



**EUR**

13/03/2015



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# Dominant Events of the Period

## Yellow Area

March 6

08:00-15:30

- UK Consumer Inflation Expectations
- Euro Zone GDP
- US Non-farm Payrolls, Unemployment Rate, Average Hourly Earnings, Average Weekly Hours, Trade Balance

## Turquoise Area

March 9

07:00 - 16:00

- German Trade Balance
- Eurogroup Meeting

## Blue Area

March 10

02:30 - 21:30

- Chinese CPI
- EcoFin Meeting
- BOE Governor Carney's Speech

## Purple Area

March 11

07:30 - 20:30

- ECB President Draghi's Speech
- UK Manufacturing Production, Industrial Production
- RBNZ Interest Rate Decision and Monetary Policy Statement

## Orange Area

March 12

06:30 - 17:30

- German CPI
- Euro Zone Industrial Production
- US Jobless Claims, Retail Sales
- BOE Governor Carney's Speech

EUR Currency Index Change

0.5%

0.08%

0.95%

0.89%

-0.44%

Max EUR Volatility Index

2.38

1.19

1.84

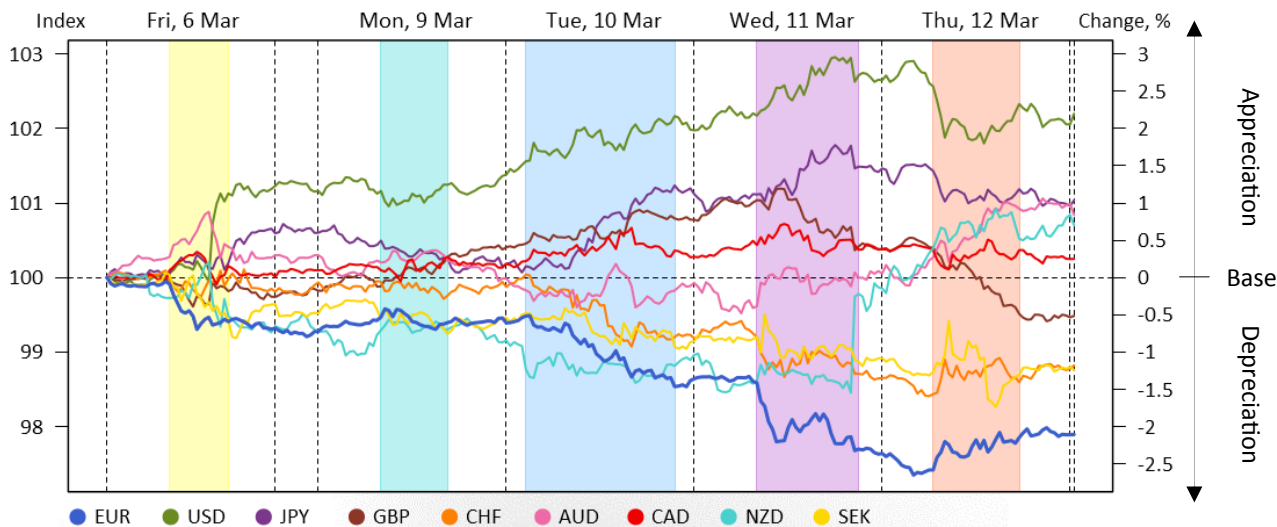
1.92

2.36



# Relative Currency Strength

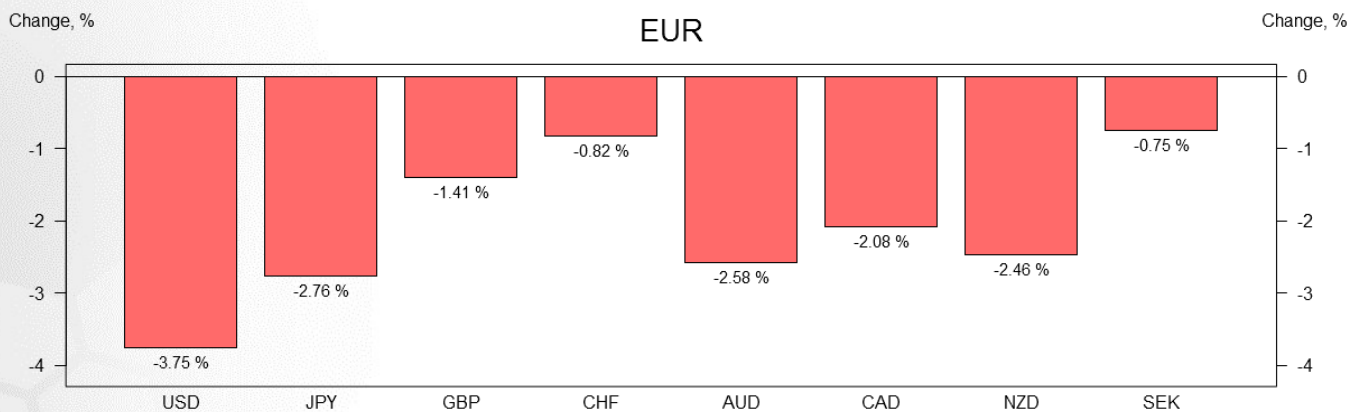
Currency Indexes



During the observed period the Euro continued its steady depreciation and, as a result, the index finished the period on the 97.9 points level and below all its peers. Thus, the single currency has lost more than 1% against almost all its counterparts, excepting the franc and the krona, which shared the second worst performer's position. Just like in the Euro's case, their currency indexes followed a downtrend and posted a 1.2% loss at the end of the period. The Greenback, in turn, showed the best results. The strong nonfarm payrolls and unemployment data on Friday – the index surged by 1%

and continued to appreciate till Wednesday, when it reached the 103.0 mark. However, the currency weakened on Thursday and finished the day at the 102.2 points level. The most conspicuous was the Kiwi's reaction to RBNZ's policy statement – the currency index recovered from a 1.5% loss and returned to the base line on Wednesday evening.

Being pressured by persistent uncertainty about cash-strapped Greece and going through the ECB's bond-buying programme, the single currency was weakening during the first three days of the period. The currency dropped further after the ECB President Draghi's comments on current European economy. Thus, the index sank to the 97.5 points level on Thursday morning.



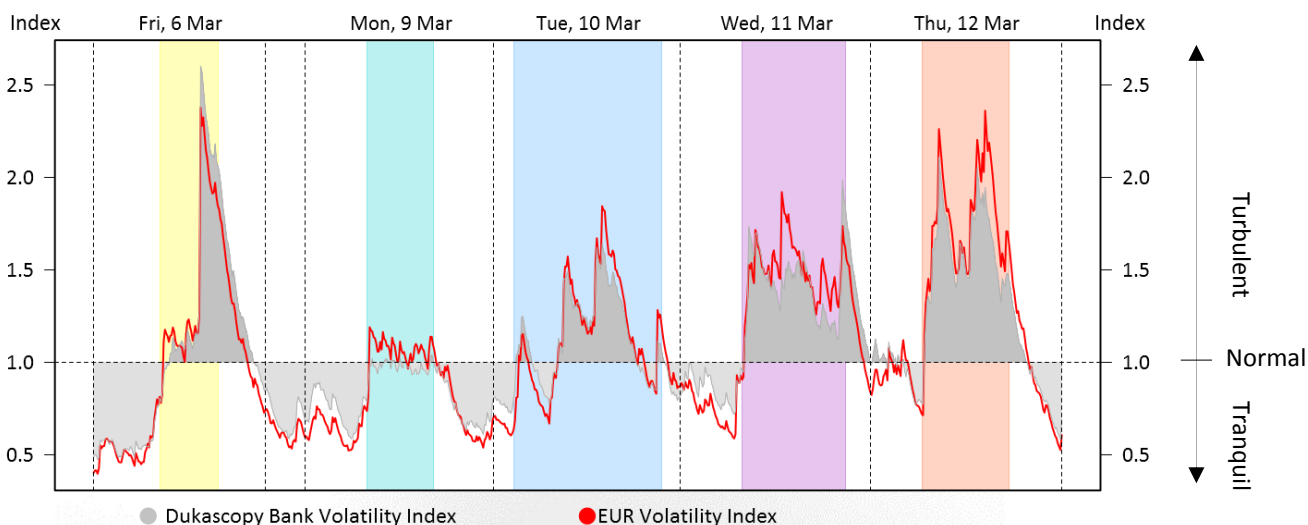
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-2.1%	2.2%	1.03%	-0.51%	-1.18%	0.84%	0.25%	0.7%	-1.24%
20	-5.43%	2.77%	0.85%	-0.58%	-5.14%	2.41%	1.51%	2.56%	0.89%
130	-9%	12.96%	-0.58%	3.47%	5.84%	-5.19%	-2.22%	1.99%	-8.36%
250	-12.56%	17.79%	-0.94%	5.35%	2.31%	-0.17%	2.73%	1.59%	-16.13%



# Volatility

## Volatility



Turbulence on the market finally picked up, putting the portion of elevated volatility at around 50% for most of the observed currencies. The Euro was the third most volatile in this respect, having its median volatility index value at exactly 1 point level, slightly above the market's. EUR/USD and EUR/NZD were the most volatile pairs, based both on the overturbulence portions and indexes' highest peaks. Thus, EUR/USD volatility reached its maximum with the US labor data release on Friday, and EUR/NZD index spiked as the Kiwi was pushed up by the RBNZ statement published on Wednesday. Meanwhile, among the Euro's peers, the dollar and the krona showed the greatest turbulence in all aspects.

While the EUR Volatility Index, along with the market's gauge, was prompted to its highest point by the US fundamentals, the single currency had plenty of its own shakers during the period. Firstly, the EUR index stood above the market's for most of Monday, as the currency was affected by the start of the ECB asset purchasing programme and the Eurogroup's discussion of the Greek reform package. Then on Tuesday, the index peaked 0.2 points above the aggregate measure as the Euro fell to its nearly 12 years low against the Greenback, with the European government-bond yields tumbling and the Fed seeming more and more likely to raise interest rates. Later, similar movements took over the EUR index on Wednesday, while Thursday saw the single currency lift its volatility by erasing some of its loses.

### Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
	47	59	51	50	39	45	40	67	41

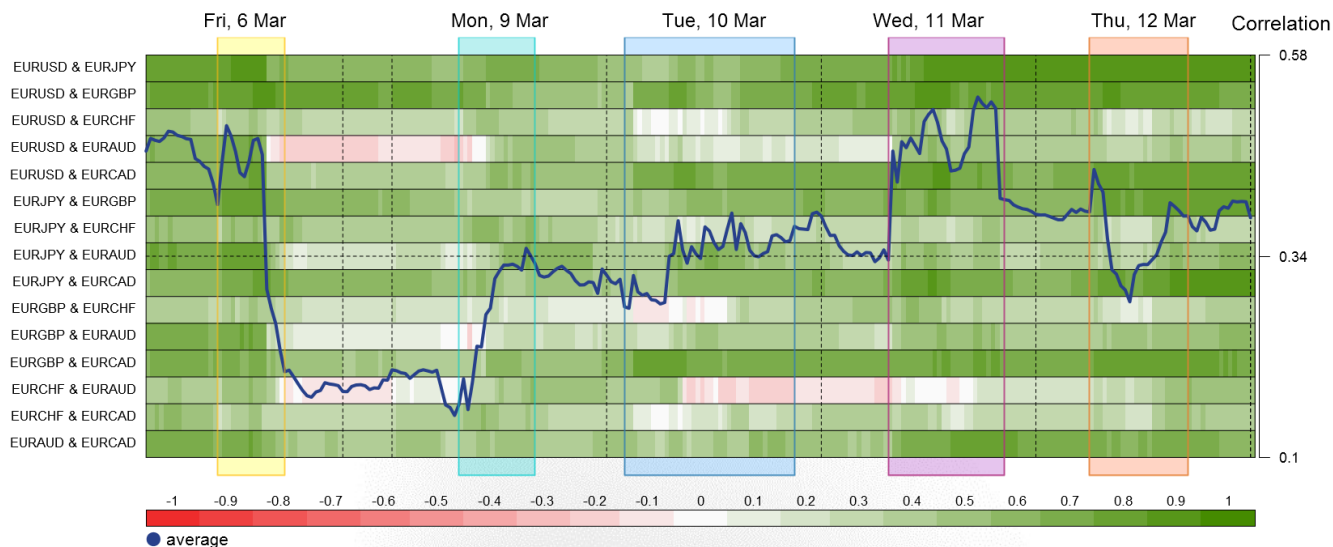
### Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	2.6	2.38	5.73	2.75	4.2	1.84	2.17	2.45	5.08	4.27
Min	0.48	0.4	0.26	0.38	0.26	0.3	0.38	0.29	0.38	0.14
Average	1.08	1.07	1.29	1.12	1.09	0.91	1.01	0.91	1.28	0.98



# Currency Significance

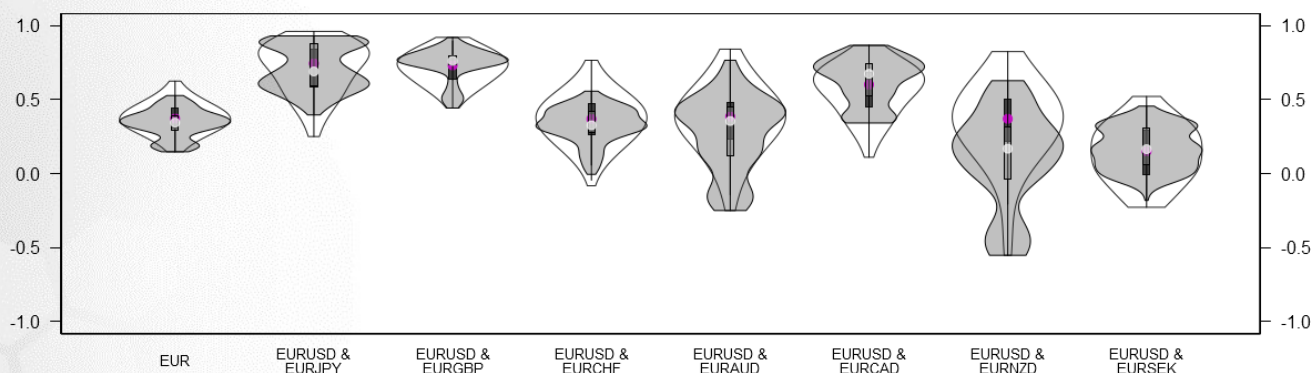
Correlations



The past week was rather dynamic for the single currency's significance measure, and it has ranged from 0.15 to 0.53 during the period. However, the average of the EUR measure, as well as the averages of most its components, remained on the usual level, losing only some points compared with the previous period. The greatest weakening occurred in EUR/USD correlations with EUR/AUD and EUR/NZD, with their mean values decreasing for 0.12 and 0.29 points, respectively.

The Euro significance measure started the period with a sharp fall. The unexpectedly high jump of the US nonfarm payrolls on Friday pushed the composite down, and the EUR measure reduced to the minimum level of the week. Nevertheless, afterwards the measure began to rise and was showing the upward trend till the end of the period. The first surge took place on Monday, when against the background of the Eurogroup meeting the composite gained 0.2 points and increased to the 0.34 level. The next notable jump of the EUR measure occurred on Wednesday and was caused by the ECB President Draghi's speech. Then the composite reached the maximum value of 0.53, but swiftly lost the level, and by the end of the day declined to the 0.38 mark.

Correlations (5 vs 20 days)

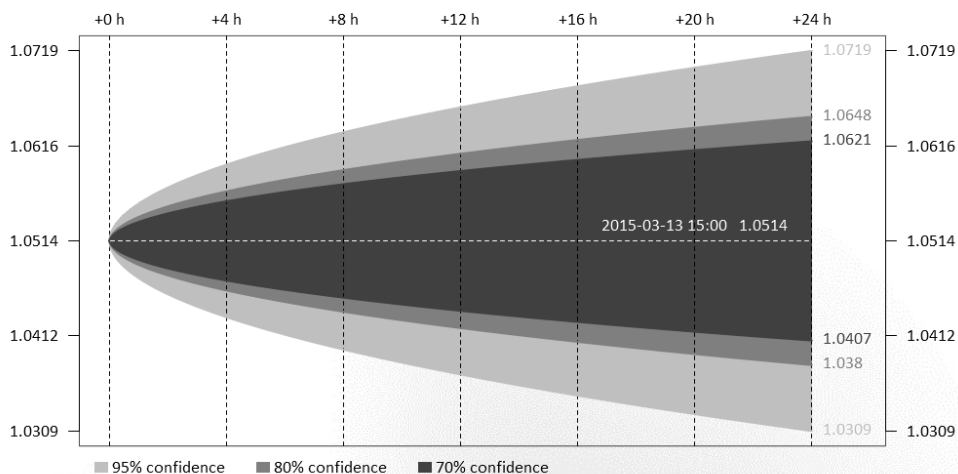


Mean Correlation Coefficient (with EURUSD)

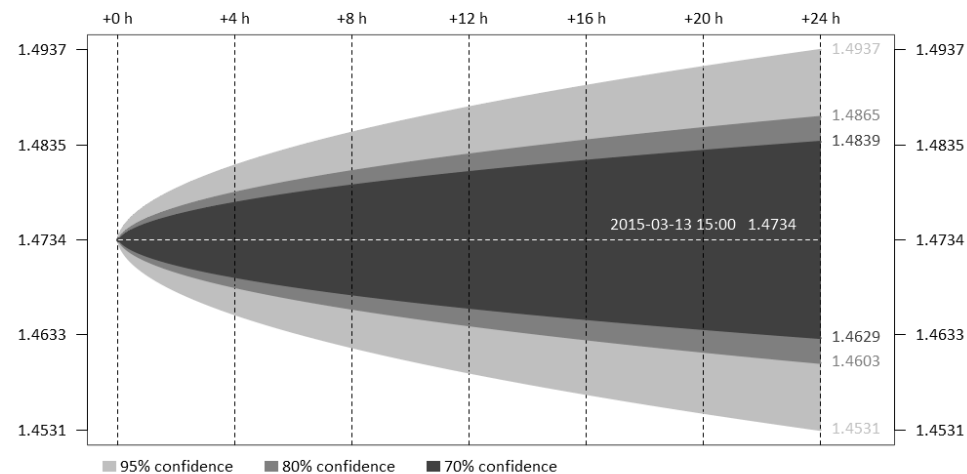
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.34	0.71	0.74	0.33	0.26	0.63	0.09	0.17
20	0.37	0.71	0.72	0.36	0.36	0.57	0.34	0.14
130	0.26	0.42	0.58	0.07	0.24	0.53	0.17	0.12
250	0.26	0.47	0.57	-0.03	0.3	0.55	0.2	0.09

# Confidence Intervals for Next 24 Hours

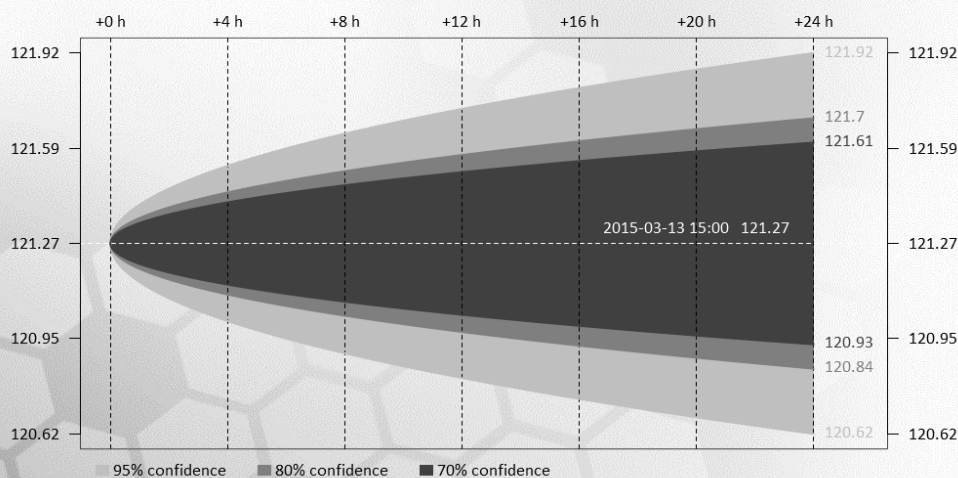
EURUSD Potential Rates



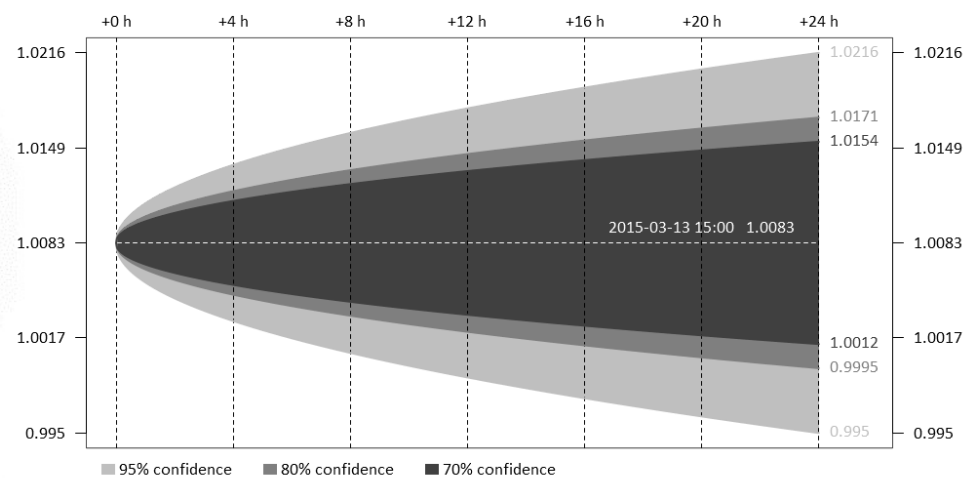
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



# EXPLANATIONS

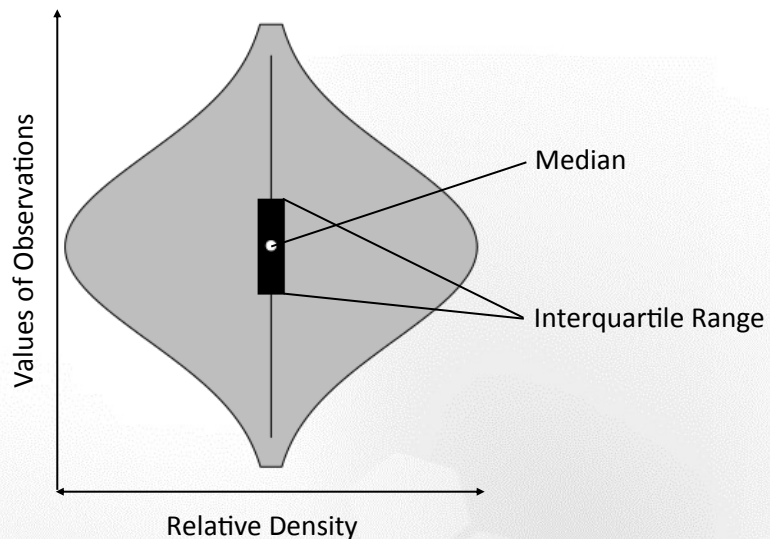
## Violin Plot

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

## Methodologies

Volatility Index

Confidence Interval





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