



**EUR**

21/11/2014



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# Dominant Events of the Period

Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
November 14	November 17	November 18	November 19	November 20
04:00 - 18:30	07:30 - 15:00	05:00-12:30	05:00-17:30	07:00-21:30
<ul style="list-style-type: none"> <li>French Prelim GDP</li> <li>German Prelim GDP</li> <li>Euro zone Final CPI and Flash GDP</li> <li>Canadian Manufacturing Sales</li> <li>US Retail Sales</li> <li>US Reuters/Michigan Consumer Sentiment Index</li> </ul>	<ul style="list-style-type: none"> <li>German Buba Monthly Report</li> <li>ECB President Draghi Speech</li> <li>US Industrial Production</li> </ul>	<ul style="list-style-type: none"> <li>RBA Meeting's Minutes</li> <li>RBA Governor Stevens Speech</li> <li>UK CPI</li> <li>German ZEW, ZEW Economic Sentiment</li> <li>US PPI</li> <li>New Zealand GDT Price Index</li> </ul>	<ul style="list-style-type: none"> <li>BoJ Monetary Policy Statement</li> <li>BoJ Press Conference</li> <li>UK MPC Official Bank Rate Votes</li> <li>US Building Permits</li> <li>US FOMC Meeting Minutes</li> <li>New Zealand PPI Input</li> </ul>	<ul style="list-style-type: none"> <li>Swiss Trade Balance</li> <li>French Flash Manufacturing PMI</li> <li>German Flash Manufacturing PMI</li> <li>Euro zone Flash Manufacturing PMI</li> <li>UK Retail Sales</li> <li>US CPI, Unemployment Claims</li> </ul>

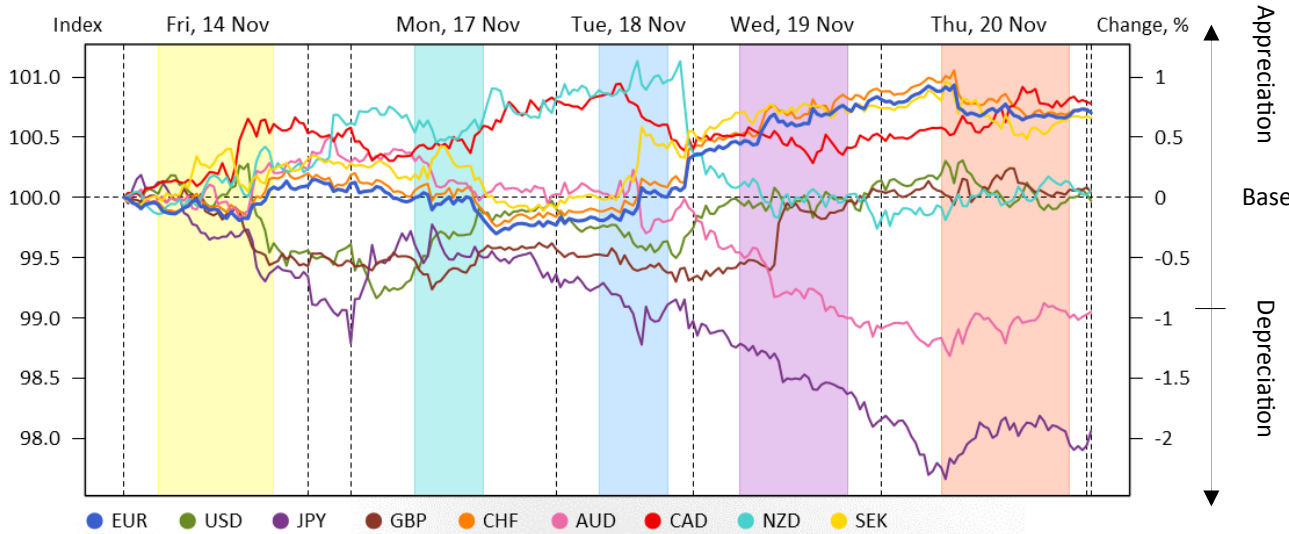
EUR Currency Index Range	0.28%	0.22%	0.27%	0.33%	0.29%
Max EUR Volatility Index	1.48	1.32	1.48	1.12	1.68





# Relative Currency Strength

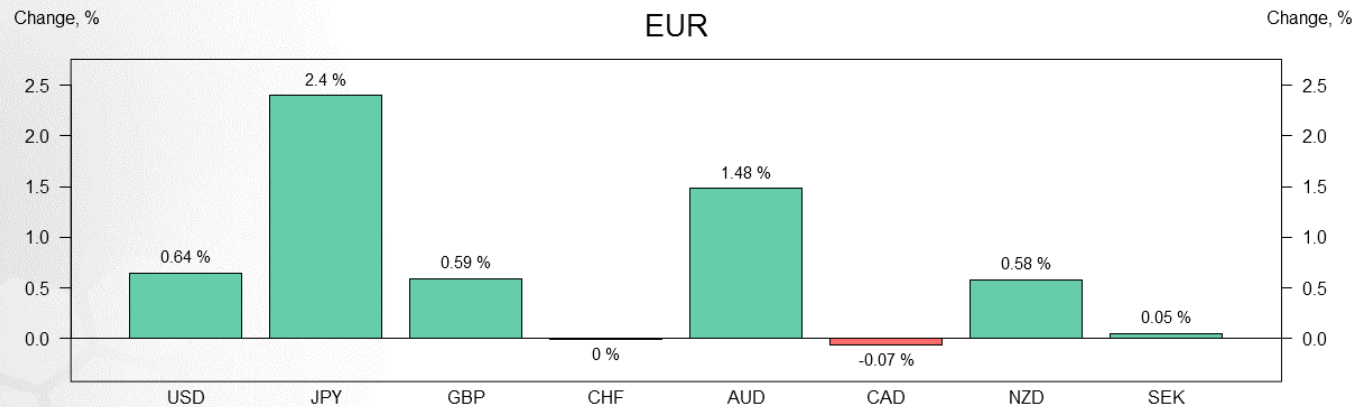
Currency Indexes



This has been a very strong period for the Euro, as the currency gained 0.7% and was among the best performers with the Canadian Dollar, Swedish currency and Swiss Franc. While a clear leader in the negative sense was the Japanese Yen that continued to underperform against all of the currencies for the third straight week, it lost around 2% of its value. Also the Australian Dollar declined, while all the other currencies not mentioned was little changed in the five-day period. However, there are no currencies that performed very well, as none of the majors rose more than 1%, while in the last time of writing two currencies surpassed the level.

This week was saturated with important events; although, the most impact to the market was caused by the BoJ, when they announced that sales tax hike will be delayed for 18 months on Wednesday. Concentrating more to the Euro zone, multiple important economic events and releases took part—French and German Prelim GDP, Euro area’s final CPI, Draghi’s speech, German ZEW sentiment, French and German flash manufacturing PMI.

Disappointing figures at the beginning of the period did not favor the 18-nation currency; however, starting from Tuesday, when German ZEW economic sentiment surprised to the upside, the common currency started its advance against other majors.



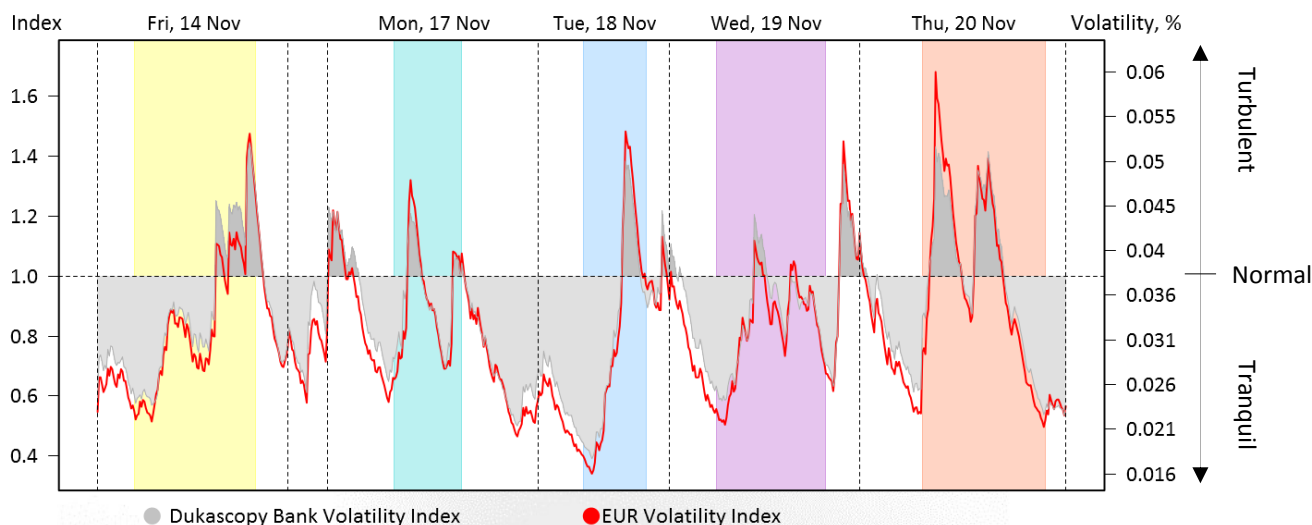
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.7%	-0.03%	-1.94%	0.04%	0.71%	-0.95%	0.78%	0.06%	0.66%
20	1.04%	1.84%	-8.07%	-0.43%	1.44%	0.2%	1.21%	2.6%	-0.09%
130	-1.03%	8.58%	-8.54%	0.42%	0.74%	0.86%	4.69%	-1.11%	-4.4%
250	-0.02%	7.65%	-10.79%	4.79%	2.71%	-1.12%	-1.12%	2.06%	-4.15%



# Volatility

## Volatility



Even though there were many important economic data releases through week in the Euro zone, some of the attention was lured away by other more important announcements or data. Nonetheless, in each day at least for some time the volatility index surpassed the normal level. Market's elevated volatility increased to 26%, after 22% in the previous period, while Euro's elevated volatility reached 23%, after last week's drop to 17%. The EUR/CHF cross was the most tranquil with elevated volatility reading only at 8%, which is considerably lower compared to past week's 32%, when it was the highest level among all the currency pairs.

However, the most turbulent currency couple was EUR/JPY, which jumped in value, after the BoJ announced that they are delaying the sales tax hike for 18 months. Traditionally, EUR/USD was also among the most volatile currencies; although, it reached only 30% mark.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
	26	30	40	29	8	22	26	17	12

The average values for the volatility index were above the ones seen in the previous time of writing; however, this time there was no major spikes. The highest level was reached by EUR/GBP (2.98), after the release of UK retail sales that rebounded and were better than expected. Moreover, despite the EUR/JPY cross appreciated significantly, the average volatility index remained slightly below the 1 mark.

Volatility Index (for the observed period)

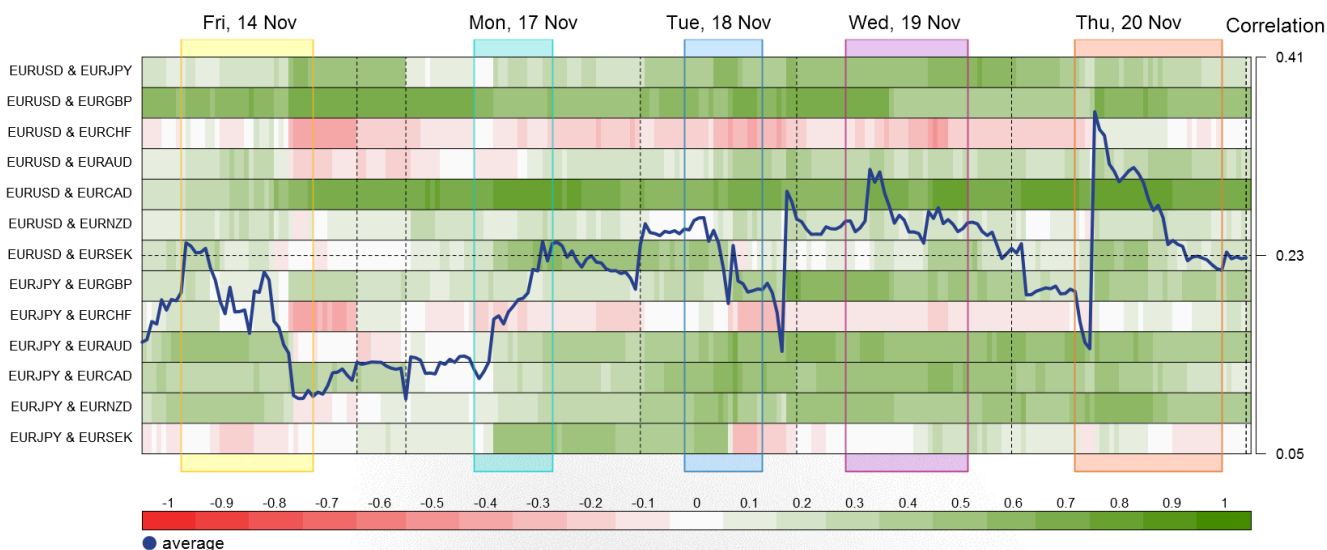
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.44	1.68	2.6	2.27	2.98	2.22	2.19	2.22	2.11	2.02
Min	0.39	0.34	0.25	0.44	0.17	0.21	0.39	0.2	0.38	0.13
Average	0.86	0.82	0.89	0.96	0.86	0.64	0.85	0.83	0.8	0.62





# Currency Significance

Correlations

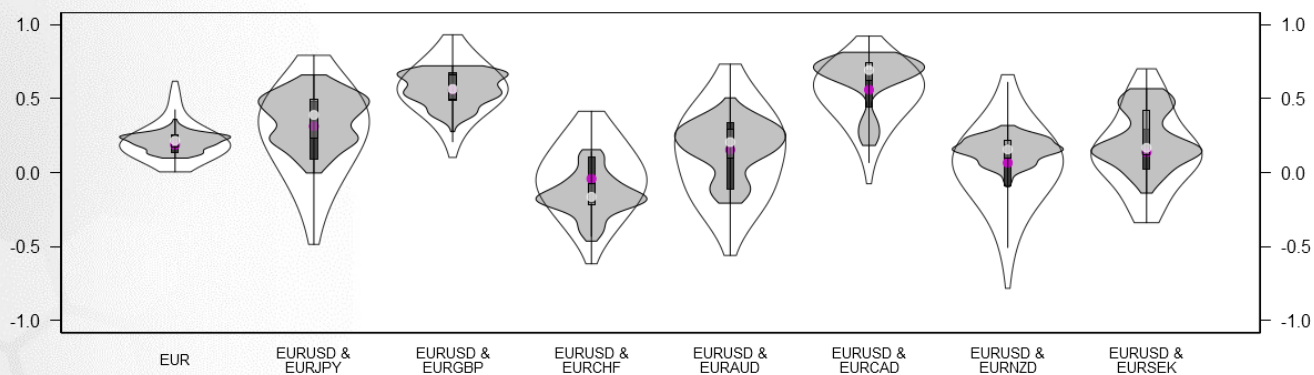


The Euro significance measure picked up pace through the week, after ending below 0.20 level in the previous period. At the same time, mostly there were nor negative, nor positive correlations between Euro pair's. The highest level was reached at the first part of Thursday, after the releases of French, German and Euro zone flash manufacturing PMIs that disappointed the Euro bulls. Although, the Euro significance gauge did not manage to hold above the 0.3 mark. Nonetheless, for most of the time through the period the measure was around 0.23.

The highest correlation was between EUR/USD and EUR/CAD; however, that is rather common happening in the market, because of the fact that data from US and Canada are often release simultaneously.

Mean correlation coefficient has dipped as well, mainly because of almost none existing correlations at the beginning of the period. Previously mentioned EUR/CAD reached 0.63 against EUR/USD, which is 0.09 higher than in the last month on average. The correlation between EUR/USD and EUR/GBP also increased to above the longer-term averages. The rich by the news Thursday made the composite to oscillate around the 0.35 level.

Correlations (5 vs 20 days)

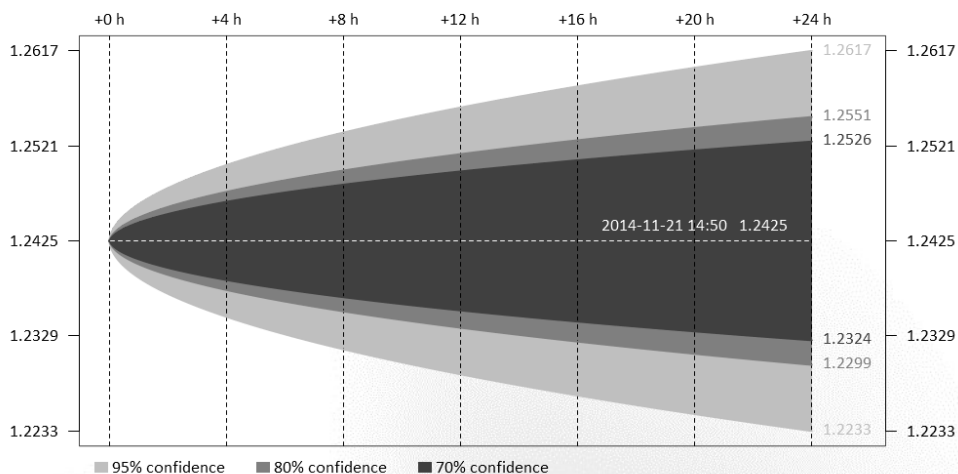


Mean Correlation Coefficient (with EURUSD)

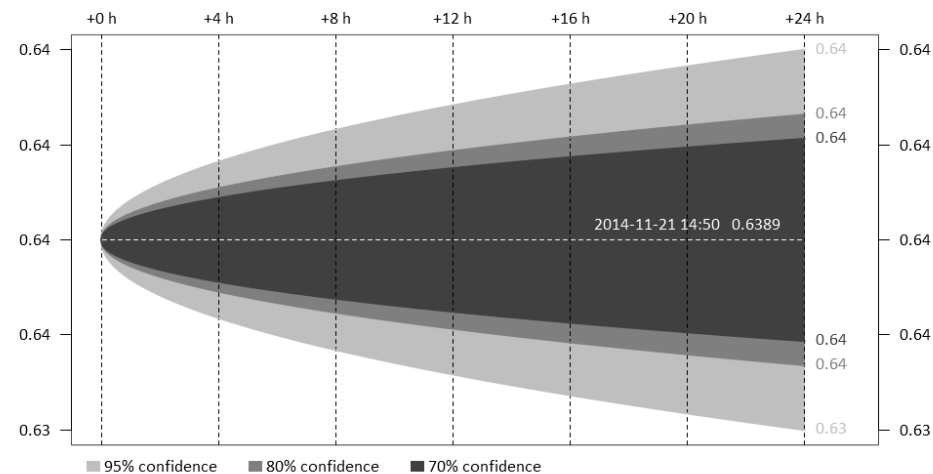
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.21	0.36	0.57	-0.15	0.17	0.63	0.15	0.23
20	0.21	0.27	0.57	-0.05	0.13	0.54	0.05	0.15
130	0.24	0.45	0.53	-0.11	0.25	0.52	0.12	0.09
250	0.24	0.48	0.5	-0.1	0.31	0.54	0.22	0.08

# Confidence Intervals for Next 24 Hours

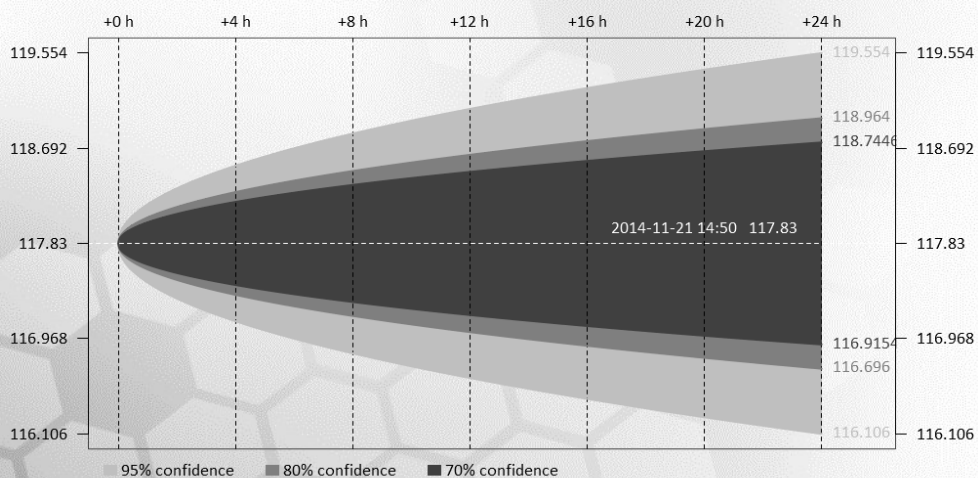
EURUSD Potential Rates



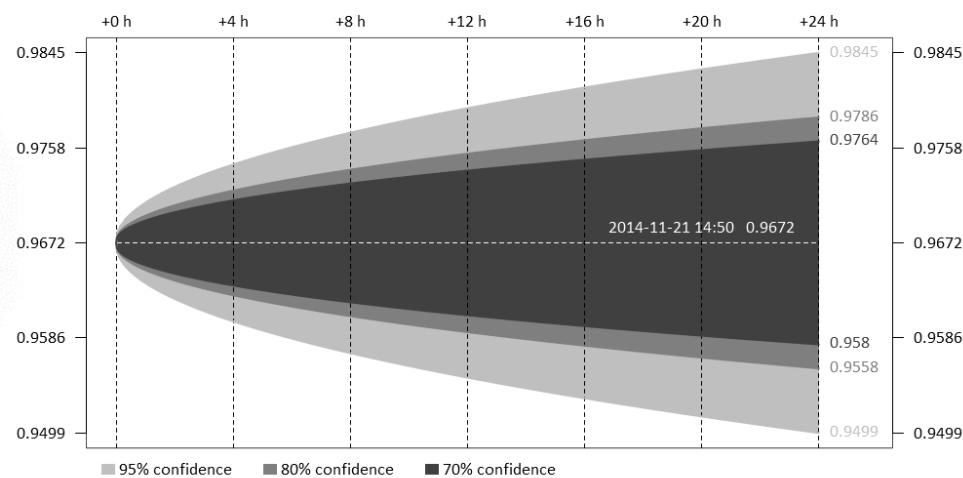
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



# EXPLANATIONS

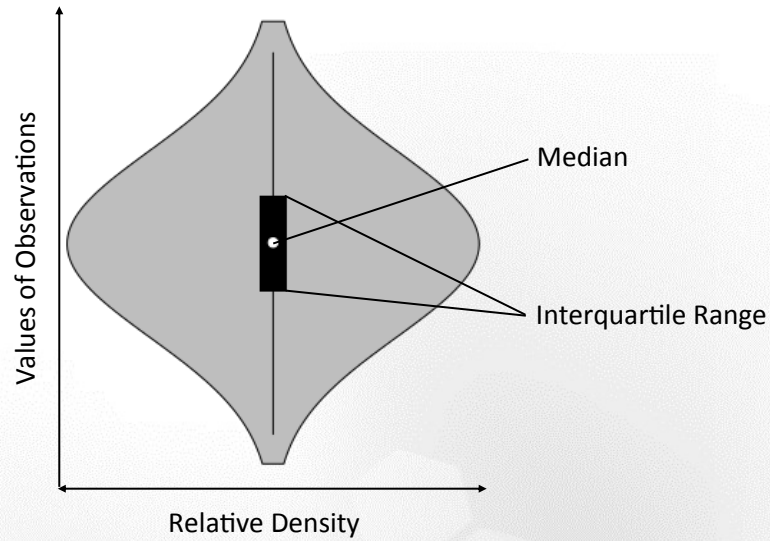
## Violin Plot

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

## Methodologies

Volatility Index

Confidence Interval







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