



13/06/2016



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RESEARCH PRODUCTS



# Market Research





# Dominant Events of the Period

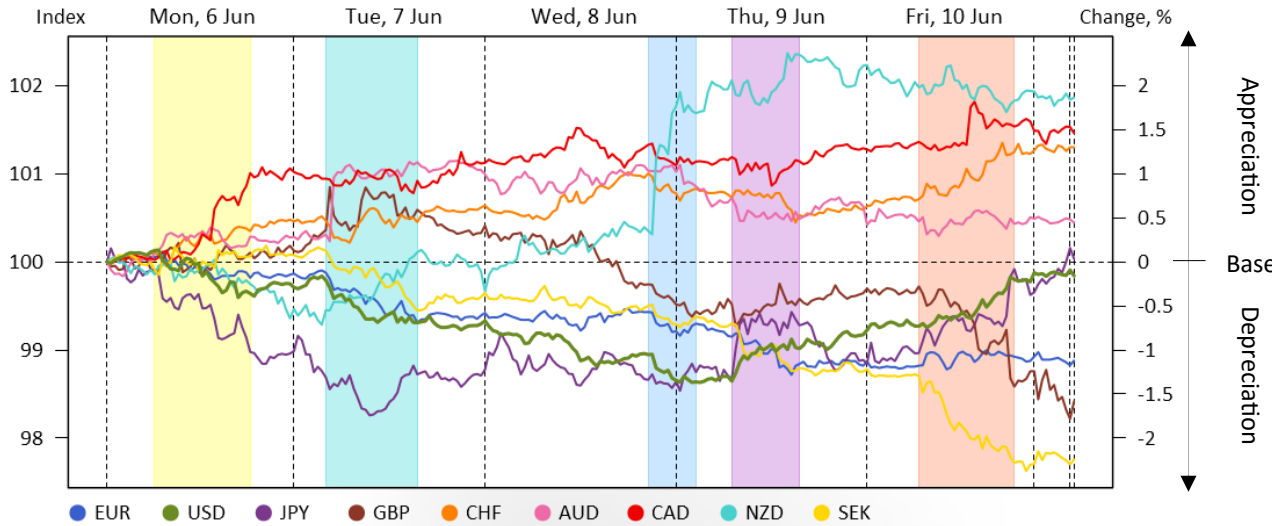
Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
<i>June 6</i>	<i>June 7</i>	<i>June 8 - 9</i>	<i>June 9</i>	<i>June 10</i>
<i>06:30 - 18:30</i>	<i>03:30 - 15:00</i>	<i>20:30 - 02:30</i>	<i>06:30 - 15:30</i>	<i>06:00 - 18:30</i>
<ul style="list-style-type: none"> <li>■ <i>US Labor Market Conditions Index</i></li> <li>■ <i>Fed Yellen's Speech</i></li> </ul>	<ul style="list-style-type: none"> <li>■ <i>RBA Interest Rate Decision, Rate Statement</i></li> <li>■ <i>Japanese Flash Leading Economic Index</i></li> <li>■ <i>EMU GDP</i></li> <li>■ <i>US Nonfarm Productivity, Unit Labor Costs</i></li> <li>■ <i>Canadian Ivey PMI</i></li> </ul>	<ul style="list-style-type: none"> <li>■ <i>RBNZ Interest rate Decision, Monetary Policy Statement</i></li> <li>■ <i>UK RICS Housing Price balance</i></li> <li>■ <i>Japanese Foreign Investment</i></li> <li>■ <i>Chinese CPI, PPI</i></li> </ul>	<ul style="list-style-type: none"> <li>■ <i>ECB Draghi's Speech</i></li> <li>■ <i>US Jobless Claims</i></li> <li>■ <i>BoC Review, Poloz's Speech</i></li> </ul>	<ul style="list-style-type: none"> <li>■ <i>German CPI</i></li> <li>■ <i>UK Consumer Inflation Expectations</i></li> <li>■ <i>Canadian Unemployment Rate, Net Change in Employment, Participation Rate</i></li> <li>■ <i>US Monthly Budget Statement</i></li> </ul>

USD Currency Index Change	-0.49%	-0.48%	-0.31%	0.37%	0.53%
Max USD Volatility Index	1.19	1.49	1.48	1.4	1.42



# Relative Currency Strength

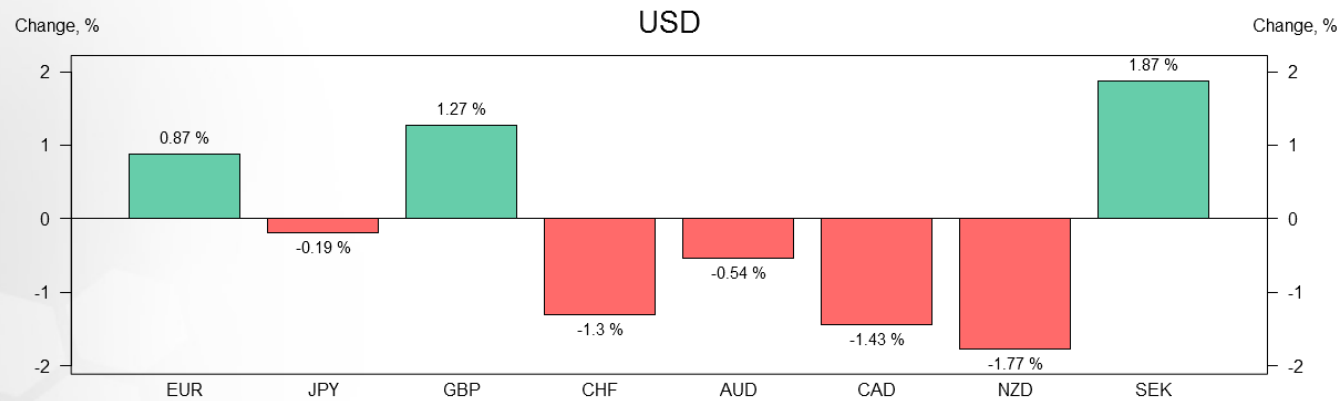
Currency Indexes



The past week appeared to be the period of the commodity currencies, as the appreciation area was largely dominated by the Loonie's, the Aussie's, and the Kiwi's gauges. The CAD Index was the first to break above its peers, gaining momentum as the oil prices went up. Afterwards, however, the gauge remained flat, and even with additional push from stronger-than-expected employment data failed to overcome the Kiwi's measure. The latter had its pivotal moment on Wednesday, when the RBNZ left the rate unchanged. The decision was not unexpected, but the market displayed a stark reaction, lifting the NZD Index 1.6 points up and allowing it to post an almost 2% weekly gain. The Aussie's gauge also got the deciding push

from its central bank, gaining 0.9 points as the RBA promised to employ no further easing in the nearest future. The jump, however, only allowed the measure to come in forth. The third best result, interestingly, was posted by the safe-haven franc, whose index was slowly climbing up throughout the week, with the investors' interest possibly fueled by the uncertainty over the upcoming "Brexit" referendum.

The USD Index had an uneventful week, trapped in the depreciation area by the NFP-triggered tumble and a lull before the Fed's announcements on June 15. The measure reached its low on early Thursday, losing over 1% off the base value, but pared most of it by the end of the week, with the dollar managing to post weekly gains against the Euro, the pound, and the krona.



Currency Index Change

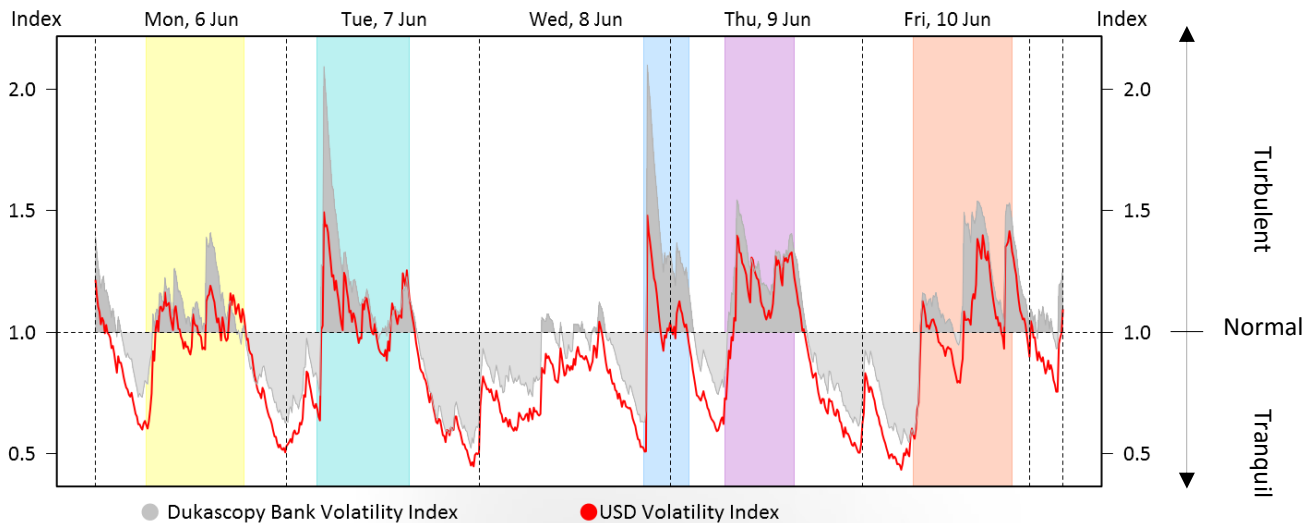
Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-1.12%	-0.16%	0.04%	-1.59%	1.3%	0.45%	1.46%	1.86%	-2.24%
20	-1.49%	-0.95%	1.27%	-2.28%	0.46%	0.42%	0.38%	3.74%	-1.71%
130	-0.72%	-3.39%	10.04%	-10.8%	-1.22%	-0.34%	5.04%	2.11%	-0.69%
250	1.03%	0.7%	17.22%	-9.35%	-3.02%	-4.46%	-3.42%	1.88%	-0.58%



# Volatility

Monday, June 13, 2016  
15:30 GMT

## Volatility



After a notable increase in the previous period, the market's volatility continued to grow, with the composite measure keeping above the two-week average for more than half of the week. Most of the turbulence came from the yen and the franc, which were governed by the mix of strong commodity currencies on one hand and the "Brexit"-related risk aversion on the other, ultimately posting 60% and 53% high portions of elevated volatility. Meanwhile, the highest volatility peak was posted by the Kiwi, whose RBNZ-triggered surge added up to the 6.4 points high spike of its turbulence measure. The market's composite reaction to the RBNZ's rate decision also proved to be the strongest, followed

closely by the volatility splash in response to the fellow Australian regulator's monetary policy report mixed with the pound's rollercoaster move on Tuesday.

The dollar's was notably lacking in volatility compared to its peers, though its overturbulence portion still remained above the one-third threshold. The Greenback's volatility index never reached above the market's aggregate, thus proving that the dollar made to market-guiding moves during the week. Its most volatile pair was GBP/USD, which posted a 50% portion of elevated volatility thanks to the pound's frantic zigzagging on Monday, Tuesday, and Friday. The highest peak, unsurprisingly, was reached by NZD/USD.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	51	34	20	34	50	38	16	29	29	28

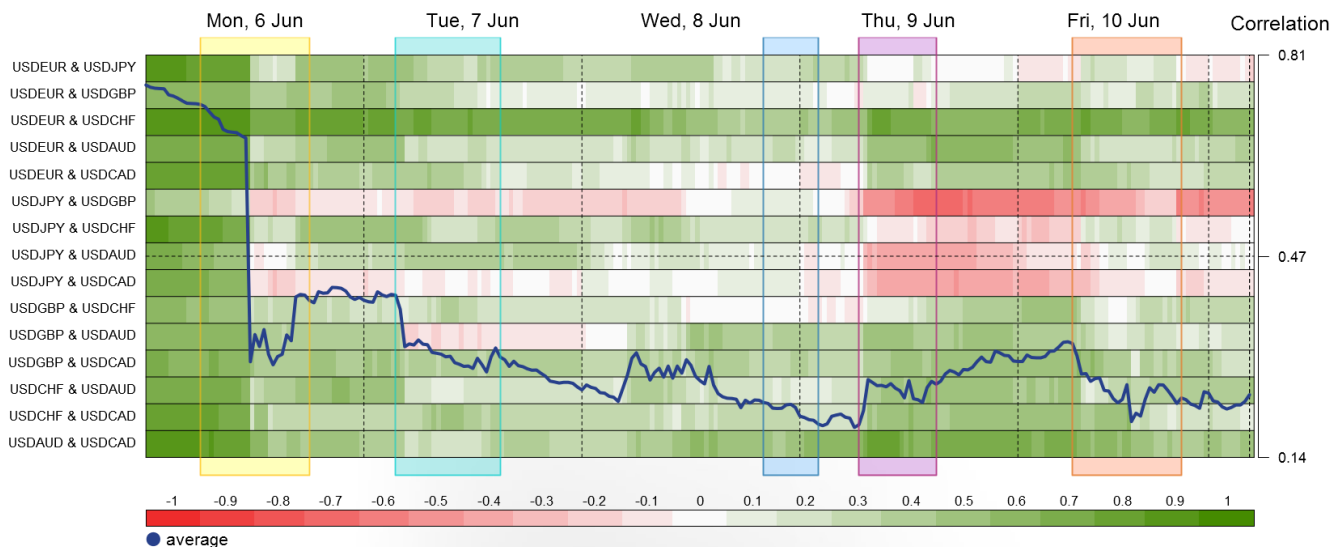
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.1	1.49	2.02	1.78	3.37	1.9	3.58	2.54	5.83	2.14
Min	0.52	0.43	0.3	0.28	0.24	0.31	0.36	0.28	0.37	0.26
Average	1.01	0.88	0.75	0.92	1.06	0.85	0.82	0.86	0.97	0.8



# Currency Significance

Correlations

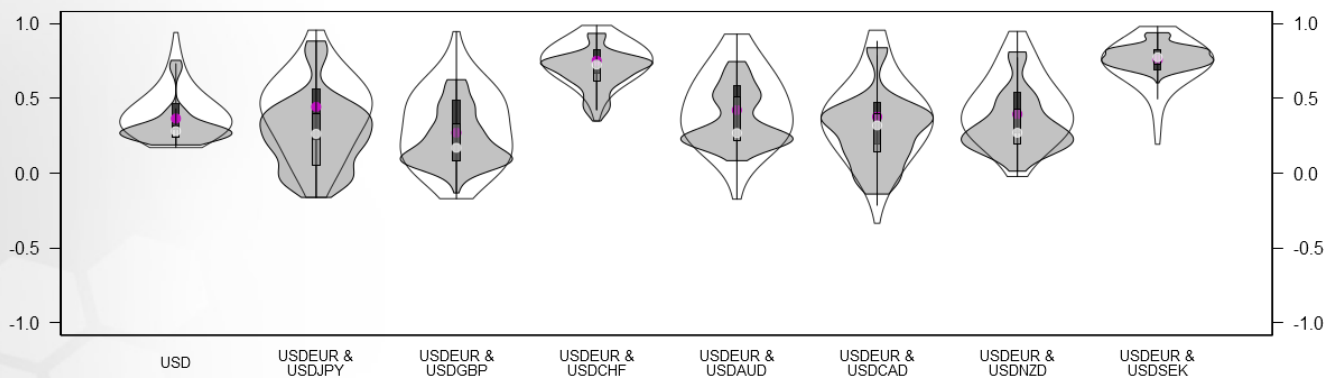


The dollar's correlation composite lost some points off its previous average, with its values shifting further down compared to the long-term distribution. The composite was heavily influenced by the yen, the pound, and the commodity currencies, whose own measures showed the strongest performance in the week and brought a considerable amount of febleness and negativity into the associated components. Notably, USD/EUR mean correlations with USD/JPY, USD/GBP, and USD/CAD fell below the significance threshold of 0.3 points, with the former two showing far weaker results than their

long-term readings.

The Greenback's composite spent most of the period swaying between the 0.2 and 0.3 points line, always remaining among the three weakest performers. As the USD Index started its slow downside, the dollar's significance measure tumbled from the strong level of 0.7 it carried over from the previous period, and afterwards failed to make any noteworthy moves. All in all, the Euro was the only currency to produce a weaker correlation composite, and the week proved to be a throwback to the beginning of the year, when the two majors were continuously outshined by their peers.

Correlations (5 vs 20 days)



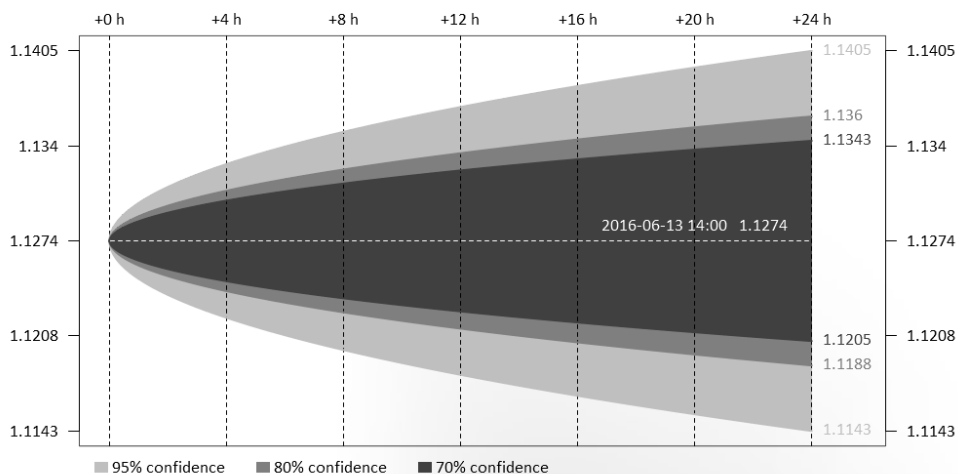
Mean Correlation Coefficient (with USDEUR)

Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.32	0.26	0.22	0.68	0.36	0.29	0.32	0.78
20	0.39	0.4	0.29	0.74	0.43	0.36	0.42	0.74
130	0.34	0.44	0.39	0.77	0.21	0.17	0.26	0.72
250	0.36	0.45	0.42	0.75	0.26	0.23	0.3	0.73

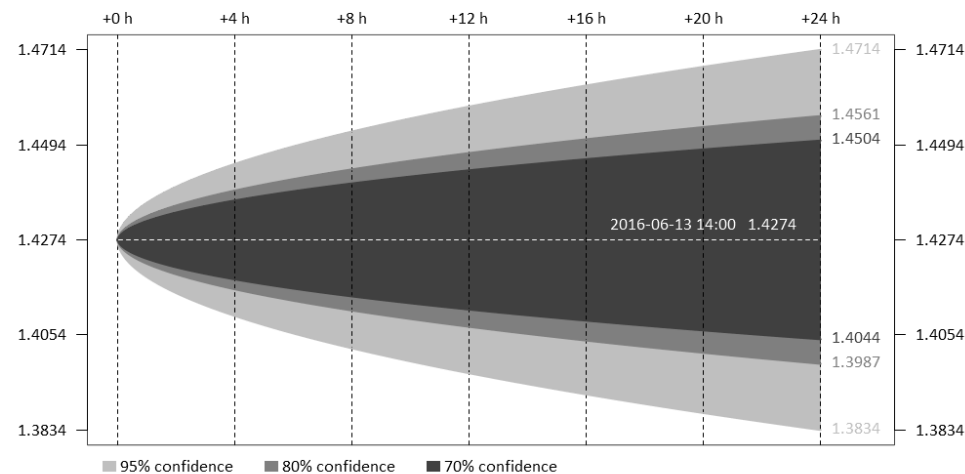
# Confidence Intervals for Next 24 Hours

Monday, June 13, 2016  
15:30 GMT

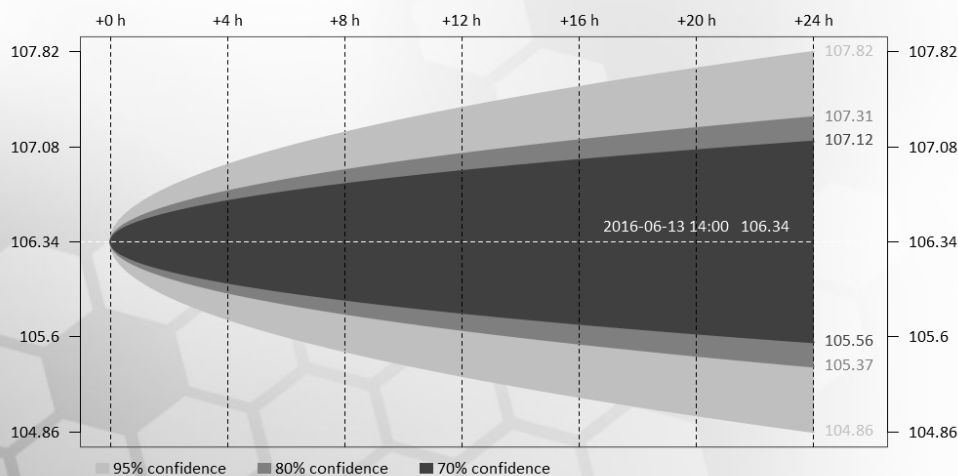
EURUSD Potential Rates



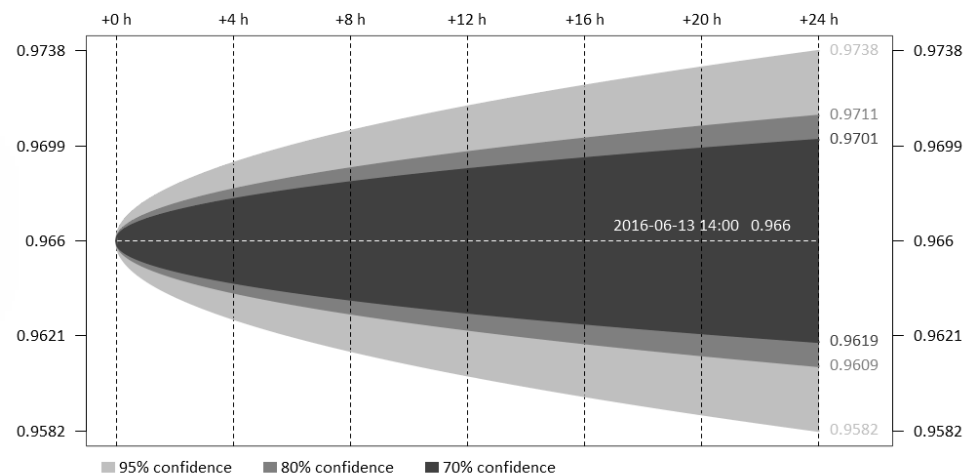
GBPUSD Potential Rates



USDJPY Potential Rates



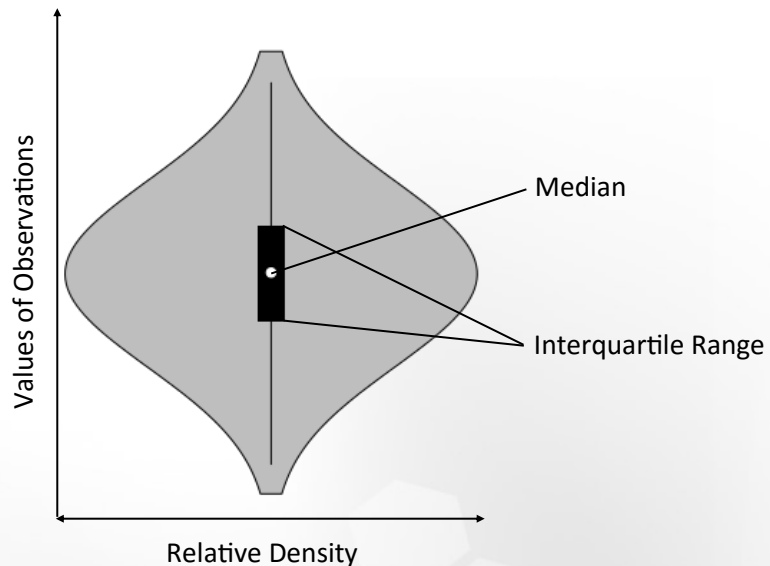
USDCHF Potential Rates



# 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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