



**EUR**

15/05/2015



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# Dominant Events of the Period

Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
May 8	May 11	May 12	May 13	May 14
01:30 - 13:30	06:30 - 17:00	06:30 - 15:30	06:30 - 15:00	06:00 - 16:00
<ul style="list-style-type: none"> <li><u>RBA Monetary Policy Statement</u></li> <li><u>German Trade Balance</u></li> <li><u>UK Trade Balance</u></li> <li><u>US Unemployment Rate, Nonfarm Payrolls</u></li> <li><u>Canadian Unemployment Rate</u></li> </ul>	<ul style="list-style-type: none"> <li><u>BoE Interest Rate Decision</u></li> <li><u>US Labor Market Conditions Index</u></li> </ul>	<ul style="list-style-type: none"> <li><u>UK Industrial Production, Manufacturing Production, NIESR GDP Estimate</u></li> <li><u>Australian Budget Release</u></li> <li><u>EcoFin Meeting</u></li> </ul>	<ul style="list-style-type: none"> <li><u>UK Claimant Count, Average Earnings, ILO Unemployment Rate</u></li> <li><u>Euro Zone GDP Estimate</u></li> <li><u>BoE Quarterly Inflation Report</u></li> <li><u>US Retail Sales</u></li> </ul>	<ul style="list-style-type: none"> <li><u>US PPI, Jobless Claims</u></li> <li><u>BoC Review</u></li> <li><u>ECB President Draghi's Speech</u></li> </ul>

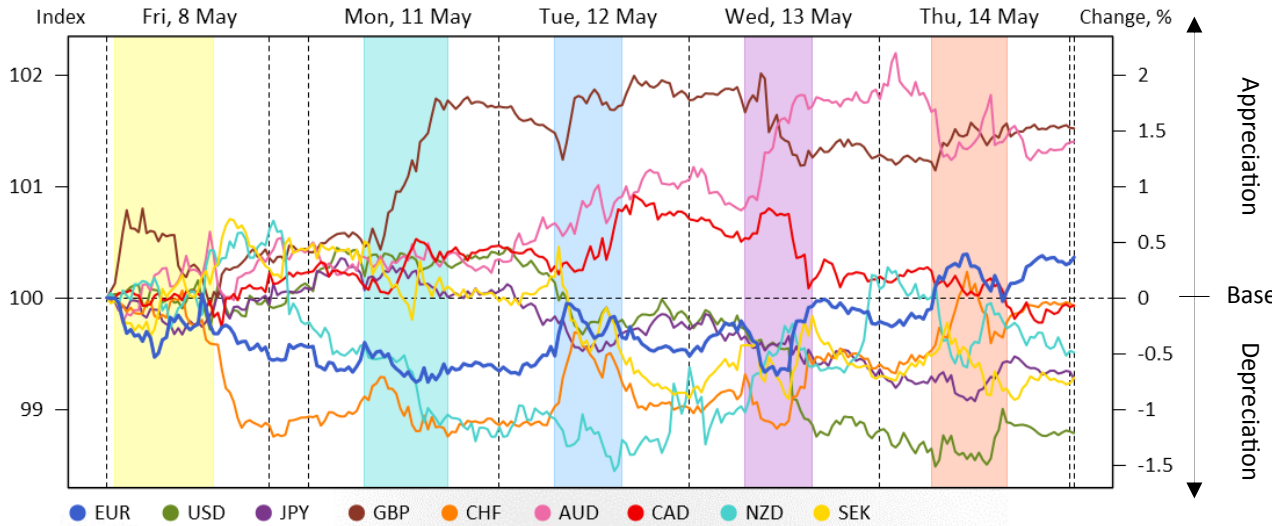
EUR Currency Index Change	-0.32%	-0.28%	0.16%	0.19%	0.16%
Max EUR Volatility Index	2.71	1.57	1.56	1.97	1.37





# Relative Currency Strength

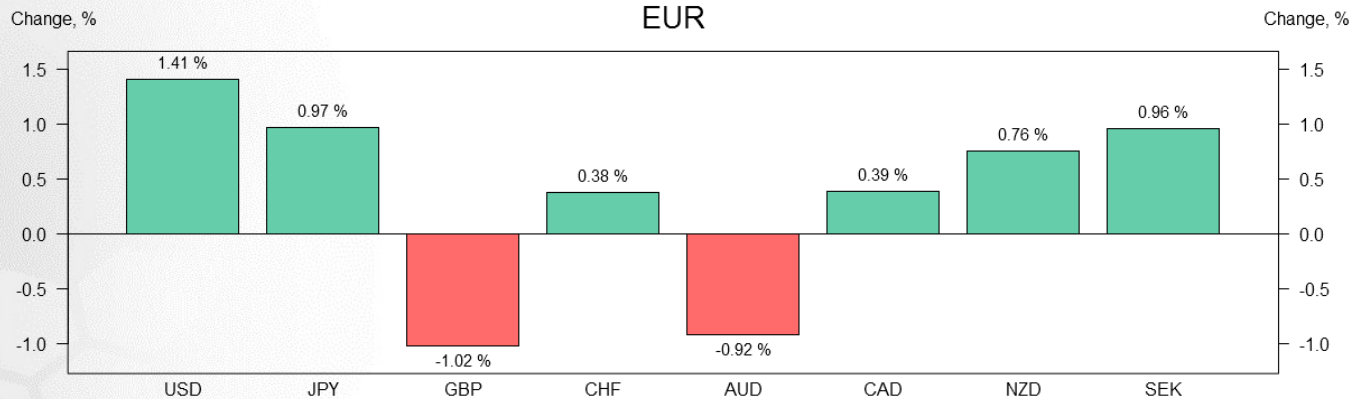
## Currency Indexes



The EUR Index was largely fixed during the period, sliding below the baseline in the first day and holding between 99.5 and 100.0 marks till the last. Meanwhile, most of its peers were more animate, though not many managed to end up successful. Besides the Euro's index, the pound's and the Aussie's gauges were the only ones to post gains. The former was sent into a rally by the UK parliamentary election, but the latter started on an uptrend after the release of upbeat home sales and inspiring budget announcement. Ultimately, both measures stabilized around 101.5, leaving their closest peer, the EUR Index, 1% behind. In the depreciation area,

the dollar's gauge came to be the leader, securing the position with a plunge after Wednesday's retail sales release.

The EUR Index opened the period with a slide against the background of the pound's election-fuelled rally, and after some intraday zigzagging gradually came to the week's median level of 99.6. The first surge to the baseline took place on Tuesday, backed by the Bund yields' growth and Greece's confirmation of IMF loan repayment. Another wave came on Wednesday, when the Euro was supported by strong GDP estimate, while the dollar was hit by flatlined retail sales. The momentum subsided overnight, but returned in full force in the new session, finally pulling the index above the baseline.



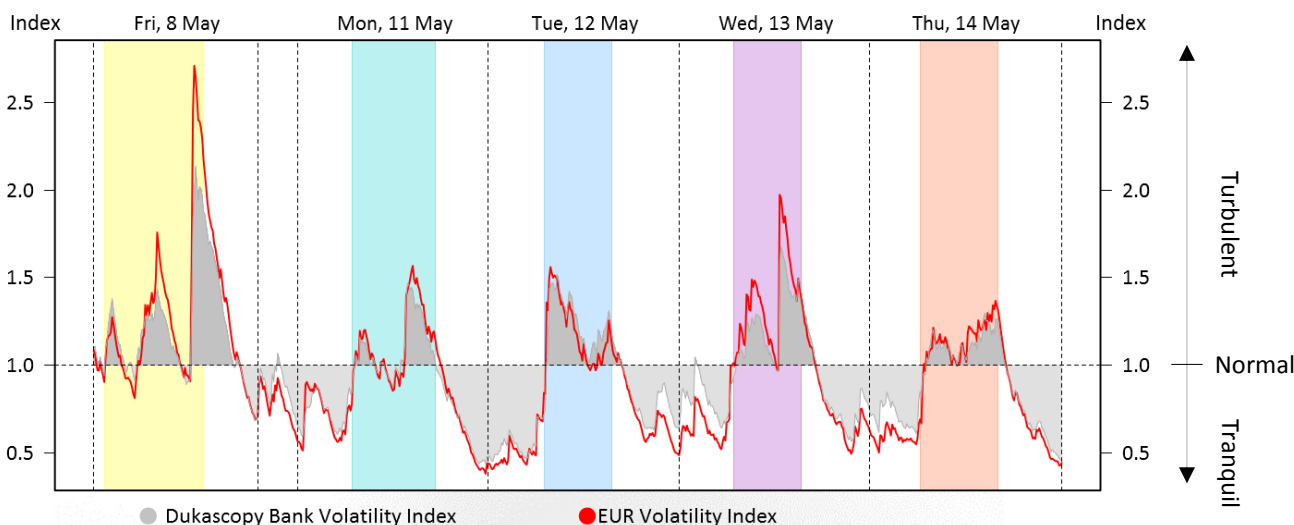
## Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.36%	-1.21%	-0.73%	1.52%	-0.07%	1.4%	-0.07%	-0.49%	-0.72%
20	4.02%	-2.31%	-3.11%	3.05%	2.24%	1.29%	-0.82%	-5.53%	2.18%
130	-5.88%	3.77%	1.46%	4.66%	10.36%	-4.05%	-1.65%	-1.33%	-8.11%
250	-7.65%	13.08%	-4.78%	6.19%	10.18%	-3.46%	2.29%	-3.19%	-12.64%



# Volatility

## Volatility



The market volatility was on its average level and mostly followed the general pattern of increased turbulence during the European trading sessions and relative tranquility overnight. The only exception was Friday. The first volatility peak took place in the beginning of the Asian trading session, when the pound soared in reaction to Conservatives' unexpected triumph in parliamentary elections. Moreover, a lot of influential releases like Swiss CPI, Canadian housing starts, and US unemployment rate were reflected in the greatest spikes of the market activity, and the 74% portion of the elevated volatility during that day. In turn, the most conspicuous and thus the most resonant events

during the current week were the weak Swedish CPI release, which managed the SEK Volatility Index to reach the 2.97 mark on Tuesday, and disappointing Wednesday's US retail sales release, which was followed by the 1.67 surge of the DB Volatility Index.

There were very few influential news on the Euro zone's economy during the week, and the Euro volatility spikes were mostly associated with its peers' releases. As a result, the highest peak of the gauge took place on Friday, against the background of the US nonfarm payrolls and unemployment rate announcements. The second highest spike also was induced by the US news, as unexpectedly low retail sales caused the single currency to strengthen against the dollar on Wednesday.

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

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
	43	41	31	35	47	28	42	38	55

### Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	2.13	2.71	4.43	3.37	2.98	1.77	2.41	3.32	3.3	3.41
Min	0.44	0.38	0.22	0.25	0.23	0.19	0.37	0.25	0.53	0.12
Average	0.95	0.94	0.87	0.9	1.01	0.79	0.98	0.91	1.13	0.88

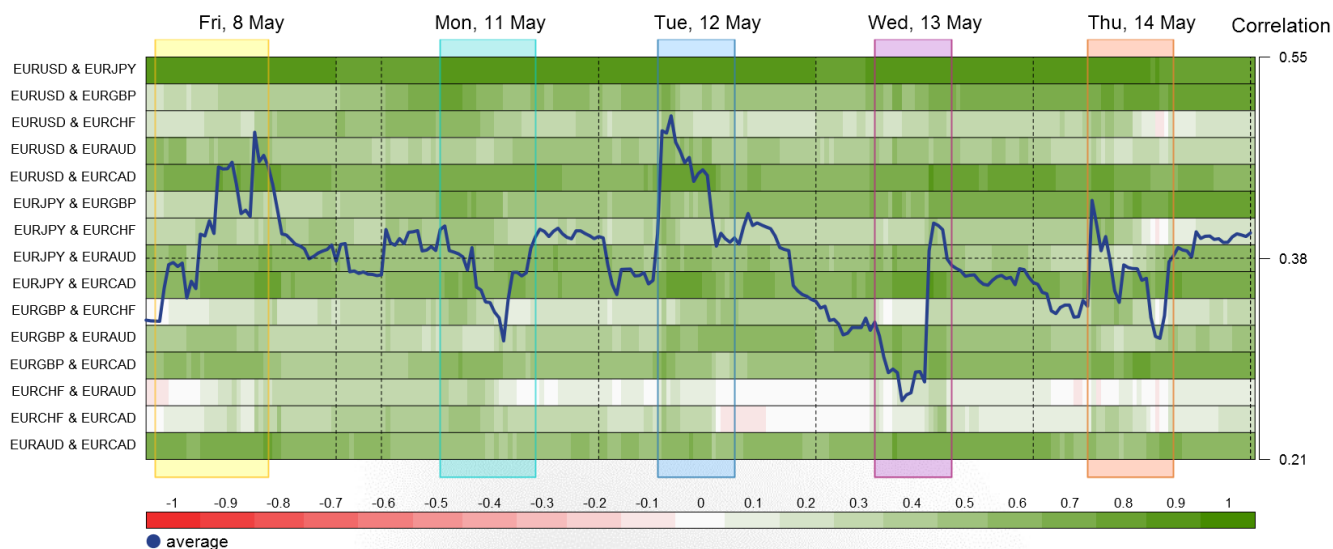




# Currency Significance

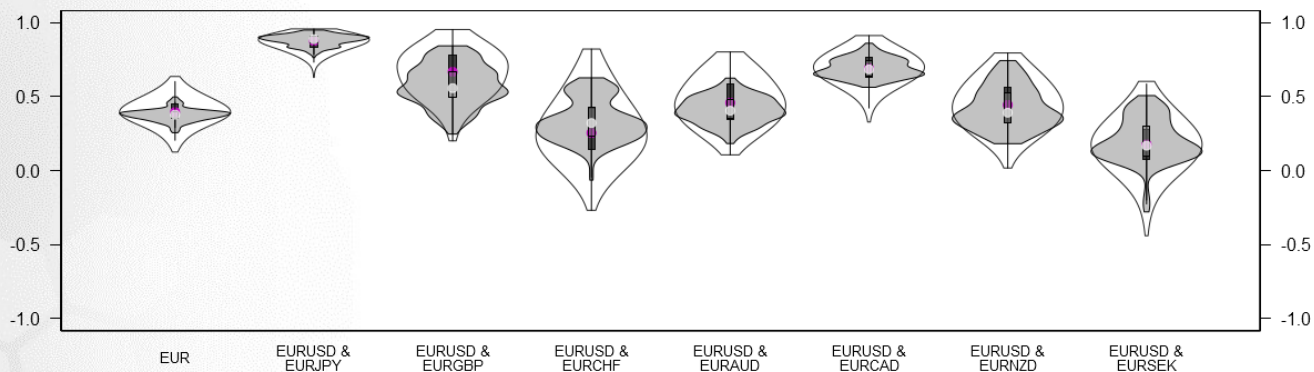
## Correlations

As the EUR Index was quite reserved in its movements, the single currency's significance measure was relatively flat, with its values grouping closely around the average of 0.38. The EUR/USD correlation components were also well inside their historical limits, with only combinations with the pound's and the Pacific crosses standing out for their subdued values. These components lost an average of 0.1 points, and while the EUR/USD-EUR/GBP bond seemed to have strengthened back to normal by the end of the week, the correlations with EUR/AUD and EUR/NZD remained weak during the whole period.



As the Euro started the period with a fall, its significance went into a surge, spiking to the week's second greatest value of 0.48. The maximum itself (0.50) was reached on Tuesday, when the EUR Index made its first attempt at a recovery. Then came the sharpest slide, and the single currency's composite fell to its minimum as the pound's significance measure surged to its high, fueled by the currency's downslide against the background of poor employment report and the cut in the BoE growth forecast. In the final days of the period, the Euro's composite saw two more spikes, both supported by the strengthening of the currency, and one minor dip brought by the Greenback's measure's surge with the better-than-expected jobless claims report.

## Correlations (5 vs 20 days)

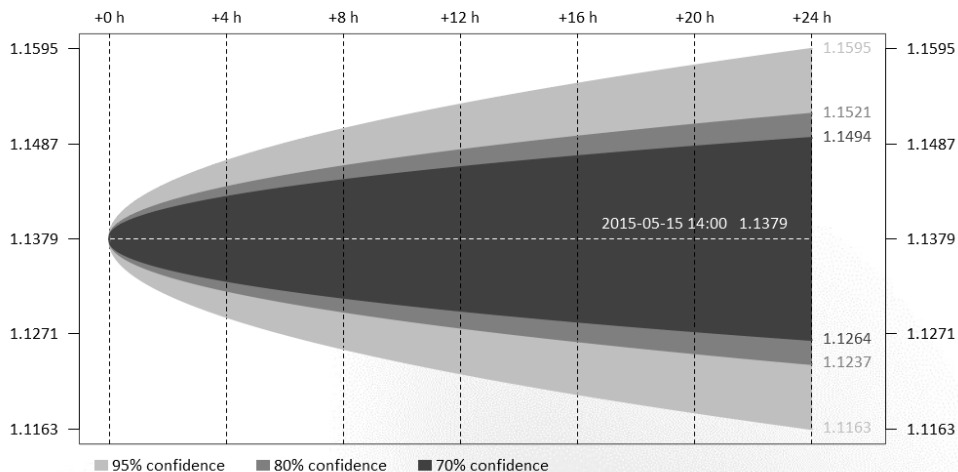


## Mean Correlation Coefficient (with EURUSD)

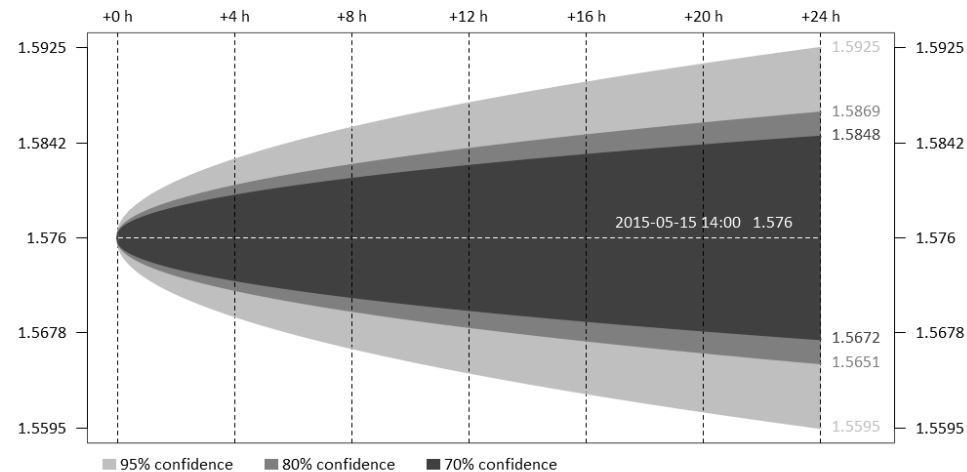
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.38	0.88	0.58	0.34	0.41	0.69	0.42	0.2
20	0.4	0.87	0.66	0.29	0.47	0.69	0.45	0.18
130	0.33	0.6	0.64	0.22	0.36	0.61	0.3	0.15
250	0.28	0.53	0.58	0.05	0.31	0.57	0.22	0.12

# Confidence Intervals for Next 24 Hours

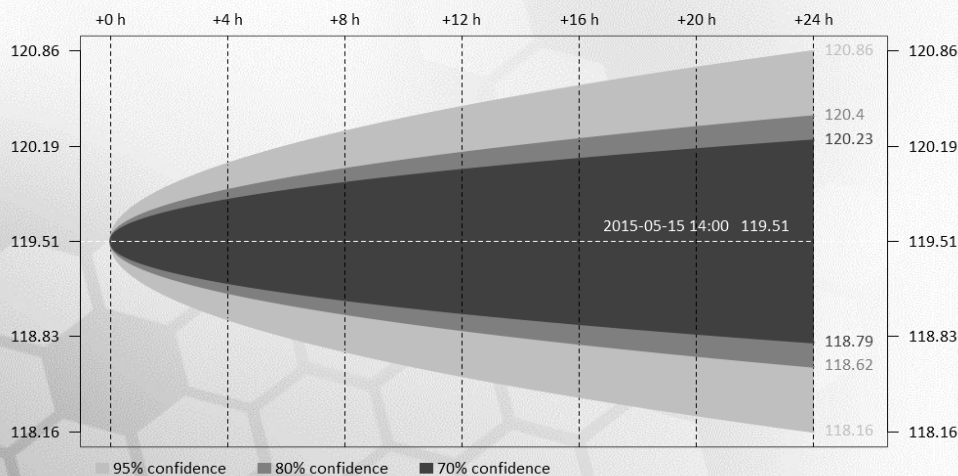
EURUSD Potential Rates



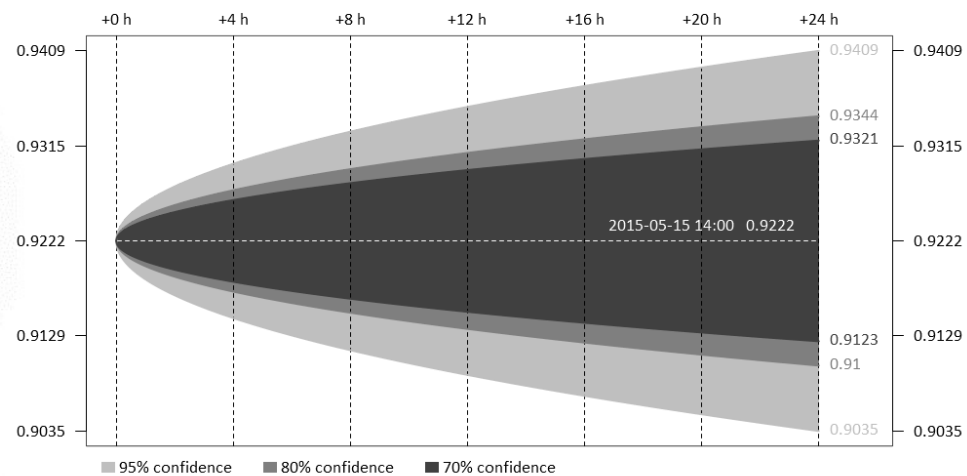
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates





# EXPLANATIONS

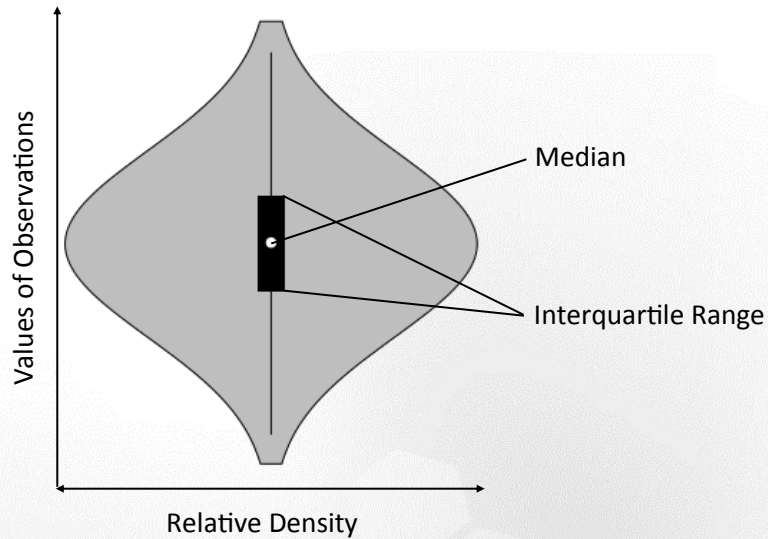
## Violin Plot

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

## Methodologies

Volatility Index

Confidence Interval





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