



EUR

22/05/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

May 15

06:30 - 15:30

- Swiss Producer and Import Prices
- US Capacity Utilization, Industrial Production, UoM Consumer Sentiment Index

Turquoise Area

May 18

06:30 - 18:00

- Swiss Real Retail Sales
- US NAHB Housing Market Index

Blue Area

May 19

02:30 - 15:30

- RBNZ Inflation Expectations
- UK CPI
- Euro Zone CPI, Trade Balance
- US Housing Starts, Building Permits

Purple Area

May 20

05:30 - 09:00

- BoE Minutes, MCP Vote

Orange Area

May 21

07:00 - 10:30

- German, Euro Zone Flash Markit PMI
- UK Retail Sales

EUR Currency Index Change

0.25%	-0.53%	-0.69%	-0.12%	0.31%
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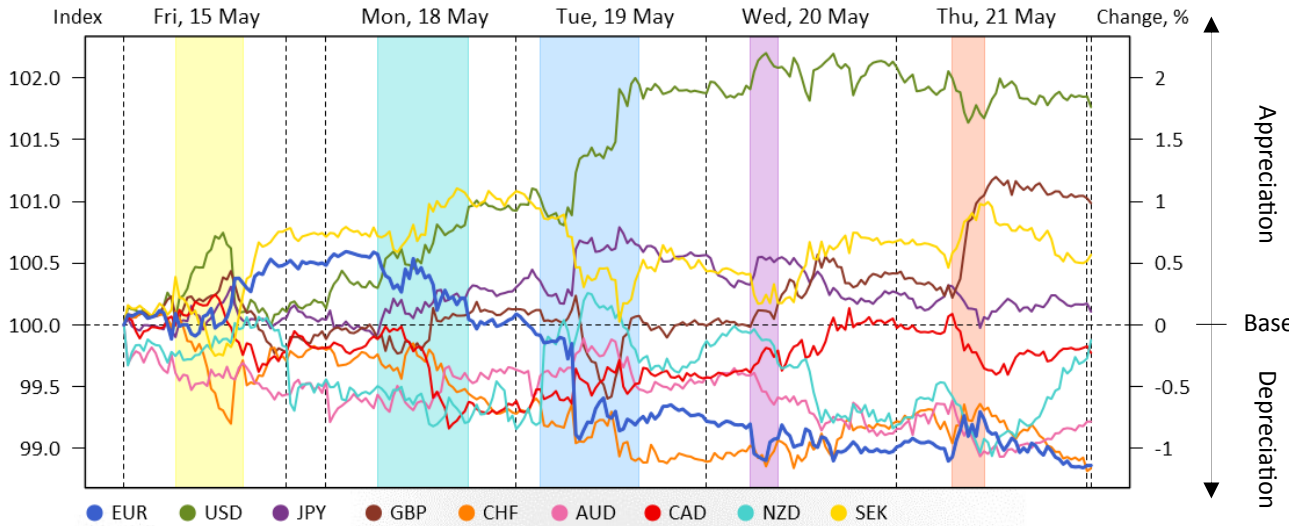
Max EUR Volatility Index

1.34	1.23	2.8	1.45	1.47
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Relative Currency Strength

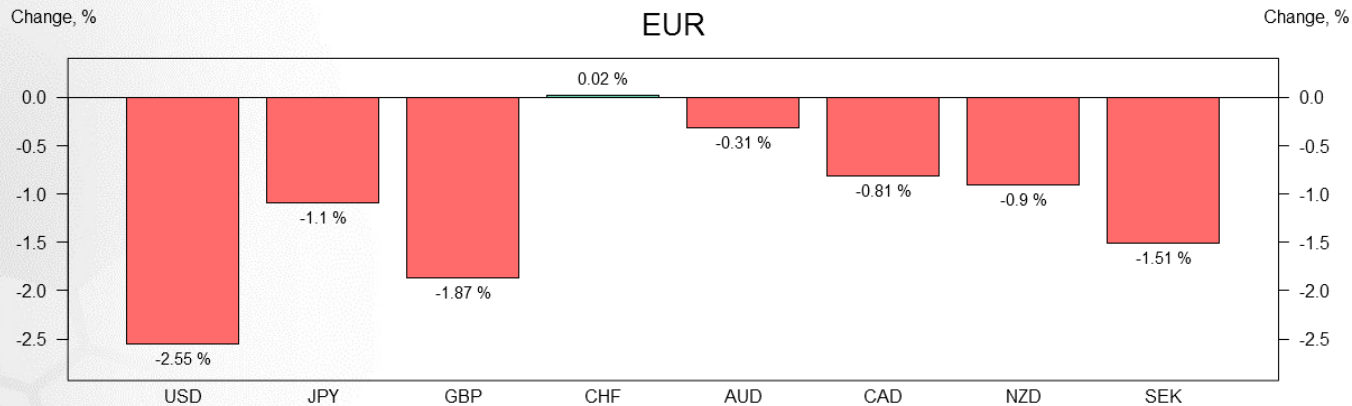
Currency Indexes



The Euro's and the dollar's indexes swapped places again in the past period, with the former tumbling to the worst performer's position, and the latter rising above all of its peers. Among other noteworthy moves, the NZD Index went through the week's sharpest surge on Tuesday, when the RBNZ raised its inflation expectations. The franc's gauge was sent in a downslide with the weaker-than-expected producer and impact prices and the dollar's rapid recovery on Friday, and the Loonie's measure went through a similar tumble on Monday. Meanwhile, the GBP Index experienced both a fall and a rise, first hit by a batch of soft data, including negative annual CPI,

reported on Tuesday, and then pushed up by a jump in retail sales released on Thursday.

The beginning of the week proved to be decisive for the opposition between the Euro and the dollar. The Greenback's gauge came back from the weekend on a sharp uptrend, while the EUR Index resumed the weak patterns of the previous period. Tuesday only fueled the divergence, as the USD Index was further supported by upbeat housing data, while the Euro's gauge tumbled early in the morning, when the ECB board member Coeuré's comments on the QE went public, revealing that the bank would accelerate its bond buying programme before summer.



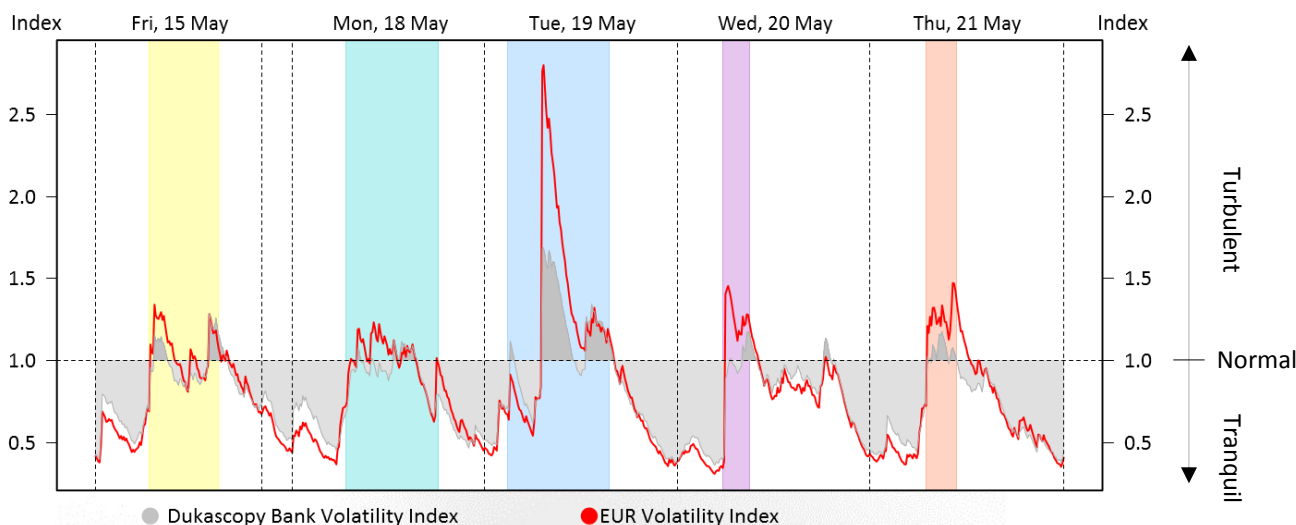
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-1.14%	1.76%	0.11%	0.99%	-1.16%	-0.78%	-0.23%	-0.12%	0.57%
20	1.63%	-0.71%	-2.48%	2.97%	0.83%	0.58%	-1.48%	-3.92%	3.22%
130	-7.08%	5.17%	2.81%	5.64%	9.21%	-4.2%	-2.66%	-1.77%	-7.67%
250	-8.81%	14.52%	-5.39%	5.99%	9.19%	-2.94%	2.02%	-2.45%	-12.11%



Volatility

Volatility



During the period the market was turbulent in only 18% of time in striking contrast to several previous weeks, when the portion of elevated volatility exceeded 40%. However, there still was a great number of economic releases that considerably influenced the currencies' strength and thus caused some disturbance on the market. It is worth noting that the Euro was the most turbulent currency in terms of both the index's peaks' intensity and the percent of time spent above the average historical level. The Aussie, in turn, became the most tranquil one, as it feebly reacted to all domestic economic releases of the week.

Friday's European session started with a slight Euro

volatility increase and a few hours later, following the disappointing US industrial production and sentiment, the market's gauge joined it at the 1.3 level. As usual, the first day of trading week was the most tranquil one. In contrast, Tuesday turned out to be the most conspicuous for its turbulence. The DB Volatility Index crossed the 1-point line first in early morning, when the RBNZ inflation expectations showed a higher-than-previous reading, and then again a few hours later, surging to the period's high at the ECB's commentary on the upcoming bond purchasing activities. The BoC Poloz's speech was also accompanied by a turbulence rise. One more notable burst of market activity took place on Thursday, after the surprisingly optimistic UK retail sales announcement.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	18	27	33	29	30	26	22	34	20	29

Volatility Index (for the observed period)

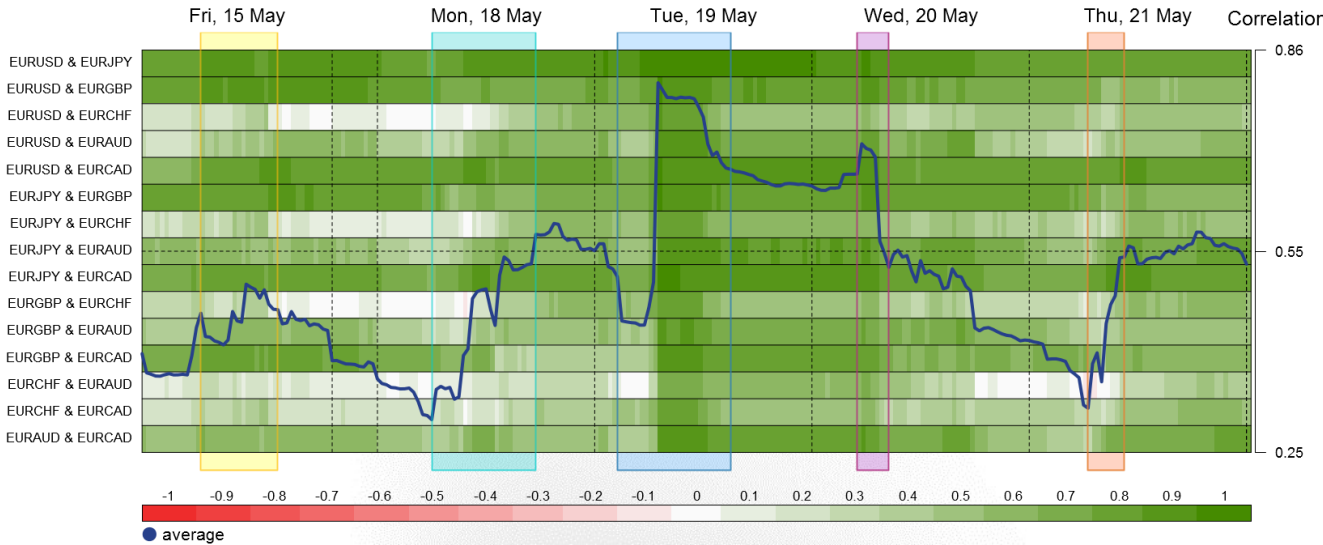
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.69	2.8	3.07	3.7	3.18	2.18	2.73	3.49	2.65	2.33
Min	0.36	0.31	0.26	0.25	0.23	0.17	0.31	0.21	0.32	0.15
Average	0.78	0.81	0.84	0.82	0.79	0.77	0.79	0.85	0.8	0.77



Currency Significance

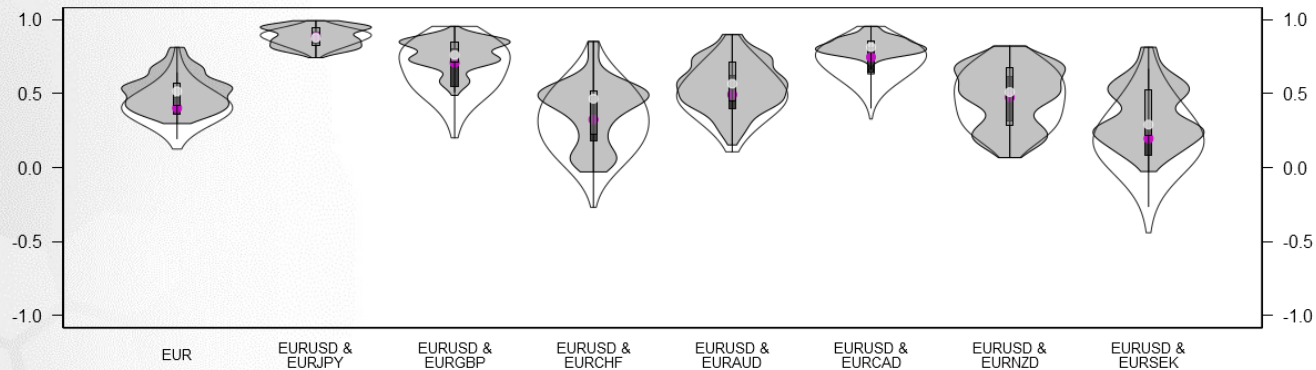
Correlations

The Euro's significance measure picked up from the previous week's feeble levels, ranging between 0.3 and 0.8 points throughout the period. Subsequently, the averages of the composite and most EUR/USD components edged up from the previous readings. The most notable strengthening was observed in the bond between EUR/USD and EUR/GBP, which gained near 0.2 points. The period's averages exceeded the long-term values as well, with the exception of the EUR/JPY component, which came in row with the monthly value.



The single currency's significance measure began the period with a gradual decline and reached its minimum value of the week (0.3) by Monday. From there the composite started grow rapidly, fueled by the Euro's downslide, and gained 0.3 points during the European session. The next surge of the measure took place on Tuesday, when after the ECB board member Coeuré comments the composite jumped to the 0.8 mark, gaining 0.4 points. A few hours later the composite started soften and on Thursday fell back to the early Monday level. However, the Euro zone and German Markit PMI releases managed the composite to recover, and the measure ended the period at the strong 0.5 mark.

Correlations (5 vs 20 days)

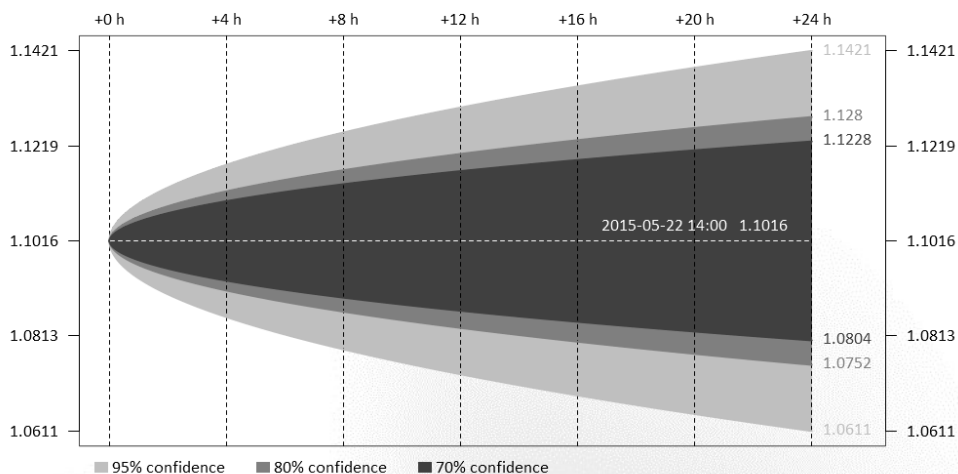


Mean Correlation Coefficient (with EURUSD)

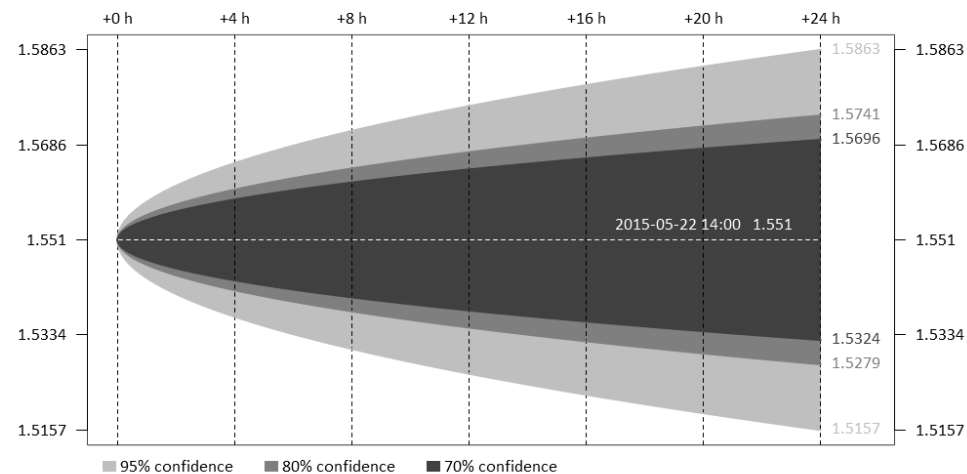
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.51	0.88	0.77	0.39	0.56	0.82	0.48	0.36
20	0.42	0.88	0.68	0.32	0.5	0.73	0.47	0.21
130	0.34	0.62	0.64	0.24	0.37	0.62	0.32	0.15
250	0.29	0.54	0.59	0.06	0.31	0.57	0.22	0.12

Confidence Intervals for Next 24 Hours

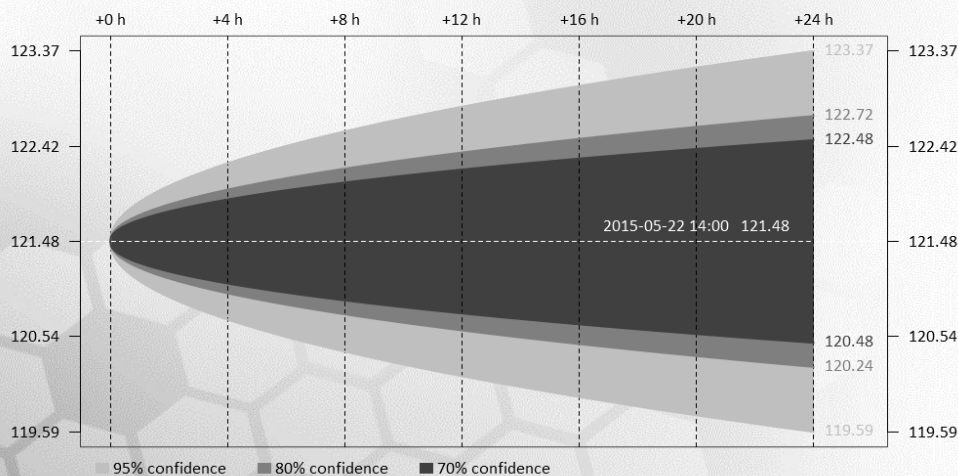
EURUSD Potential Rates



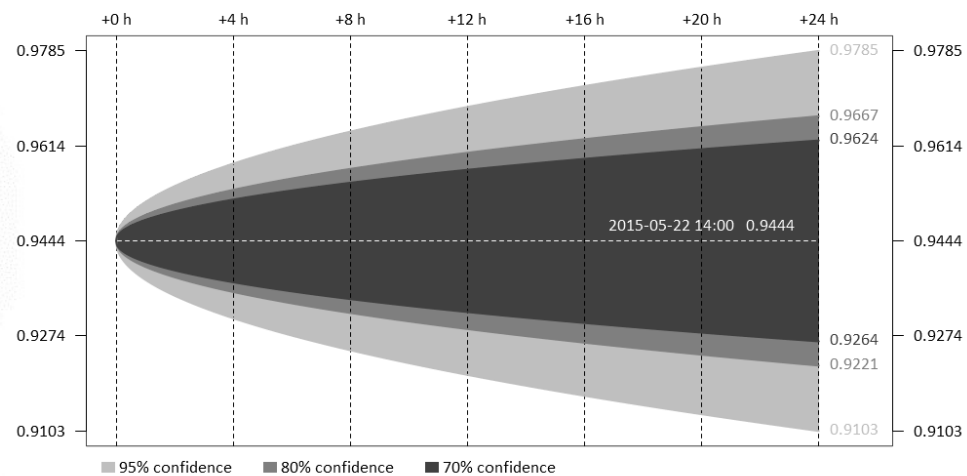
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

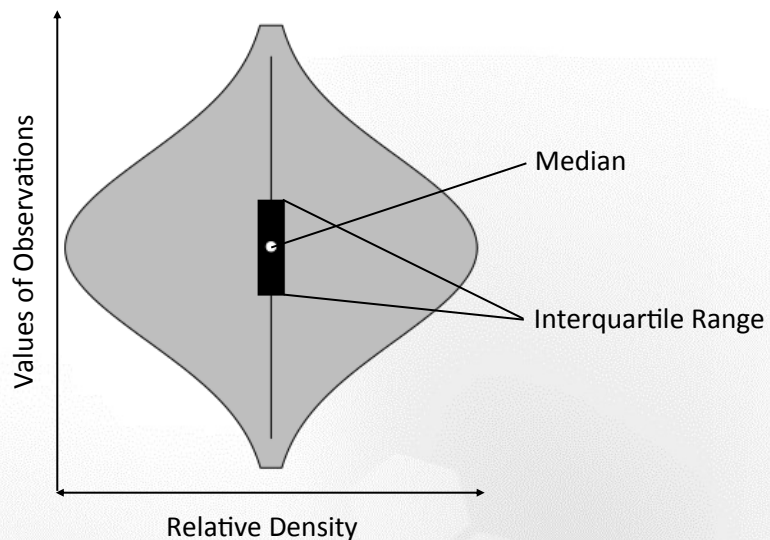
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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