



EUR

20/03/2015



DUKASCOPY
RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

March 13

07:00-17:30

- Canadian Net Change in Employment, Unemployment Rate
- US PPI, Flash UoM Consumer Sentiment Index

Turquoise Area

March 16

07:00 - 17:00

- Swiss Real Retail Sales
- US Industrial Production, Capacity Utilization

Blue Area

March 17

09:00 - 16:00

- Euro Zone CPI, German ZEW Survey
- US Housing Starts, Building Permits

Purple Area

March 18

07:00 - 20:30

- BOE Minutes, MPC Vote, UK Claimant Count, ILO Unemployment Rate
- Fed's Monetary Policy Statement

Orange Area

March 19

00:00 - 19:00

- RBA Bulletin
- Swiss Trade Balance, SNB Interest Rate Decision
- ECB Economic Bulletin, Targeted LTRO
- EU Extraordinary Economic Summit
- US Jobless Claims, Current Account

EUR Currency Index Change

-0.58%

0.45%

0.33%

0.87%

-1.07%

Max EUR Volatility Index

1.74

1.43

1.44

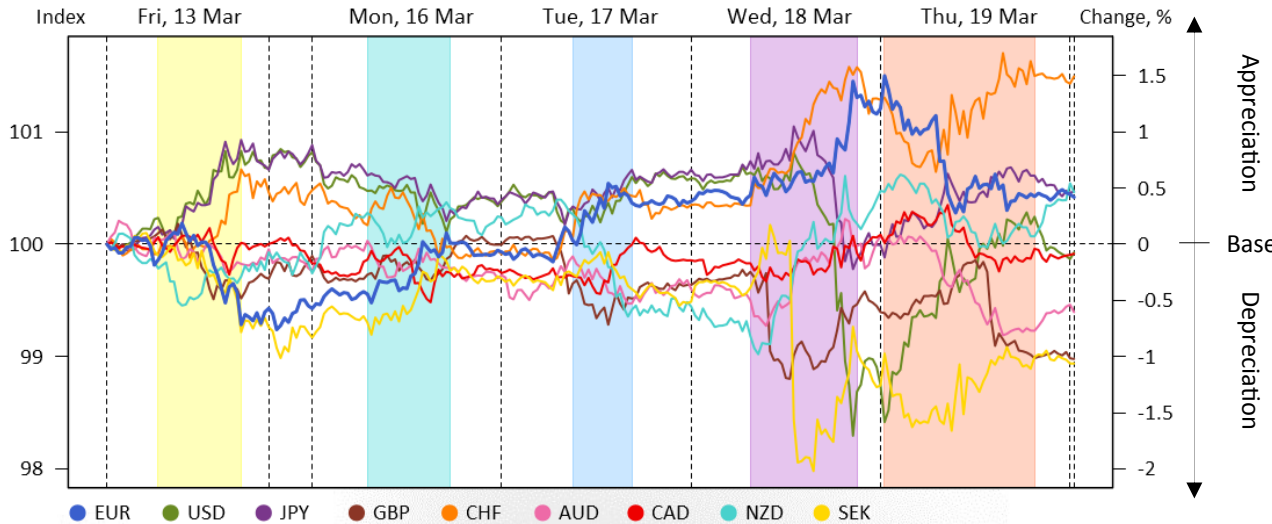
3.55

2.58



Relative Currency Strength

Currency Indexes



The observed period was very successful for the Swiss franc, and, to some extent, for the single currency. The main losers of the past month finally took the lead and finished the week with 1.49% and 0.42% gain, respectively. The CHF Index became the best performer, while the Euro gauge yielded to the yen's and the Kiwi indexes, though with a very small gap of 0.05% and 0.04%. Wednesday became the turning-point for most of the observed currencies. The UK and Japanese fundamentals, coupled with disappointing US and Swedish interest rates decisions managed the national currencies to notably decline. The franc, in turn, started to grow after the Swiss ZEW Survey Expectations report.

The Euro started the period with a drop, but managed to shake it off over the weekend, and caught up with the baseline against the background of Mario Draghi's speech on Monday. The recovery escalated on Tuesday, when encouraging Euro zone CPI and ZEW Survey data came out. The EUR Index exceeded the 100-point level and gained 0.5% during the day. However, the most notable development of the index occurred on Wednesday. Disappointing Fed interest rate decision and monetary policy statement caused the sharp drop of the dollar. The USD Index lost more than 1.7%, while the Euro gauge rose to the 101.5 point mark. Unfortunately, the Euro failed to hold on such a high level, and fell to the 100.5 mark after the Euro zone targeted LTRO data release.



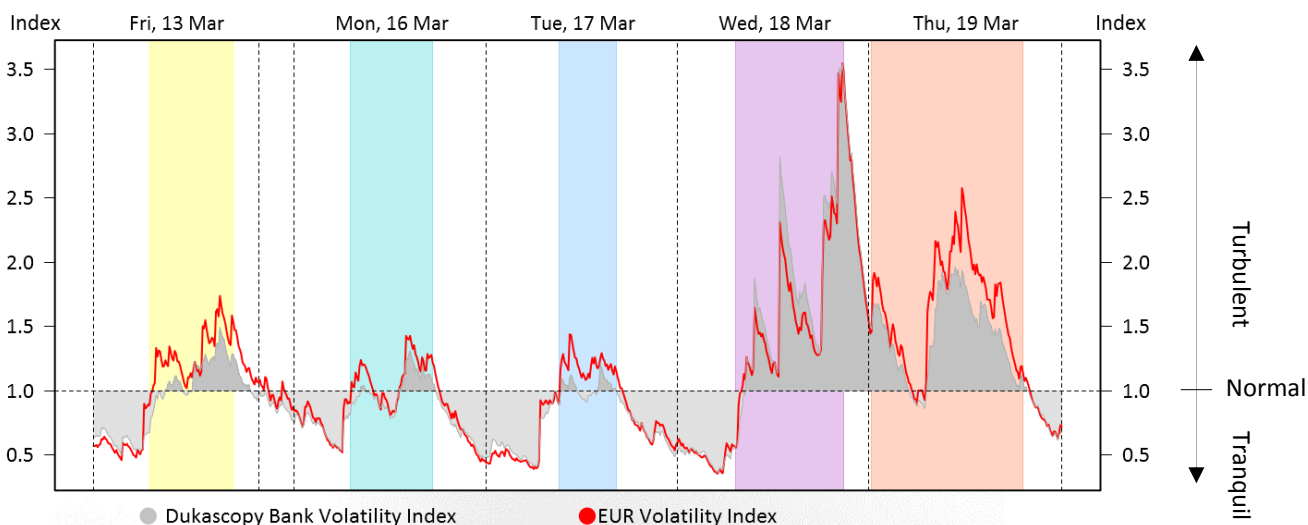
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.42%	-0.07%	0.47%	-1.02%	1.49%	-0.61%	-0.09%	0.46%	-1.06%
20	-3.86%	2.73%	1.18%	-1.5%	-1.37%	0.37%	0.79%	1.3%	-0.21%
130	-8.55%	12.87%	1.61%	1.1%	7.09%	-4.53%	-3.21%	2.92%	-10.24%
250	-11.94%	17.28%	-1.33%	4.42%	4.23%	-1.22%	3.61%	1.69%	-16.76%



Volatility

Volatility



In terms of volatility values the period could be divided into two parts – Friday to Tuesday with 26% portion of elevated market volatility, and Wednesday to Thursday with a 69% mark. It is worth noting that during the first three days the single currency was the most turbulent, and its volatility was above the historical level for 42% of time. Friday’s talks on Greece’s bailout in Brussels were accompanied by notable increase in the Euro’s volatility, whose index reached the 1.7 mark. All in all, there was no any influential economic releases that notably influenced the currencies and their volatility during the first half of the observed period.

The last two days of the period were quite a different story. The first spike of market volatility was observed on Wednesday morning, when the pound’s index surged to the 4.68 mark in reaction to the BOE minutes and disappointing wage data. Few hours later, the Riksbank’s decision to cut the repo rate to -0.25% and extend the bond purchase programme shocked the market and drove the krona’s index to the 8.09 high – the highest value among all the indexes during the period. The most conspicuous peak of market volatility took place in the evening, after the FOMC decision to keep rate unchanged and comments on uncertainty about the timing of the first rate hike. Lastly, thursday was very turbulent for the Euro as the Greece’s topic was discussed on extraordinary summit again.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	43	54	57	63	58	47	47	45	41	34

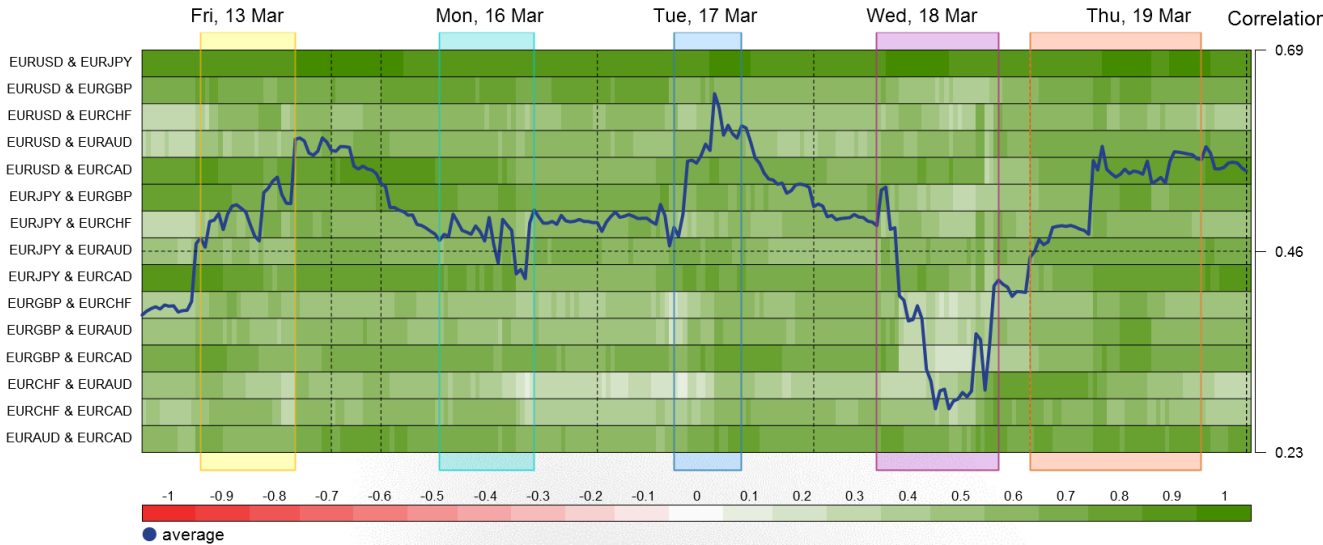
Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	3.54	3.55	5.54	4.01	5.39	3.47	3.5	3.93	3.69	10.59
Min	0.36	0.35	0.3	0.33	0.3	0.31	0.42	0.3	0.34	0.06
Average	1.06	1.12	1.27	1.25	1.22	1.1	1.05	1.04	1.02	1.05



Currency Significance

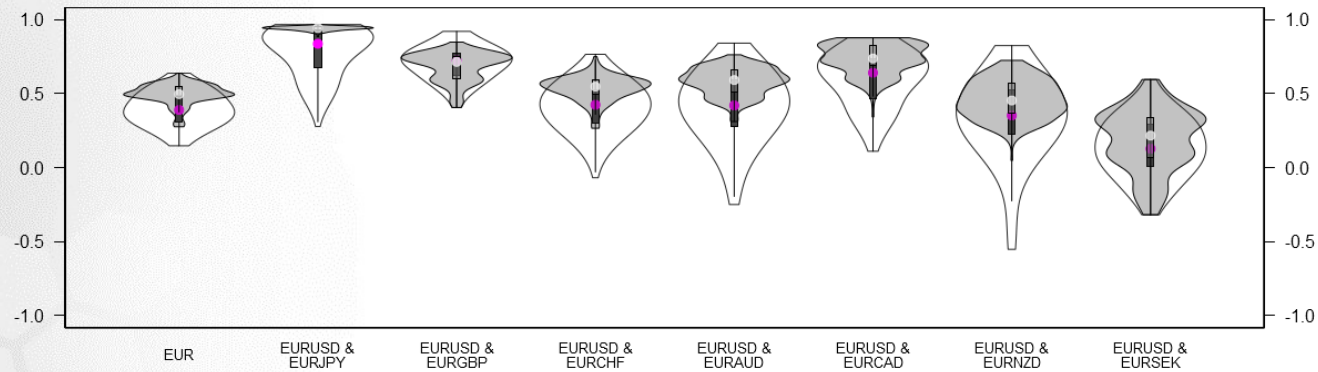
Correlations



The Euro significance measure went over the top in the past period, rising from being one of the weakest composites to holding among the strongest gauges. Its average gained 0.1-0.2 points over the long-term values, with the EUR/USD components' means gaining as much as 0.5 points for the combinations with EUR/JPY and EUR/CHF. The only EUR/USD components to not show any notable changes were the ones with EUR/GBP and EUR/SEK, as the former remained on a solid level and the later failed to break out from its feeble one. Meanwhile, all the rest shifted well above their long-term averages, indicating particularly strong positive correlation.

The Euro composite rose above the significance threshold of 0.30 points back when the ECB started its bond buying programme on March 9, but during the past period, as the Euro went to edge up from its record lows against the dollar, it held firmly above the 0.45 mark. On Tuesday, the composite spiked to the period's maximum of 0.6 points, fueled by the single currency's quickened advance against the background of upbeat German ZEW survey data. The next day, however, the Euro significance was crushed by the movements of the pound, the krona, and the dollar. Weak UK jobs and wages data, Swedish interest rate cut, and reduced rates outlook from the FOMC pushed the respective currencies down, overshadowing the Euro recovery. The composite, however, returned to its strong level on Thursday, though supported now by the weakening of the Euro rather than its strength.

Correlations (5 vs 20 days)

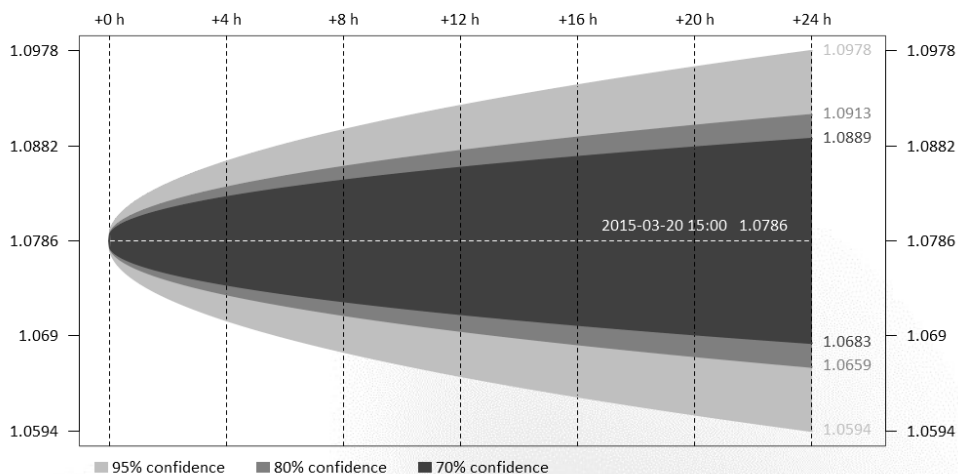


Mean Correlation Coefficient (with EURUSD)

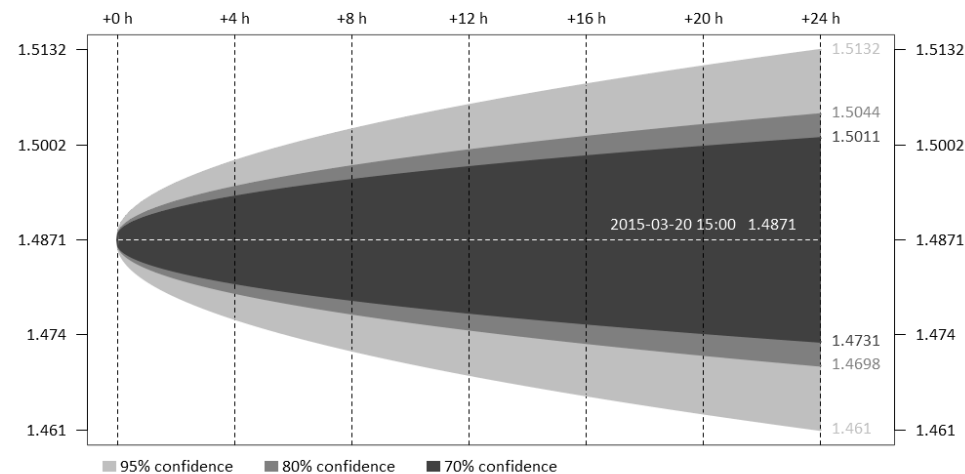
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.49	0.94	0.68	0.53	0.58	0.74	0.46	0.19
20	0.39	0.78	0.71	0.41	0.41	0.6	0.34	0.13
130	0.27	0.44	0.6	0.1	0.26	0.54	0.18	0.12
250	0.26	0.48	0.57	-0.02	0.31	0.55	0.2	0.1

Confidence Intervals for Next 24 Hours

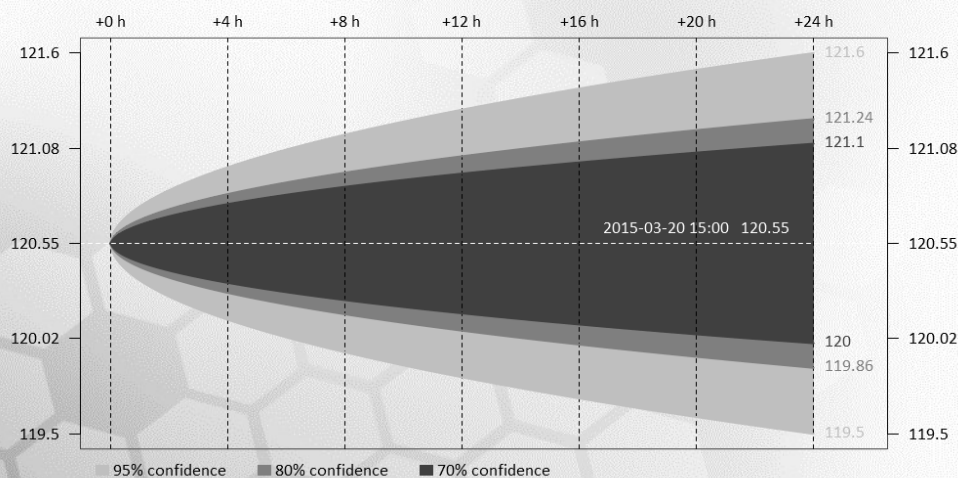
EURUSD Potential Rates



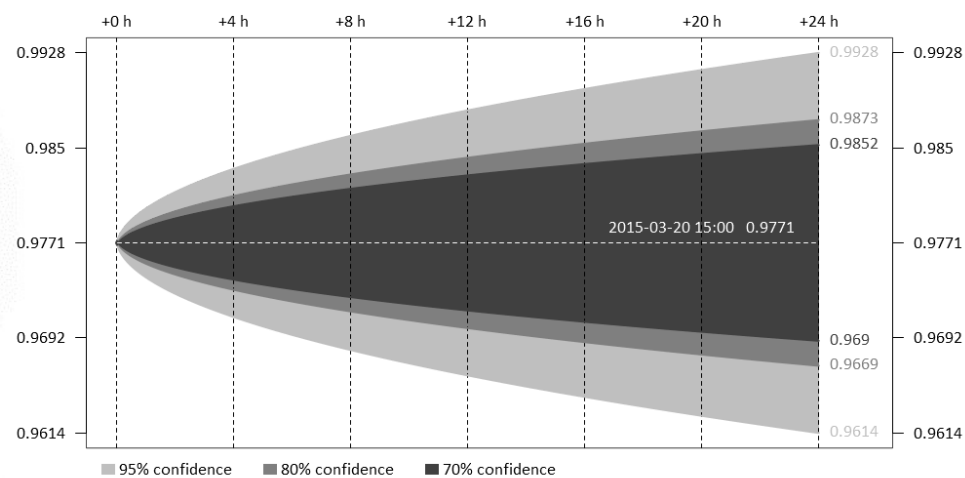
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

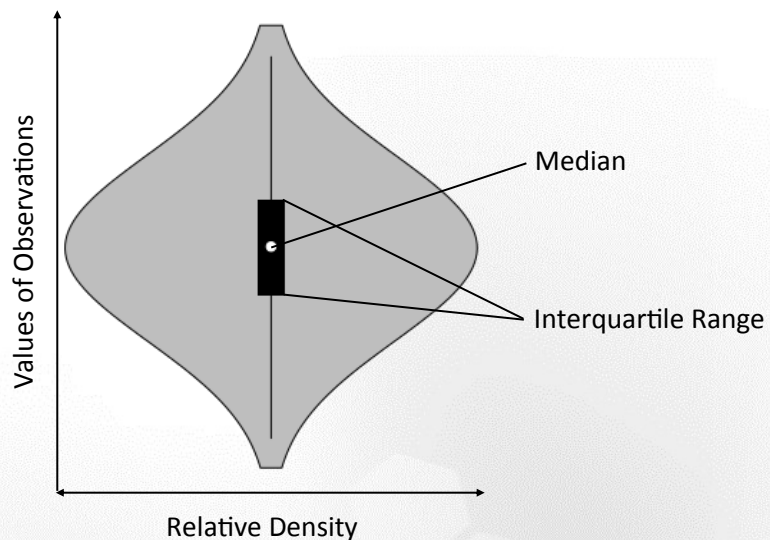
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





Newest releases and archive:

- Fundamental Analysis
- Technical Analysis
- Press Review
- Market Research
- Expert Commentary
- Dukascopy Sentiment Index
- Trade Pattern Ideas
- Global Stock Market Review
- Commodity Overview
- Economic Research
- Quarterly Report
- Aggregate Technical Indicator

Additional information:

- Dukascopy Group Home Page
- Market News & Research
- FXSpider
- Live Webinars
- Dukascopy TV
- Daily Pivot Point Levels
- Economic Calendar
- Daily Highs/Lows
- SWFX Sentiment Index
- Movers & Shakers FX
- Forex Calculators
- Currency Converter
- Currency Index
- CoT Charts

Social networks:



Disclaimer

Everything in this article, including opinions and figures, is provided for informational purposes only and may not be interpreted as financial advice or solicitation of products. Dukascopy group assume no responsibility for the completeness or the accuracy of any data contained in this article. Financial figures indicated in this article have not been verified by the Dukascopy group. Views, opinions and analyses are those of the author of the article, and are not endorsed by the Dukascopy group.

Dukascopy group waive any and all warranties, express or implied, regarding, but without limitation to, warranties of the merchantability or the fitness for a particular purpose, with respect to all information in this article. Dukascopy group shall under no circumstances be responsible for any direct, indirect, consequential, contingent or any other damages sustained in connection with the use of this article.