



EUR

27/03/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

March 20

11:00-20:30

- Canadian CPI, Retail Sales

Turquoise Area

March 23

03:30 - 18:00

- ECB President Draghi's Speech
- US Existing Home Sales
- Euro Zone Flash Consumer Confidence

Blue Area

March 24

07:00 - 14:30

- German, Euro Zone Flash Markit PMI
- UK CPI
- US CPI, Flash Markit Manufacturing PMI, New Home Sales

Purple Area

March 25

12:00 - 16:00

- US Durable Goods Orders
- SNB Quarterly Bulletin

Orange Area

March 26

08:00 - 14:30

- UK Retail Sales
- US Jobless Claims, Flash Markit PMI
- BoC Governor Poloz's Speech

EUR Currency Index Change

0.19%

0.54%

-0.26%

0.05%

-0.41%

Max EUR Volatility Index

1.76

1.47

1.62

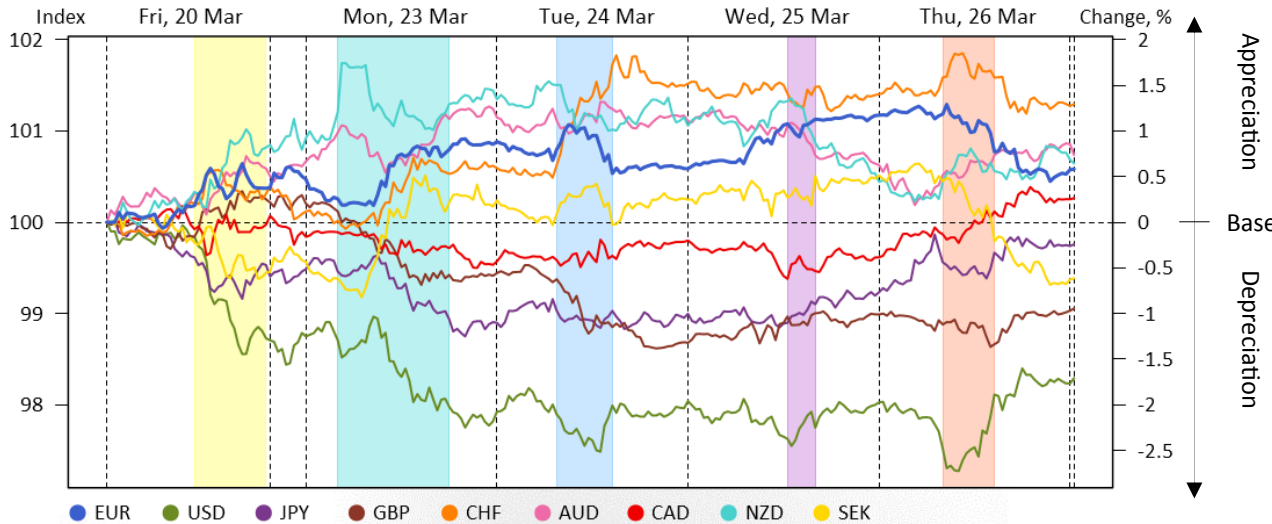
1.14

1.56



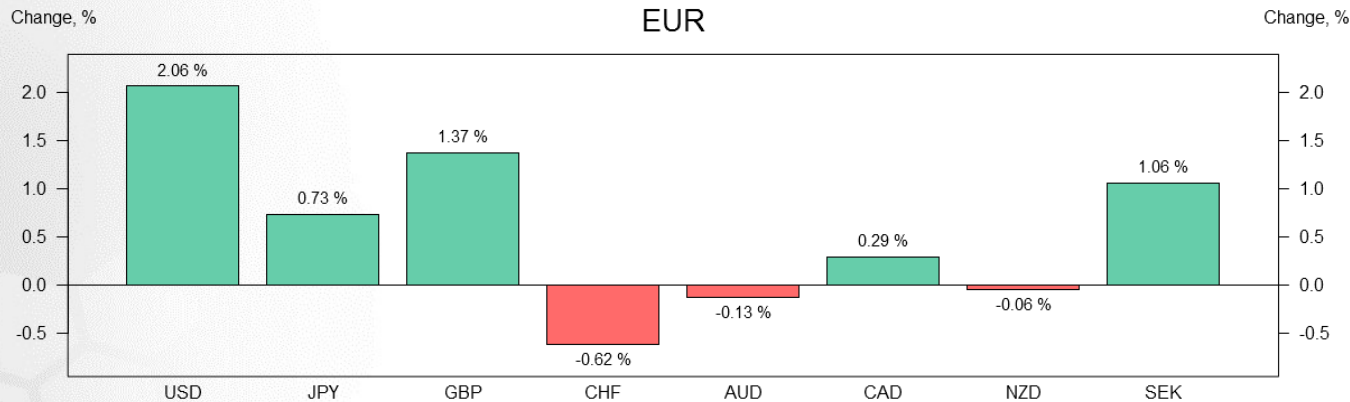
Relative Currency Strength

Currency Indexes



The period could be characterised as calm for majority of the observed currencies. That means that there were very few economic releases to notably influence the currency rates. The Greenback and the franc were the most interesting in terms of the currency indexes' dynamics. The former continued its depreciation, with occasional jumps not strong enough to return its value at least to Friday's level. Thus, the USD Index lost 1.7% of its base value during the period, showing the worst result among the observed currencies. The latter, on the contrary, was appreciating and finished the second week in a row on the best performer's position.

The Euro's index moved without any sharp changes in reaction to the period's events. Friday was marked with 1.5% fall of the USD Index. The Euro's gauge, in turn, was zigzagging above the baseline against the background of extraordinary summit, where Greece's topic was discussed. The trading week started with the announcement that the S&P had increased its outlook for Portugal's sovereign credit ratings. This event, coupled with the ECB President's positive comments on the Euro area's economy, drove the index up. The measure slightly grew and reached the 101.0 points level on Tuesday, after the optimistic releases of Euro zone's PMIs. Increasing German economic climate assessment managed the index to remain on this level till Thursday, when slight depreciation was observed.



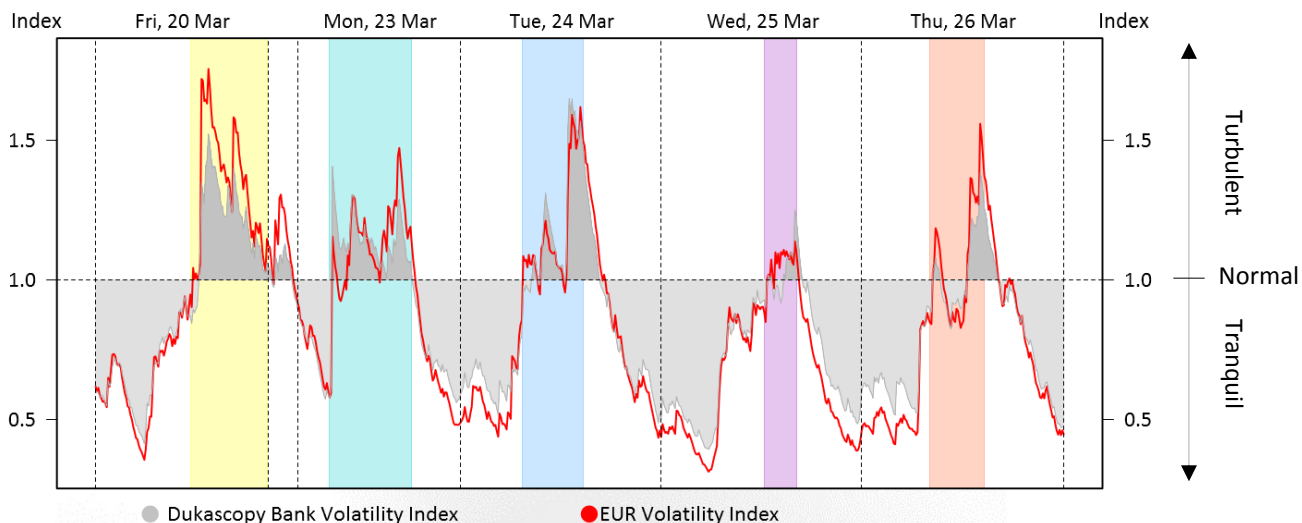
Currency Index Change

| Days | EUR | USD | JPY | GBP | CHF | AUD | CAD | NZD | SEK |
|------|---------|--------|--------|--------|--------|--------|--------|-------|---------|
| 5 | 0.58% | -1.71% | -0.24% | -0.95% | 1.29% | 0.74% | 0.26% | 0.64% | -0.61% |
| 20 | -2.3% | 1.2% | 1.51% | -2.73% | -0.29% | 1.29% | 1.3% | 1.69% | -2.07% |
| 130 | -7.8% | 9.79% | -0.24% | -0.31% | 8.43% | -3.01% | -2.71% | 5.12% | -10.24% |
| 250 | -10.58% | 16.07% | -1.75% | 3.69% | 6.46% | -2.47% | 2.82% | 1.86% | -16.09% |



Volatility

Volatility



After two turbulent weeks, both the market and the single currency spent quite a calm period. The highest peaks of the aggregate and the Euro's volatility indexes did not even reach 2 points, stopping at 1.65 and 1.76 points, respectively. In addition, the market and EUR indexes held above the historical level in about 30% of the observed period, thus losing 11-29% from their previous readings.

The period of the highest turbulence took place in the first three observed trading days. The highest

peak of the Euro's volatility occurred on Friday, when against the background of the BoC CPI and retail sales releases the EUR index jumped to the 1.76 mark. The market's reaction was lesser, and its index reached only 1.52 points. On Monday, following the Draghi's speech and the Euro zone consumer confidence data report, the EUR index spent more than half a day above the 1-point mark. Tuesday was marked by the plenty of news from the US, and in the time of the US CPI release the Euro volatility surged to 1.62. Moreover, the market volatility reached the highest mark of the period at this moment. The next notable surge of the EUR volatility (1.56) was on Thursday, and was caused by the high US PMI data.

Elevated Volatility (% of the observed period)

| Market | EUR | EURUSD | EURJPY | EURGBP | EURCHF | EURAUD | EURCAD | EURNZD | EURSEK |
|--------|-----|--------|--------|--------|--------|--------|--------|--------|--------|
| 31 | 33 | 41 | 35 | 29 | 28 | 33 | 32 | 30 | 8 |

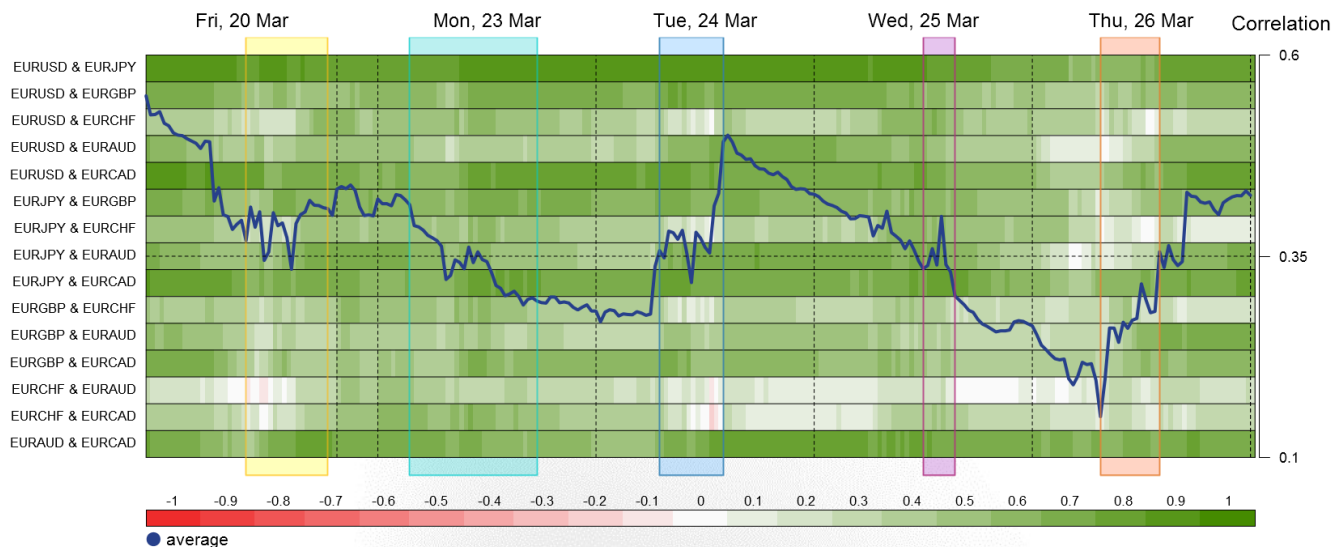
Volatility Index (for the observed period)

| | Market | EUR | EURUSD | EURJPY | EURGBP | EURCHF | EURAUD | EURCAD | EURNZD | EURSEK |
|---------|--------|------|--------|--------|--------|--------|--------|--------|--------|--------|
| Max | 1.65 | 1.76 | 2.68 | 2.16 | 1.7 | 2.24 | 2.14 | 2.34 | 3.77 | 2.02 |
| Min | 0.39 | 0.31 | 0.27 | 0.23 | 0.23 | 0.25 | 0.32 | 0.2 | 0.26 | 0.16 |
| Average | 0.85 | 0.84 | 0.96 | 0.91 | 0.78 | 0.8 | 0.88 | 0.85 | 0.88 | 0.63 |



Currency Significance

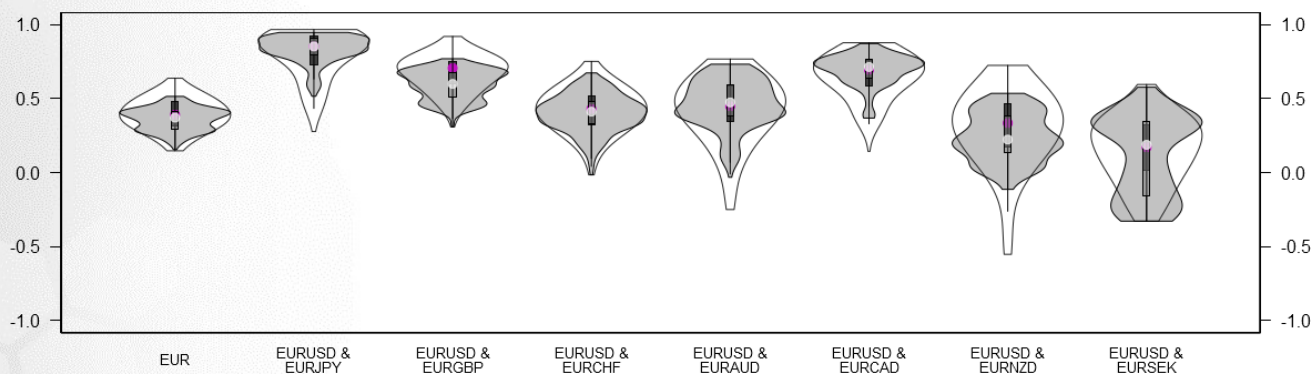
Correlations



After the upsurge of the previous week, the Euro's significance measure lost some of its strength during the past period, edging closer to the feeble long-term values. Big part of the drop came from the EUR/CHF components, which posted the averages of 0.20-0.40 points and were the weakest ones among the Euro's correlations. The pairs combinations with its Pacific peers were also the only ones to dip into the negative area on a couple of occasions. Meanwhile, combinations of EUR/USD, EUR/JPY, and EUR/CAD showed the strongest bonds, holding above the threshold of 0.30 points throughout the whole period and averaging to 0.70-0.85 points.

The Euro's correlation composite started the period by easing from the remarkably high levels it surged to during the previous week, and maintained the direction throughout most of the observed trading days. Two periods of strengthening took place on Tuesday and Thursday, with the former being the most dynamic day of the week. As the Euro zone, the UK, and the US releases moved the corresponding currencies across the market, their significance measures suffered several rises and falls, with the EUR composite eventually surging to its highest peak of 0.50 points. The last day of the period saw marked by the softening of the single currency and with that the upsurge of its composite. The strengthening was observed in all components save the EUR/CHF ones, and the aggregate index managed to cross above the 0.40 points mark by the end of the day.

Correlations (5 vs 20 days)

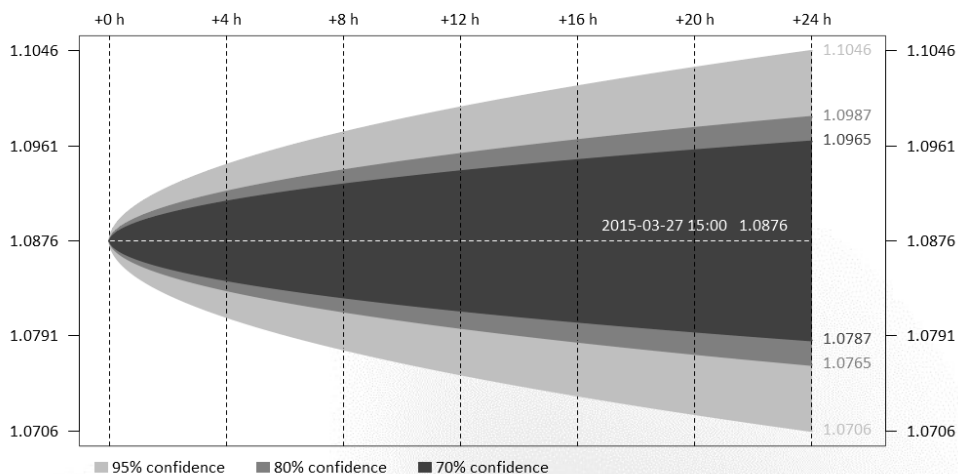


Mean Correlation Coefficient (with EURUSD)

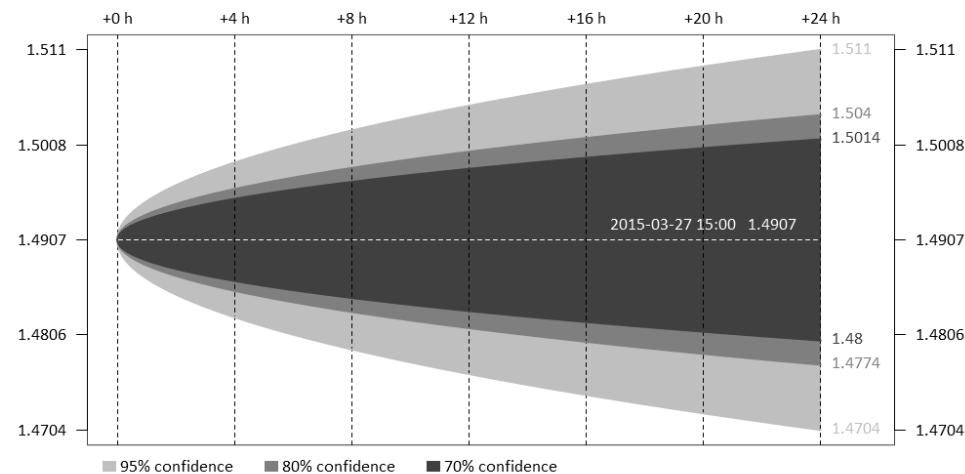
| Days | EUR | EURJPY | EURGBP | EURCHF | EURAUD | EURCAD | EURNZD | EURSEK |
|------|------|--------|--------|--------|--------|--------|--------|--------|
| 5 | 0.36 | 0.83 | 0.59 | 0.4 | 0.46 | 0.7 | 0.24 | 0.11 |
| 20 | 0.39 | 0.8 | 0.67 | 0.42 | 0.42 | 0.66 | 0.3 | 0.15 |
| 130 | 0.28 | 0.46 | 0.61 | 0.12 | 0.27 | 0.56 | 0.19 | 0.14 |
| 250 | 0.26 | 0.48 | 0.57 | -0.01 | 0.31 | 0.55 | 0.2 | 0.1 |

Confidence Intervals for Next 24 Hours

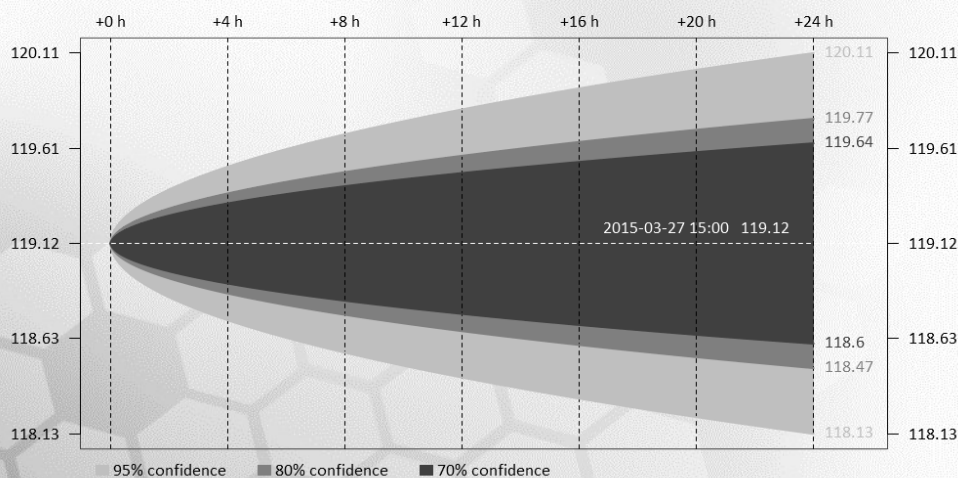
EURUSD Potential Rates



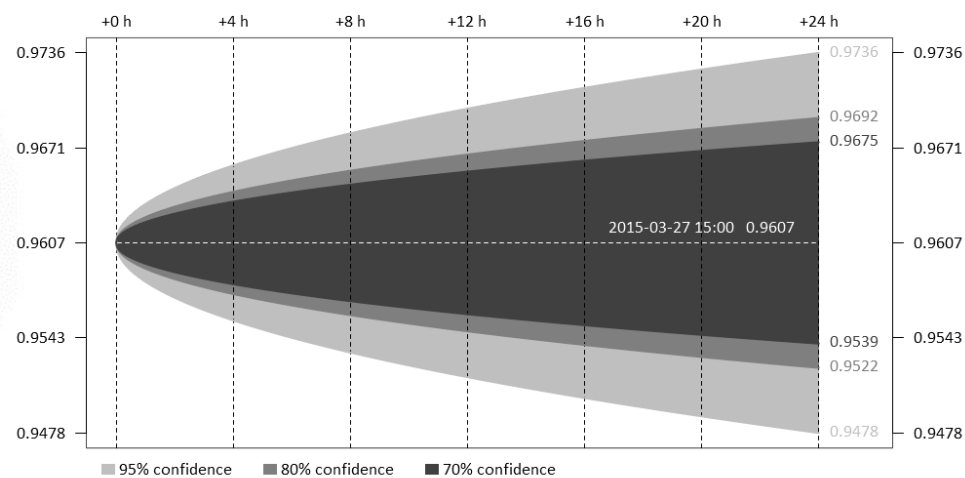
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

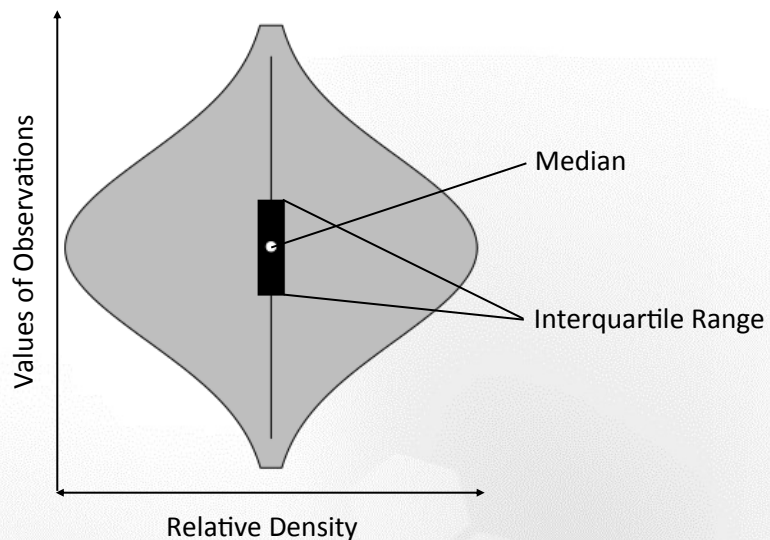
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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