



EUR

05/06/2015



DUKASCOPY
RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

May 29

07:30 - 15:00

- US GDP Estimate, Chicago PMI
- Canadian GDP

Turquoise Area

June 1

06:30 - 15:00

- German, Euro Zone Manufacturing PMI, German Flash CPI
- UK Manufacturing PMI
- US Personal Spending, Manufacturing PMI

Blue Area

June 2

06:30 - 15:00

- German Unemployment Rate, Euro Zone Flash CPI
- UK PMI Construction
- US Factory Orders

Purple Area

June 3

01:00 - 16:00

- Australian GDP
- Euro Zone PMI, Retail Sales, Unemployment Rate
- UK Services PMI
- ECB Interest Rate Decision, Monetary Policy Statement
- US Non-Manufacturing PMI

Orange Area

June 4

01:00 - 18:00

- Australian Trade Balance
- BoE Interest Rate Decision
- US Non-farm Productivity, Jobless Claims
- Canadian Ivey PMI

EUR Currency Index Change

| | | | | |
|-------|--------|-------|-------|--------|
| 0.48% | -0.12% | 1.08% | 0.95% | -0.01% |
|-------|--------|-------|-------|--------|

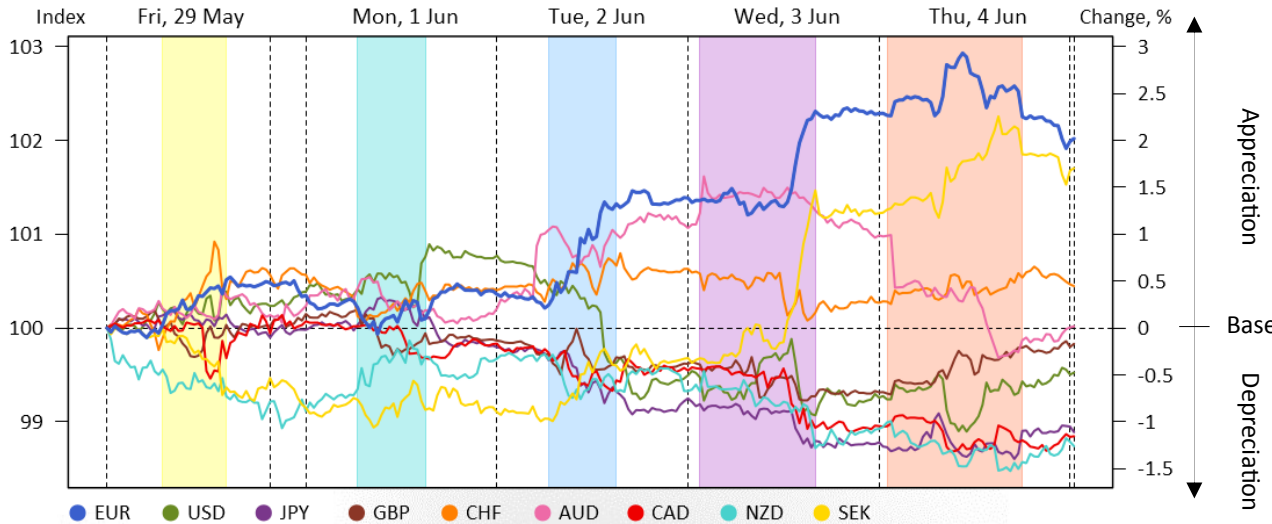
Max EUR Volatility Index

| | | | | |
|------|------|------|------|------|
| 1.83 | 1.34 | 1.82 | 1.96 | 1.89 |
|------|------|------|------|------|



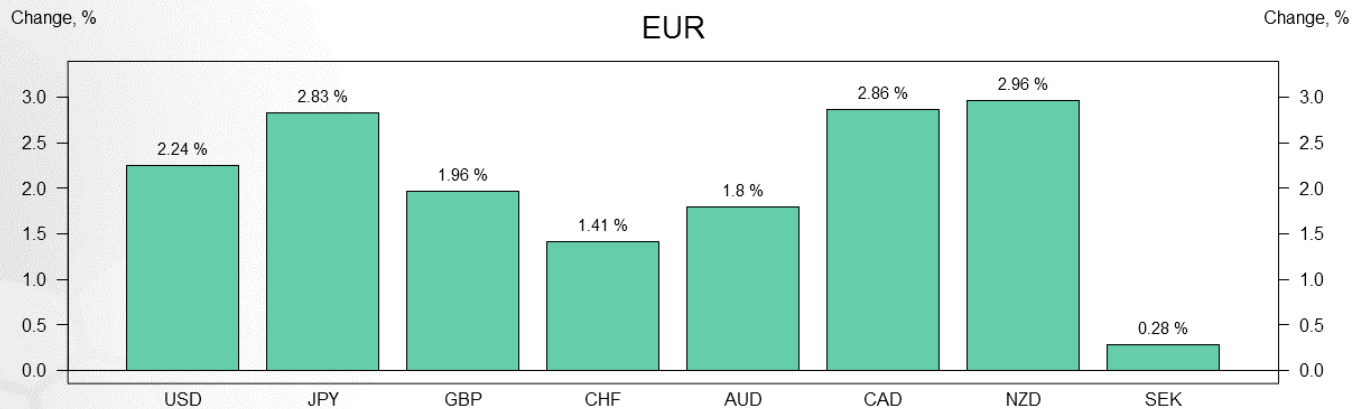
Relative Currency Strength

Currency Indexes



Index activity picked up in the past trading days, and most notably so for the Euro's gauge that climbed to almost 103 points and finally posted the greatest weekly gain after a very sluggish May. Following the general pattern of the EUR Index during the week and eventually coming in second-best was the krona's gauge. Similarly to the Euro's measure, the SEK Index had its sharpest surge on Wednesday afternoon, jumping from below the baseline to 101.5 points in three hours. Meanwhile, most of the other gauges dipped, with the USD and the CAD Indexes acting as the downside leaders, their moves enhanced by disappointing US ISM non-manufacturing PMI, and wider-than-expected Canadian trade deficit.

The Euro enjoyed an uplifting period, sending its index into an upsurge and posting near-to or over 2% weekly growth against most of its peers. The rally set off on Tuesday, when the Euro zone CPI numbers came in better than expected, and word spread that Greece might reach a deal with its creditors by the end of the week. Additional fuel to the momentum came from the widening GE-US yield spread that in the past has already proven its influence on the single currency. On Wednesday, new surge was prompted by ECB raising its inflation forecast for 2015 and assuring the market it sees no need to introduce any adjustments to the monetary policy in the nearest future. The rally reached its peak on Thursday, and the EUR Index backed down in the afternoon, yielding around 1% to the USD gauge's recovery.



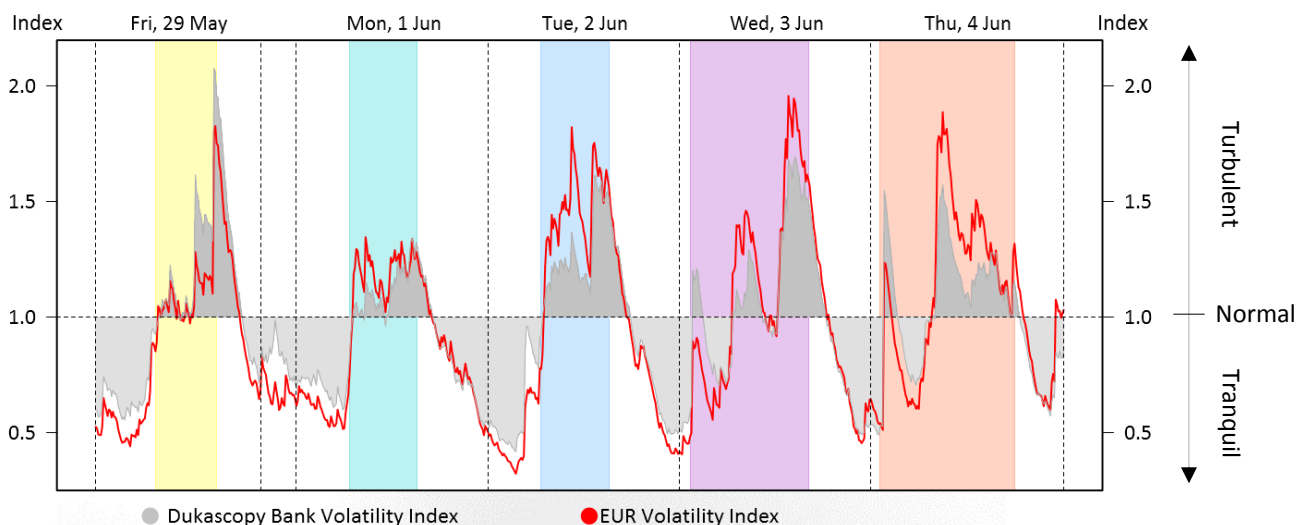
Currency Index Change

| Days | EUR | USD | JPY | GBP | CHF | AUD | CAD | NZD | SEK |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 5 | 2.02% | -0.48% | -1.11% | -0.17% | 0.45% | 0.02% | -1.15% | -1.26% | 1.7% |
| 20 | 1.98% | 1.82% | -2.13% | 1.2% | 0.44% | -1.18% | -1.51% | -2.66% | 1.96% |
| 130 | -5.19% | 5.46% | 2.37% | 3.64% | 10.28% | -3.74% | -4.14% | -3.74% | -5.52% |
| 250 | -6.45% | 15.34% | -6.38% | 5.65% | 10.61% | -5.81% | 0.39% | -3.68% | -9.66% |



Volatility

Volatility



The past trading days injected the market with a solid amount of volatility, raising most of the overturbulence portions above 40%. The Euro was the second most volatile currency in this respect, while the absolute leader was the frank that held its index above the historical average for 50% of time. The highest peak, in turn, was reached by the Aussie's gauge, as it spiked to 4.0 points on Thursday, when poor trade balance and retail sales data pushed the currency down. The market's aggregate turbulence reached its maximum on Friday, when several currencies suffered sharp rate changes, with the most notable movements shaking the Loonie, the franc,

and the Aussie.

That was the only significantly turbulent day on which the Euro's volatility measure stood below the composite index. Later on, while the single currency's rally was dominating the market, the EUR Volatility Index was holding well above the market's gauge during the trading sessions. The greatest divergences from the aggregate took place on Tuesday and Thursday, at the start and the end of the rally. The highest absolute volatility, however, was induced on Wednesday, against the background of the ECB monetary policy press conference and the related upsurge of the single currency.

Elevated Volatility (% of the observed period)

| Market | EUR | EURUSD | EURJPY | EURGBP | EURCHF | EURAUD | EURCAD | EURNZD | EURSEK |
|--------|-----|--------|--------|--------|--------|--------|--------|--------|--------|
| | 45 | 44 | 41 | 41 | 33 | 54 | 45 | 41 | 37 |

Volatility Index (for the observed period)

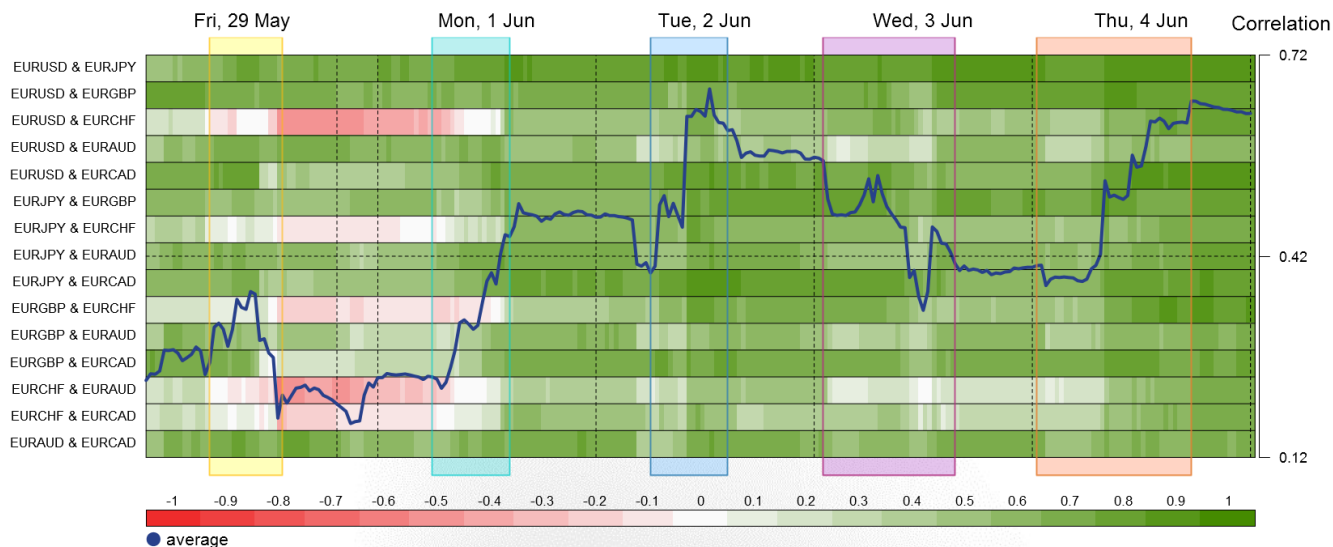
| | Market | EUR | EURUSD | EURJPY | EURGBP | EURCHF | EURAUD | EURCAD | EURNZD | EURSEK |
|---------|--------|------|--------|--------|--------|--------|--------|--------|--------|--------|
| Max | 2.07 | 1.96 | 2.29 | 2.25 | 2.28 | 4.47 | 4.26 | 2.84 | 1.78 | 2.02 |
| Min | 0.42 | 0.32 | 0.23 | 0.31 | 0.19 | 0.3 | 0.4 | 0.23 | 0.32 | 0.08 |
| Average | 0.96 | 0.95 | 0.91 | 0.96 | 0.85 | 1.18 | 1.05 | 0.95 | 0.92 | 0.86 |



Currency Significance

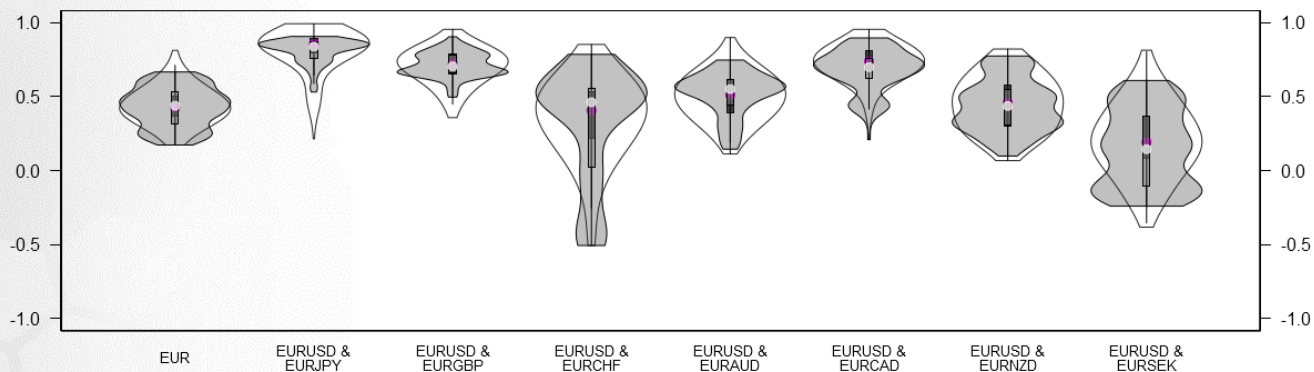
Correlations

The period could be clearly divided into two parts: prior to Monday noon and after it. The former was marked with negative correlation between EUR/CHF and the other Euro pairs, and weakening bonds in components containing EUR/CAD. A 0.2% fall in GDP and a greater-than-expected rise of the leading indicator notably affected the franc, while the Loonie was shocked by the data showing the country's economy shrunk in the first quarter. Thus, the composites of these currencies reached the 0.7 mark, pointing out relative importance of their movements during the day and leaving the Euro's significance measure on a feeble level.



The situation changed on Monday, after the US manufacturing PMI showed growth in May, strengthening positions of the domestic currency. The release was accompanied by growing significance of the dollar, with the Euro's measure following suit. However, the real surge of the Euro took place after the Euro zone CPI release on Tuesday. There the composite met its week's high of 0.67 points. Meanwhile, the AUD composite spiked above its peers as the bonds between the Aussie pairs strengthened after the RBA rate statement publication. The period was concluded by another notable lift of the Euro's gauge, as the currency's rally peaked and was replaced by a gradual easing.

Correlations (5 vs 20 days)

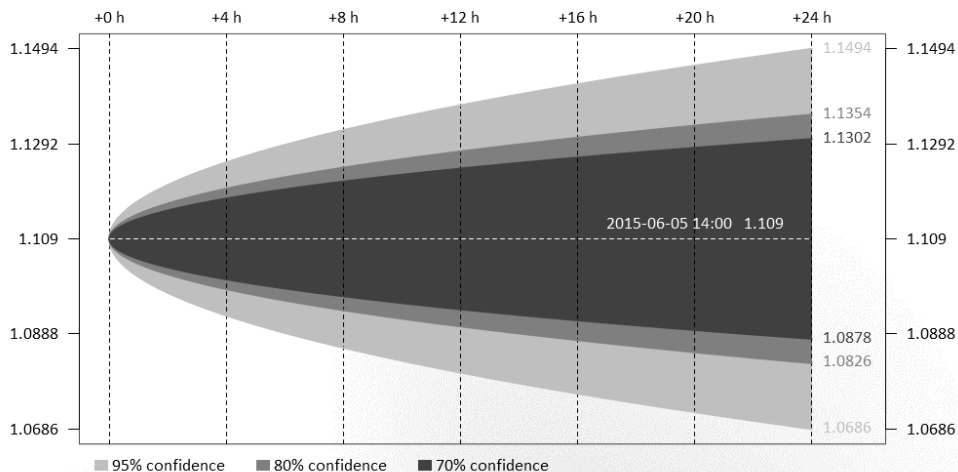


Mean Correlation Coefficient (with EURUSD)

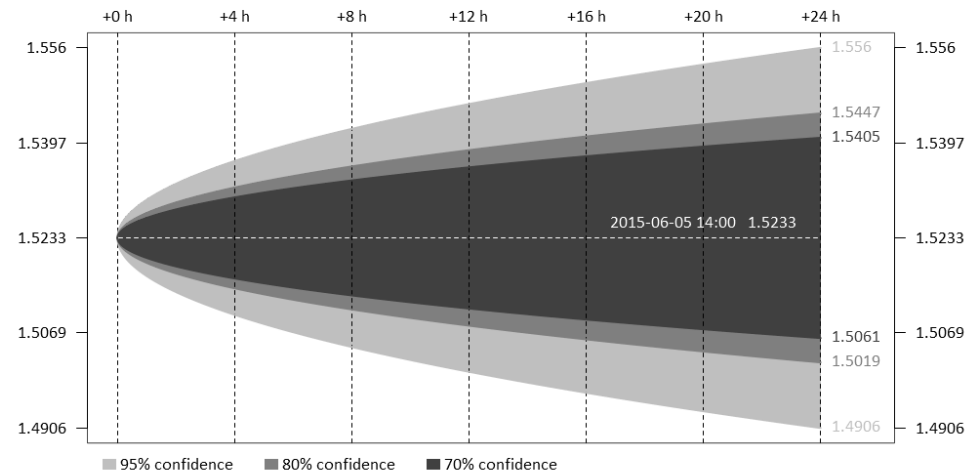
| Days | EUR | EURJPY | EURGBP | EURCHF | EURAUD | EURCAD | EURNZD | EURSEK |
|------|------|--------|--------|--------|--------|--------|--------|--------|
| 5 | 0.43 | 0.81 | 0.71 | 0.32 | 0.52 | 0.68 | 0.44 | 0.14 |
| 20 | 0.44 | 0.81 | 0.7 | 0.35 | 0.5 | 0.73 | 0.45 | 0.2 |
| 130 | 0.35 | 0.64 | 0.66 | 0.28 | 0.39 | 0.63 | 0.34 | 0.15 |
| 250 | 0.3 | 0.54 | 0.6 | 0.08 | 0.32 | 0.57 | 0.23 | 0.12 |

Confidence Intervals for Next 24 Hours

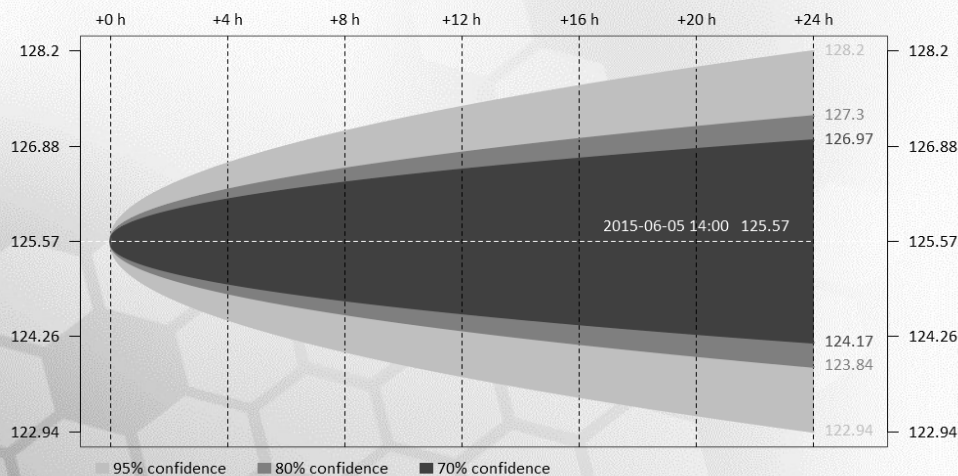
EURUSD Potential Rates



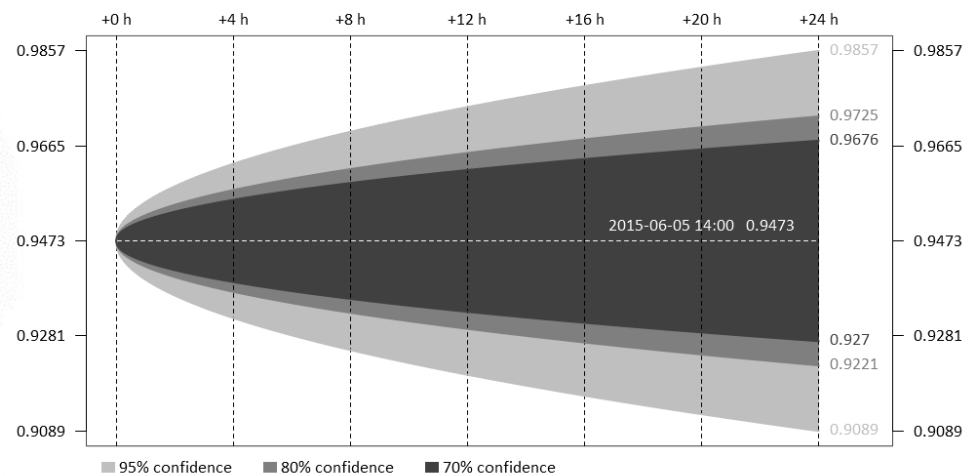
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

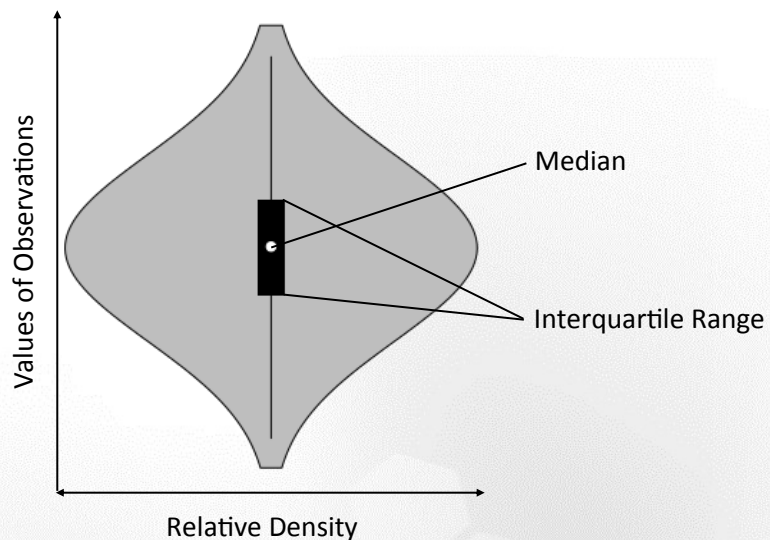
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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