



EUR

27/02/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

February 20

06:30-21:00

- German, Euro Zone Flash Markit PMI
- UK Public Sector Net Borrowing, Retail Sales
- Canadian Retail Sales
- US Flash Markit Manufacturing PMI
- Eurogroup Meeting

Turquoise Area

February 23

06:30 - 11:00

- German Ifo Survey
- UK CBI Distributive Trends Survey

Blue Area

February 24

14:30 - 19:30

- ECB President Draghi Speech
- US Flash Markit PMI, Consumer Confidence, Fed's Chair Yellen testifies
- BoC Governor Poloz Speech

Purple Area

February 26

13:00 - 16:30

- Canadian CPI
- US CPI, Jobless Claims

EUR Currency Index Range

0.89%

0.33%

0.3%

0.55%

Max EUR Volatility Index

1.79

1.38

1.19

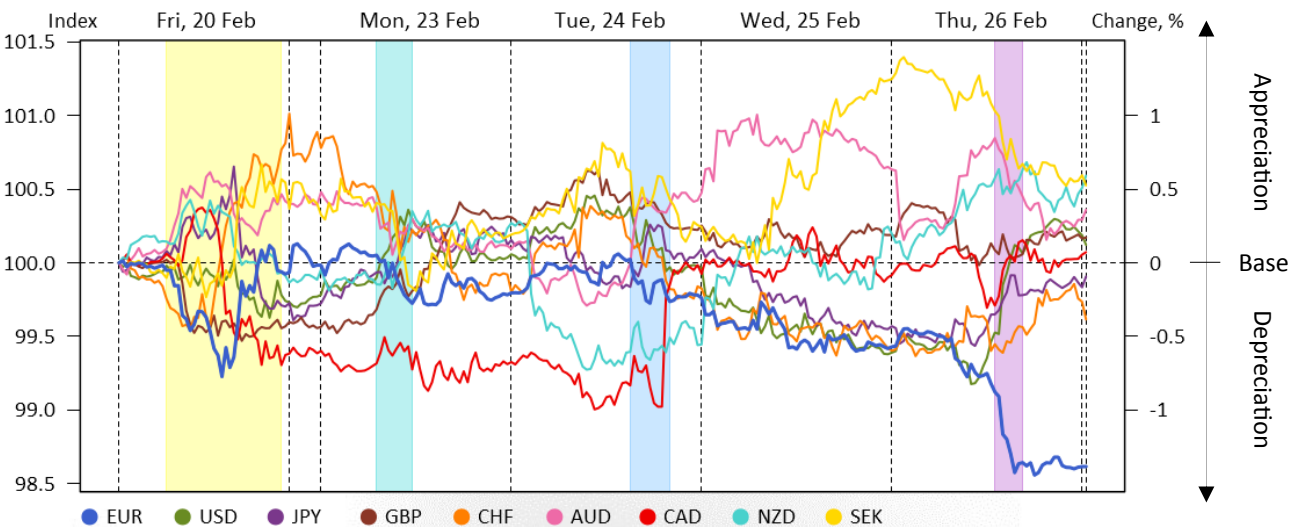
1.09



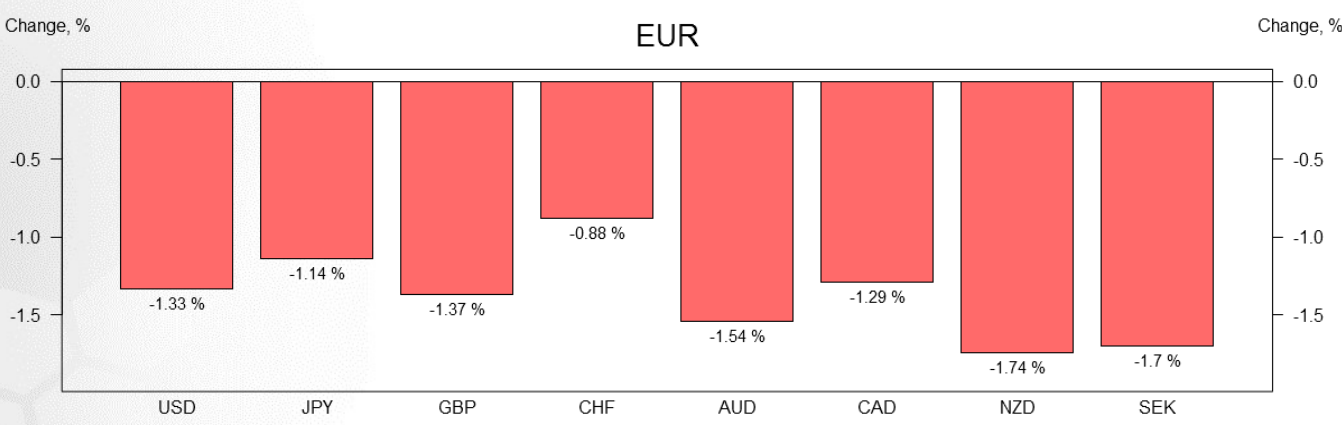
Relative Currency Strength

Currency Indexes

The first day of the period was volatile for all observed currencies. The most conspicuous was the Canadian dollar's drop – its index lost almost 1% after the release of significantly decreasing retail sales. Thus, the currency remained on the worst performer's position till BoC governor's Poloz comments on Tuesday. Together with the majority of the currency indexes, it ended the period with less than 0.4% deviation from the baseline. The Swedish krona's and the Kiwi's indexes finished the period with more than 0.5% gain and became the top performers. The former reached the 101.25 mark on Wednesday, the latter, in turn, started to appreciate after the release of unexpectedly positive trade balance.



The Euro Currency Index ended the period with the greatest loss, diving 1.38% below the baseline. The currency has depreciated by more than 1% against seven of its eight observed peers. Notable negative changes in the currency index were observed on Friday, against the background of concerns about the Greek crisis resolution. However, the single currency recovered shortly, and the index was slightly varying around the baseline till the announcement of disappointing German economic sentiment data on Monday, which made the gauge to slide by 0.25%. During the two consequent days the Euro was steadily weakening. As a result, the index started Thursday on 99.5 level, but fell further still after the ECB launched its bond buying plan.



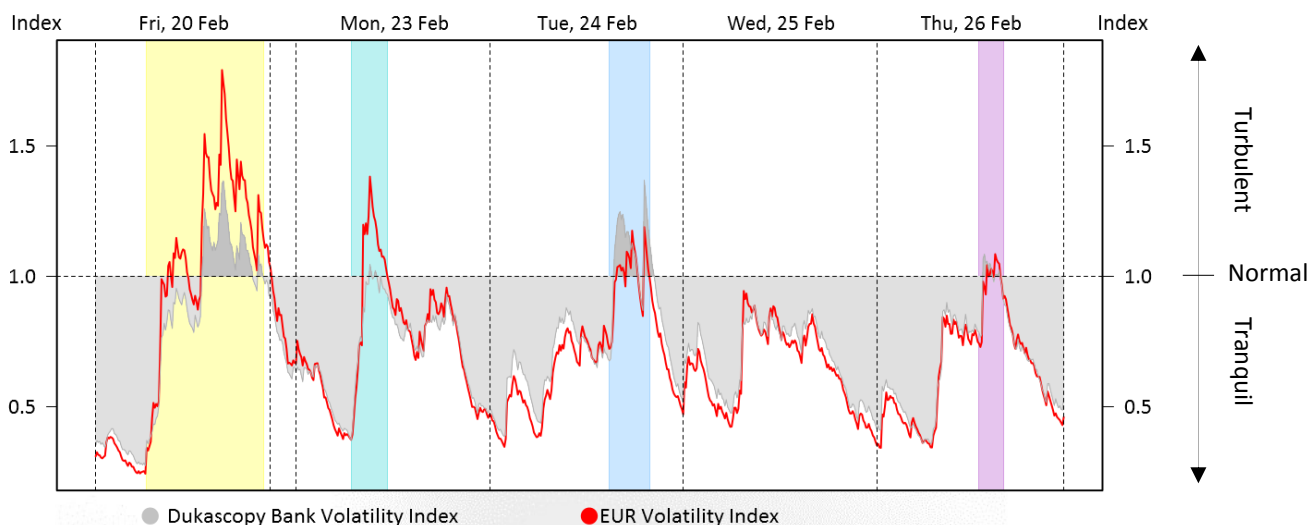
Currency Index Change

| Days | EUR | USD | JPY | GBP | CHF | AUD | CAD | NZD | SEK |
|------|--------|--------|--------|-------|--------|--------|--------|-------|---------|
| 5 | -1.38% | 0.12% | -0.09% | 0.17% | -0.38% | 0.36% | 0.07% | 0.59% | 0.53% |
| 20 | -1.5% | -0.07% | -1.56% | 2.48% | -3.31% | 0.57% | 1.38% | 4.21% | -2.31% |
| 130 | -5.7% | 12.89% | -2.73% | 4.65% | 8.28% | -7% | -2.77% | 0.92% | -8.79% |
| 250 | -8.66% | 13.74% | -3.51% | 5.03% | 6.11% | -1.68% | 0.75% | 2.94% | -14.74% |



Volatility

Volatility



The turbulence on the market edged up from 1% of elevated volatility in the period ending on February 19 to 12% in the past five trading days, mostly fueled by anxiety over Greek bailout and speeches from the North American central banks. The Euro was the third most turbulent currency by all parameters, with its portion of elevated volatility and average volatility index level beat by the krona's and the Loonie's readings, and the maximum turbulence surpassed by the Loonie and the dollar. Subsequently, EUR/CAD was the most volatile single currency's cross, with its portion of elevated volatility posted at more than double that of the market.

Friday, Monday, and Tuesday were the only days with some noteworthy volatility spikes, and in the first two of them were all about the Euro's turbulence. Starting off with a minor surge around the PMI data releases on Friday morning, the EUR Volatility Index came to tower over the market's gauge in the afternoon, as the tension grew ahead of the Eurogroup meeting. The next day, while the market's gauge barely touched the 1.0 point mark, the Euro index jumped to 1.4 as the single currency was pushed down by below forecast German Ifo data. Disturbances on Tuesday, in turn, came from the North America, as the dollar's gauge rose to 1.9 amid the Fed Chair's testimony and consumer confidence release, while its Canadian peer spiked to 3.1 during the BoC Governor's speech.

Elevated Volatility (% of the observed period)

| Market | EUR | EURUSD | EURJPY | EURGBP | EURCHF | EURAUD | EURCAD | EURNZD | EURSEK | |
|--------|-----|--------|--------|--------|--------|--------|--------|--------|--------|----|
| | 12 | 16 | 21 | 16 | 23 | 14 | 7 | 28 | 14 | 23 |

Volatility Index (for the observed period)

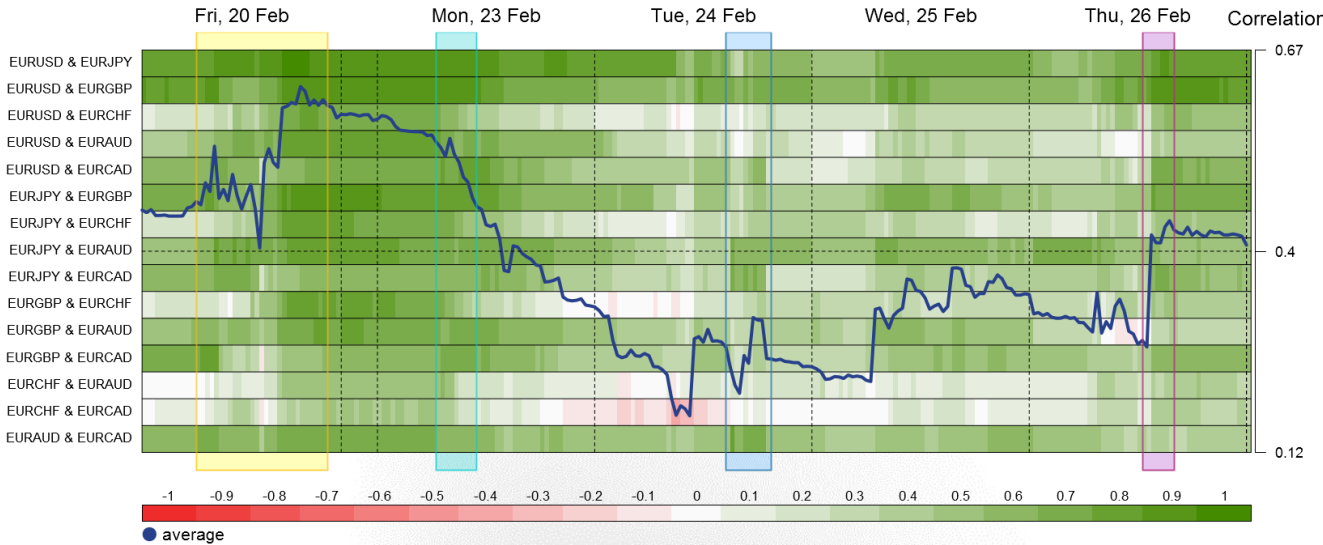
| | Market | EUR | EURUSD | EURJPY | EURGBP | EURCHF | EURAUD | EURCAD | EURNZD | EURSEK |
|---------|--------|------|--------|--------|--------|--------|--------|--------|--------|--------|
| Max | 1.37 | 1.79 | 2.24 | 2.58 | 1.9 | 2.19 | 1.5 | 3.72 | 1.6 | 2.13 |
| Min | 0.27 | 0.24 | 0.2 | 0.19 | 0.17 | 0.21 | 0.23 | 0.21 | 0.24 | 0.09 |
| Average | 0.72 | 0.72 | 0.74 | 0.68 | 0.73 | 0.7 | 0.63 | 0.83 | 0.73 | 0.76 |



Currency Significance

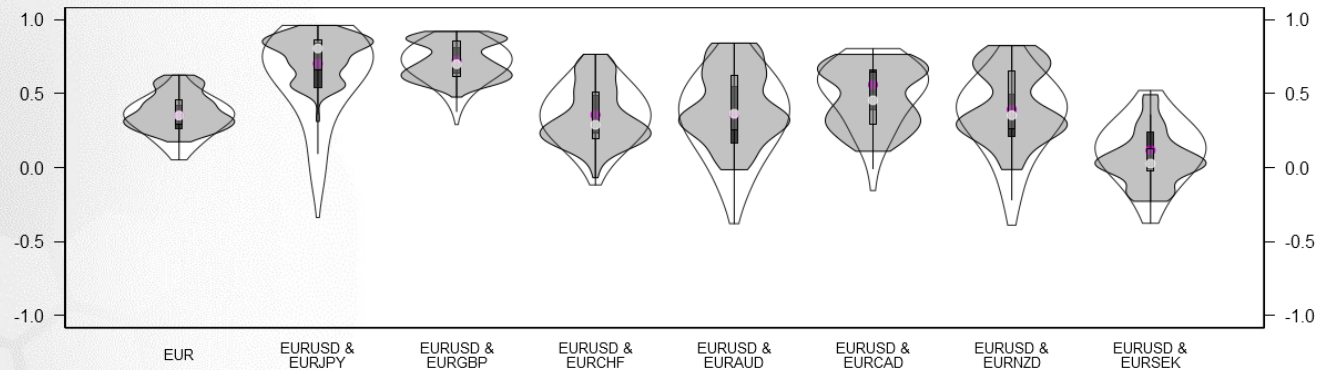
Correlations

The Euro significance measure was quite dynamic during the period, ranging from 0.17 to 0.62, but ultimately posted only a 0.05 points change from its initial value. The composite's average value remained unchanged from the previous period, though the averages of most of its EUR/USD components posted a 0.02-0.17 points growth. Notably, average correlation between EUR/USD and EUR/JPY returned to its usual level after two-week long weakening of the bond. The only decrease was observed in the EUR/USD correlation with EUR/CAD and EUR/SEK, the averages of which lost 0.08 and 0.10 points, respectively.



The Euro composite had a bumpy start on Friday, as it spiked at the German and the Euro zone PMI data, then fell when the slump of Canadian retail sales drew the Loonie's significance up, and finally surged to the period's maximum amid the Eurogroup meeting. Afterwards, the composite was easing down, reaching its minimum value on Tuesday, right before rebounding against the background of the Euro zone CPI release. The further movement was an uneven uptrend, and the Euro significance measure made its final, and also the period's greatest, surge on Thursday, fueled by the ECB launching its bond buying plan. The composite reached the 0.44 mark, and stayed on this level till the end of the period.

Correlations (5 vs 20 days)

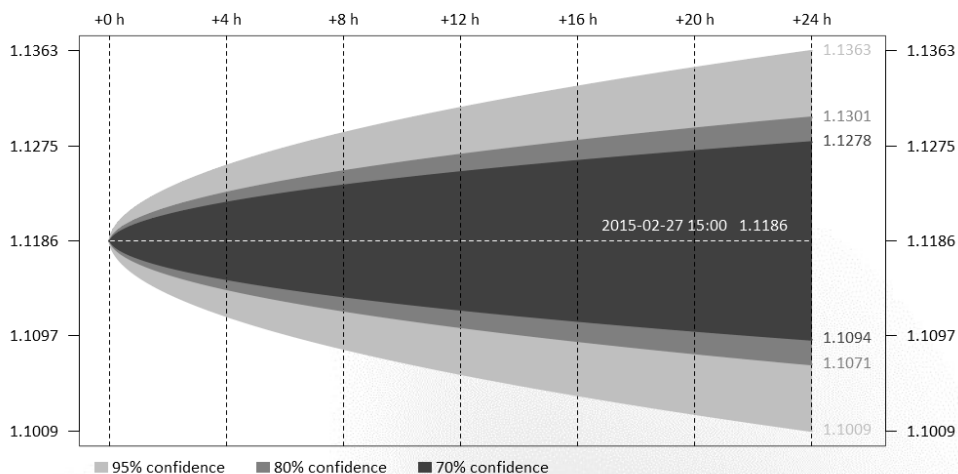


Mean Correlation Coefficient (with EURUSD)

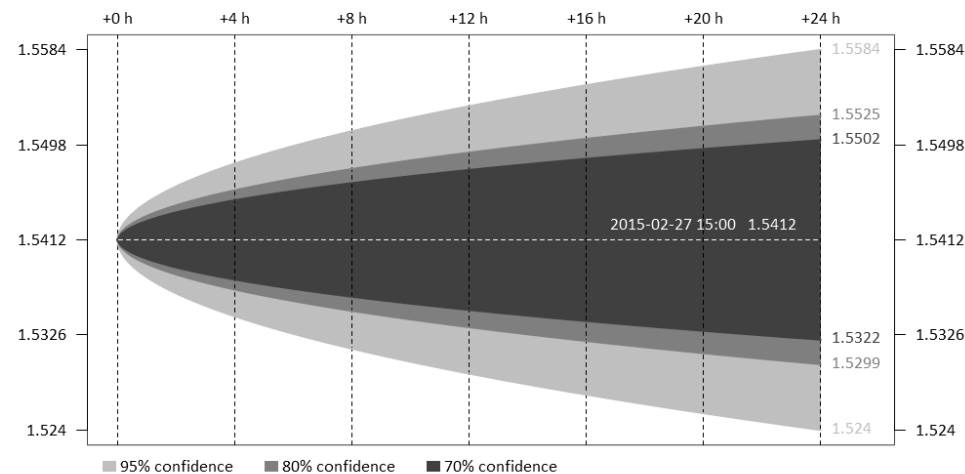
| Days | EUR | EURJPY | EURGBP | EURCHF | EURAUD | EURCAD | EURNZD | EURSEK |
|------|------|--------|--------|--------|--------|--------|--------|--------|
| 5 | 0.38 | 0.75 | 0.72 | 0.35 | 0.42 | 0.48 | 0.43 | 0.06 |
| 20 | 0.34 | 0.64 | 0.71 | 0.36 | 0.34 | 0.5 | 0.35 | 0.11 |
| 130 | 0.26 | 0.4 | 0.56 | 0.06 | 0.24 | 0.52 | 0.16 | 0.11 |
| 250 | 0.25 | 0.47 | 0.55 | -0.03 | 0.3 | 0.54 | 0.21 | 0.09 |

Confidence Intervals for Next 24 Hours

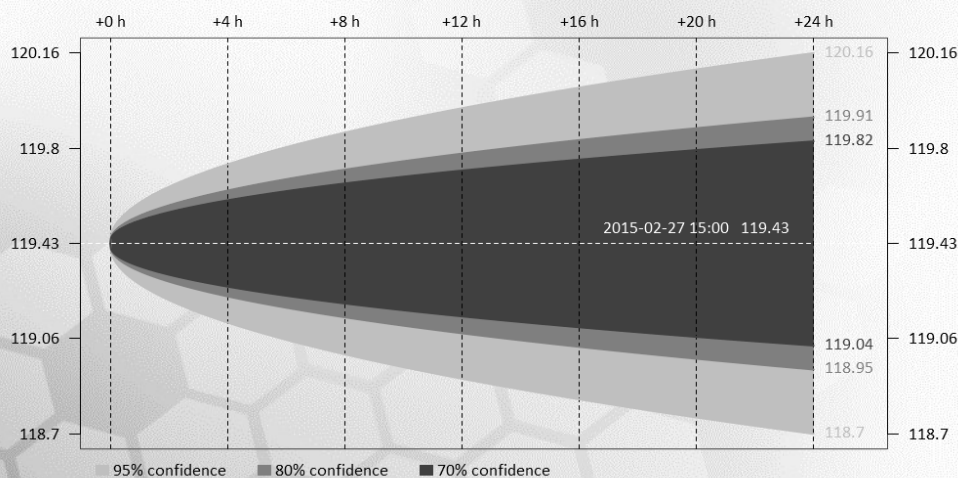
EURUSD Potential Rates



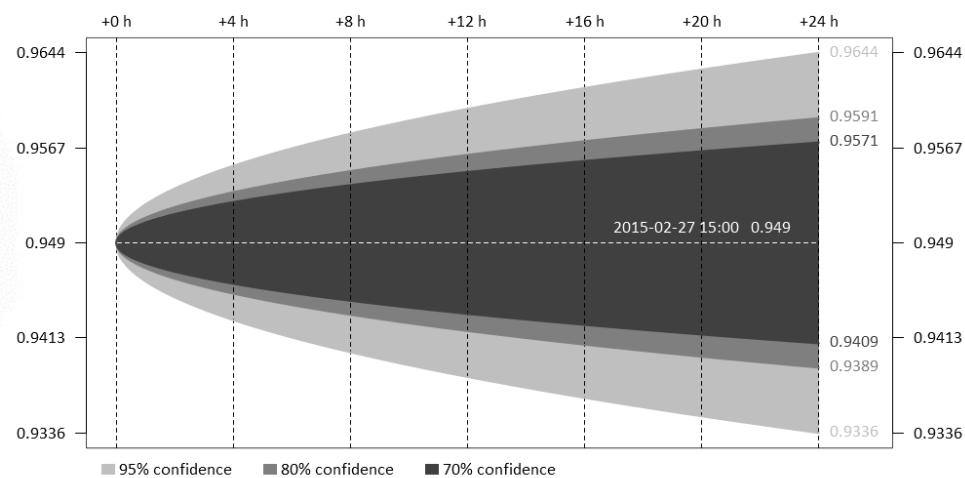
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

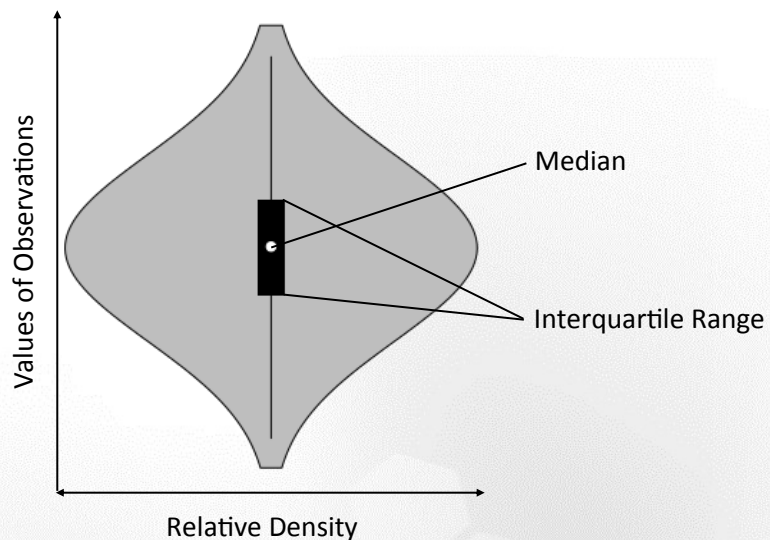
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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