



EUR

06/03/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

February 27

08:00 - 17:00

- Swedish GDP Growth Rate, Retail Sales
- German Flash CPI, HICP
- US Preliminary GDP, Flash Personal Consumption Expenditures, UoM Consumer Sentiment Index

Turquoise Area

March 2

15:00 - 16:00

- US ISM Manufacturing PMI, Markit Manufacturing PMI

Blue Area

March 4

08:00 - 17:30

- UK Markit Services PMI
- Euro Zone Retail Sales
- US ADP Employment Change, Markit Services PMI, ISM Non-Manufacturing PMI
- BoC Rate Statement

Purple Area

March 5

12:30 - 19:30

- ECB Monetary Policy Press Conference
- US Jobless Claims, Factory Orders
- Canadian Ivey PMI

EUR Currency Index Change

0.08%

0.14%

0.83%

-0.04%

Max EUR Volatility Index

1.39

1.15

1.59

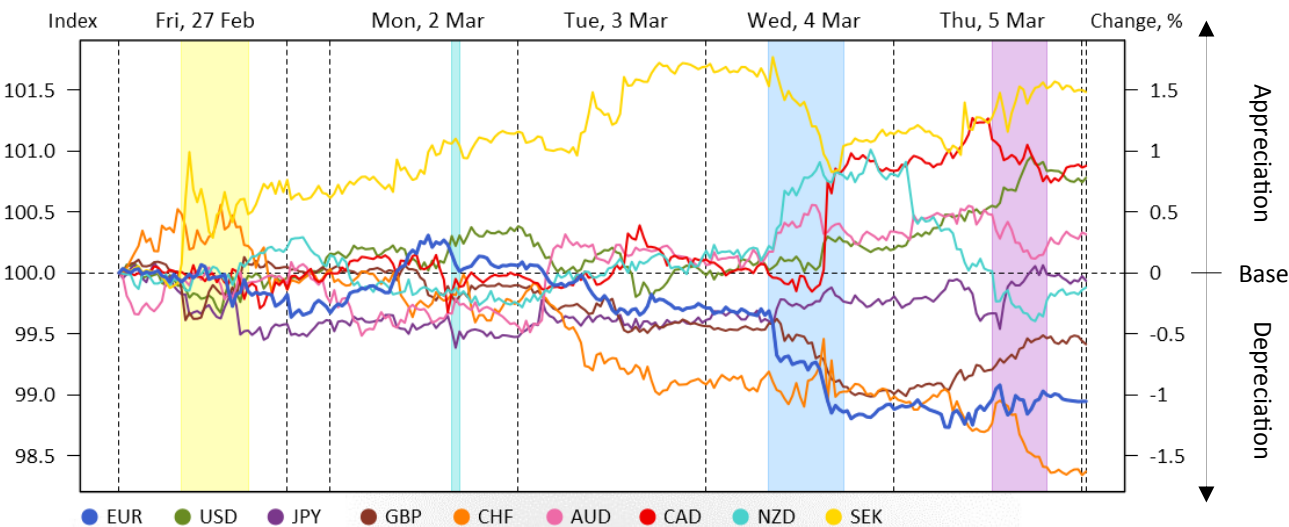
2.63



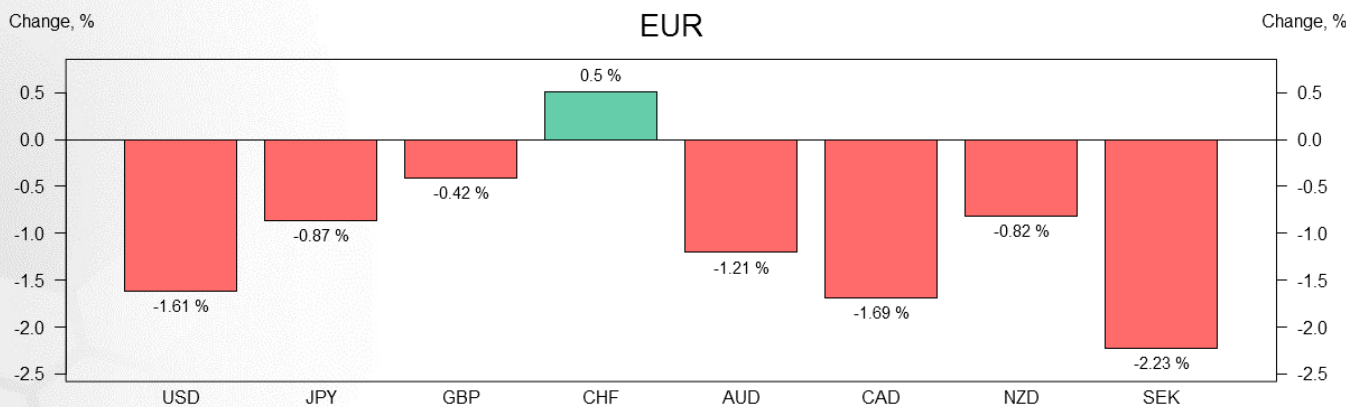
Relative Currency Strength

Currency Indexes

The EUR Index continued to go south during the first days of spring, finishing on the position of second worst after a particularly sharp fall on Wednesday. The only index to fare worse was the Swiss franc's measure, which held on a steady downtrend since Monday and took its conclusive slump on Thursday. On the other side of the baseline, the krona remained the leader after the Friday's GDP and retail sales fueled surge. The Loonie and the Greenback came in the second and the third, with the former spiking at the BoC policy announcement, and the latter starting on an uptrend after the release of faster-than-expected growth in the US service sector activity.



The Euro entered the new week seemingly aiming to recover from its February 26 loses, when the single currency took a blow as the ECB launched its bond buying plan. The EUR Index found some support in early Monday fundamentals, swiftly crossing above the baseline and reaching 100.3 points, a value that proved to be the period's maximum, but lost all its gains within the next six hours. Afterwards, the index was mostly decreasing, with the biggest drop taking place on Wednesday, when the index lost 0.7 points in two consecutive dips and landed just below 99.0 points. It fluctuated around that mark during the last day of the period, as the ECB held a conference to present the details of its QE programme and answer some questions about Greece, and ultimately posted a 1% weekly loss.



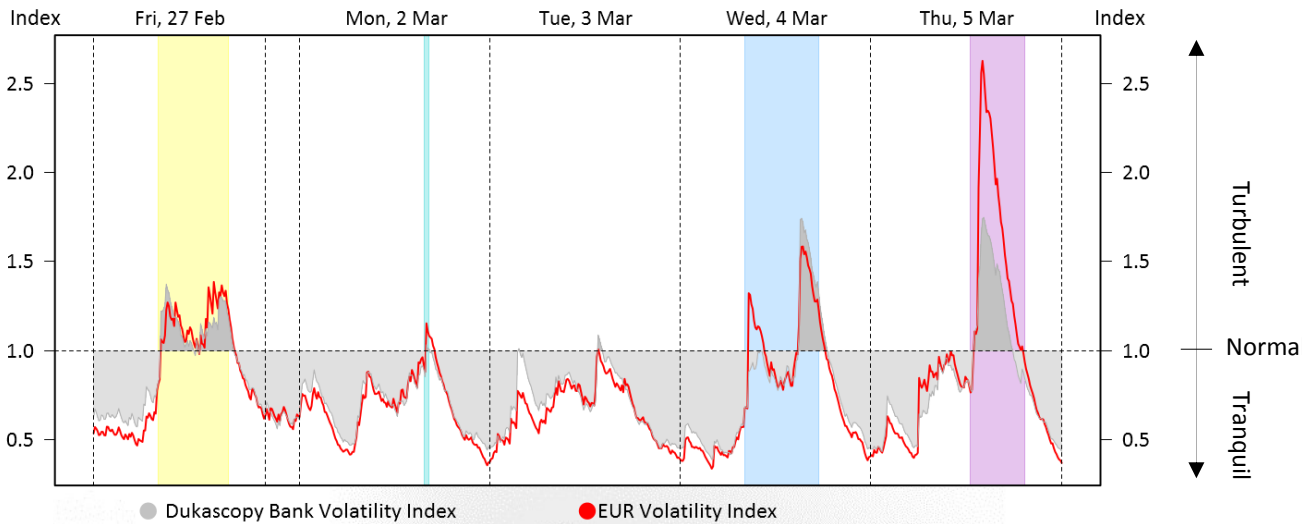
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-1.05%	0.78%	-0.06%	-0.59%	-1.63%	0.32%	0.88%	-0.12%	1.48%
20	-2.77%	1.46%	-1.06%	0.97%	-4.12%	0.89%	1.18%	2.81%	0.65%
130	-5.81%	12.2%	-2.38%	4.57%	7.7%	-7.65%	-2.94%	0.86%	-6.78%
250	-9.55%	15.13%	-2.87%	4.71%	4.67%	-1.04%	1.19%	2%	-14.27%



Volatility

Volatility



The past five trading days, much like the several previous periods, were tranquil for the observed currencies. The most volatile were CHF and SEK composites, both with 20% portion of elevated volatility. The latter strongly reacted to the unexpected growth of Swedish GDP, pushing the market volatility to exceed the average historical level on Friday. The Loonie's index, in turn, reached the greatest volatility peak among its counterparts. It jumped to the 3.05 points level just after the publication of the BoC rate statement on Wednesday, putting the composite Market Volatility Index to its maximum as well. It is worth noting that Thursday's ECB Monetary policy statement induced

the same 1.75 points spike of the overall index. Thus, these two similar events in Canada and Europe became the most influential during the period.

The Euro was among the most turbulent currencies, though the volatility increases on the two first days of the period were associated with Swedish GDP and a host of US economic news. The first notable surge of the Euro's volatility index took place on Wednesday, as the pressure on the single currency from the imminent press conference grew and the currency rate dropped. At the day of the event the gauge spiked to the 2.63 mark – the highest point of the period.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	15	18	21	10	20	29	20	25	19	23

Volatility Index (for the observed period)

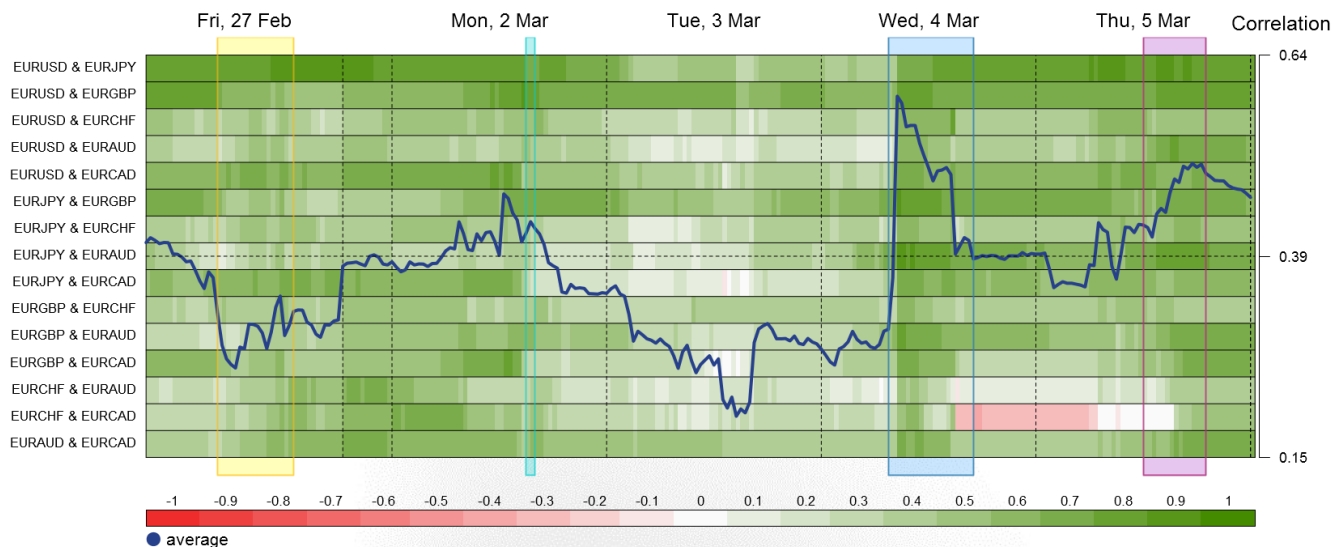
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.75	2.63	3.22	3.2	3.72	2.62	2.74	3.32	2.5	2.4
Min	0.39	0.33	0.23	0.27	0.21	0.23	0.32	0.22	0.33	0.16
Average	0.77	0.77	0.77	0.68	0.74	0.83	0.82	0.8	0.81	0.7



Currency Significance

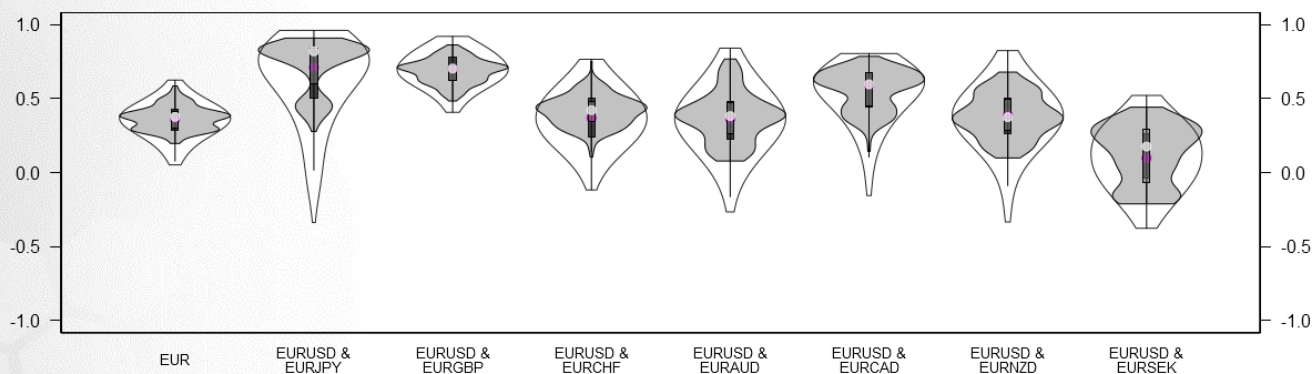
Correlations

The Euro significance measure had a few ups-and-downs and ranged from 0.2 to 0.59 during the past week. Nevertheless, its final change from the initial value amounted to only 0.05 points. The average values also remained almost unchanged from the past week, with 0.01-0.05 points weakening of the composite and most of its EUR/USD components. Only three components lifted their mean levels. Thus, EUR/USD mean correlations with EUR/CHF, EUR/CAD and EUR/SEK gained 0.07-0.08 points. In terms of long-term values, current averages of almost all observed correlations shifted up, pulling the overall Euro significance with them.



The observed week could be divided into two parts: the period of a gradual decline, when the Euro composite reduced to its minimum value of the week, and the period when it showed an upward trend. The fall started from the very beginning of the period, and, despite some attempts to recover, the measure lost about 0.21 points by Tuesday noon. Then came the turning-point, when the composite started to increase. It went through its most notable jump on Wednesday, gaining 0.28 points and surging to the maximum value of the week. Later it lost around half of what it gained as the US and Canadian releases shifted to spotlight to the corresponding currencies, but regained some value on Thursday, against the background of the ECB press conference.

Correlations (5 vs 20 days)

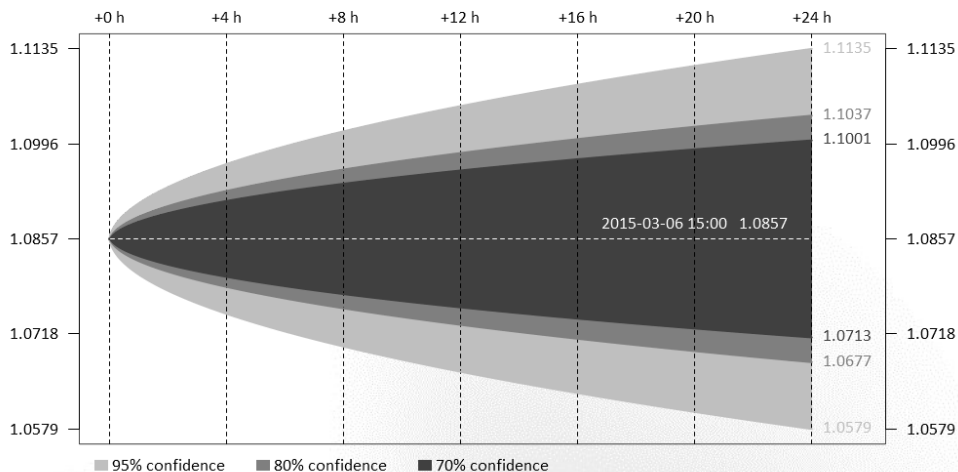


Mean Correlation Coefficient (with EURUSD)

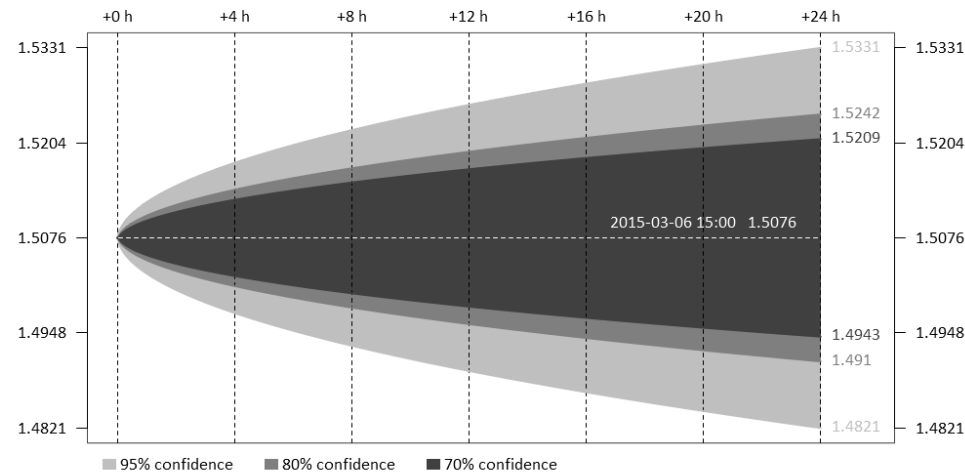
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.37	0.72	0.68	0.42	0.38	0.56	0.38	0.13
20	0.36	0.63	0.7	0.37	0.36	0.54	0.37	0.1
130	0.26	0.41	0.57	0.07	0.25	0.52	0.17	0.12
250	0.25	0.47	0.56	-0.03	0.3	0.54	0.21	0.09

Confidence Intervals for Next 24 Hours

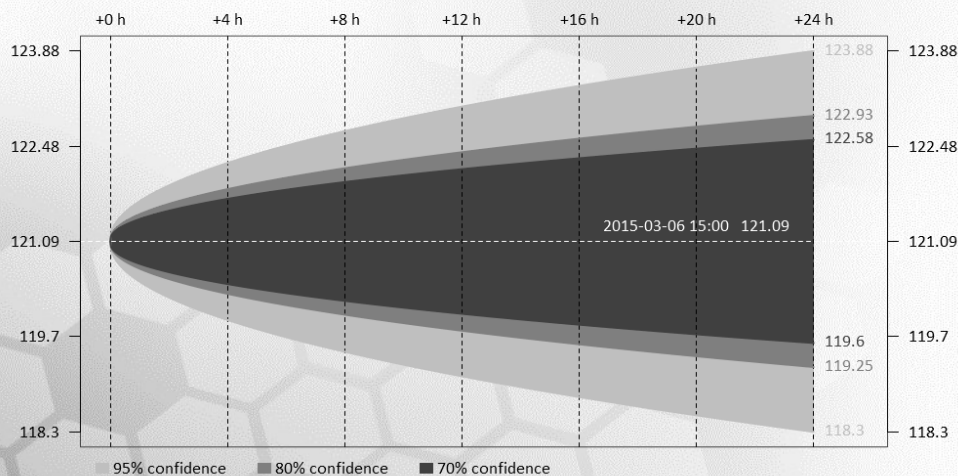
EURUSD Potential Rates



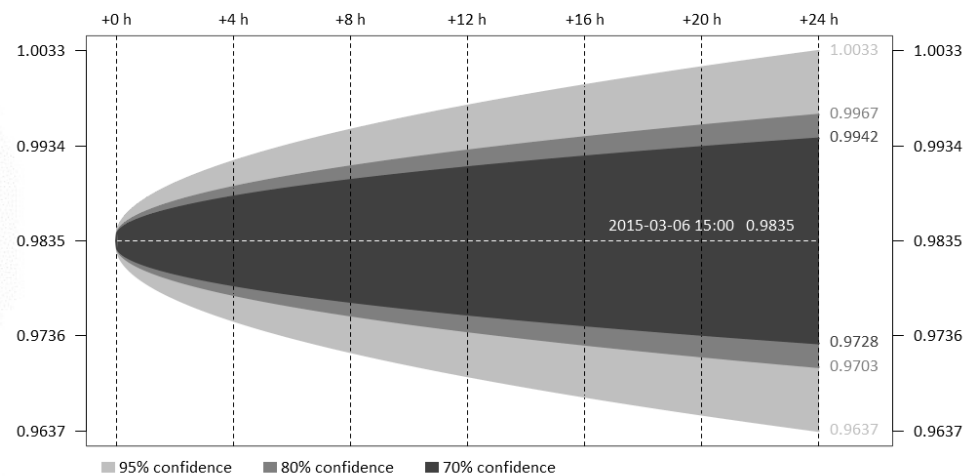
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

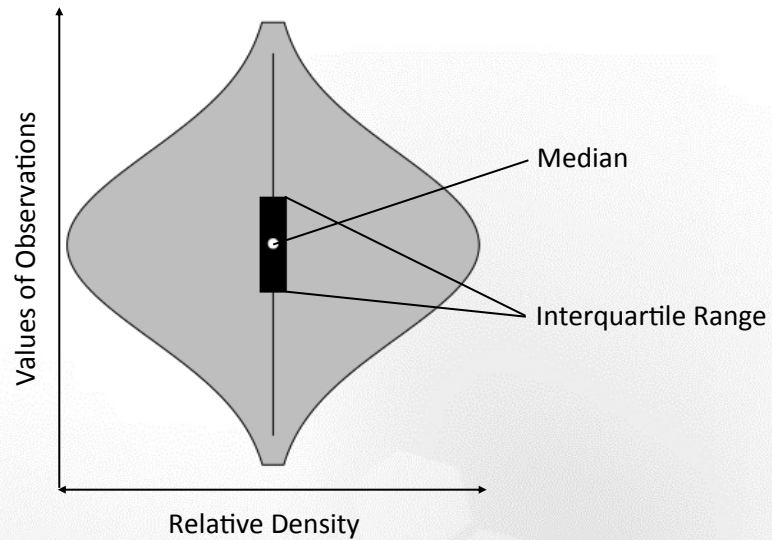
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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