















**DUKASCOPY**  
RESEARCH PRODUCTS

24/04/2017



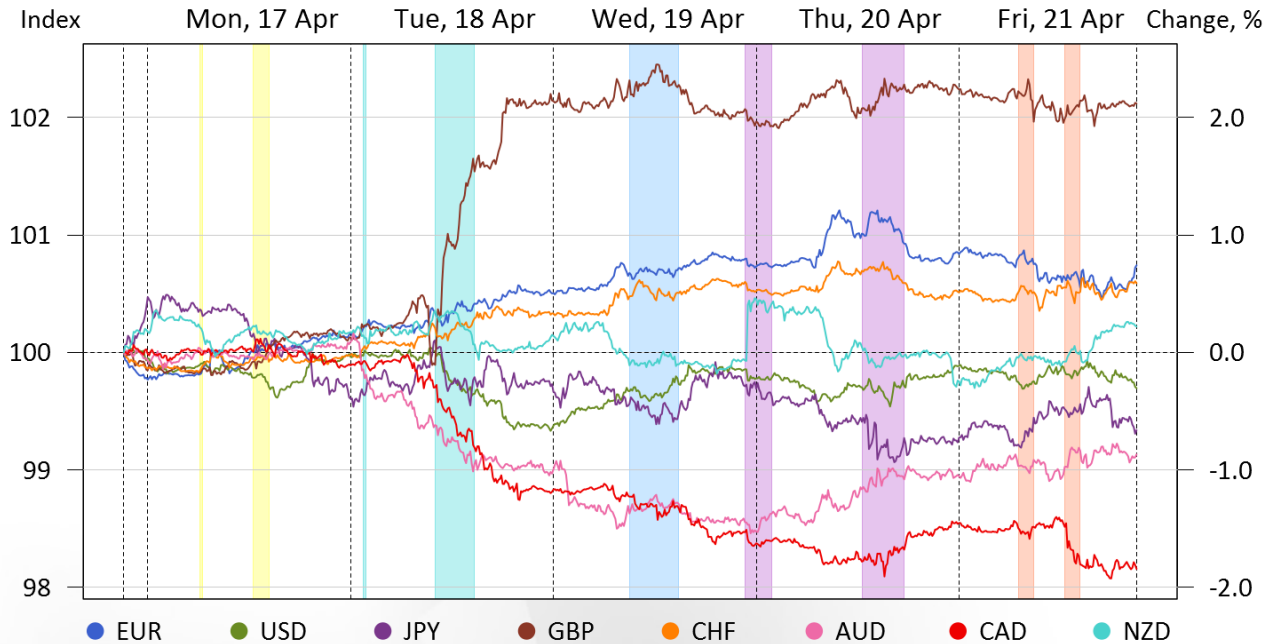
**Market Research**

# Major Events of the Period

| Time (GMT)               | Flag  | Currency | Event  | Currency Index | Volatility Peak |
|--------------------------|---|----------|--|----------------|-----------------|
| <b>MONDAY, 17 APR</b>    |   |          |  |                |                 |
| 06:15                    |    | JPY      | BoJ Governor Kuroda's Speech                           | -0.05%         | 0.02%           |
| 14:00                    |    | USD      | NAHB Housing Market Index                              | -0.06%         | 0.03%           |
| <b>TUESDAY, 18 APR</b>   |   |          |  |                |                 |
| 01:30                    |    | AUD      | RBA Meeting Minutes                                    | -0.18%         | 0.05%           |
| 10:05                    |    | GBP      | UK Prime Minister Theresa May's Speech                 | +0.64%         | 0.13%           |
| 13:15                    |    | USD      | Industrial Production, Capacity Utilization            | -0.04%         | 0.04%           |
| <b>WEDNESDAY, 19 APR</b> |   |          |  |                |                 |
| 09:00                    |    | EUR      | EMU CPI, Trade Balance                                 | -0.04%         | 0.03%           |
| 22:45                    |    | NZD      | New Zealand CPI  | +0.51%         | 0.11%           |
| <b>THURSDAY, 20 APR</b>  |   |          |  |                |                 |
| 12:30                    |    | USD      | Phily Fed Manufacturing Survey, Initial Jobless Claims | +0.10%         | 0.03%           |
| 14:10                    |   | JPY      | BoJ Governor's Kuroda Interview                        | -0.30%         | 0.10%           |
| <b>FRIDAY, 21 APR</b>    |   |          |  |                |                 |
| 07:30                    |  | EUR      | German Flash Markit Services, Manufacturing PMI        | -0.12%         | 0.03%           |
| 08:30                    |  | GBP      | UK Retail Sales  | -0.18%         | 0.06%           |
| 12:30                    |  | CAD      | CPI  | -0.34%         | 0.06%           |

# Relative Currency Strength

## Currency Indexes



## Currency Index Change

| Weeks | EUR   | USD   | JPY   | GBP    | CHF   | AUD   | CAD   | NZD   |
|-------|-------|-------|-------|--------|-------|-------|-------|-------|
| 1     | 0.74  | -0.30 | -0.66 | 2.12   | 0.59  | -0.87 | -1.84 | 0.22  |
| 4     | -1.01 | -0.15 | 2.03  | 2.72   | -0.79 | -1.42 | -1.21 | -0.18 |
| 26    | -0.90 | 0.88  | -4.79 | 6.10   | 0.58  | -0.10 | -0.52 | -1.25 |
| 52    | -2.16 | 3.10  | 5.87  | -10.36 | 1.07  | 0.62  | -4.18 | 6.04  |
| YTD   | -0.68 | -2.87 | 5.00  | 1.32   | -0.22 | 2.23  | -3.46 | -1.30 |

In the past week the market seemed to be largely dominated by the European currencies. The undisputed leader was the Pound, which was pushed up by the UK Prime Minister’s announcement on Tuesday and held its index 1% above its closest peer for the remainder of the period. The GBP Index dropped below the baseline ahead of the unscheduled announcement, but as Mrs. May called for the General Election to be held this June instead of in 2020, clearly aiming for getting more support in the Brexit talks, the measure went into a rally, climbing above the +2% line by evening and ultimately posting a 2.12% weekly growth.

The election theme seemed to be the week’s main driver north of the baseline, as the Euro’s and the Swiss Franc’s measures, which held well below the Pound’s gauge, but still firmly in the appreciation area, were fueled by the excitement ahead of the French election. The EUR Index briefly shot above the +1% line as Thursday’s polls came in in favor of Emmanuel Macron, the market’s favorite in the presidential race, but ultimately posted only a 0.74% weekly growth, just barely paring the previous period’s losses.

Meanwhile, the Yen’s gauge, which successfully rode the risk-aversion wave in the previous weeks, spent most of the period below the baseline. The measure suffered the period’s greatest 10-minute drop of 0.30% on Thursday, after the BoJ Governor Kuroda said the quantitative easing program would remain in force “for

some time". The drop, however, did not have and lengthly developments, and the JPY Index finished the week with a loss of 0.66%.

The Canadian gauge, weighted by lowering oil prices, landed much futher below the baseline. The CAD Index started on its downslide on early Tuesday and suffered its sharpest drop on Friday, when the Canadian CPI missed the forecasts. The gauge lost 0.34% in the hour following the release and posted a 1.84% weekly loss, deepening the previous period's decline.

The Australian Dollar's gauge followed its Canadian counterpart's downtrend up until Thursday. The gauge slid below the baseline on early Tuesday, when the RBA Minutes were released to express concernes over some risks faced by the country's economy, including weaknesses in labor and housing markets. The donward movement reversed on Thursday, and the AUD Index managed to recover 0.80% to finish the week at -0.87%.

### Currency Pair Weekly Change, %

Apr 17 - Apr 21

|     | EUR   | USD   | JPY   | GBP   | CHF   | AUD   | CAD  | NZD   |
|-----|-------|-------|-------|-------|-------|-------|------|-------|
| EUR |       | 0.95  | 1.26  | -1.15 | 0.10  | 1.38  | 2.31 | 0.41  |
| USD | -0.94 |       | 0.34  | -2.11 | -0.80 | 0.47  | 1.34 | -0.39 |
| JPY | -1.24 | -0.34 |       | -2.43 | -1.01 | 0.12  | 1.05 | -0.73 |
| GBP | 1.16  | 2.15  | 2.49  |       | 1.41  | 2.62  | 3.57 | 1.62  |
| CHF | -0.10 | 0.81  | 1.02  | -1.39 |       | 1.31  | 2.16 | 0.37  |
| AUD | -1.36 | -0.47 | -0.12 | -2.55 | -1.30 |       | 0.86 | -1.07 |
| CAD | -2.26 | -1.32 | -1.04 | -3.45 | -2.11 | -0.86 |      | -1.72 |
| NZD | -0.40 | 0.39  | 0.74  | -1.60 | -0.37 | 1.08  | 1.75 |       |

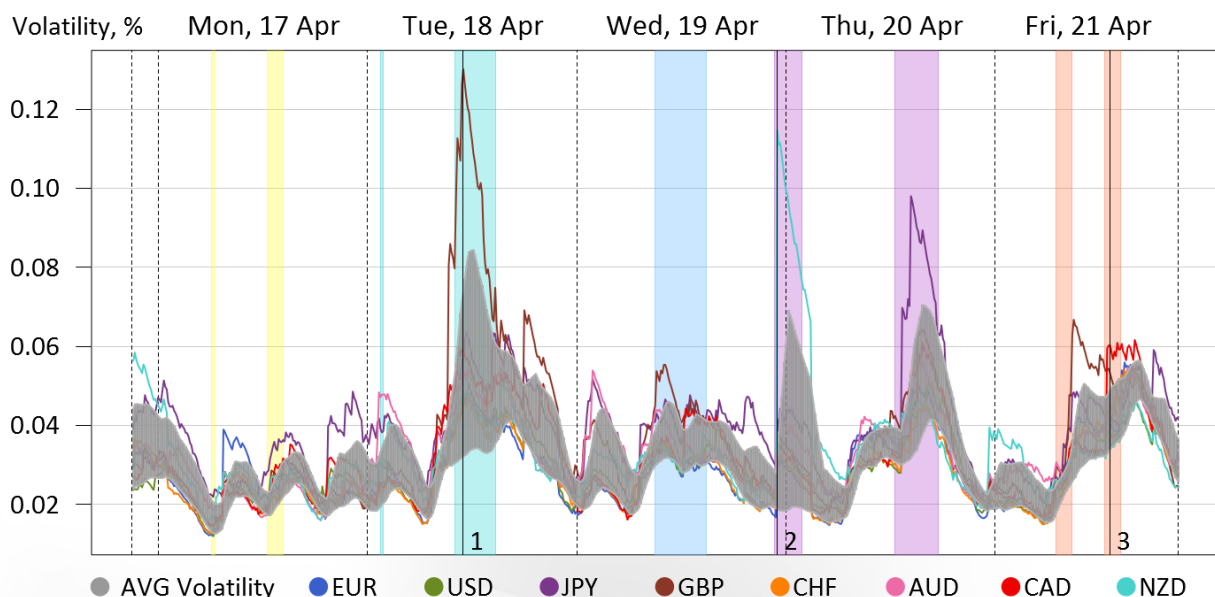
On the long-term basis, the CHF Index was the most notable gauge as the period's gains allowed it to turn its 26- and 52-week change positive. The Pound's advanced, in turn, did little to improve its 52-week position, but managed to reverse its previously recorded 0.87% year-to-date lose into a 1.32% gain.

Pair-wise, the Yen's weakening allowed the Euro and the US Dollar to post weekly gains against their Japanese peer, but was not enough to fully pare the losses accumulated over the previous periods. In fact, the Pound was the only currency whose growth against the Yen this week managed to exceed the loss posted in the previous period.

Among other developments, the Euro's and the Franc's growth and the Aussie's and the Loonie's drop resulted in EUR/AUD and EUR/CAD paring their previous loses, but AUD/CHF and CAD/CHF erasing their past gains.

# Currency Volatility

## Volatility



Volatility-wise the past period was slightly more lively than the previous one, both in terms of the average levels and the highest peaks.

The period's peak volatility was recorded on Tuesday and was caused by the Pound's reaction to the UK snap election announcement. The average volatility jumped to 0.13%, and all the observed individual values stood close, ranging from 0.124% to 0.137%.

Similar unity was observed on Thursday, when the Kiwi's CPI-fueled upsurge put its average volatility at 0.12%. Here AUD/NZD was the only pair to post the turbulence value below 0.11%.

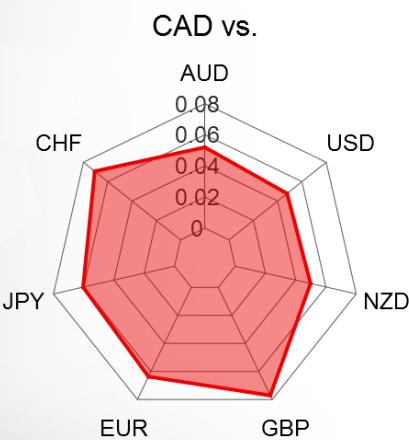
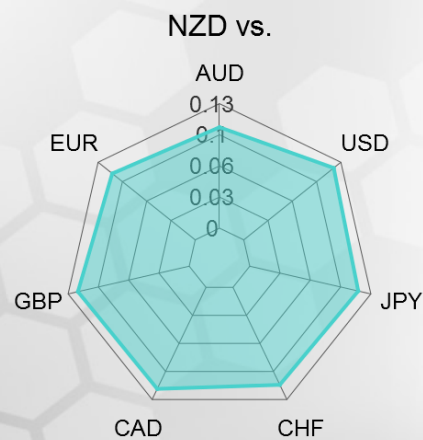
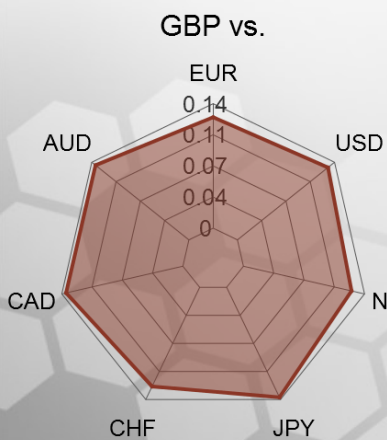
The period's third largest volatility spike was formed by the Yen's zigzagging movements on Thursday and reached 0.10% in its highest point.

Meanwhile, Friday's release of disappointing Canadian CPI produced a smaller absolute volatility value, but was interesting for not causing a momentary surge, but instead keeping the measure at the reached 0.06% level for over five hours. The reaction, however, was not uniform among the Loonie's pairs. While GBP/CAD and CAD/CHF put their volatility values over 0.07%, AUD/CAD and NZD/CAD measures only reached as high as 0.05%.

UK Prime Minister's Speech

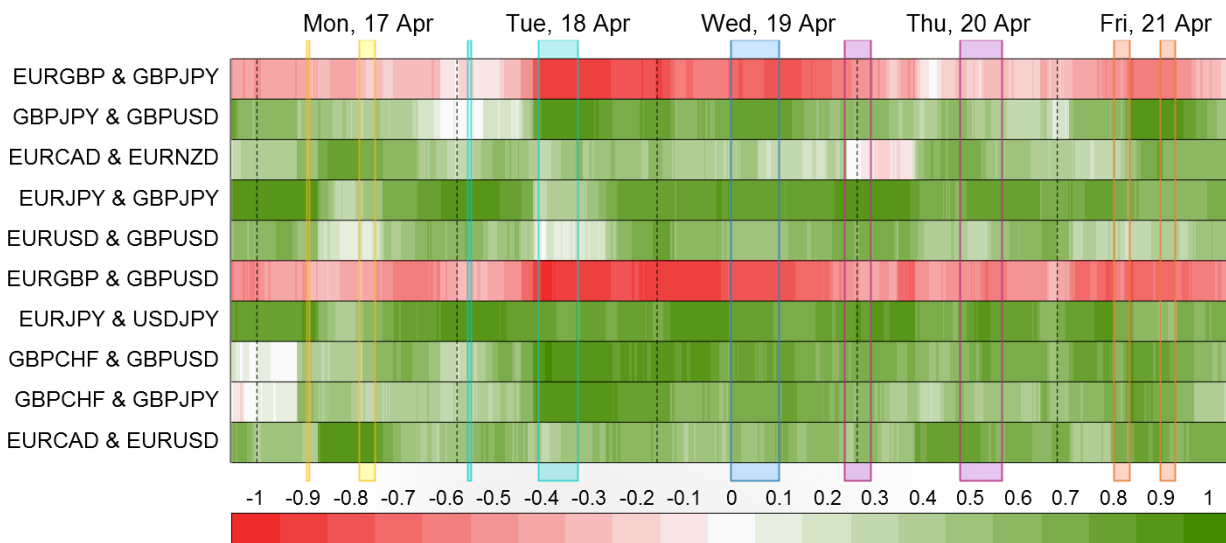
New Zealand CPI

Canadian CPI



# Currency Pair Correlations

## Rolling Correlations



The past period saw very little change in terms of the weekly median values' deviation from the 4-week figures, with notable shift taking place in only four combinations.

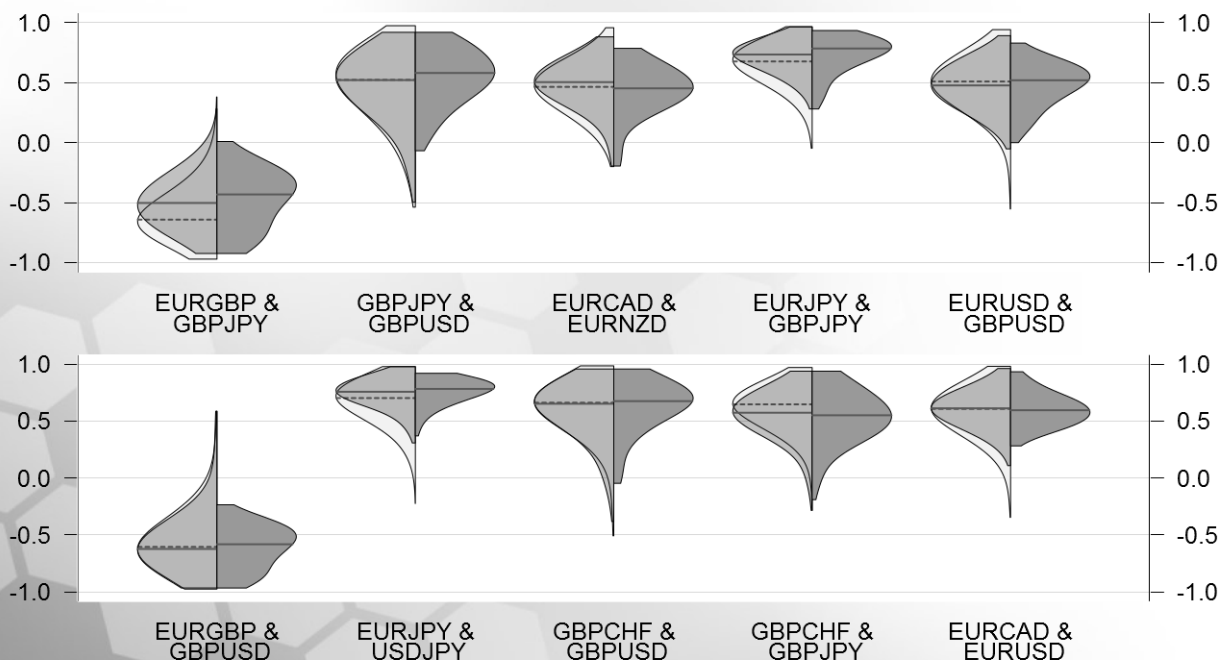
The Yen's numerous zigzagging as well as the Pound and the Euro sharing some moves during the period managed to affect the bonds between EUR/GBP and GBP/JPY, and EUR/JPY and GBP/JPY, with the former losing some points off its moderately negative median and the latter strengthening its positive bond.

GBP/JPY & GBP/USD also managed to lift its median, with this development attributable mostly to the Pound's strong moves on Tuesday and the Yen's and the Dollar's synchronism on Friday.

The median of the EUR/CAD & EUR/NZD bond declined from over to below 0.5 points, affected, among other factors, by the correlations changing signs and becoming negative following the Kiwi's upsurge on Thursday.

Meanwhile, some prominent momentary drops were also observed in the strength of the bonds of GBP/CHF & GBP/JPY and GBP/CHF & GBP/USD early Asia-Pacific Monday session. The former went as far as turning weakly negative from its usual moderately-positive state.

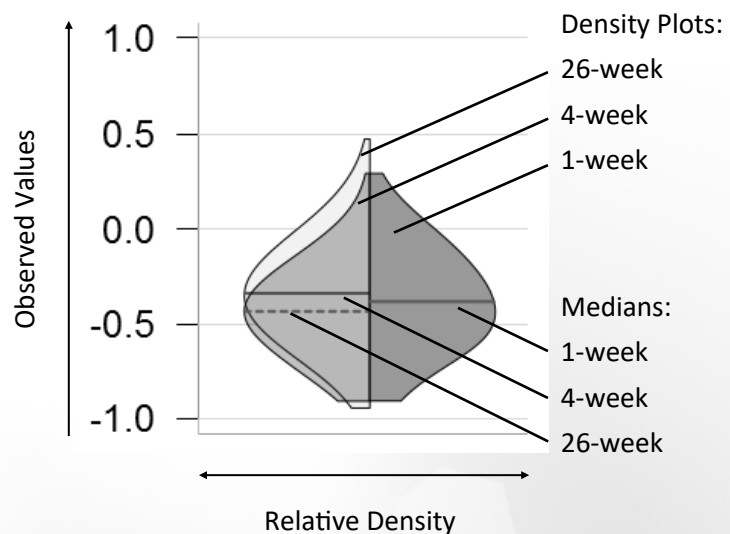
## Historical Correlations



# EXPLANATIONS

## Violin Plot

Violin Plot combines several rotated Kernel Density Plots for ease of comparison





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