



**EUR**

14/11/2014



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# Dominant Events of the Period

## Yellow Area

November 7

02:30 - 18:30

- RBA Monetary Policy Statement
- Swiss Unemployment Rate; Retail Sales
- UK Trade Balance
- Canada's Unemployment Rate
- US Nonfarm Payrolls; Unemployment Rate

## Turquoise Area

November 10

06:00 - 19:00

- Australian Home Loans
- Canadian Housing Starts
- Japan's Trade Balance

## Blue Area

November 11

06:30-20:00

- Japan's Consumer Confidence
- RBNZ Financial Stability Report
- RBNZ Governor Wheeler's Speech
- Japan's Tertiary Industry Index

## Purple Area

November 12

05:00-22:30

- Claimant Count Change; Rate
- Euro zone's Industrial Production
- BOE Quarterly Inflation Report
- BOE Governor Carney's Speech
- Japanese Core Machinery Orders

## Orange Area

November 13

02:30-20:30

- RBA Assistant Governor Kent's Speech
- US Unemployment Claims
- Fed Chair Yellen's Speech

EUR Currency Index Range

0.22%

0.17%

0.2%

0.4%

0.39%

Max EUR Volatility Index

2.01

0.95

1.25

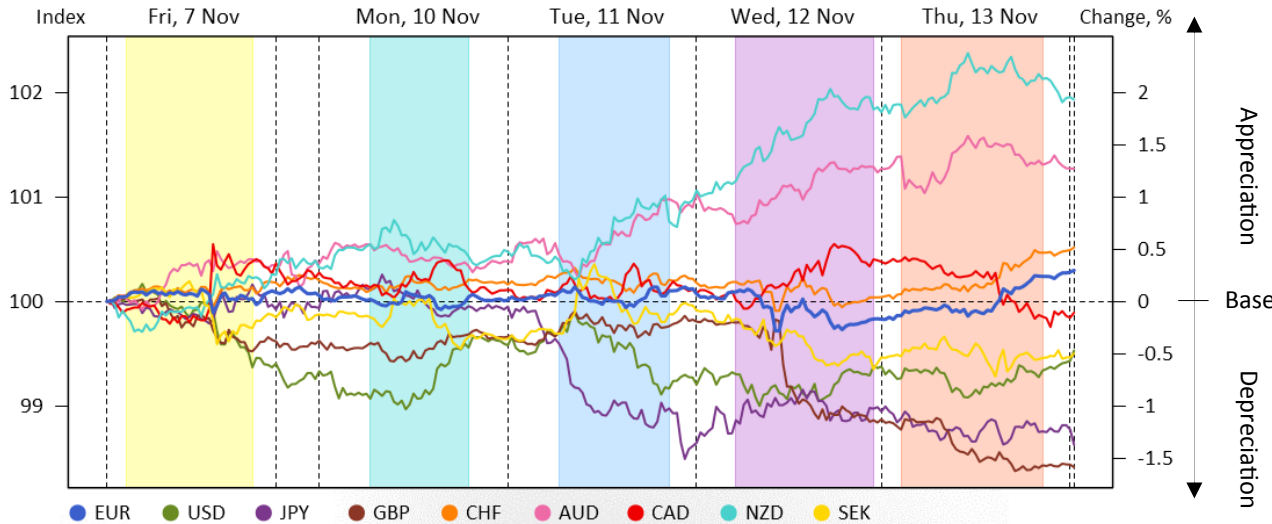
1.93

1.25



# Relative Currency Strength

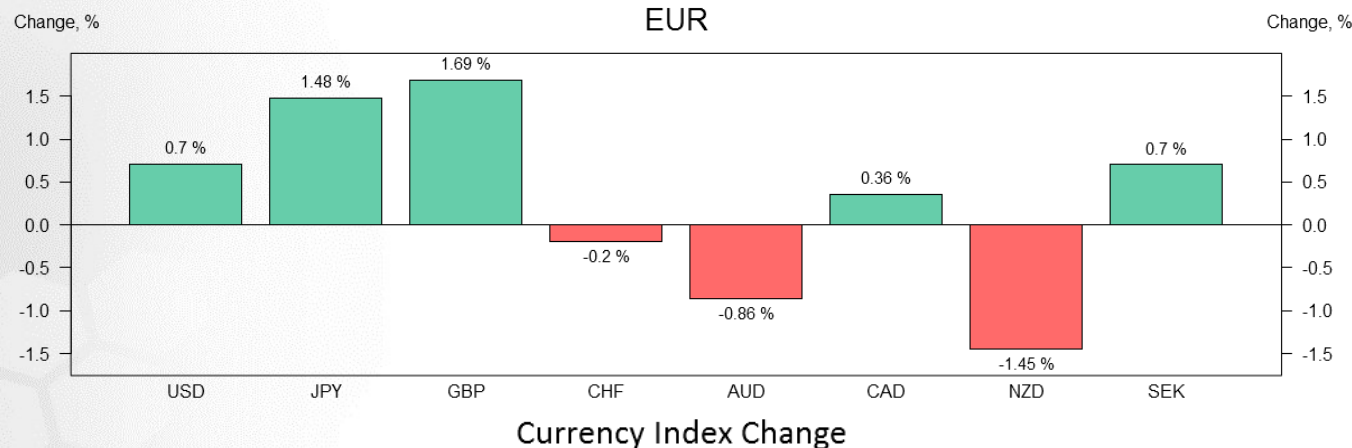
## Currency Indexes



Compared to the last week, when the Yen dropped staggering 3.5%, there is no currency that has lost more than 1.5%. The worst performing currencies have been the British Pound and once again the Japanese Yen that has lost 1.59% and 1.37%, respectively. However, most of the currencies (USD, SEK, CAD, EUR, CHF) did not fluctuate dramatically as they hovered in the range from -0.5% to 0.5%. Interestingly the Greenback has lost its bullishness and it has slipped 0.47% this week. The strongest performer was clearly the Kiwi by adding 1.93% as several positive data pushed the currency higher, with the Aussie following with 1.27% of gains.

While the Europe's shared currency has been very stable through the week and it was up 0.3% in the end of the period.

The main events that moved the market on Friday and Wednesday. On Friday the most awaited release was the US Nonfarm Payrolls that surprised the market to the downside, while the unemployment rate fell to 5.8%, which is the lowest in six years. Moreover, the Canadian unemployment was released better than expected and UK trade balance was slightly disappointing. Then for the next more or less important data the traders' had to wait until Wednesday, when the Claimant Count change, UK unemployment rate and inflation rate were released, these data sent the GBP lower.

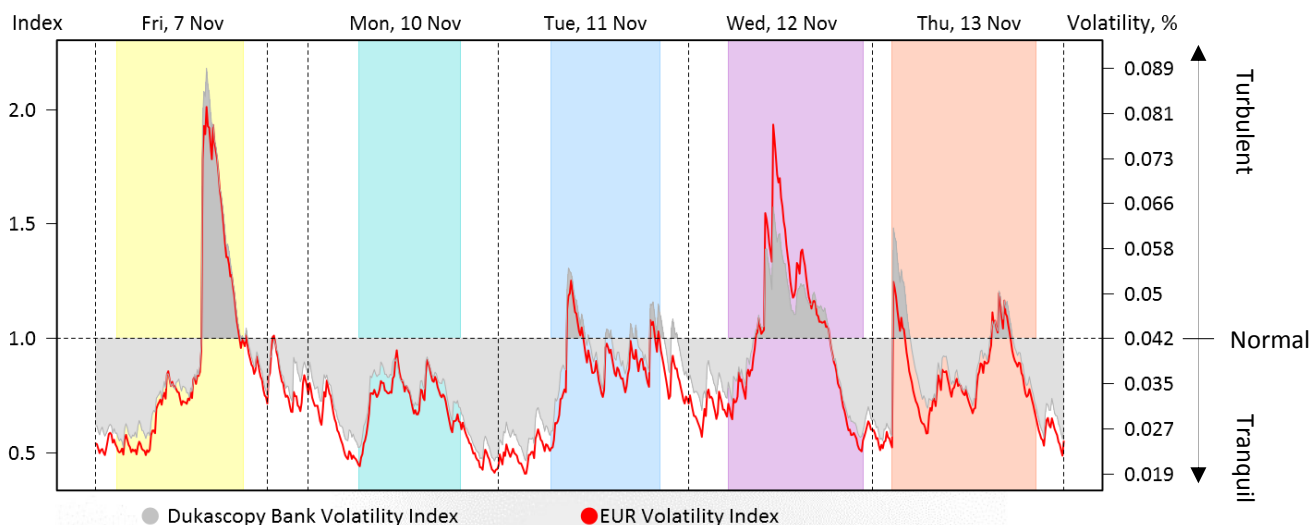


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.3%	-0.47%	-1.37%	-1.59%	0.52%	1.27%	-0.11%	1.93%	-0.5%
20	-0.14%	2.7%	-7.3%	0.05%	0.35%	2.24%	1.61%	1.8%	-1.56%
130	-1.78%	8.99%	-6.32%	1.2%	0.01%	0.73%	4.01%	-1.73%	-5.02%
250	-0.8%	8.1%	-9.62%	5.45%	2.01%	-0.4%	-1.65%	1.57%	-4.64%



# Volatility

## Volatility



This has been a tranquil week for the market with a lack of very important data released and also with a bank holiday due to the remembrance day and anniversary of the Armistice which ended the First World War. The most important releases were not associated with the 18-nation currency and that also resulted in such low volatility readings. Market's elevated volatility has dropped almost two times compared to the previous week, as it was at 22% in the period. Nevertheless, the highest level of volatility was reached on Friday and Wednesday. The leader in elevated volatility was EUR/CHF that reacted to the release of unemployment rate.

Friday's spike took shape because of the US monthly employment data that is one of the most important releases through the month, while Wednesday's was due to the releases of UK Claimant Count change, UK unemployment rate and UK inflation rate.

For the second week straight the biggest volatility was witnessed in the EUR/GBP cross, which reached 5.46% on Wednesday at the moment when the BOE Governor Mark Carney delivered a speech. However, on average the leaders were both previously mentioned pairs— EUR/GBP and EUR/CHF. Also, EUR/CAD couple stood out by reaching the 4.93% level on Friday, after the release of nation's employment data.

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

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	22	17	24	27	25	32	14	19	15	29

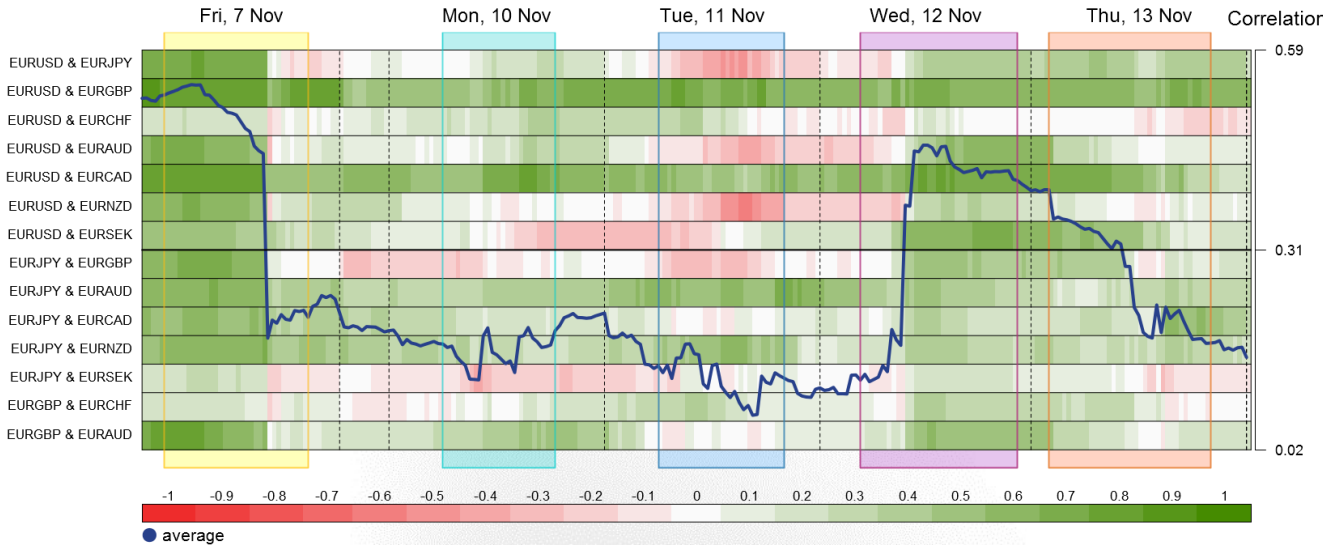
### Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	2.18	2.01	2.35	1.97	5.46	2.79	3.27	4.93	1.88	3.64
Min	0.47	0.41	0.26	0.29	0.27	0.36	0.32	0.25	0.32	0.17
Average	0.86	0.81	0.83	0.86	0.9	0.93	0.77	0.75	0.77	0.77



# Currency Significance

Correlations

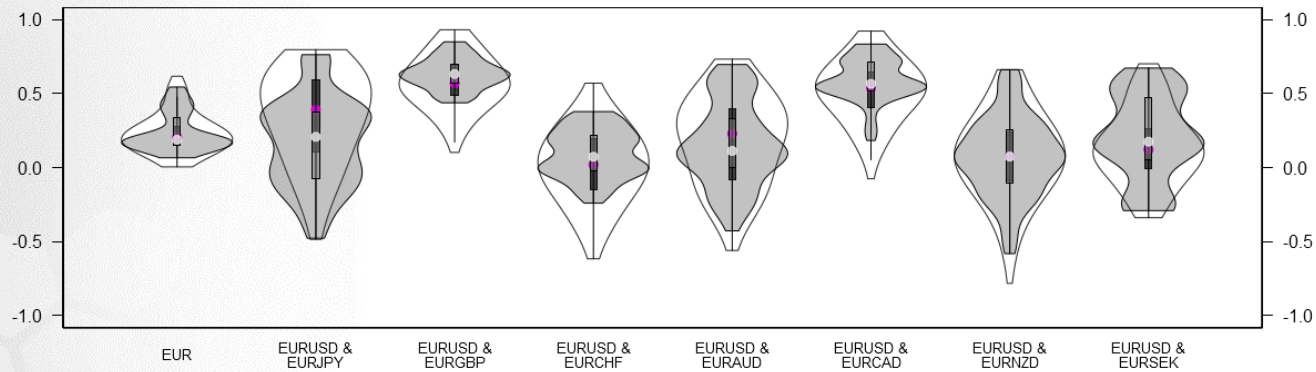


Judging from the average correlation coefficient that shows the overall significance of a currency in the market, the most part of the five-day period the shared currency was far from being the main driver. On Friday the coefficient was above the 50% mark for the only time through the week, when the US jobs data boosted the gauge. The next two days the indicator mostly fluctuated between 0.25 and 0.1, exhibiting no sensitivity to any of the economic releases whatsoever. On Wednesday the average correlation almost reached the 50% mark, when

many data from UK were released and also the Euro zone's industrial production that was in line with the expectations. On the last day of the period some of the pair's demonstrated comparably high correlation; however, the average index fell to the levels seen on Monday and Tuesday. The strongest correlations were between EUR/USD and EUR/GBP; EUR/USD and EUR/CAD reaching 0.63 and 0.59 levels, respectively.

All in all, after the correlations seen on Friday, the Euro/Dollar pair failed to reach these levels again and; therefore, the gauge was rather low.

Correlations (5 vs 20 days)

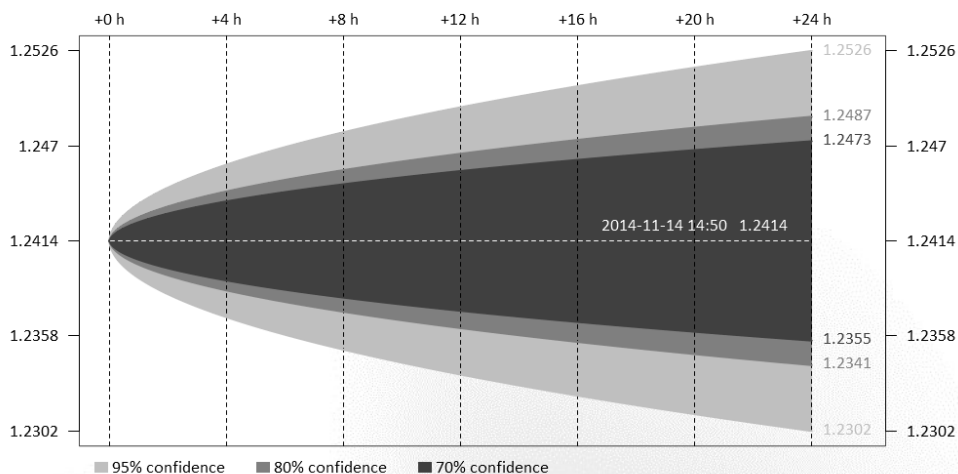


Mean Correlation Coefficient (with EURUSD)

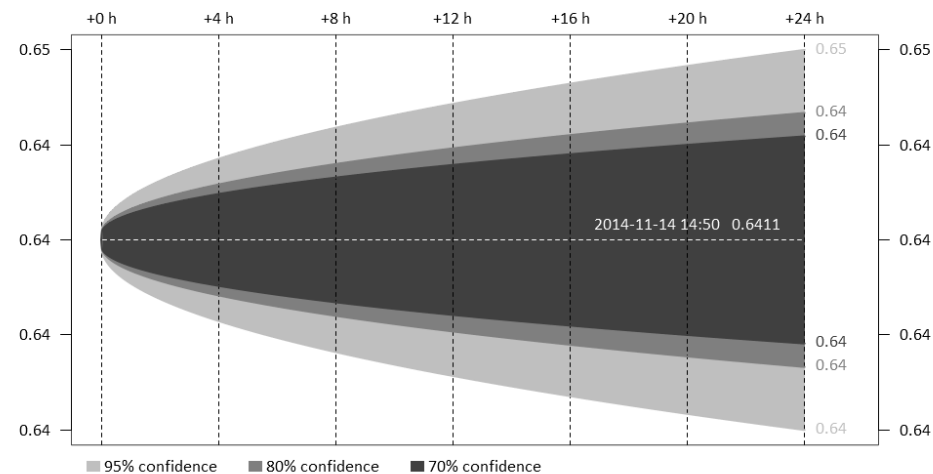
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.24	0.16	0.63	0.09	0.15	0.59	0.07	0.21
20	0.23	0.34	0.58	0.01	0.18	0.52	0.08	0.14
130	0.24	0.46	0.53	-0.11	0.26	0.52	0.13	0.08
250	0.24	0.48	0.5	-0.1	0.31	0.54	0.22	0.07

# Confidence Intervals for Next 24 Hours

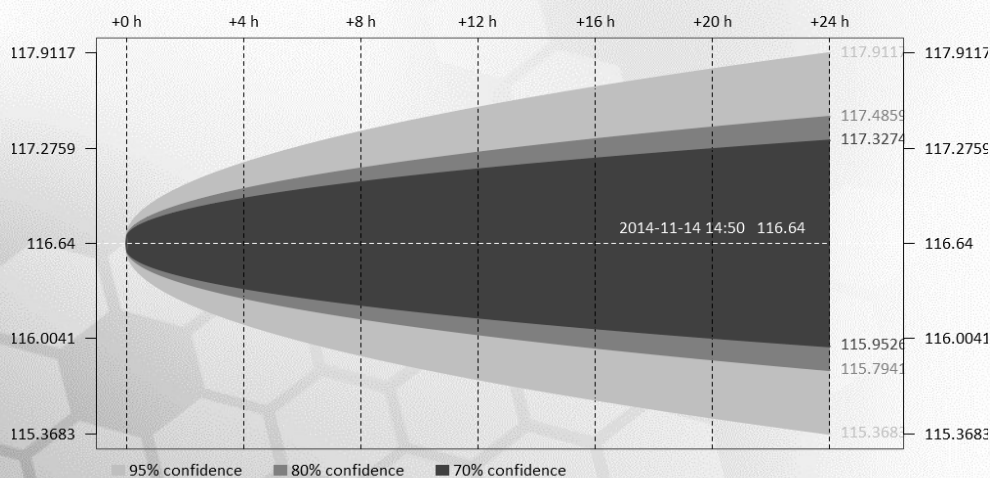
EURUSD Potential Rates



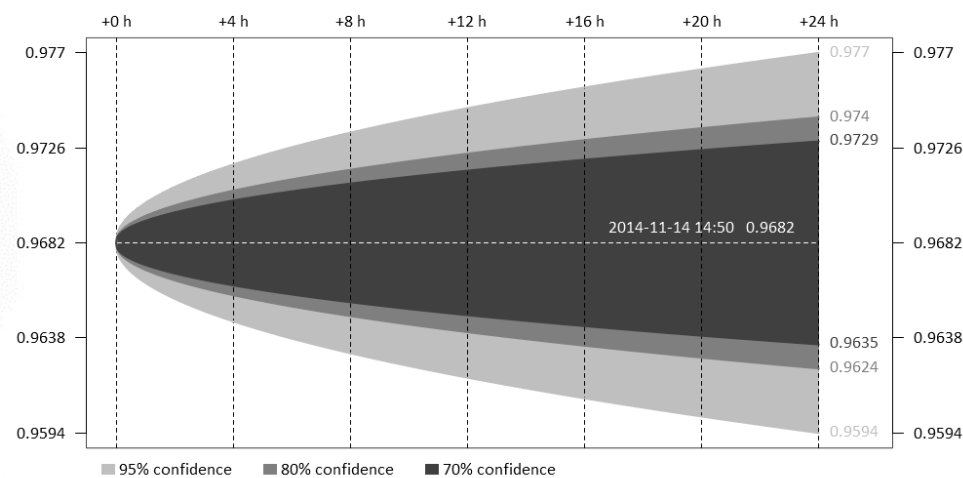
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



# EXPLANATIONS

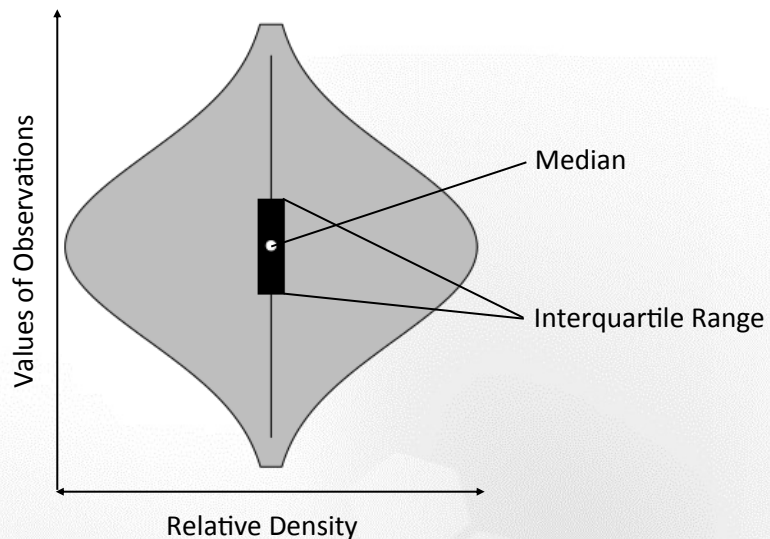
## Violin Plot

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

## Methodologies

Volatility Index

Confidence Interval





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