



EUR

03/07/2015



DUKASCOPY
RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

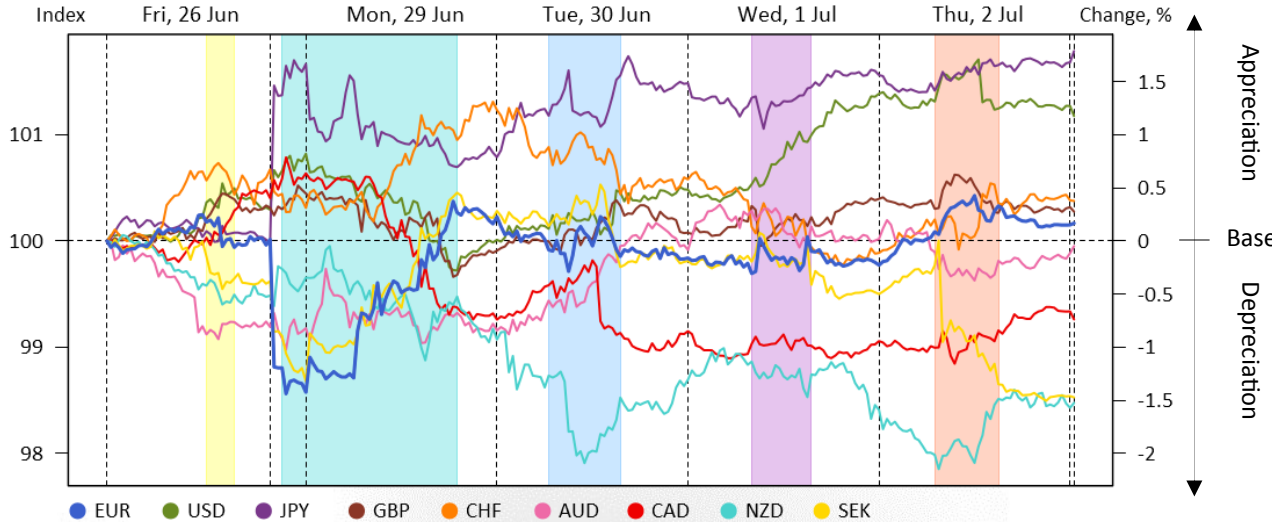
Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
June 26	June 28-29	June 30	July 1	July 2
12:30 - 16:00	20:30 - 18:30	06:00 - 15:00	08:00 - 15:00	07:00 - 15:00
<ul style="list-style-type: none"> <u>EU Extraordinary Economic Summit</u> <u>BoE Governor Carney's Speech</u> 	<ul style="list-style-type: none"> <u>The Greek Crisis Developments</u> <u>UK Consumer Credit, Mortgage Approvals</u> <u>EC President Juncker's Speech</u> <u>German Flash CPI</u> <u>US Pending Home Sales</u> 	<ul style="list-style-type: none"> <u>German Retail Sales, Unemployment Rate</u> <u>Swiss KOF Indicator</u> <u>UK GDP</u> <u>Euro Zone Flash CPI, Unemployment Rate</u> <u>Canadian GDP</u> <u>US Chicago PMI, Consumer Confidence</u> 	<ul style="list-style-type: none"> <u>German, Euro Zone Manufacturing PMI</u> <u>UK Manufacturing PMI, BoE Governor Carney's Speech</u> <u>US ADP Employment Change, Manufacturing PMI</u> 	<ul style="list-style-type: none"> <u>Riksbank Interest Rate Decision</u> <u>UK Construction PMI</u> <u>ECB Monetary Policy Meeting Accounts</u> <u>US Nonfarm Payrolls, Unemployment Rate, Jobless Claims, Average Hourly Earnings, Factory Orders</u>

EUR Currency Index Change	-0.24%	1.46%	-0.06%	0.21%	0.24%
Max EUR Volatility Index	1.73	2.43	1.88	1.98	1.57



Relative Currency Strength

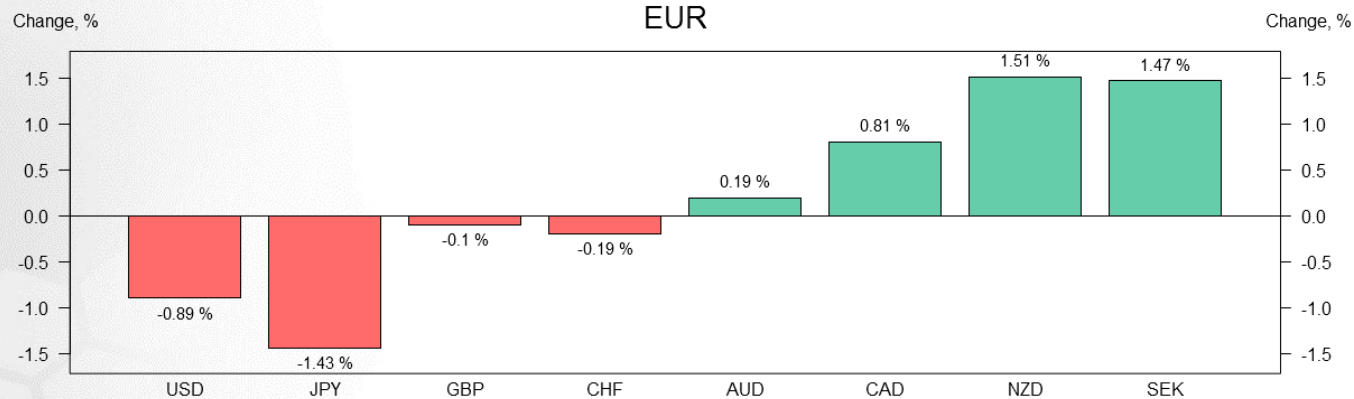
Currency Indexes



The Greek debt deal continued to be the central issue during the past week. The Greek crisis had a particularly strong impact on the yen, which acted as a safe-haven currency and surged up over the weekend, gaining 1.7%. The rise of the yen has continued till the end of the period, making it the week's best performer with a 1.79% gain. The period was much less successful for the Kiwi and the Swedish krona, which were the main losers and ended the week with 1.53% and 1.47% loss, respectively. The decline of the krona was caused by the Riksbank's decision to lower the interest rate from -0.25% to -0.35%. The drop of the Kiwi, in turn,

was provoked by a number of events, particularly by the ANZ Business Confidence and the fall of the bi-weekly milk auction.

After the previous week's drop, the EUR Index showed quite good results and finished the period 0.17% above the baseline. Which is quite a recovery as the index started the week with a sharp fall after the Friday-Saturday EU economic summit and Eurogroup meeting on the Greek issue. The index lost 1.44 points and reached the period's low. Nonetheless, on Monday the Euro started to recover, and at the end of the day it was slightly above the 100-point level. It held on the base line for the rest of the week.



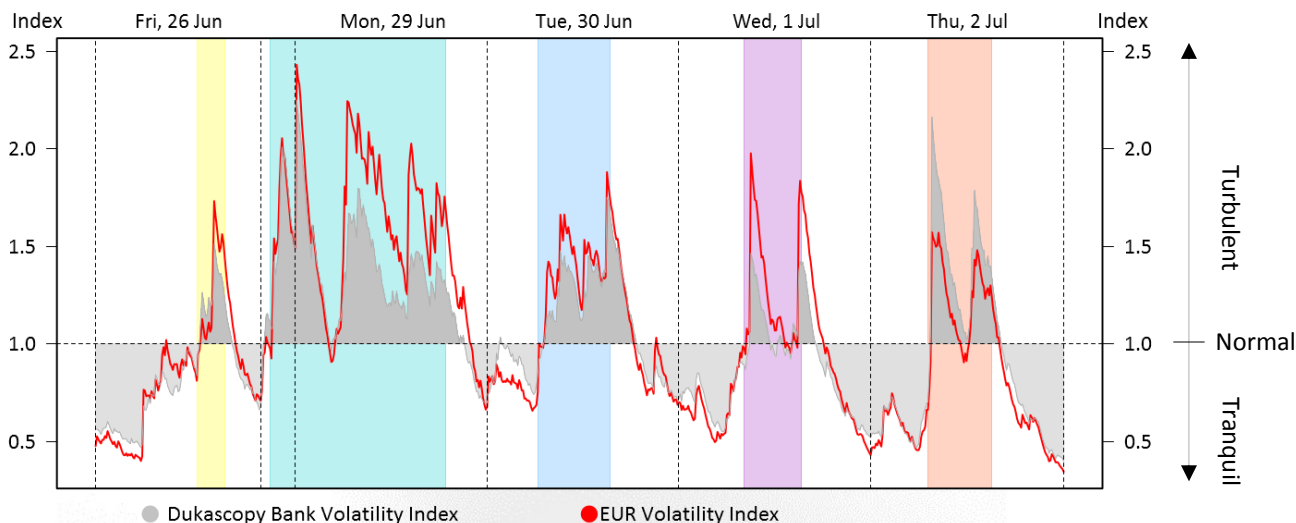
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.17%	1.18%	1.79%	0.28%	0.38%	-0.05%	-0.74%	-1.53%	-1.47%
20	-0.8%	0.79%	2.83%	2.92%	-0.43%	0.28%	0.78%	-5.92%	-0.98%
130	-4.04%	3.82%	0.91%	6.92%	11.66%	-2.62%	-3.02%	-11.29%	-3.1%
250	-5.63%	17.7%	-3.42%	7.09%	11.1%	-5.97%	-0.52%	-12.09%	-8.28%



Volatility

Volatility



After a two-week lull the level of the Euro's and the market's volatility notably rose. Thus, the Euro has spent 47% of time above the historical level. The portion of the market's elevated volatility was slightly smaller at 46%. The most volatile currencies were the Swiss franc and the Swedish krona, which both held above the 1-point level in 54% of time. Furthermore, the most notable peak was reached by the SEK Volatility Index and was associated with the Swedish interest rate cut, which pushed the krona down, putting the index at 6.4. The EUR/SEK jump was even more impressive – the pair's index surged to 9.8.

Both the Euro and the DC Volatility Indexes have reached their highs on Sunday night, after the sharp fall of the Euro caused by the Eurogroup meeting on the Greek debt deal. Moreover, the Euro was very turbulent throughout Monday, which was also marked with Euro zone economic sentiment data releases. Tuesday's news releases, including Germany's unemployment and Euro zone's preliminary CPI, managed the volatility to surge to almost 2.0 mark, followed by a spike after the Euro zone's manufacturing PMI announcement on Wednesday. Lastly, the second highest spike of the market volatility took place on Thursday after the Riksbank's monetary policy decisions.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
	46	47	44	43	53	52	48	47	30

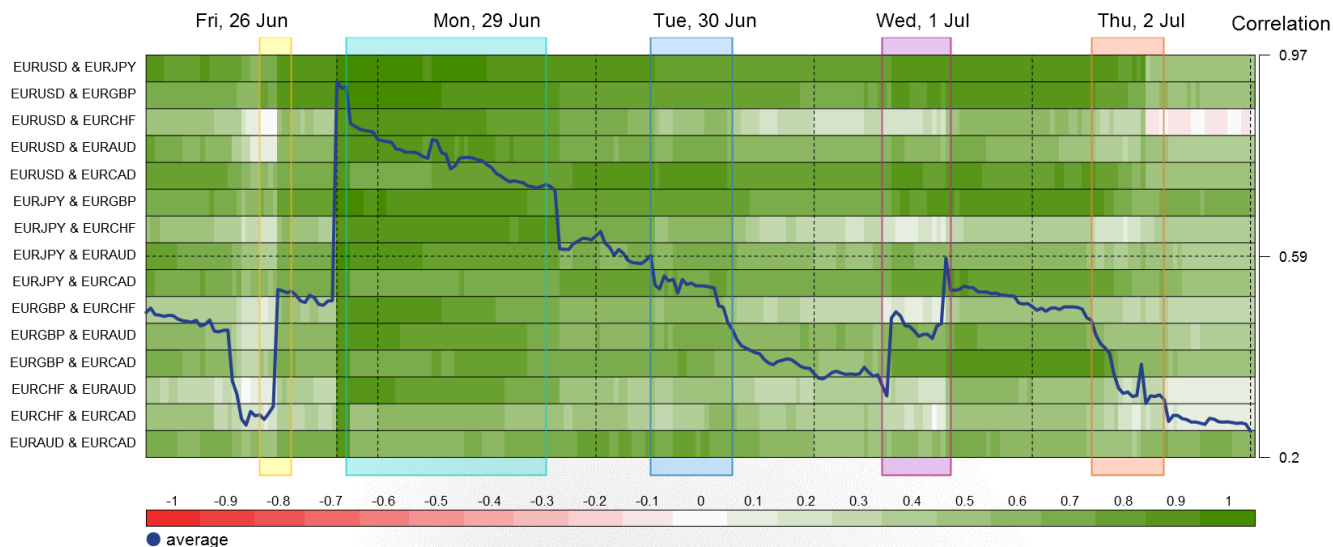
Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	2.25	2.43	2.57	4.91	3.08	3.31	2.35	3.96	1.67	9.83
Min	0.4	0.35	0.27	0.28	0.34	0.34	0.39	0.26	0.34	0.13
Average	1.02	1.06	1.04	1.17	1.15	1.13	1.06	1.12	0.87	1.08



Currency Significance

Correlations

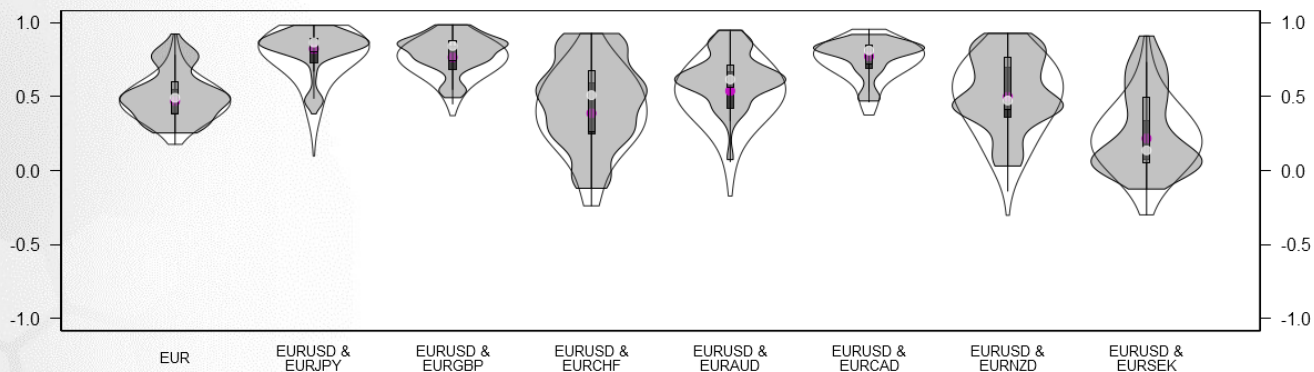


During the period the composite was varying within a wide range of 0.25-0.92 points. All the components showed very strong bonds at the beginning of the trading week, putting the average correlation well above the long-term values. The rest of the period, in turn, was associated with feeble correlations between the Euro pairs.

The period started slow for the Euro, but the Greek negotiations ending without any optimistic decision strongly influenced the single currency and the yen, which now seemed the “safe heaven” for the investors. This fact made the EUR and JPY significance measures to jump above the 0.9 level.

Afterwards, the batch of the Euro zone releases on economic confidence and sentiment kept the bonds between the Euro pairs strong on Monday. However, on Tuesday, the Kiwi took the spotlight after another drop in the NZ business confidence, and a few hours later the negative Canada’s GDP release notably influenced the domestic currency rate, driving the correlations between the EUR/CAD and its counterparts down. The only growth of the Euro’s composite took place on Wednesday, when, firstly, Euro zone’s manufacturing PMI came out, and, secondly, it became clear that Greece was not going to make its debt payment. Nevertheless, the gauge decreased during Thursday against the background of the Riksbank’s decision to cut interest rate and disappointing US nonfarm payrolls release.

Correlations (5 vs 20 days)

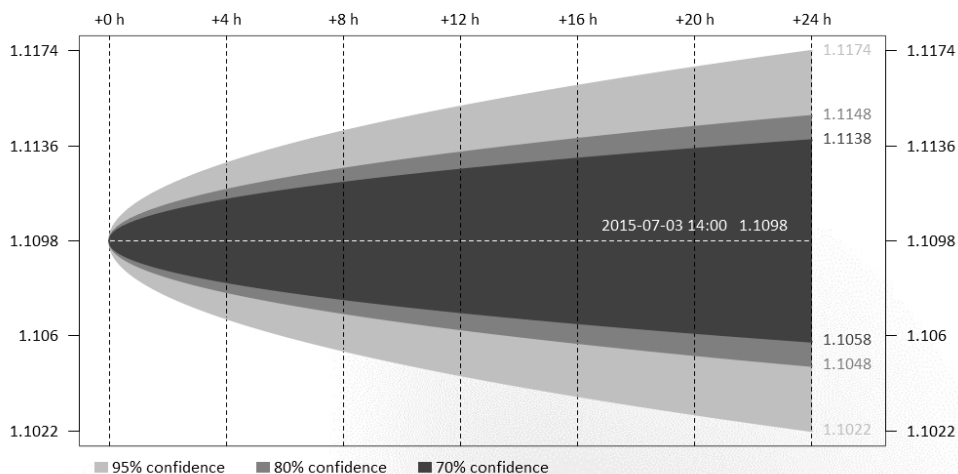


Mean Correlation Coefficient (with EURUSD)

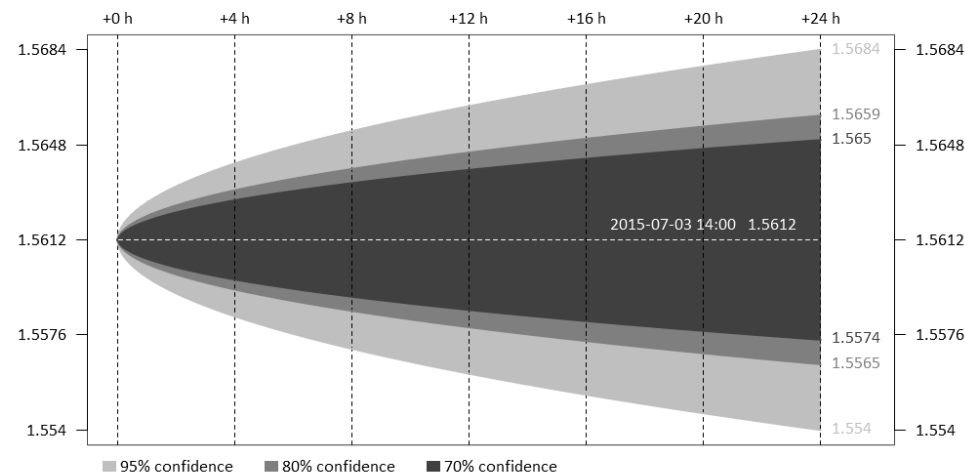
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.51	0.82	0.8	0.47	0.63	0.77	0.53	0.28
20	0.48	0.78	0.76	0.39	0.53	0.74	0.49	0.22
130	0.39	0.74	0.69	0.35	0.43	0.65	0.38	0.17
250	0.31	0.56	0.61	0.13	0.33	0.58	0.24	0.13

Confidence Intervals for Next 24 Hours

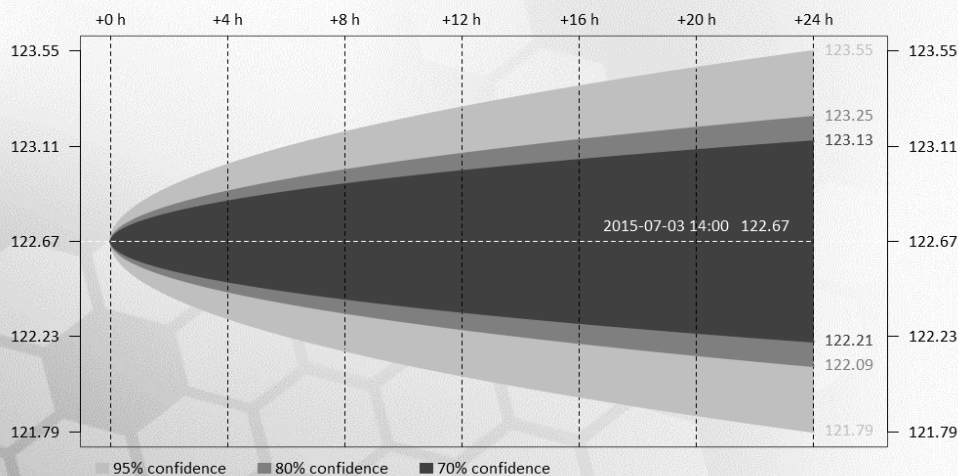
EURUSD Potential Rates



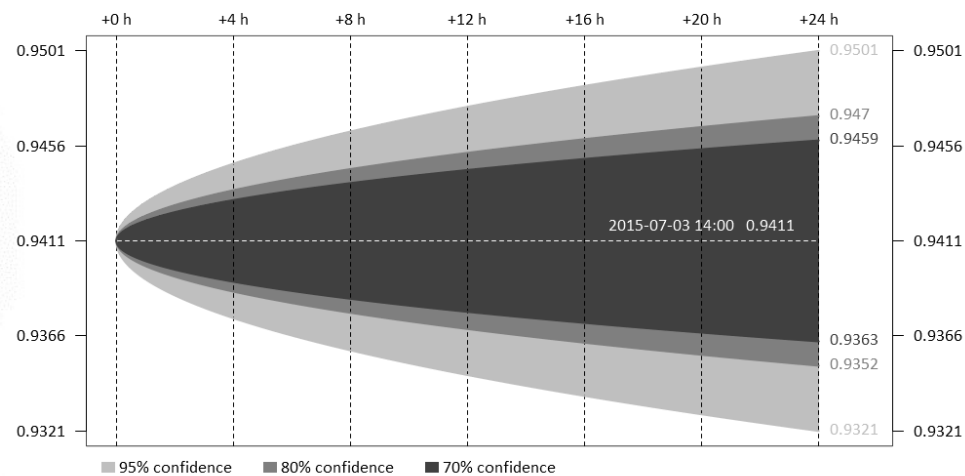
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

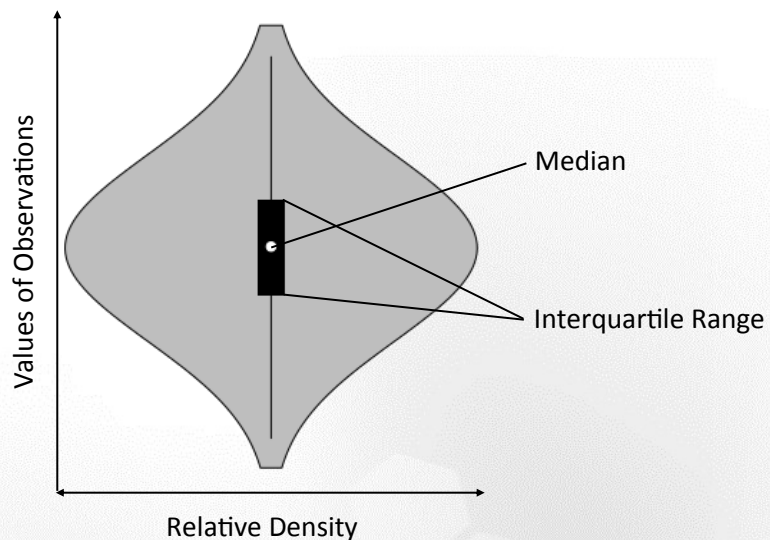
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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