



EUR

20/02/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

February 13

06:30-16:30

- German, Euro Zone GDP
- Flash UoM Consumer Sentiment Index

Turquoise Area

February 16

17:00 - 18:30

- Eurogroup Meeting

Blue Area

February 17

08:00 - 12:00

- UK CPI, PPI
- German, Euro Zone ZEW Survey

Purple Area

February 18

18:00 - 19:30

- FOMC Minutes

Orange Area

February 19

09:30 - 13:30

- ECB Monetary Policy Meeting Accounts
- US Jobless Claims

EUR Currency Index Range

0.46%

0.34%

0.49%

0.11%

0.37%

Max EUR Volatility Index

1.02

0.96

1.11

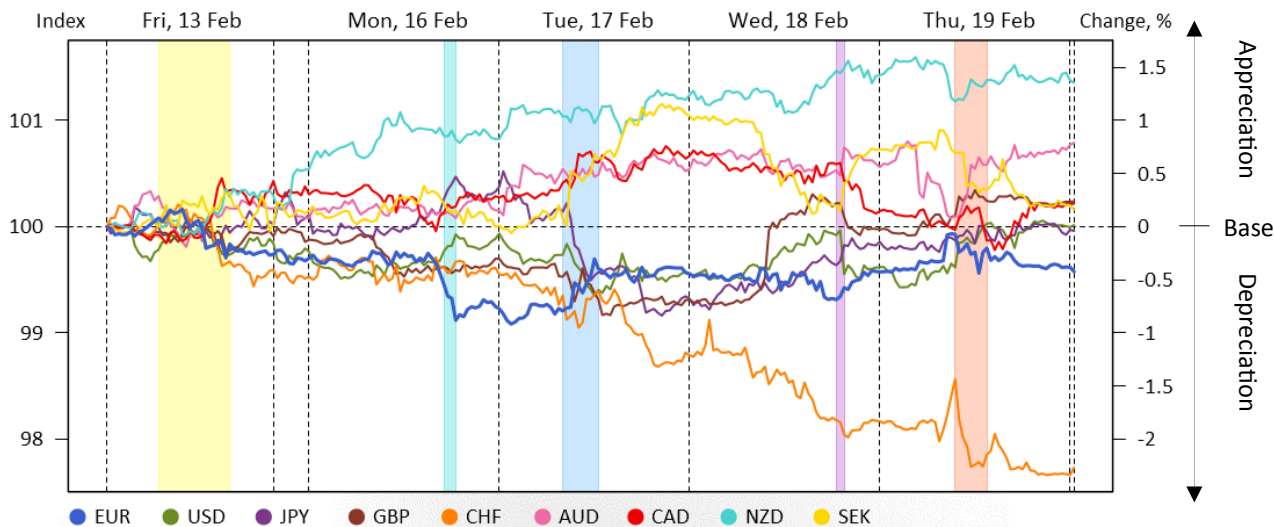
1.21

1.16



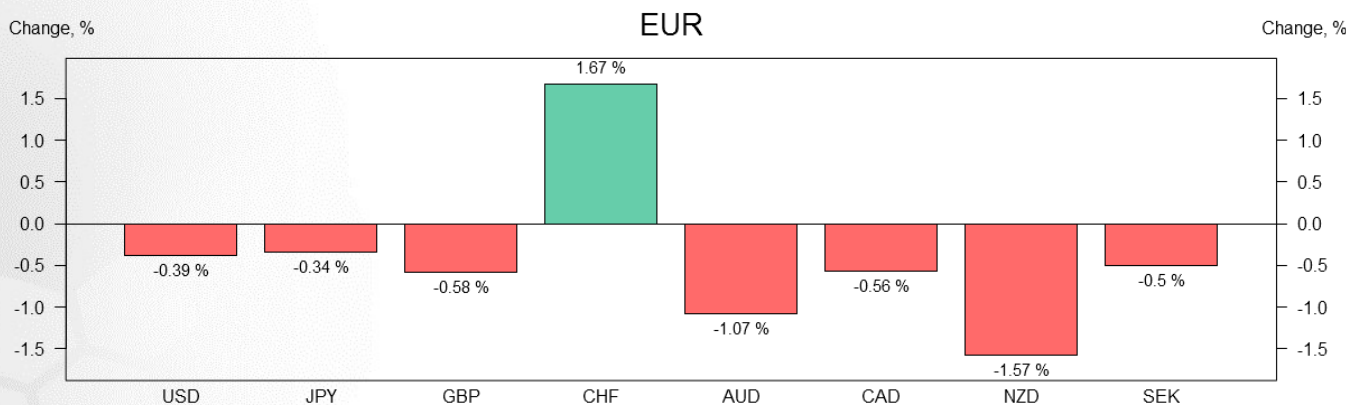
Relative Currency Strength

Currency Indexes



The period, which put most of the observed indexes either on or above the baseline, resulted in a 0.4% loss for the EUR Index, making it the week's second worst performer. The only peer to fall behind the Euro's measure was the Swiss franc's gauge, which was weighted down by the rumors of SNB intervention and ultimately gave away more than 2% of its Friday value. On the other side of the baseline, the Kiwi remained the leader and posted a 1.4% weekly gain, greatly supported by the strong prices on the country's export commodities. Meanwhile, the Greenback continued to be number one on the long-term basis, whereas the Euro's gauge stood among the weakest three.

The EUR Index started the period with an uptick fueled by a strong pickup in German GDP, but the gains were swiftly eaten away as the numbers from other Euro zone economies turned out less optimistic. The gauge stayed flat over the weekend and for most of Monday, before entering its sharpest decline in the aftermath of the failed Eurogroup negotiations. It tumbled from 99.7 points in the beginning of the meeting to 99.1 by 6PM. The new trading offered a recovery, and some more points were gained as the Greenback dipped against its peers after the release of somewhat disappointing FOMC minutes on Wednesday, eventually putting the EUR Index on the 99.6 point level. Among other currencies, the pound was on its way to join the Euro on the losing side, but was saved by excellent unemployment data.

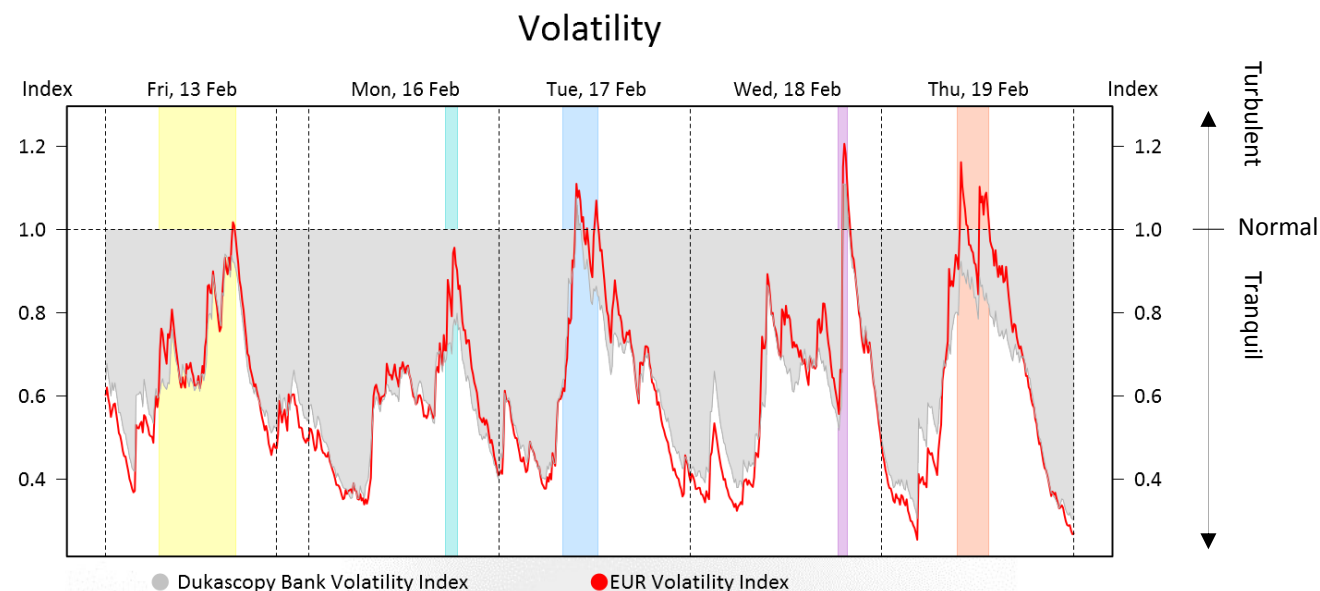


Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.42%	0.01%	-0.04%	0.24%	-2.27%	0.79%	0.22%	1.35%	0.16%
20	2.56%	0.93%	0.53%	4.27%	-7.35%	-1.25%	0.35%	1.7%	-0.6%
130	-4.9%	12.49%	-2.81%	4.42%	8.47%	-6.45%	-1.89%	0.45%	-10.18%
250	-7.55%	13.78%	-3.28%	4.94%	6.4%	-2.42%	0.3%	2.95%	-15.12%



Volatility



The week was extremely calm for the market in terms of both portion of elevated volatility (only 1%) and values of the Volatility index (with maximum of 1.11 points). It is worth noting that relative tranquility of the period was pointed out by the volatility indexes of all observed currencies. The most volatile was GBP with 5% portion of elevated volatility and 1.87 being the highest peak of the index, which was reached on Wednesday morning, right after the release of decreasing unemployment rate. The New Zealand dollar, in turn, was the calmest, as its index never reached the average historical level.

The first day of the period was marked by the preliminary GDP releases for Euro zone's countries, which slightly raised the single currency's volatility. Later, the EUR/CAD index reached the 1.71 mark, as the announcement of unexpectedly high Canadian manufacturing shipments turned out to be the most shocking event for the Loonie. The Euro's volatility notably increased for the second time against the background of Eurogroup meeting discussing Greek debt. Both the market and the EUR Volatility Indexes crossed the 1.0 level on Tuesday, reacting to news on UK economy. The most conspicuous volatility spike was associated with disappointing FOMC minutes release on Wednesday. Thursday was the most turbulent day for the Euro.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	1	4	11	9	17	2	4	15	1	16

Volatility Index (for the observed period)

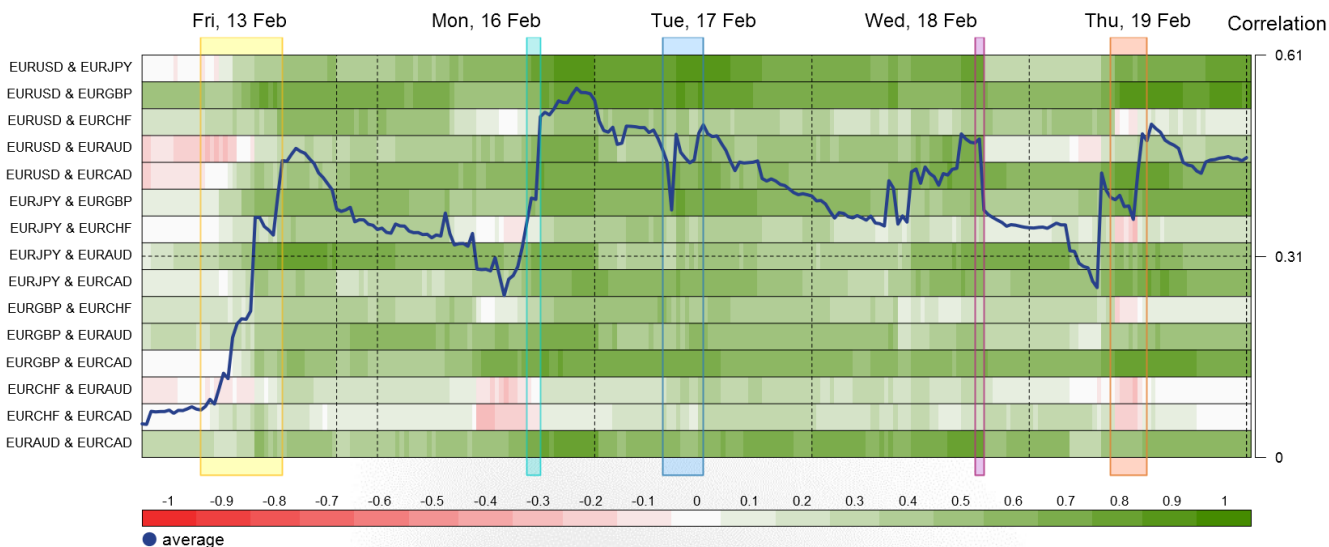
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.11	1.21	3.21	1.47	2.49	1.17	1.4	1.71	1.15	1.79
Min	0.3	0.25	0.26	0.2	0.17	0.06	0.25	0.19	0.22	0.1
Average	0.61	0.62	0.69	0.67	0.69	0.51	0.57	0.66	0.55	0.68



Currency Significance

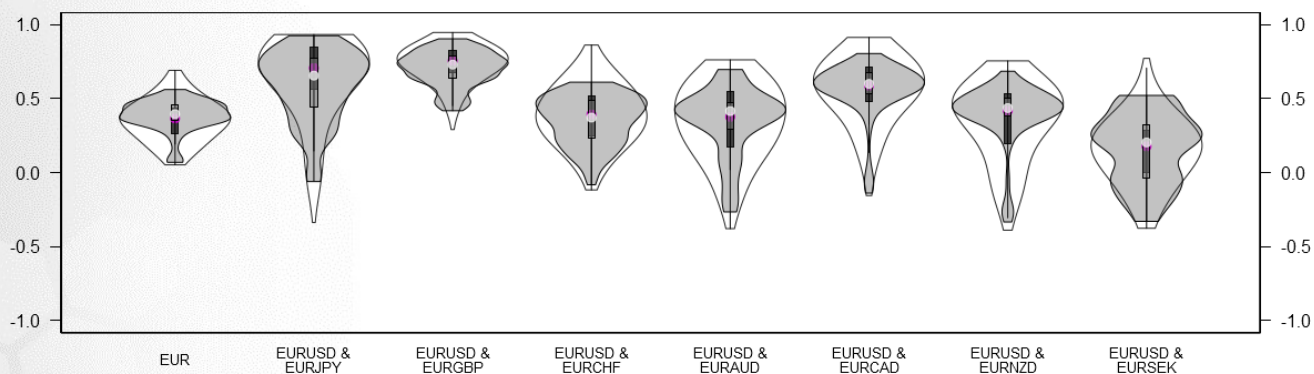
Correlations

The past period was quite successful for the Euro significance measure, as the composite has increased from 0.05 to 0.46 points during the week. Moreover, the strengthening was observed in almost all correlation components. Thus, EUR/USD correlations with EUR/SEK gained about 0.85 points past week. A notable raise also took place in combinations containing EUR/CAD, which gained around 0.78 points on average. The only weakening was observed in bond between EUR/GBP and EUR/CHF. The development was also observed in average values of correlations. Averages of observed components have gained in terms of both short- and long-term values.



The significance of the single currency started to rise from the very beginning of the observed period. The German and Euro zone GDP data releases caused the jump of the significance measure, and afterwards the composite was fluctuating around the 0.4 level. The next surge took place on Monday, when the Eurogroup meeting pushed the gauge to its maximum value of the period (0.56). Nevertheless, afterwards the composite showed a downward trend, and by Thursday morning the measure has dropped to the 0.26 mark. The composite started to recover ahead of the release of the ECB monetary policy meeting accounts and ended the period on the level of 0.46.

Correlations (5 vs 20 days)

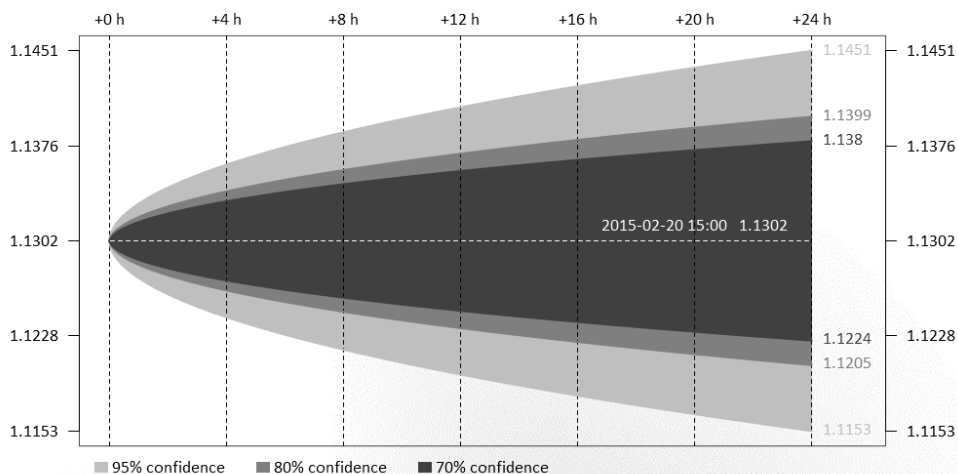


Mean Correlation Coefficient (with EURUSD)

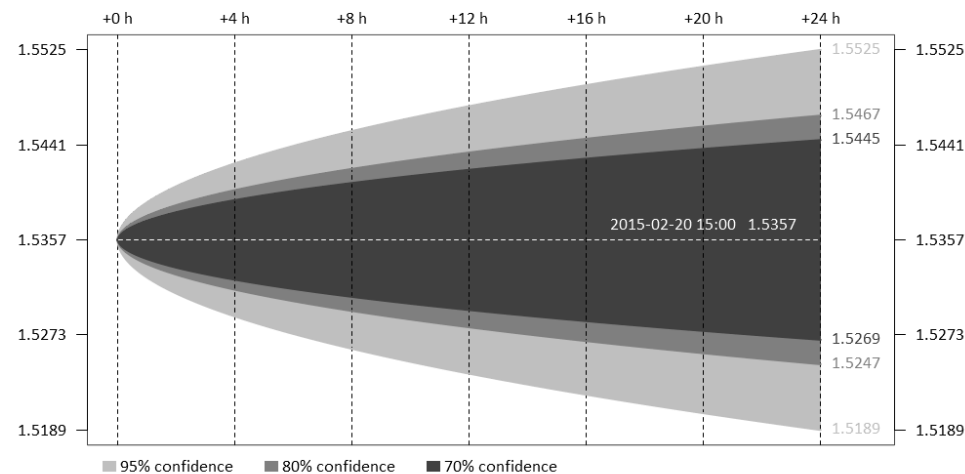
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.38	0.58	0.7	0.35	0.35	0.56	0.39	0.16
20	0.35	0.64	0.74	0.38	0.35	0.56	0.35	0.15
130	0.26	0.39	0.56	0.04	0.24	0.52	0.15	0.11
250	0.25	0.46	0.55	-0.04	0.3	0.54	0.21	0.09

Confidence Intervals for Next 24 Hours

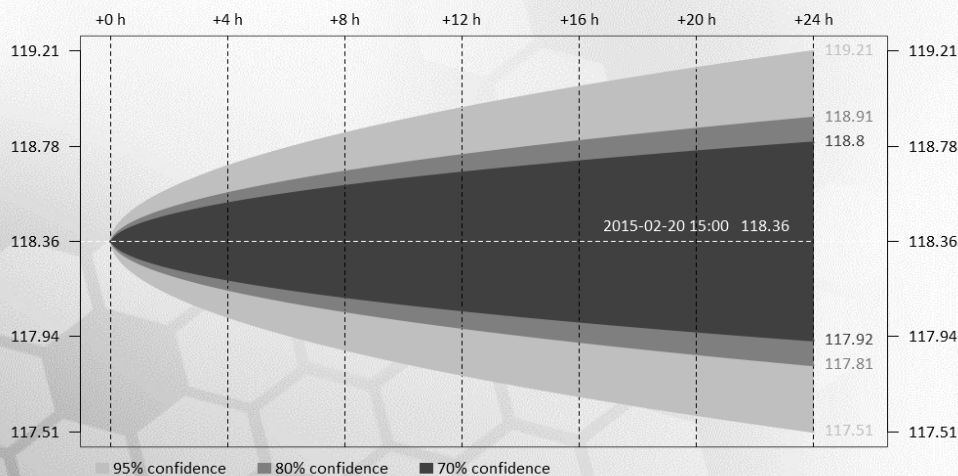
EURUSD Potential Rates



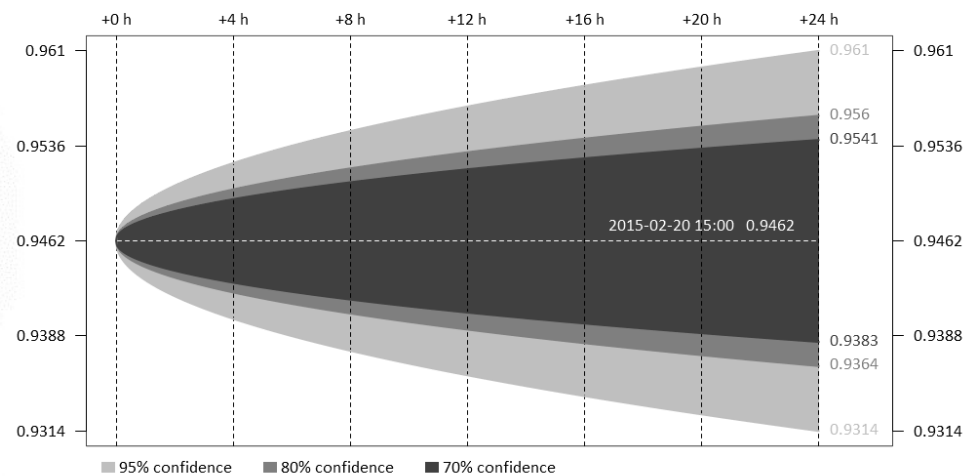
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

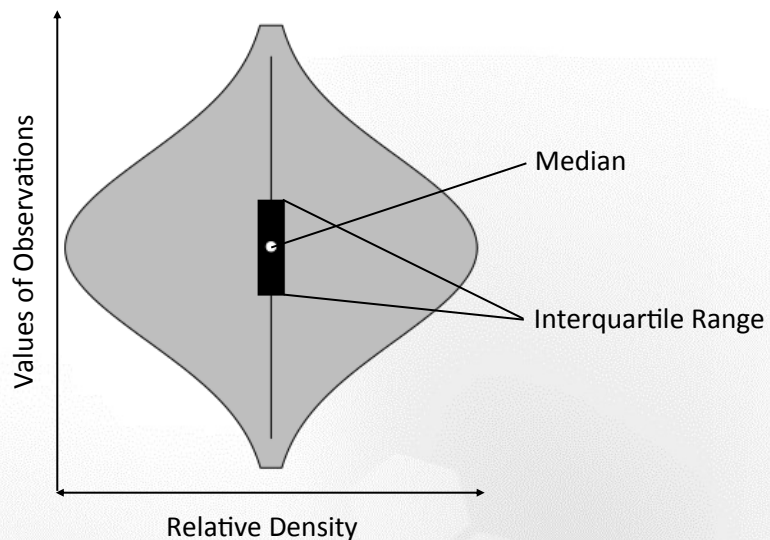
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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