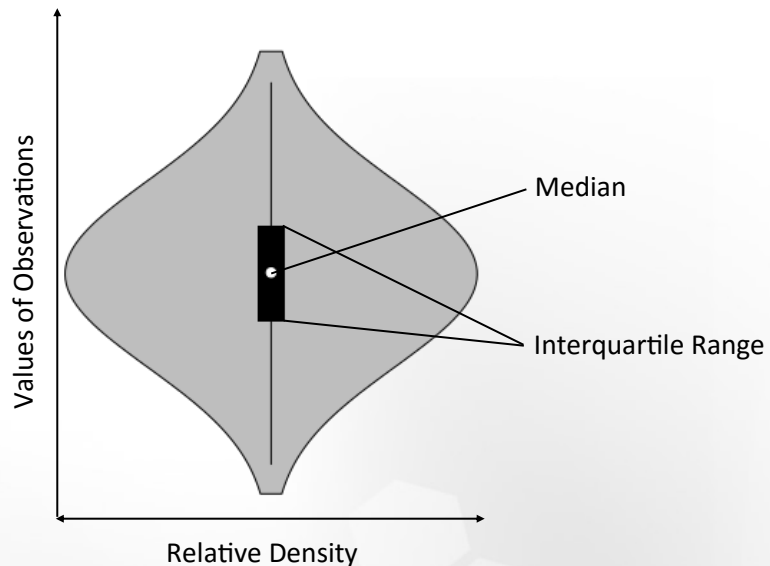
USDCHF Potential Rates



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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