



**EUR**

24/10/2014



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# Dominant Events of the Period

## Yellow Area

October 17

06:30 - 16:00

- German Buba President Speech
- Canadian CPI
- Fed Yellen Speech
- US Housing Starts, Building Permits, UoM Flash Consumer Sentiment

## Turquoise Area

October 21

06:30 - 15:30

- RBA Deputy Governor Speech
- US Existing Home Sales

## Blue Area

October 22

07:30 - 14:30

- BoE Minutes, Rate Vote
- US CPI
- Canadian Retail Sales, BoC Rate Statement, Monetary Policy Report

## Purple Area

October 23

06:00 - 14:00

- German and Euro Zone Flash Manufacturing, Services PMI
- UK Retail Sales
- US Jobless Claims, Housing Price Index, Flash Manufacturing PMI, CB Leading Indicator

EUR Currency Index Range

0.32%

0.58%

0.3%

0.26%

Max EUR Volatility Index

1.52

1.77

1.85

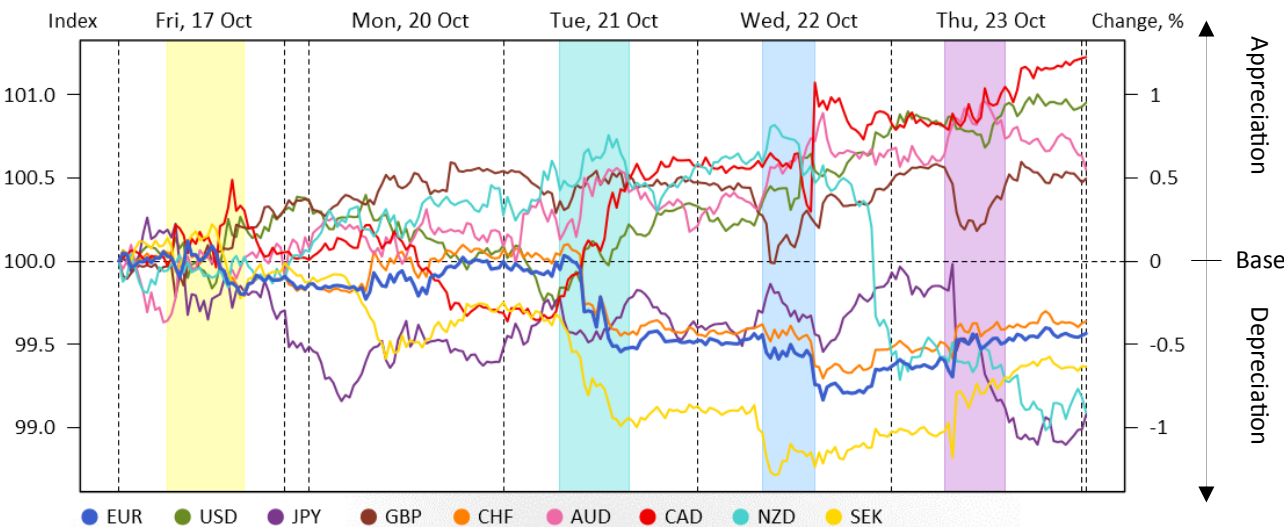
1.15



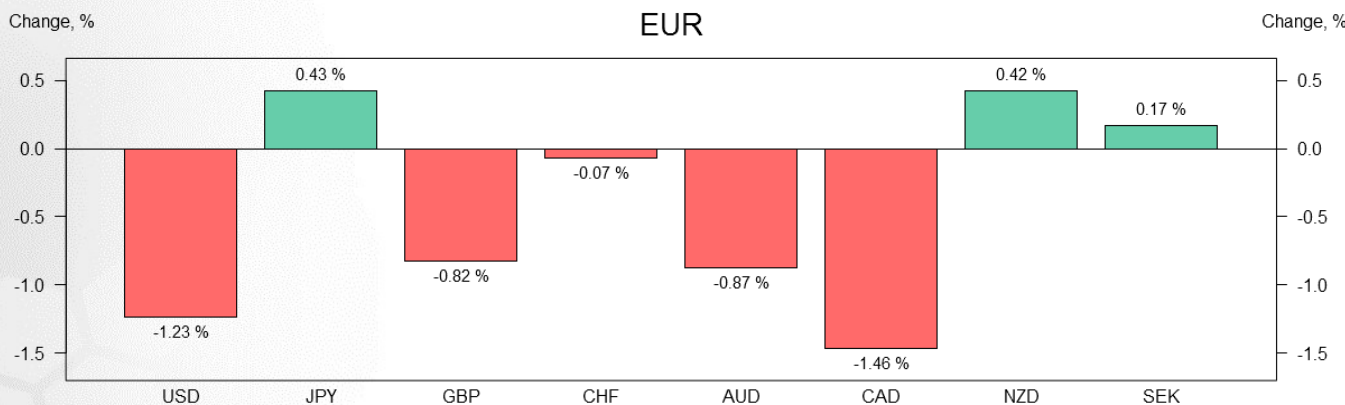
# Relative Currency Strength

Currency Indices

After holding above the baseline for the past two weeks, the EUR Index turned to weaken and ended the period with the greatest weekly loss since the beginning of October. In the long run, it came to be the second-worst performer, outpacing only the Swedish krona's gauge on the half-yearly and yearly basis. The Euro depreciated against five of its eight observed peers, losing more than 1% versus the Canadian and the US dollars, and over 0.8% against the Aussie and the pound. Meanwhile, its strongest growth, achieved in EUR/JPY and EUR/NZD pairs, barely exceeded 0.4%.



The EUR Index decline in the past period was not trendlike, but rather stepwise, as the gauge held virtually flat between its major dips. The first such change took place on Tuesday, when the index fell below 99.5 point mark on the speculation that the ECB might turn to purchasing corporate bonds as the next step in pumping money into the 18-nation economy. Afterwards, the Euro opened the next day's session with another dip against its peers, eating away additional 0.1 points off its index. Later the same day, the BoC's less dovish than expected MPR pushed the index 0.2 points down and below the 99.2 level. On Thursday, better-than-forecasted PMI numbers for Germany and the Euro zone won the index 0.2 points, and it finished the period close to 99.6 mark.



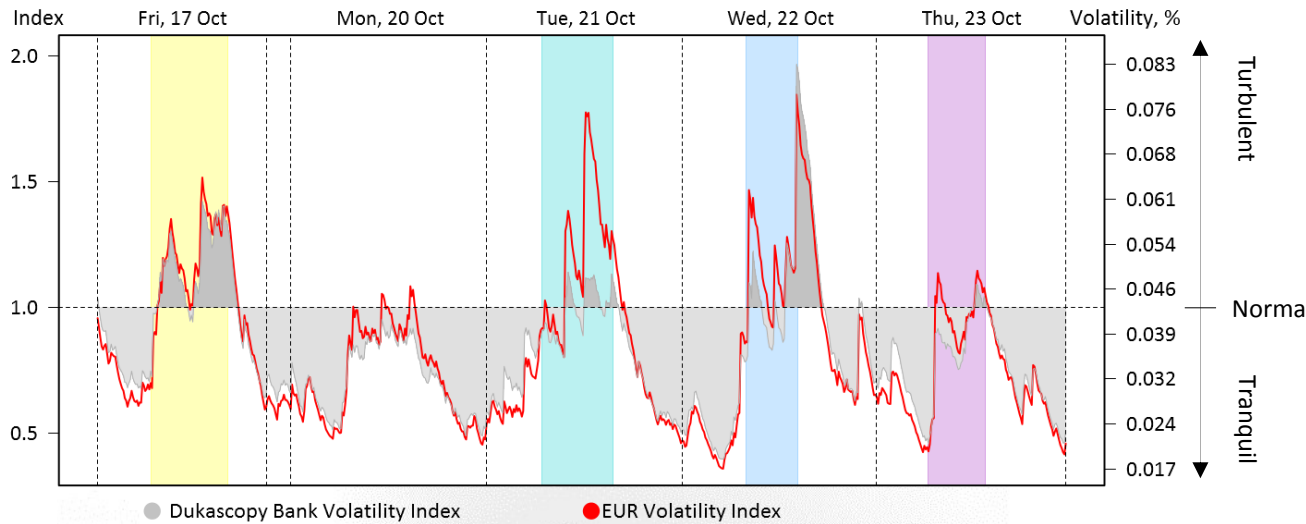
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.44%	0.95%	-0.92%	0.5%	-0.36%	0.55%	1.23%	-0.91%	-0.64%
20	-0.05%	0.85%	1.48%	-1.17%	0.01%	0.17%	-0.32%	-0.92%	0.01%
130	-3.31%	6.75%	0.53%	1.37%	-2.13%	0.28%	4.98%	-3.38%	-4.6%
250	-2.62%	5.3%	-1.04%	3.53%	-0.22%	1.11%	-1.2%	0.85%	-5.72%



# Volatility

## Volatility



In terms of elevated volatility portion the past period was the calmest one since mid-August, as the Euro became the second most turbulent currency with the gauge of only 25%. The levels of volatility indexes were also far from highest, and the single currency was in line with the majority of its observed peers in relation to both the maximum and the average values. EUR/CAD, EUR/GBP, and EUR/JPY posted the highest portions of elevated volatility, while the Loonie's cross brought its index to the greatest peak. EUR/CHF was the calmest pair, with its volatility reaching above its historical average for only 7% of time.

The EUR Volatility Index was mostly in line with the market's mood throughout the period, but did jump over it on several occasions. The first one was on the otherwise unremarkable Monday, when the Euro zigzagged after the disappointing current account surplus, and the single currency's volatility index peaked into the turbulent area while the market's gauge remained below the reference line. The Euro's downturns on Tuesday and Wednesday also brought the index up, and it stood towering 0.4-0.7 points over the market's turbulence measure. Thursday's recovery had a much more moderate swing, and the EUR Volatility Index reached only 0.2 points over that of the market.

### Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
19	25	23	33	34	7	25	34	18	27

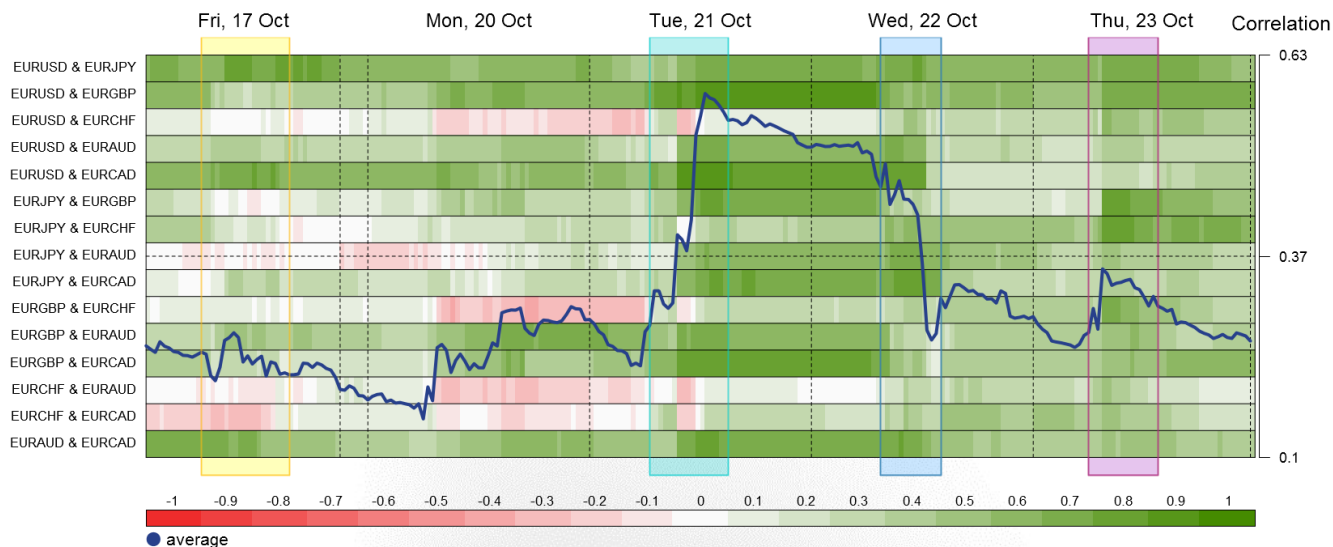
### Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.97	1.85	2.04	2.29	2.43	1.43	1.87	6.57	2.54	1.78
Min	0.4	0.36	0.23	0.33	0.28	0.22	0.39	0.29	0.34	0.1
Average	0.82	0.83	0.76	0.89	0.89	0.59	0.87	0.99	0.77	0.74



# Currency Significance

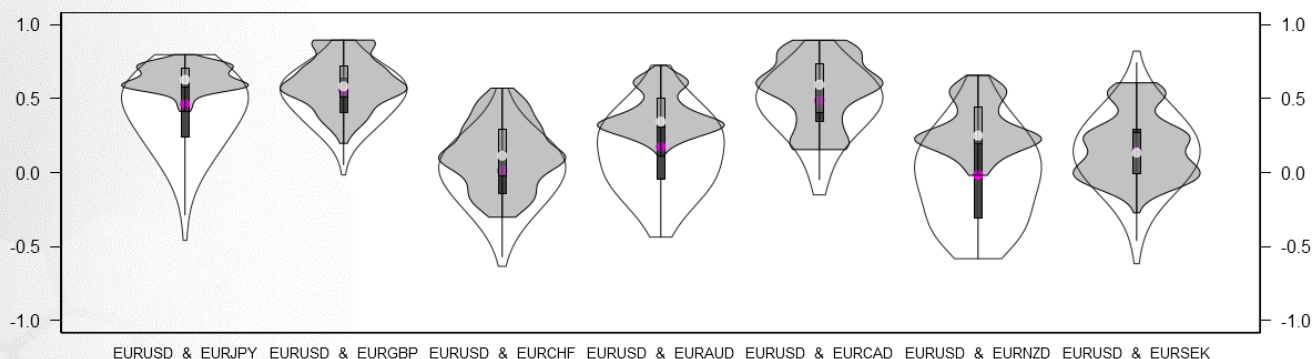
## Correlations



The Euro currency significance measure held below its counterparts for the most of the period, but managed to reach its highest value since the rate cut in early September. Consequently, the component averages spiked higher than their long-term equivalents, even as most of the distributions were not unusual. The tightest bonds were observed in the EUR/USD combinations with EUR/GBP, EUR/JPY, and EUR/CAD, while its average correlation with EUR/NZD came to be significantly positive for the first time since late June.

The uplift that took the Euro correlation composite to its maximum happened on Tuesday, and the measure went from posting the lowest values to being second-best. As the news about the ECB's next possible move went viral, the single currency's significance measure spiked to 0.6 points and held around the 0.5 mark for almost a day. Then the Canadian dollar took the spotlight, and the Euro composite went to waving between 0.2 and 0.3 points, slightly stronger than in the beginning of the period. Thursday ended with the Yen, the New Zealand dollar, and the Swedish krona composing the top-three most significant currencies, while the Euro's measure was second-weakest.

## Correlations (5 vs 20 days)

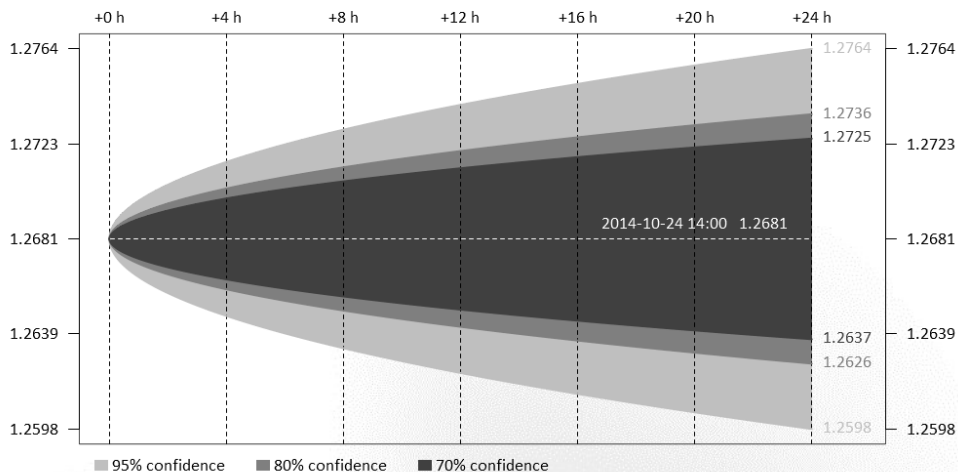


## Mean Correlation Coefficient (with EURUSD)

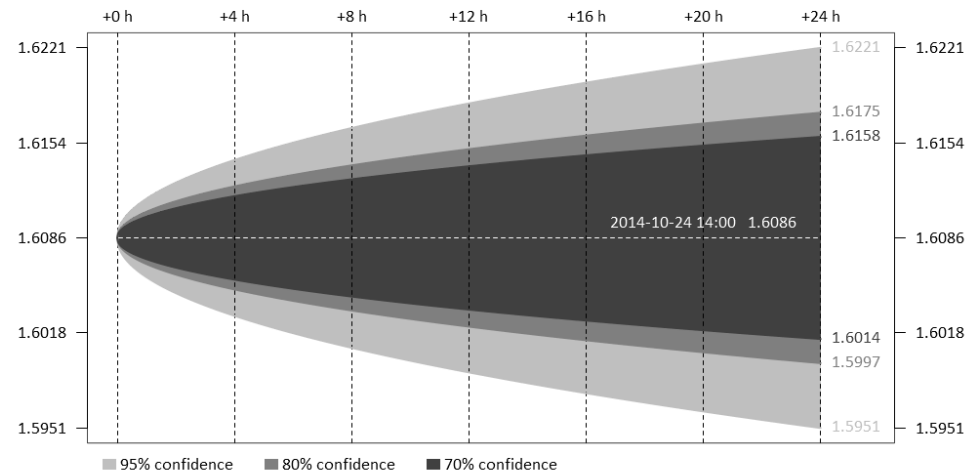
Days	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.63	0.61	0.12	0.4	0.55	0.3	0.17
20	0.41	0.53	0	0.14	0.46	-0.03	0.14
130	0.49	0.53	-0.13	0.3	0.54	0.16	0.08
250	0.49	0.5	-0.1	0.32	0.54	0.24	0.07

# Confidence Intervals for Next 24 Hours

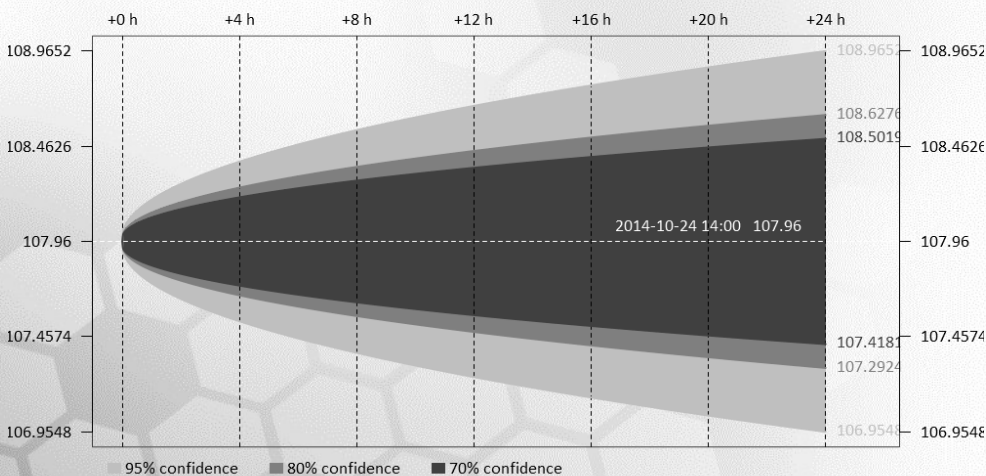
EURUSD Potential Rates



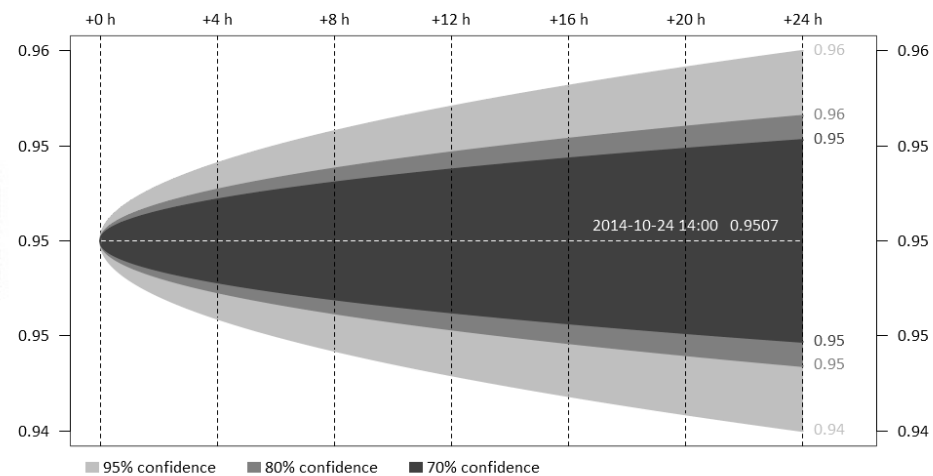
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



# EXPLANATIONS

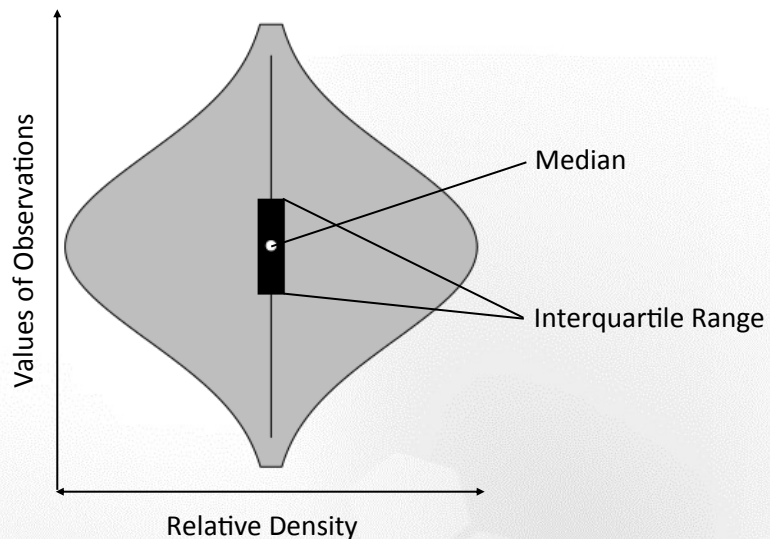
## Violin Plot

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

## Methodologies

Volatility Index

Confidence Interval





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