



EUR

30/01/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

January 23

07:30 - 16:30

- Euro Zone, German Flash Markit PMI
- UK Retail Sales
- Canadian CPI, Retail Sales
- US Flash Markit Manufacturing PMI, Existing Home Sales, CB Leading Indicator

Turquoise Area

January 26

06:00 - 16:30

- German Ifo Survey
- Eurogroup Meeting

Blue Area

January 27

07:30 - 16:00

- EcoFin Meeting
- UK Flash GDP, BBA Mortgage Approvals
- US Durable Goods Orders, Flash Markit PMI, New Home Sales, Consumer Confidence

Purple Area

January 28

00:00 - 20:30

- Australian CPI
- German Gfk Consumer Confidence Survey
- BOE's Governor Speech
- Fed's Monetary Policy Statement
- RBNZ Monetary Policy Statement

Orange Area

January 29

07:30 - 17:30

- German Unemployment Rate, Flash CPI, HICP
- Euro Zone Consumer Confidence
- US Jobless Claims, Pending Home Sales

EUR Currency Index Range

1.28%

0.83%

0.8%

0.41%

0.91%

Max EUR Volatility Index

2.6

1.58

1.84

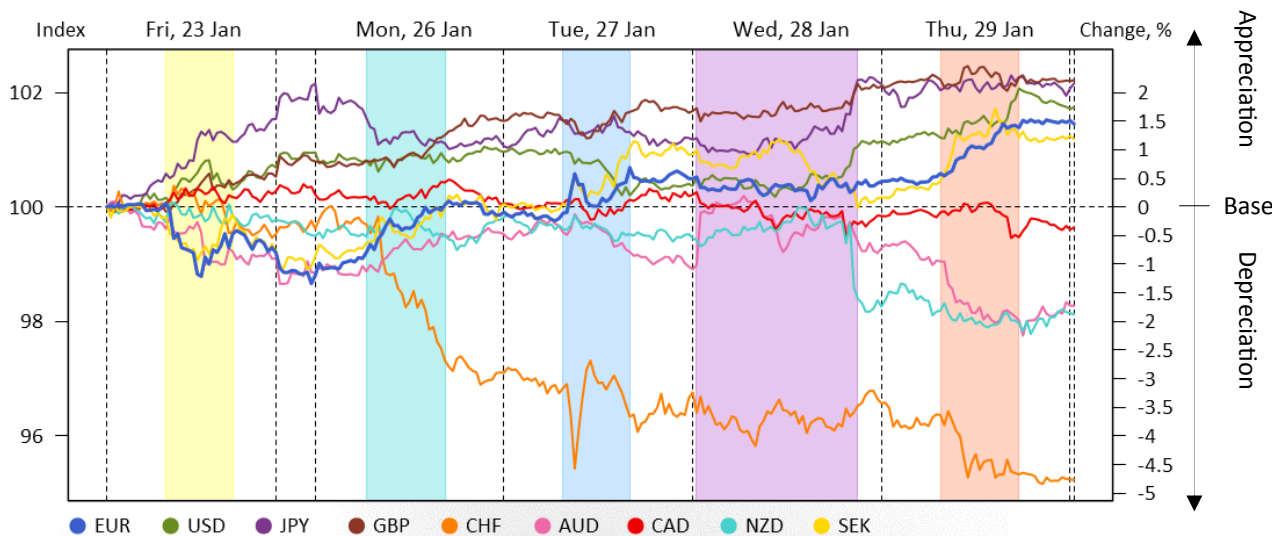
1.95

1.42



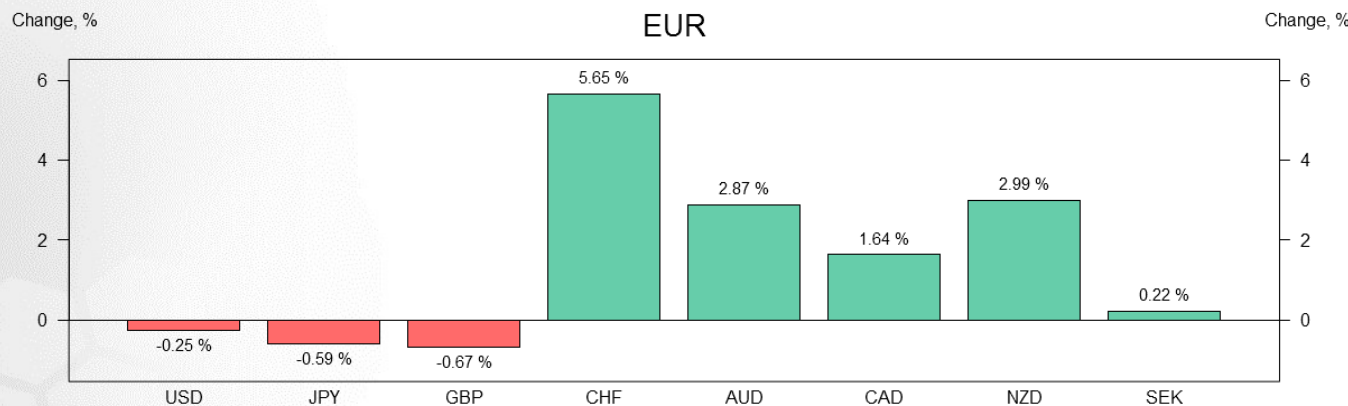
Relative Currency Strength

Currency Indexes



After a plunge against the background of the ECB's QE announcement on January 22 and some wobbly movements on the following Friday, the EUR Index rushed through the new week on an uptrend, ultimately becoming the fourth best performer of the period. The single currency posted modest weekly loses against the pound, the yen, and the dollar, whose indexes held in the appreciation area throughout the whole period, but managed to notably outperform the Pacific currencies and the Swiss franc. The latter depreciated against all its major peers, pushing its index to report a substantial loss of 5% over the past five trading days.

The EUR Index started the period on a weak note, as an unexpected slowdown in German manufacturing activity added some downward pressure to the single currency, already weighted by the concerns over the Greek parliament elections. The index lost 0.5 points on disappointing news, and finished the week among the worst performers, side-by-side with the Aussie and the Swedish krona. The new week, however, set off a steady recovery, and the index climbed to its final mark of 101.5 points with practically no dips along the way. The sharpest jump took place on Tuesday, when the EUR Index gained 0.7 points out of its Swiss counterparts plunge, as the SNB's vice president commented on possible intervention in light of the franc's newly acquired strength.



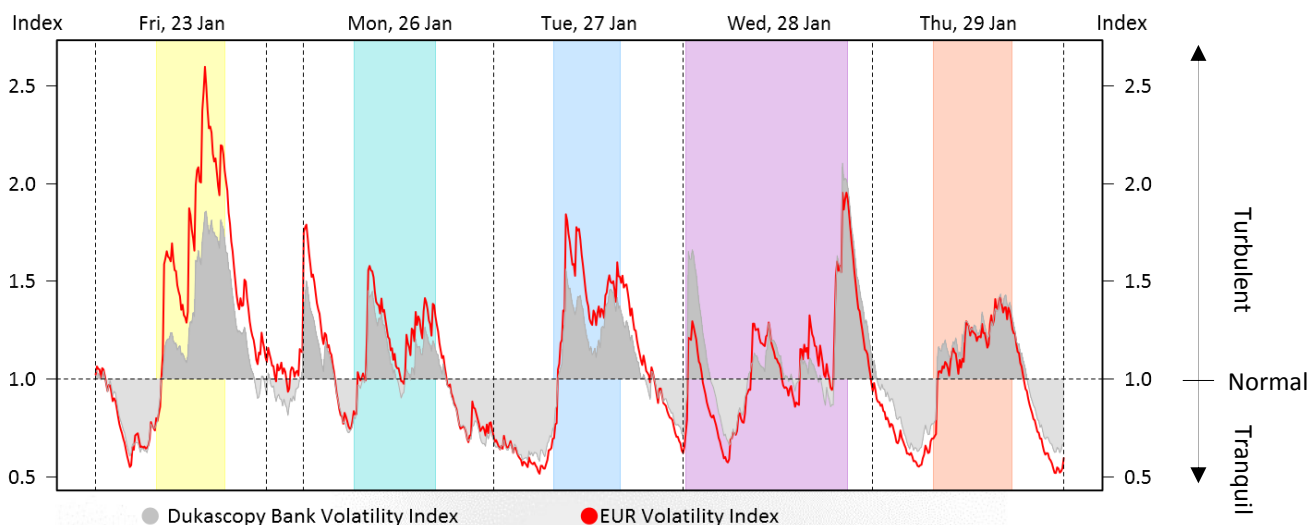
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.45%	1.74%	2.16%	2.21%	-4.77%	-1.73%	-0.36%	-1.87%	1.18%
20	-4.27%	2.54%	5.34%	0.03%	11.83%	-2.14%	-5.67%	-4.01%	-3.28%
130	-5.25%	13.86%	-1.93%	0.81%	12.3%	-6.17%	-2.51%	-3.47%	-7.41%
250	-7.8%	13.27%	-3.07%	2.72%	9.8%	0.08%	-0.33%	-0.28%	-14.35%



Volatility

Volatility



The week was rather volatile for the single currency with 57% portion of elevated volatility. Market volatility measures also were above the average. However, if we look at the three first days of the observed period, we see that the Euro Volatility Index's values were higher than market's, which means that volatility increases to a great extent were due to changes in the EUR rate. Different situation was observed during the rest of the week. For example, the release of lower-than-expected Australian CPI and unexpectedly negative New Zealand's trade balance influenced the market noticeably. The later send the index to the 2.1 level, and thus became the most turbulent event of the week.

The last day of the previous trading week was very volatile for the Euro. The first impulse was obtained after the disappointing German manufacturing PMI release. Later in the afternoon, the EUR index reached the 2.6 level, as the index of EUR/USD surged to 3.61 points. Current trading week started with one more volatility increase following Japanese trade data releases. During the day, the Euro was strengthening against the franc, which induced considerable growth in volatility. Tuesday was volatile for the single currency as well. The index rose to 1.8 against the background of the SNB comments on intervention in the FX market.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	54	57	56	54	57	44	62	43	70	36

Volatility Index (for the observed period)

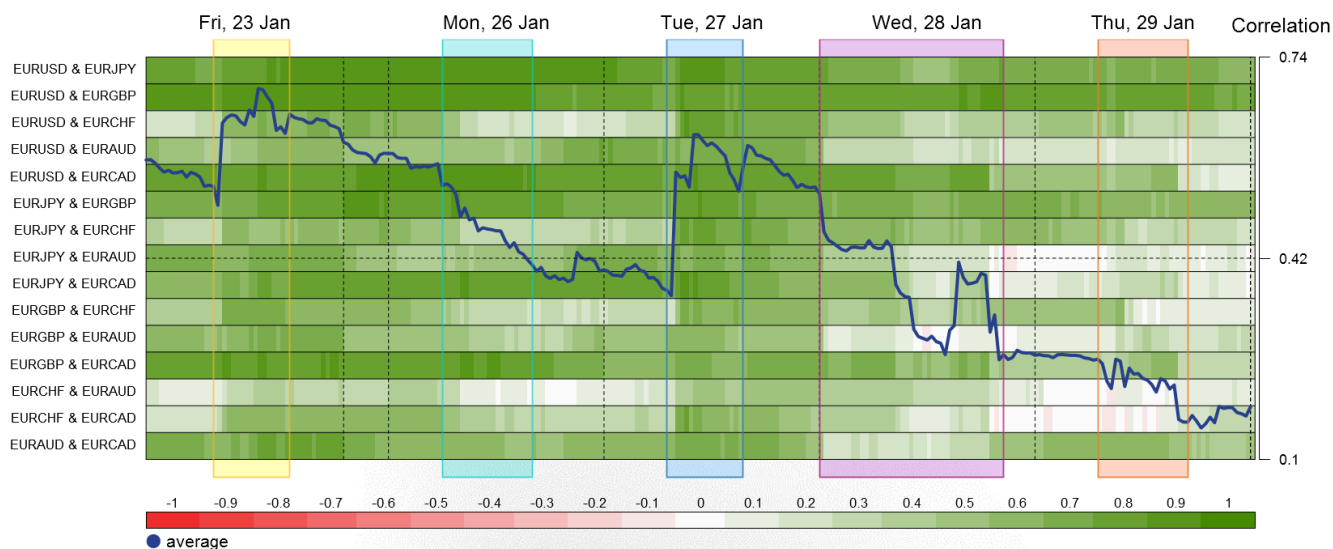
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	2.1	2.6	3.61	3.5	3.63	3.16	4.28	2.65	4.91	2.06
Min	0.58	0.52	0.34	0.39	0.28	0.23	0.52	0.28	0.59	0.26
Average	1.05	1.09	1.14	1.14	1.16	1.02	1.19	0.98	1.25	0.9



Currency Significance

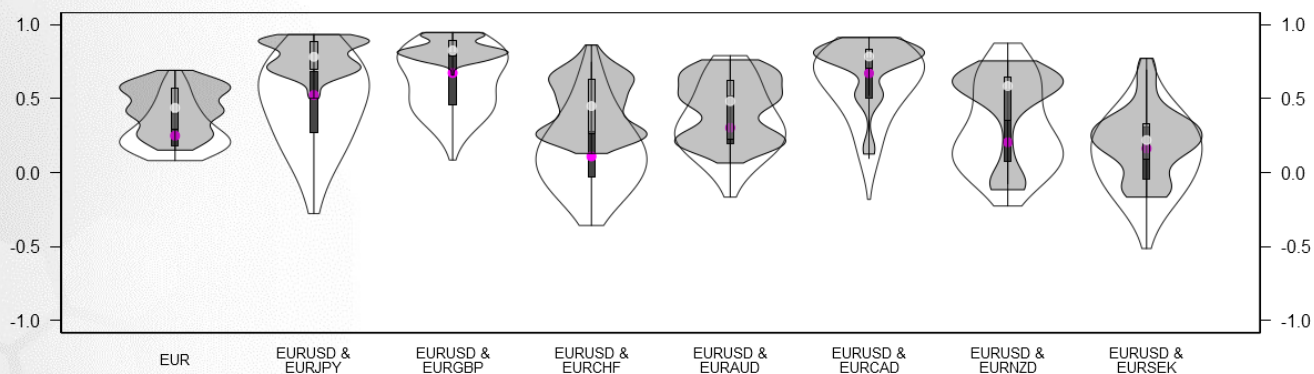
Correlations

Even though the Euro significance measure was decreasing during the period, its average correlation readings continued to grow. The value of the composite itself edged 0.09 points up, while its most resultant components – EUR/USD correlations with EUR/JPY and EUR/CHF, – gained 0.25 and 0.32 points on their averages. The bond between EUR/USD and EUR/SEK was the only one to weaken, with its mean value losing 0.03 points. It did, however, grow compared to the long-term readings, as did all other correlation components. This growth was more substantial than the weekly change, as the component distributions notably shifted up, making their upper tails heavier and lower tails shorter.



Unlike a few previous weeks, during the past period the Euro significance measure was showing a downward trend. The composite started off with a small increase, supported by the German and the Euro zone PMI releases, and reached a 0.69 points mark - the maximum value of the period. However, afterwards the measure began to slide down, and by Tuesday morning dropped to a 0.36 points level. The next jump of the measure occurred on January 27, and the composite gained about 0.26 points. After that, despite some attempts to recover, the measure continued to decline, and by the end of the period has fallen to the 0.17 points mark.

Correlations (5 vs 20 days)

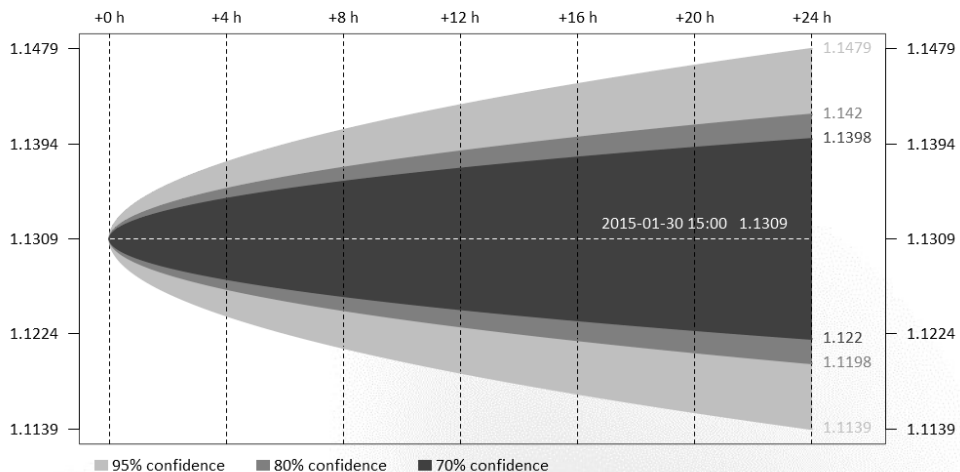


Mean Correlation Coefficient (with EURUSD)

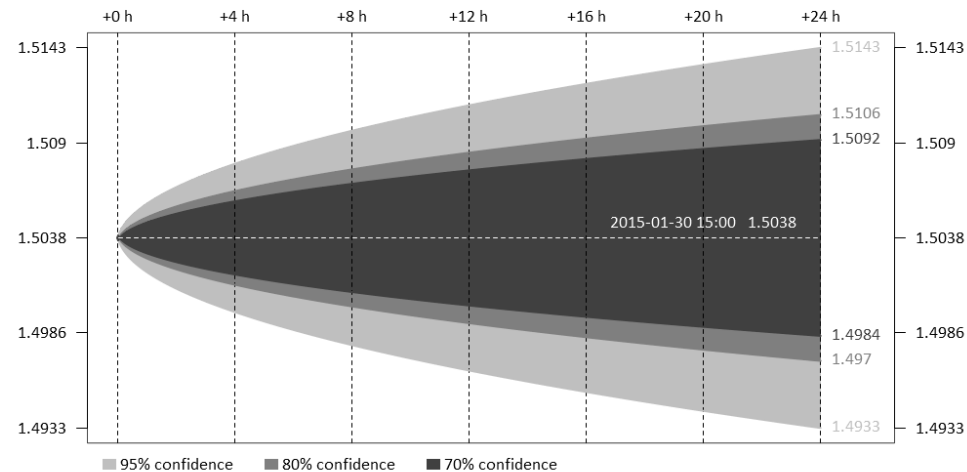
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.43	0.78	0.83	0.45	0.44	0.71	0.45	0.22
20	0.29	0.48	0.63	0.15	0.35	0.61	0.29	0.14
130	0.24	0.37	0.55	-0.03	0.24	0.52	0.12	0.11
250	0.24	0.46	0.53	-0.07	0.31	0.55	0.21	0.09

Confidence Intervals for Next 24 Hours

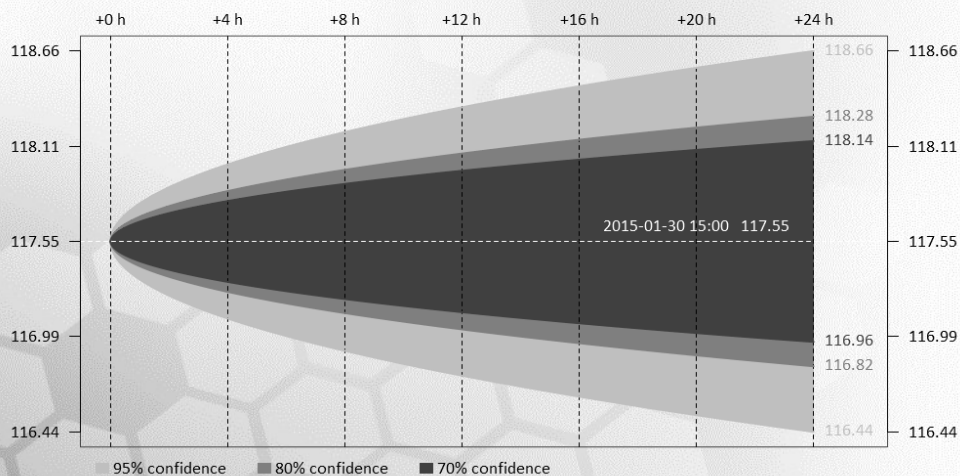
EURUSD Potential Rates



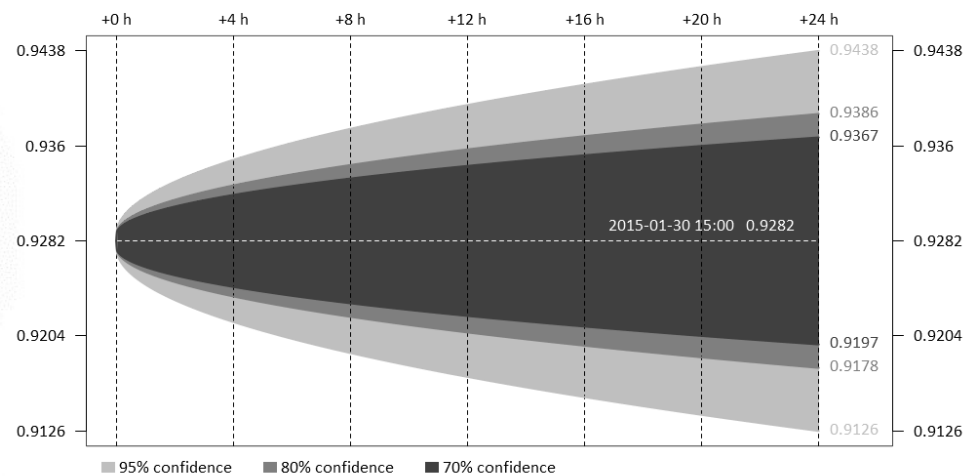
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

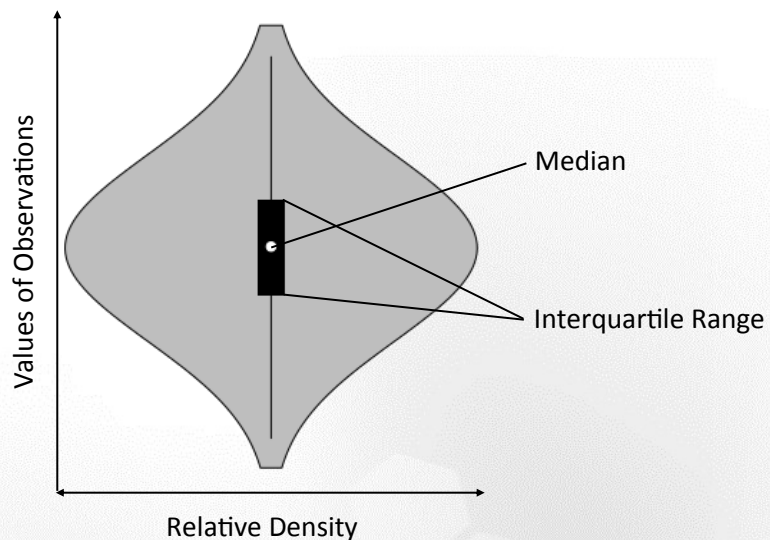
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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