Financial Risk Around Economic News Releases

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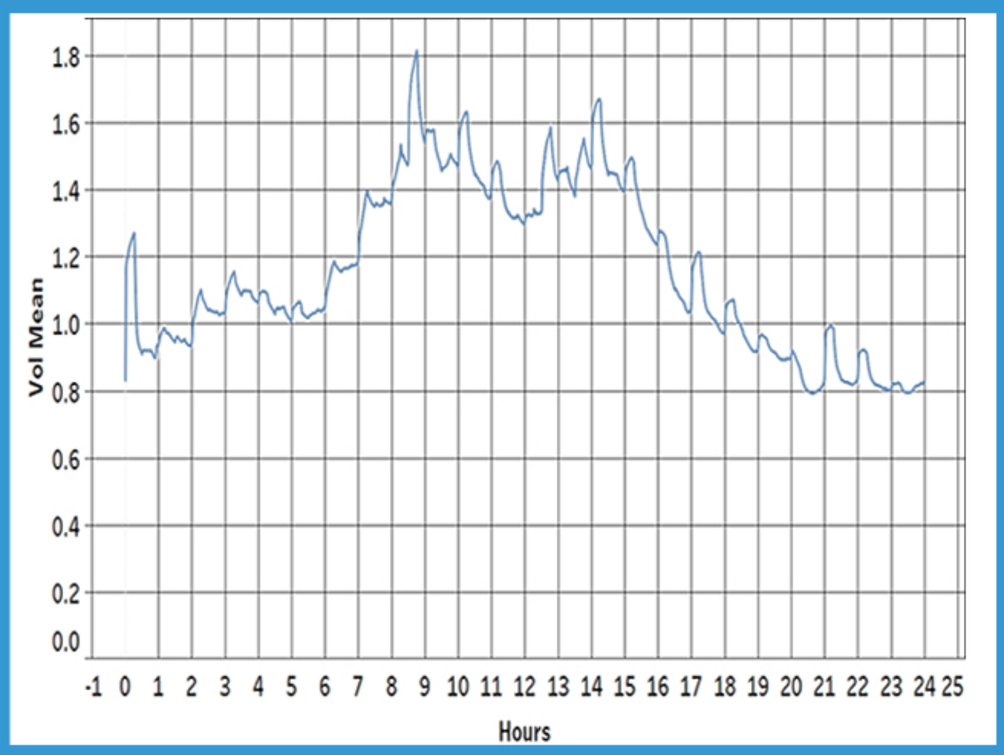
Average volatility throughout the day for EUR/USD

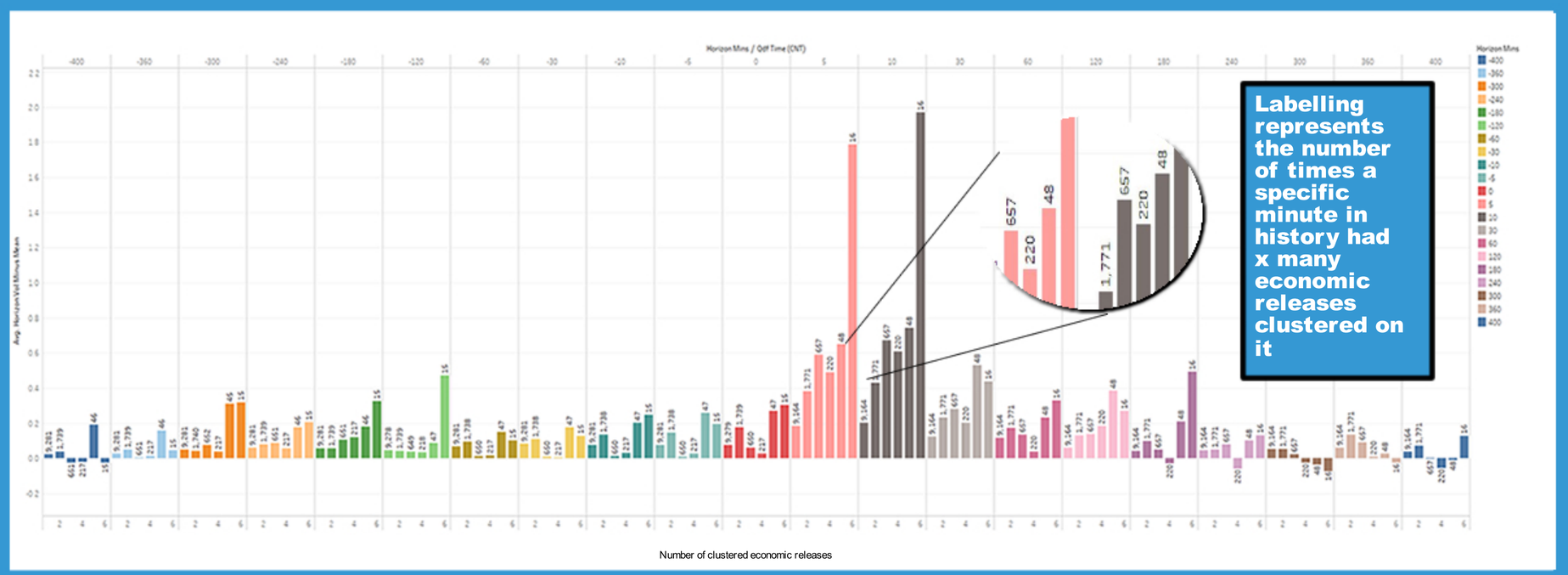


Average volatility 10 minutes after an economic release

The average volatility throughout history (7 years of data) is used to normalise the volatility around economic releases

Centred Eco Currency	Centred Eco Importance	Vol Symbol AUD/USD	EUR/JPY	EUR/USD	GBP/USD	NZD/USD	USD/CAD	USD/CHF	USD/JPY
AUD	HIGH	1.623	0.143	0.162	0.079	0.796	0.166	0.052	0.046
	MEDIUM	0.254	-0.049	0.014	-0.086	0.087	-0.024	-0.042	-0.040
	LOW	0.208	0.047	0.013	0.011	0.075	0.013	-0.024	0.207
CAD	HIGH	0.320	0.327	0.337	0.219	0.304	1.131	0.305	0.313
	MEDIUM	0.234	0.271	0.285	0.157	0.150	0.491	0.211	0.247
	LOW	0.162	0.133	0.174	0.066	0.097	0.223	0.138	0.178
CHF	HIGH	0.232	0.403	0.365	0.129	0.164	0.120	0.856	0.147
	MEDIUM	0.049	0.145	0.114	0.019	-0.017	0.015	0.185	0.032
	LOW	-0.115	-0.206	-0.045	-0.005	-0.210	-0.011	-0.133	-0.084
CNY	HIGH	0.908	0.397	0.359	0.227	0.629	0.205	0.301	0.202
	MEDIUM	0.819	0.411	0.366	0.173	0.647	0.244	0.311	0.187
	LOW	0.337	0.135	0.201	0.126	0.211	0.075	0.106	0.010
EUR	HIGH	0.337	0.890	0.861	0.281	0.306	0.191	0.574	0.261
	MEDIUM	0.101	0.222	0.247	0.101	0.038	0.031	0.173	0.046
	LOW	0.006	-0.002	0.108	0.061	-0.066	-0.005	0.026	-0.032
GBP	HIGH	0.145	0.163	0.242	1.046	0.099	0.076	0.176	0.077
	MEDIUM	0.059	0.107	0.174	0.407	0.048	0.055	0.109	0.045
	LOW	0.179	0.089	0.122	0.437	0.098	0.111	0.032	0.103
JPY	HIGH	0.042	0.875	0.094	0.008	-0.019	-0.044	0.081	0.950
	MEDIUM	0.105	0.159	0.006	-0.138	-0.026	-0.053	-0.001	0.227
	LOW	0.097	0.163	0.038	0.054	0.050	-0.047	-0.057	0.190
NZD	HIGH	0.642	0.160	0.100	-0.026	2.005	0.131	0.069	0.254
	MEDIUM	0.503	0.365	0.177	0.017	1.014	0.105	0.080	0.327
	LOW	0.461	0.204	0.183	0.086	0.548	0.113	0.110	0.236
USD	HIGH	0.788	0.925	0.830	0.530	0.715	0.596	0.831	0.976
	MEDIUM	0.323	0.361	0.347	0.195	0.242	0.242	0.321	0.353
	LOW	0.220	0.197	0.178	0.092	0.107	0.130	0.150	0.185

The effect of economic release clustering on EUR/USD volatility

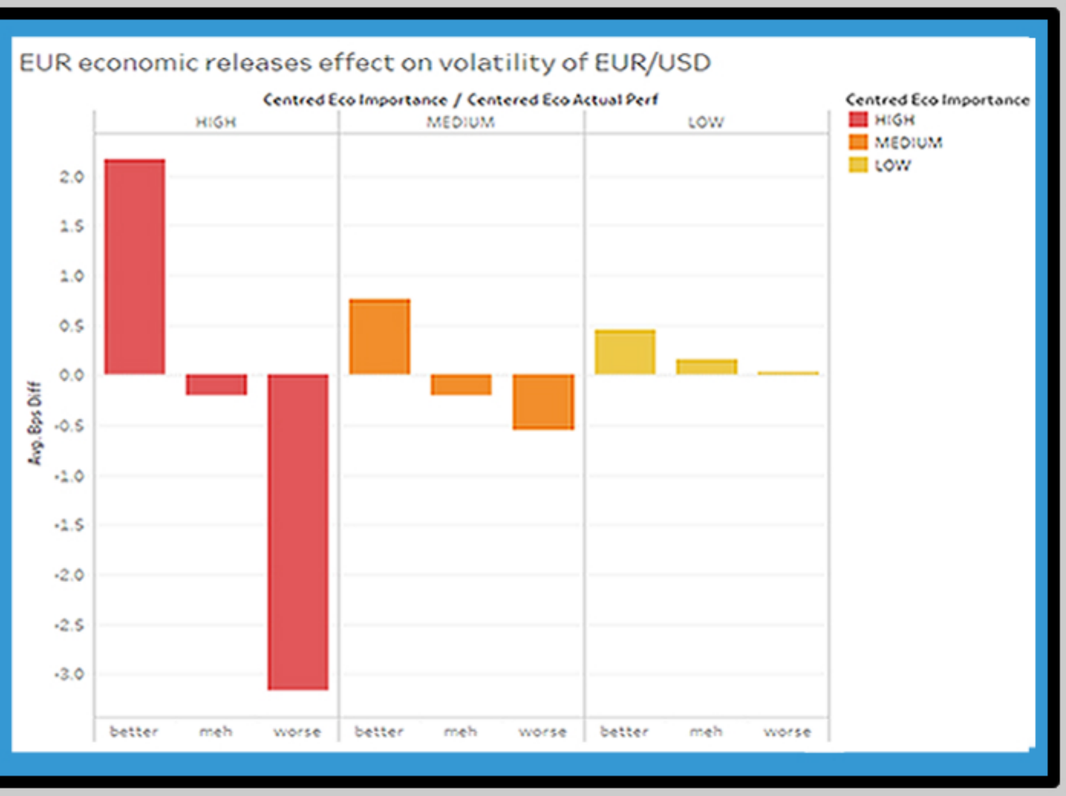


Labelling represents the number of times a specific minute in history had x many economic releases clustered on it

Can be seen that a greater number of economic releases clustered on the same minute result in greater price volatility

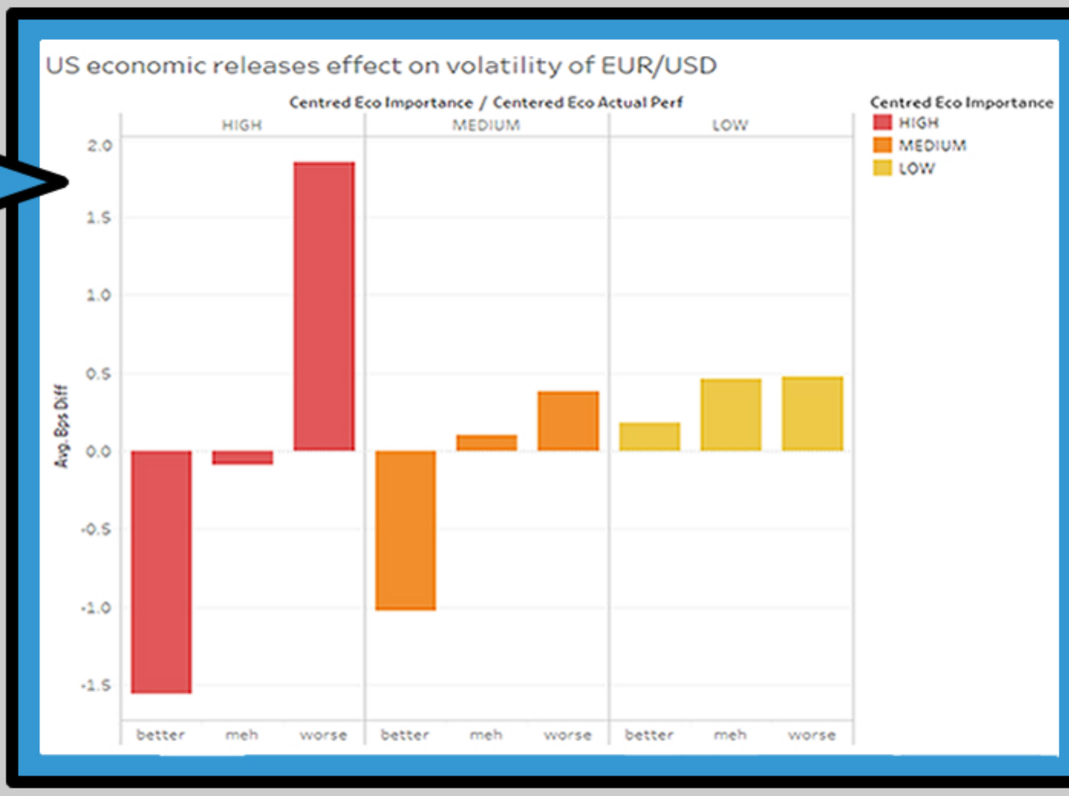
Volatility spikes 5 & 10 minutes after the releases before falling

The effect of EUR economic releases on price of EUR/USD



EUR releases effect EUR/USD price direction opposite to US releases for the same rating

The effect of US economic releases on price of EUR/USD



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SEPnet South East Physics Network