



EUR

26/09/2014



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

September 19

00:00 - 16:00

- Japanese All Industry Activity Index, Coincident Index, Leading Economic Index
- Canadian CPI
- CB Leading Indicator

Turquoise Area

September 22

08:00 - 16:00

- ECB President Speech
- U.S. Existing Home Sales

Blue Area

September 23

07:00 - 15:00

- German Markit Manufacturing and Services PMI
- Euro zone Markit PMI
- Canadian Retail Sales
- U.S. Housing Price Index, Markit Manufacturing PMI

Purple Area

September 24

07:00 - 15:30

- German IFO Survey
- SNB Quarterly Bulletin
- U.S. MBA Mortgage Applications, New Home Sales
- BoC Deputy Governor Speech

Orange Area

September 25

01:30 - 17:30

- RBA Governor Speech
- ECB President Speech
- U.S. Durable Goods Orders, Jobless Claims, Flash Markit PMI
- BoE Governor Speech

EUR Currency Index Range

0.46%

0.17%

0.28%

0.31%

0.27%

Average EUR Volatility Index

1.25

1.07

1.15

0.97

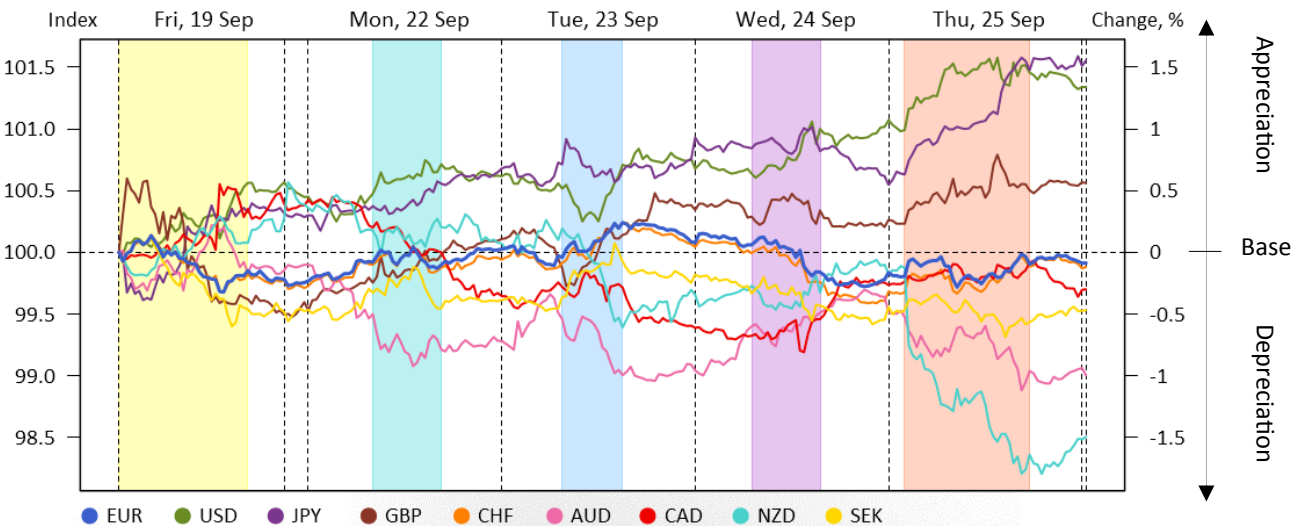
1.07



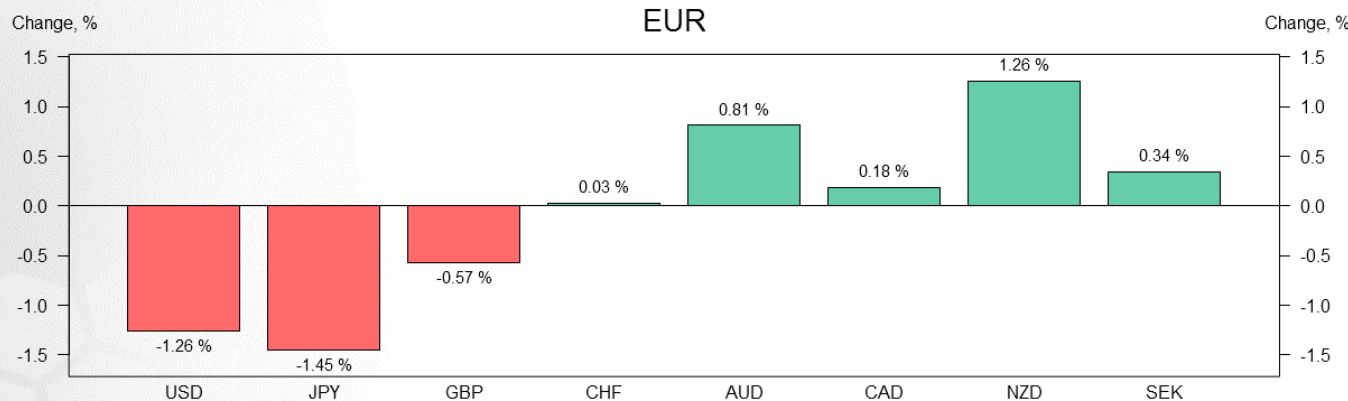
Relative Currency Strength

Currency Indices

Compared to the period ending on September 18, the EUR Index showed a similar result of close to no change over the five trading days, albeit spent considerably more time below the baseline. The index long-term changes remained unsettled, as monthly progress exceeded zero after the previous reading of -0.59 , while yearly decrease deepened from -0.01 to -0.67 . The Euro depreciated against three out of eight observed peers, most notably the dollar and the yen, which gained more than 1% over the single currency. The only currency to lose as much against the Euro was the Kiwi that tumbled down at the end of the period.



The EUR Index went through another period of abrupt, largely trendless movements that generally make it hard to single out fundamentals-related responses. Out of the Euro zone events, the ECB president's speeches were the ones to evoke the most pronounced reactions from the single currency. The EUR Index lost around 0.10% on Monday and 0.11% on Thursday as Mario Draghi expressed the ECB's readiness to employ "additional unconventional instruments" against risks of prolonged period of low inflation. Meanwhile, the strongest support for the EUR Index came from the non-Euro zone news, as the RBA governor's comments on measures to limit mortgage lending weakened the Pacific currencies and sent the single currency's index 0.12% up.



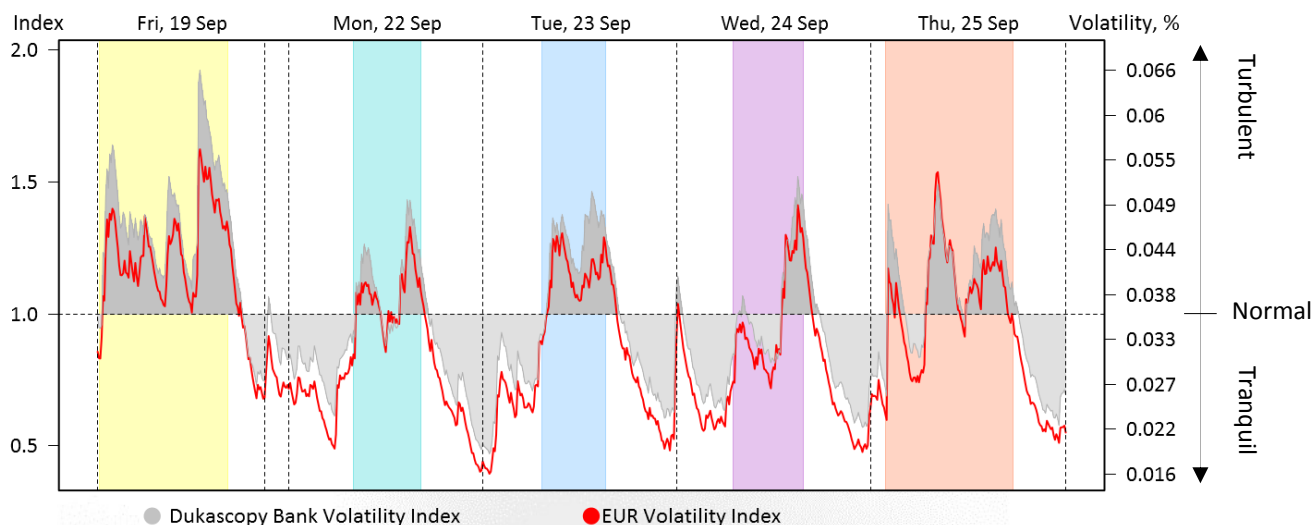
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.09%	1.34%	1.56%	0.56%	-0.12%	-1%	-0.3%	-1.5%	-0.47%
20	0.02%	3.68%	-1.54%	1.88%	-0.08%	-3.08%	1.18%	-2.14%	0.03%
130	-2.52%	5.84%	-1.08%	3.73%	-1.48%	0.15%	5.81%	-3.77%	-6.16%
250	-0.67%	5.89%	-5.27%	7.64%	1.42%	-1.22%	-2.42%	1.67%	-7.05%



Volatility

Volatility



With the turbulence of the previous week's events almost out of the sample, volatility notably subsided in the past period, and both peak highs and portions of overturbulence generally decreased. The Euro with its 39% of elevated volatility was the second calmest currency after the Swedish krona, and one of three currencies that ended up with their average volatility index values below one. In terms of volatility index levels, the past period was the most tranquil one for the single currency since late August.

The EUR Volatility Index spent almost the whole period below the turbulence gauge of the market, exceeding it only with the currency's dips against its peers during the ECB president's speeches. On all other occasions the Euro volatility measure followed the events from other regions and kept around 0.1 points below the market's index. September 19 was the most turbulent day of the period, with overall volatility fuelled first by the pound's rise on the Scottish independence referendum results, and later by the Canadian dollar's growth against the background of the country's inflation figures. The Loonie caused another volatility surge on Wednesday, when it plunged as the BoC deputy governor said the end of Fed's QE is likely to push the Canadian currency further down in the future.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
45	39	29	40	32	8	46	31	51	18

Volatility Index (for the observed period)

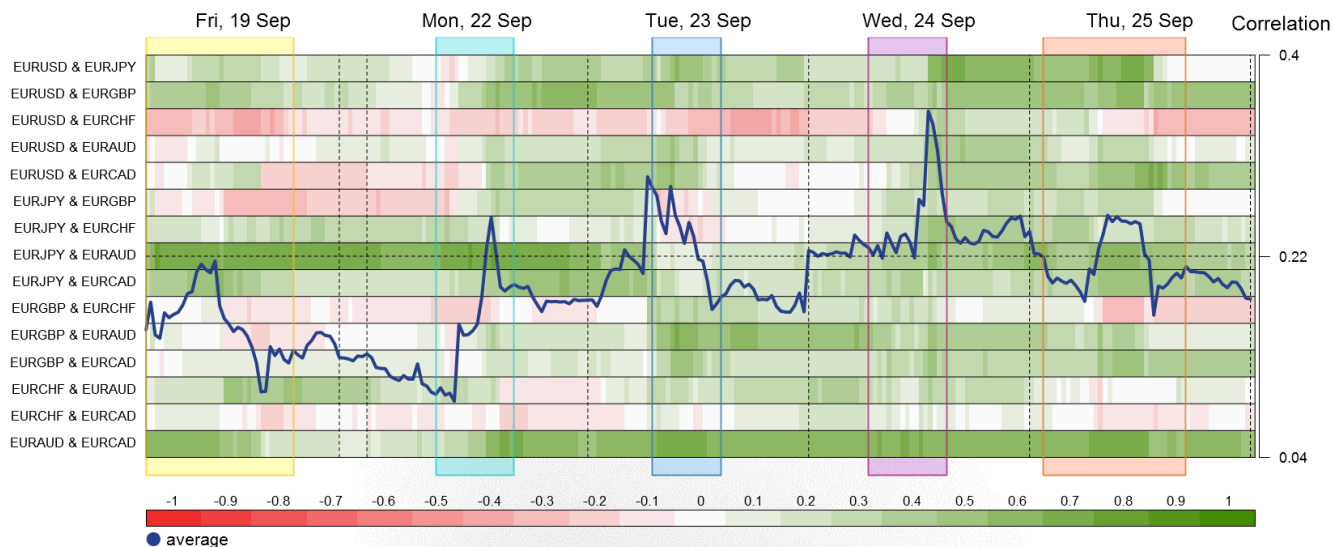
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.92	1.62	1.86	2.48	2.92	1.29	1.81	4.26	3.83	2.07
Min	0.47	0.39	0.22	0.35	0.16	0.31	0.33	0.33	0.47	0.16
Average	1	0.9	0.8	0.99	0.88	0.71	0.96	0.92	1.08	0.69



Currency Significance

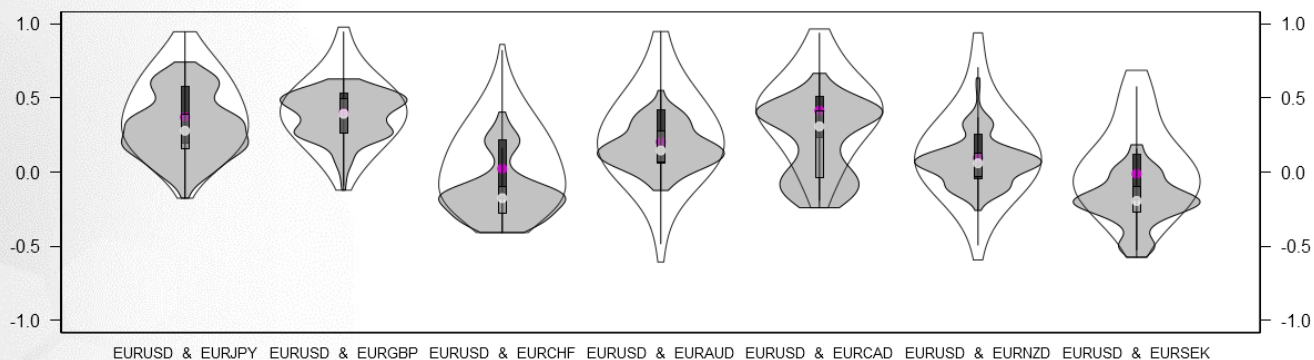
The single currency's significance measure spent the past five trading days on unusually weak levels. Holding around its average value of 0.19, the composite failed to exceed even the 0.35 points mark. Compared to the previous short-term readings, almost all Euro correlation components lowered their average values. The most noticeable drop occurred in the correlations with EUR/CAD. The Canadian CPI report has caused the rise of the CAD Index and, as a consequence, made the bond between EUR/USD and EUR/CAD negative. EUR/USD correlations with the Pacific currencies were the only ones to show some strengthening.

Correlations



The composite started the period continuing on the previous week's downtrend, and reduced to its minimal value of 0.09 points at the beginning of the new week. Mario Draghi's speech was the first incitement to the EUR measure, and on Monday afternoon the composite overpassed its average level and reached a 0.29 points mark. On September 23, ahead of the French, German and Euro zone Markit PMI releases the composite began to rise again. However, the largely disappointing results managed the average to decrease. The highest spike of the measure occurred on Wednesday, and was largely caused by the strengthening of the correlations with EUR/CAD and EUR/CHF.

Correlations (5 vs 20 days)

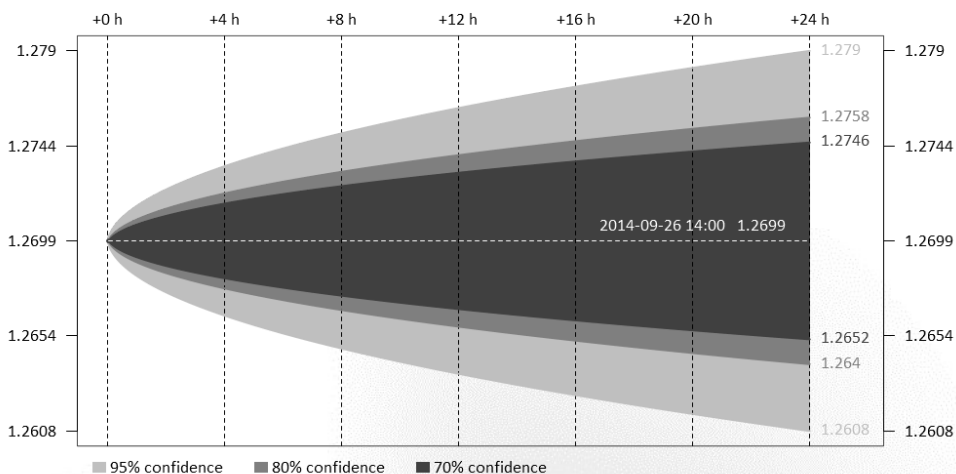


Mean Correlation Coefficient (with EURUSD)

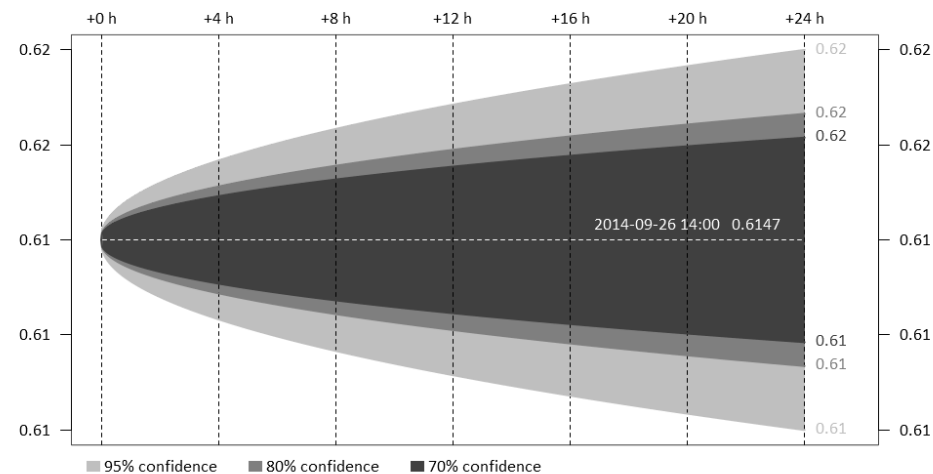
Days	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.3	0.38	-0.14	0.17	0.2	0.07	-0.2
20	0.39	0.4	0.04	0.23	0.39	0.12	0.01
130	0.5	0.54	-0.14	0.34	0.55	0.21	0.06
250	0.5	0.48	-0.11	0.33	0.56	0.25	0.06

Confidence Intervals for Next 24 Hours

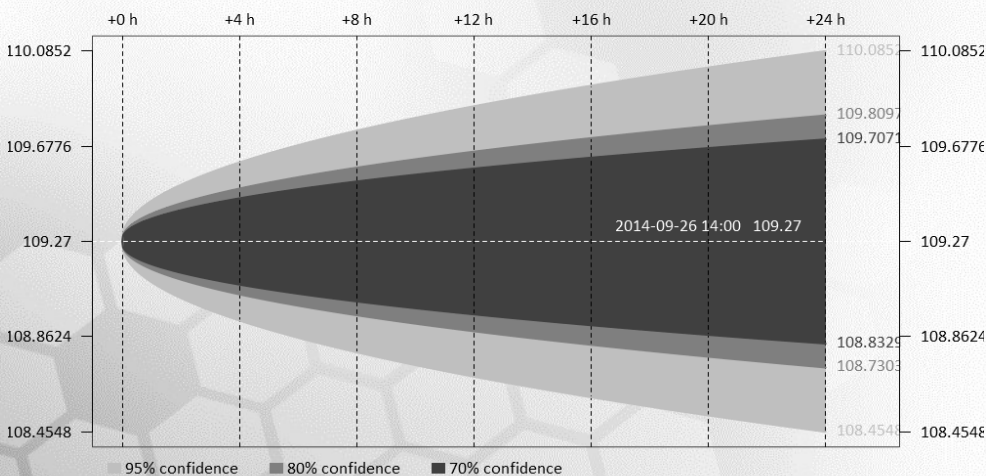
EURUSD Potential Rates



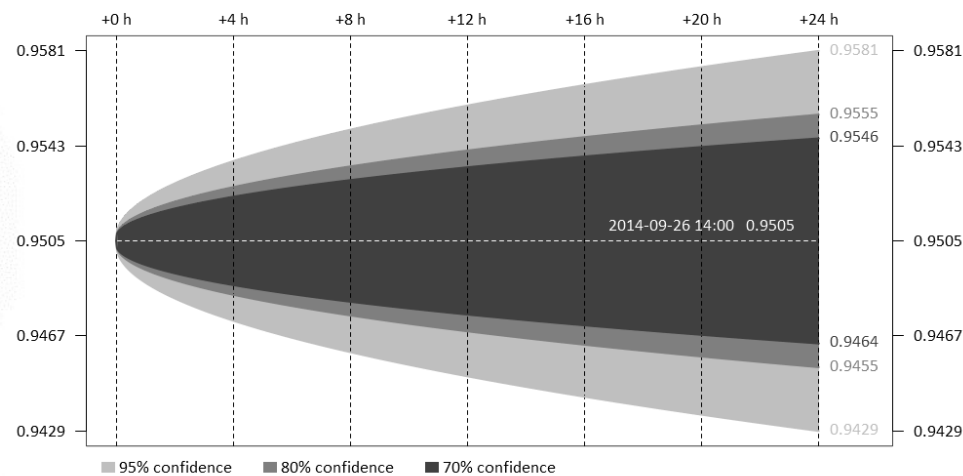
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

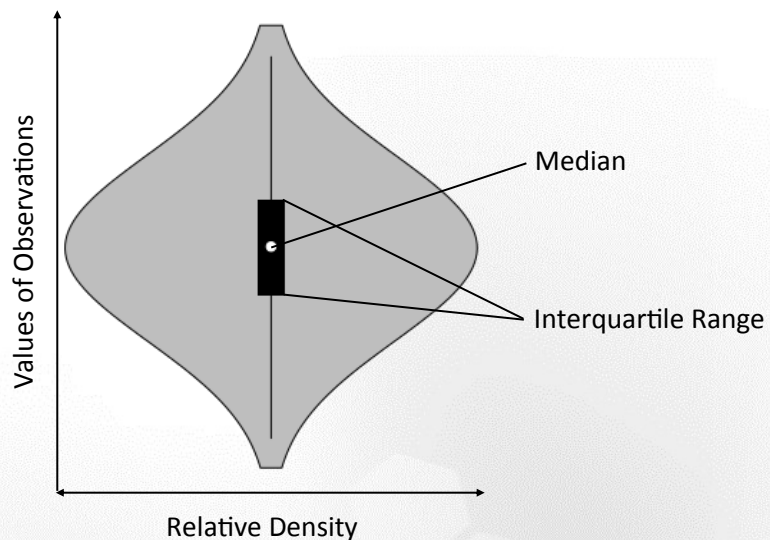
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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