



EUR

17/07/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

July 10

06:30 - 17:00

- UK Trade Balance
- Canadian Net Change in Employment, Unemployment Rate

Turquoise Area

July 13

06:30 - 12:30

- Euro Summit
- Eurogroup Meeting

Blue Area

July 14

07:00 - 14:30

- Swedish CPI
- UK CPI
- German ZEW Economic Sentiment
- BoE Governor Carney's Speech
- US Retail Sales

Purple Area

July 15

11:30 - 16:00

- US PPI, Industrial Production
- Fed's Yellen Speech
- BoC Interest Rate Decision
- New Zealand's GDT Price Index

Orange Area

July 16

07:00 - 14:00

- Euro Zone CPI, Trade Balance
- ECB Monetary Policy Statement and Press Conference
- US Jobless Claims

EUR Currency Index Change

0.51%	-0.42%	0.01%	0.13%	-0.28%
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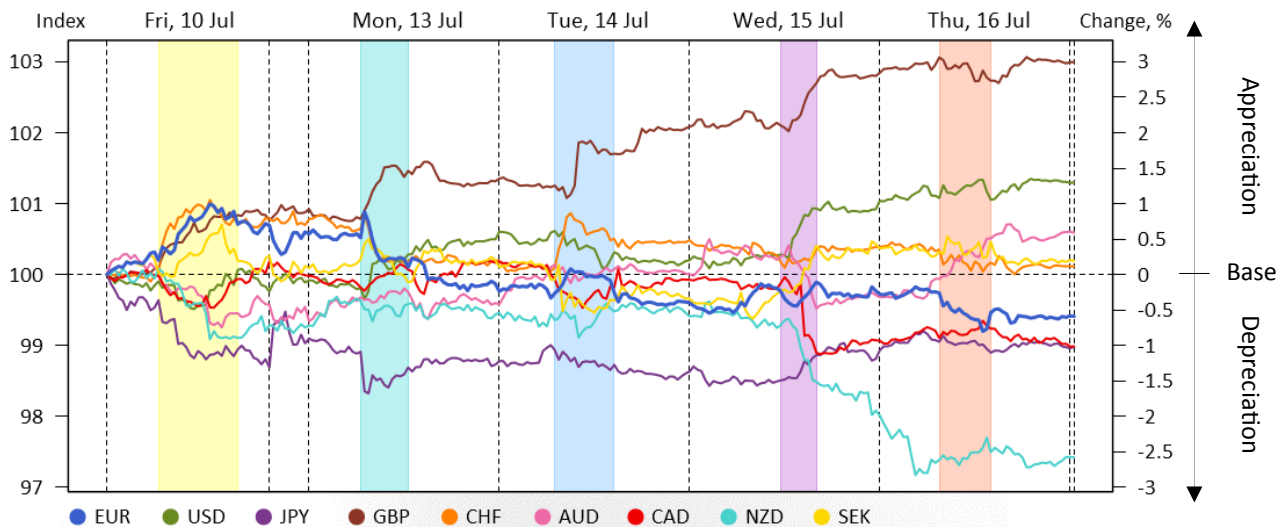
Max EUR Volatility Index

1.73	2.66	1.38	1.48	1.57
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Relative Currency Strength

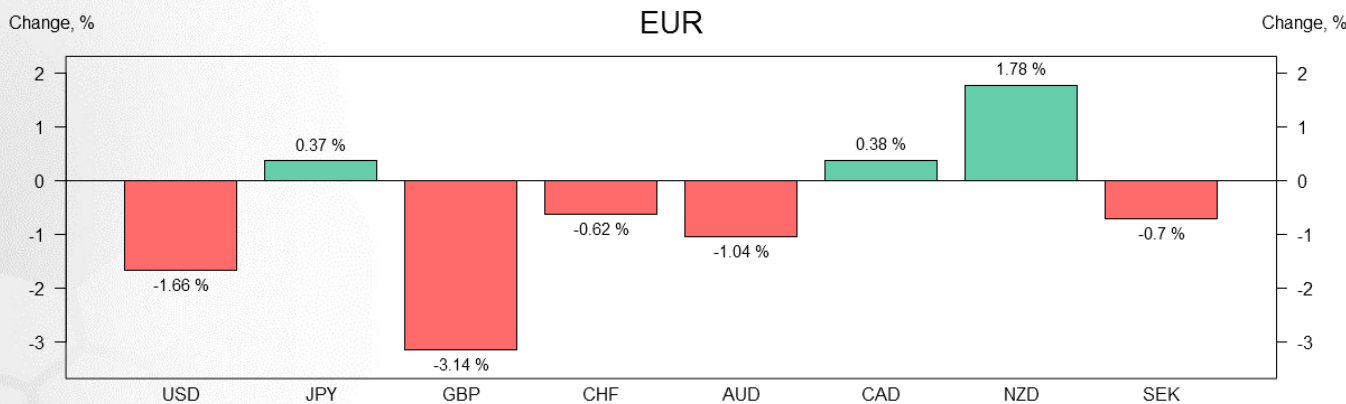
Currency Indexes



As panic around the Greek debt issue subsided with the attainment of a deal, the previous weeks' market shakers got replaced by the new main performers. Thus, the yen's rally turned into a downfall on July 9, and while the JPY Index hung between -1.5% and -1%, the pound's gauge took its place at the top. After sliding on Wednesday, July 8, the GBP Index picked up on Friday, and pulled well ahead of its peers at the open of the new week. The next days only widened the gap, as the pound was boosted by the BoE Governor's comments on proximity of a rate hike, the index finished the period with a 3% gain. The period's second-best performer was the USD Index that got a

push from Yellen's reassuring speech and some positive data on Wednesday. The same day brought the Kiwi's and the Loonie's gauges down, with the former weighted down by Yellen's comments and falling milk prices, and latter plunging with the BoC rate cut.

The EUR Index was one of the calmest gauges, as it spent the period slowly sliding below the baseline, ultimately posting a moderate 0.5% weekly loss. The only sharp move took place early on Monday, when the index tumbled 0.7 points after Greece reached a preliminary agreement with its creditors. The index ticked up slightly above the baseline on Tuesday, but edged back down within hours and stayed below the base value for the rest of the period.



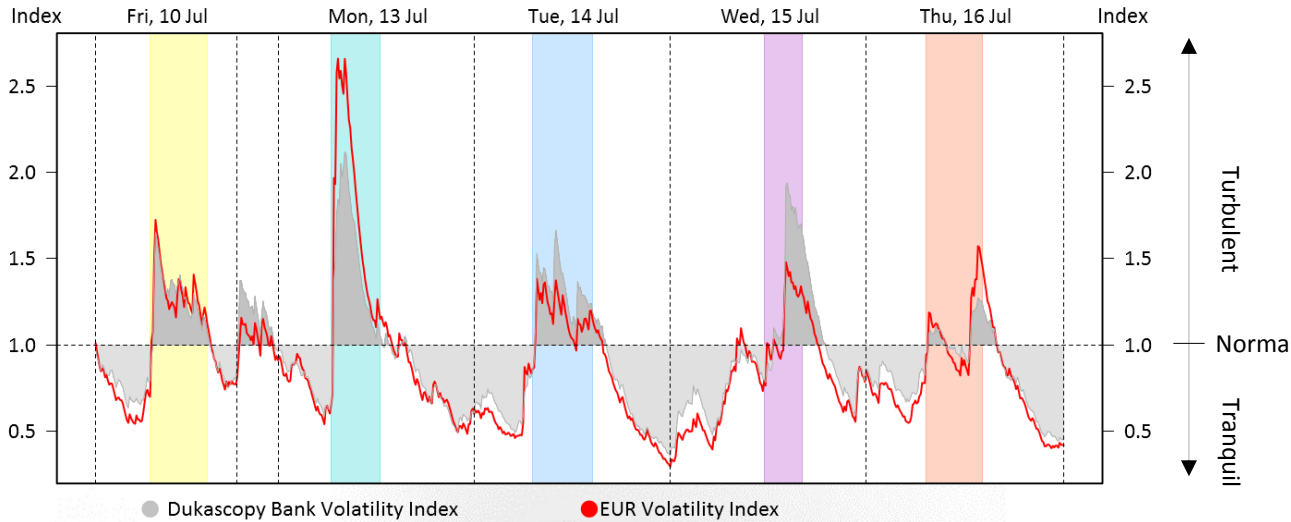
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.59%	1.3%	-1.02%	2.99%	0.11%	0.59%	-1.02%	-2.58%	0.19%
20	-0.57%	3.37%	3.15%	2%	-0.15%	-1.41%	-2.75%	-2.94%	-1.63%
130	-0.05%	6.22%	1.48%	11.19%	-2.2%	-4.15%	-1.99%	-12.38%	1.59%
250	-5.59%	18.92%	-3.6%	8.4%	11.71%	-7.42%	-2.32%	-13.7%	-6.41%



Volatility

Volatility



Market turbulence receded in the past period, with the portion of elevated volatility decreasing from 49% to 33%. The Euro's aggregate measure lost 10%, while the greatest declines occurred in the readings for EUR/AUD (from 50% to 34%), EUR/JPY (from 51% to 21%), and EUR/CHF (from 45% to 15%). The most volatile currencies, in turn, were the pound and the Kiwi, both overturbulent in 41% of time. The period's sharpest reaction came from the Loonie, whose volatility index jumped to 4.8 points after the BoC cut its interest rate. Among the Euro's pairs, however, the highest peak was reached by EUR/SEK, which surged on weak Swedish CPI.

The greatest upsurge of the market's volatility happened at the beginning of Monday's European session, with most turbulence coming from the yen's and the Euro's sharp moves. The Euro index's peak was two-headed, as the single currency first jumped and then tumbled as the long negotiations between Greece and its creditors finally produced a deal. Aside from that, the EUR Volatility Index exceeded the market's gauge only on Friday, when the single currency briefly picked up against the background of the ECB's press conference and the approval of a bridge loan for Greece.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	33	32	30	21	39	15	34	33	44	26

Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	2.12	2.66	3.16	3.58	3.44	2.33	2.46	3.94	2.72	4.3
Min	0.35	0.29	0.24	0.22	0.28	0.15	0.2	0.25	0.37	0.09
Average	0.92	0.88	0.89	0.84	0.95	0.72	0.93	0.92	0.99	0.75



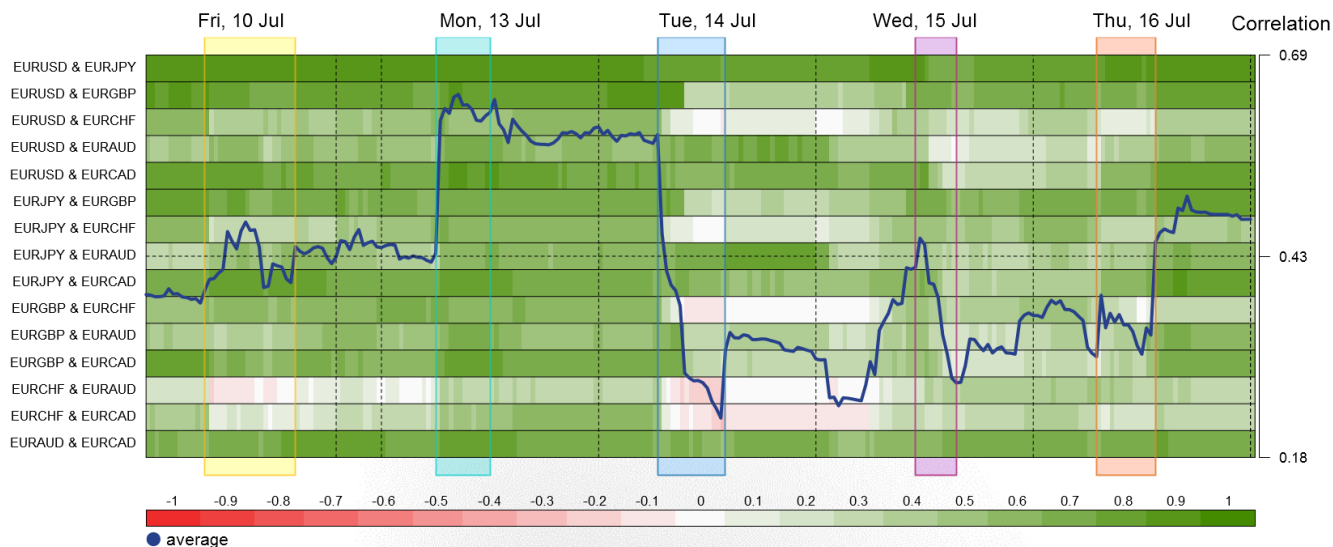
Currency Significance

After several anxious weeks when the Euro was reacting strikingly to the Greek issue discussion, the single currency finally had a quiet period without sharp changes of the rate and, thus, lower correlation between the pairs comparing to the monthly levels. Nevertheless, there was a couple of economic events that notably affected the currency and its significance measure.

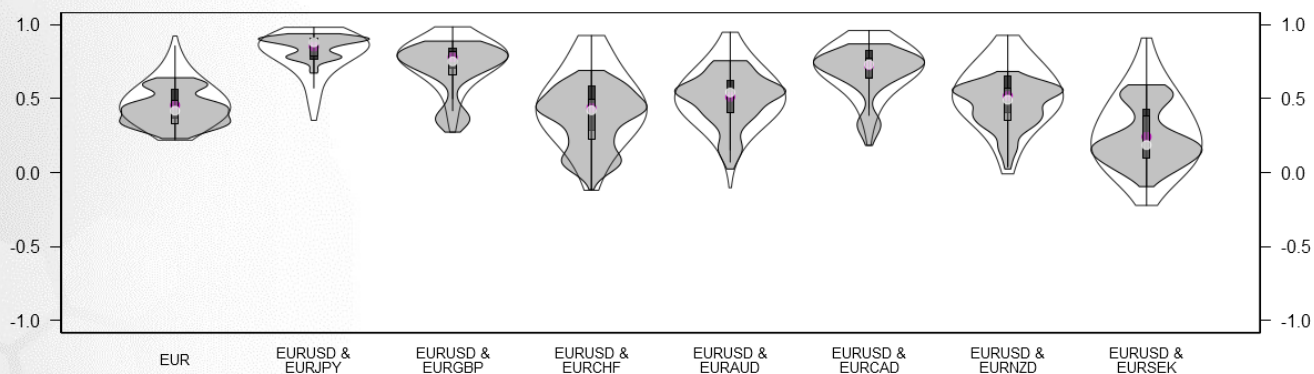
The trading week started with the announcement of the decision to start negotiations on an ESM programme for Greece. Just like during the previous weeks, this fact significantly affected the yen as a safe haven currency, and the Euro as the

domestic one. Thus, the Asian trading session started with strengthening of the bonds between the yen's pairs, but the European – with the surge of the Euro's composite, which reached the week's high of 0.64 points. The situation changed on Tuesday, when the Swedish inflation data disappointed expectations and drove the krona's composite to the 0.83 mark, but a few hours later the pound surged to stand among the leaders, inspired by the BoE Governor's optimistic speech. The consequent day was associated with the BoC decision to cut the interest rate, causing the Loonie to become the market driver. The week ended with the day of the Euro zone's inflation and balance data release, as well as the ECB monetary policy statement, which all met expectations and slightly strengthened the Euro's position on the market.

Correlations



Correlations (5 vs 20 days)

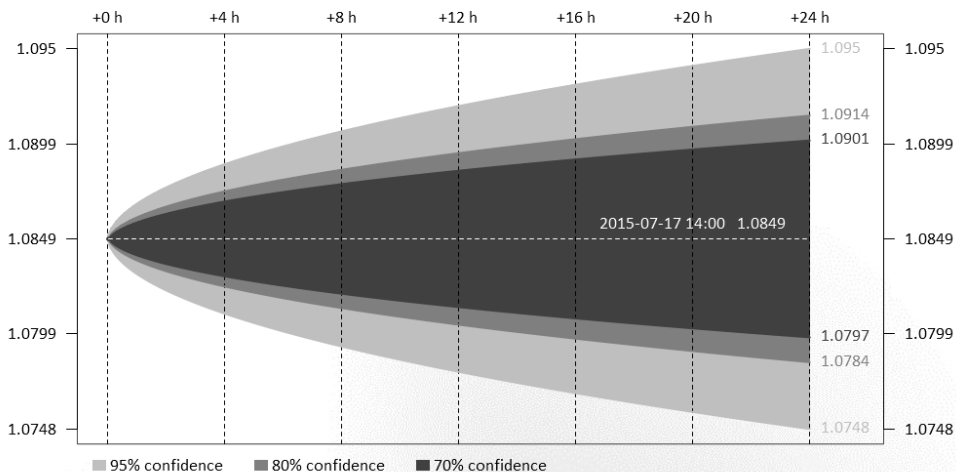


Mean Correlation Coefficient (with EURUSD)

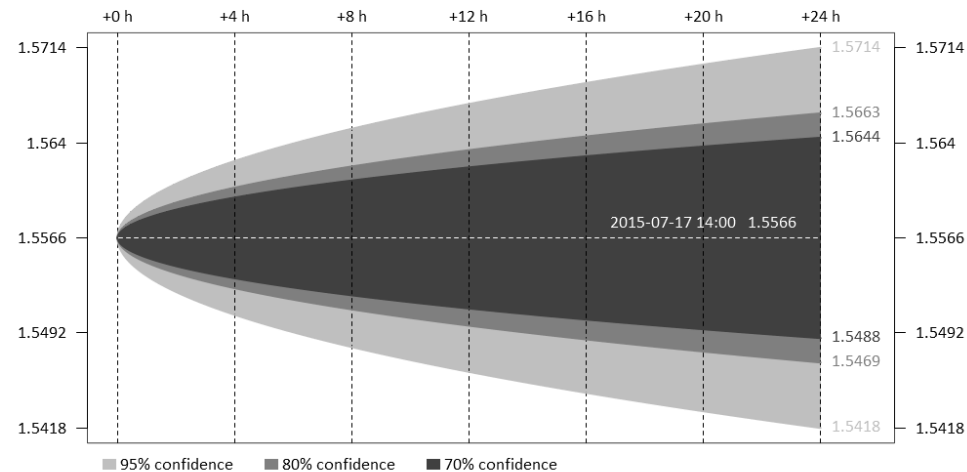
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.42	0.85	0.69	0.36	0.49	0.67	0.45	0.23
20	0.47	0.81	0.75	0.44	0.51	0.71	0.51	0.27
130	0.41	0.78	0.71	0.38	0.44	0.66	0.4	0.18
250	0.32	0.57	0.62	0.16	0.34	0.59	0.26	0.14

Confidence Intervals for Next 24 Hours

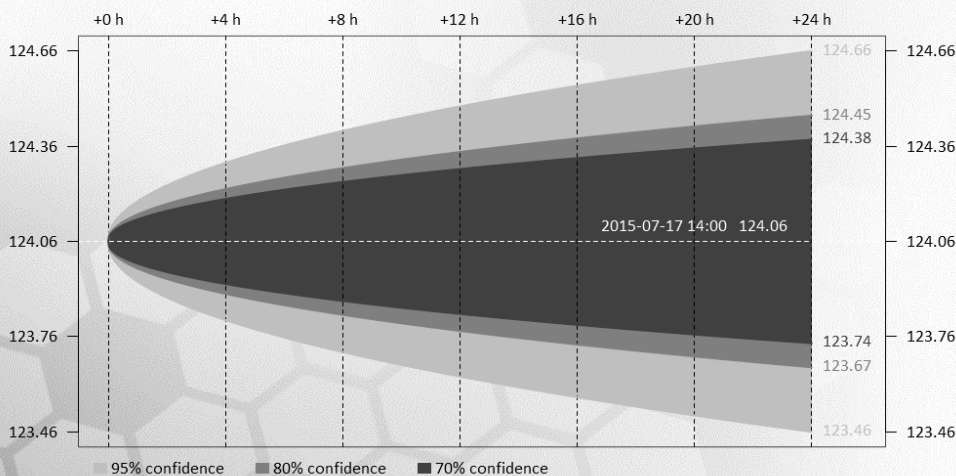
EURUSD Potential Rates



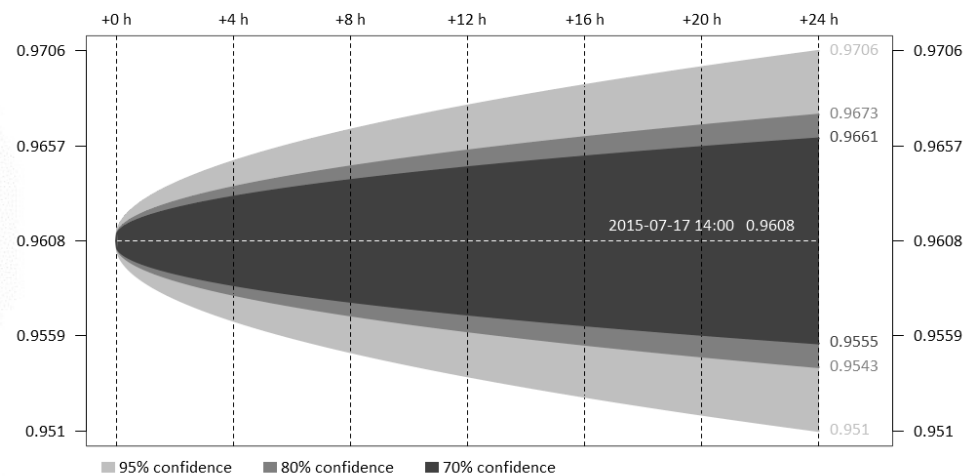
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

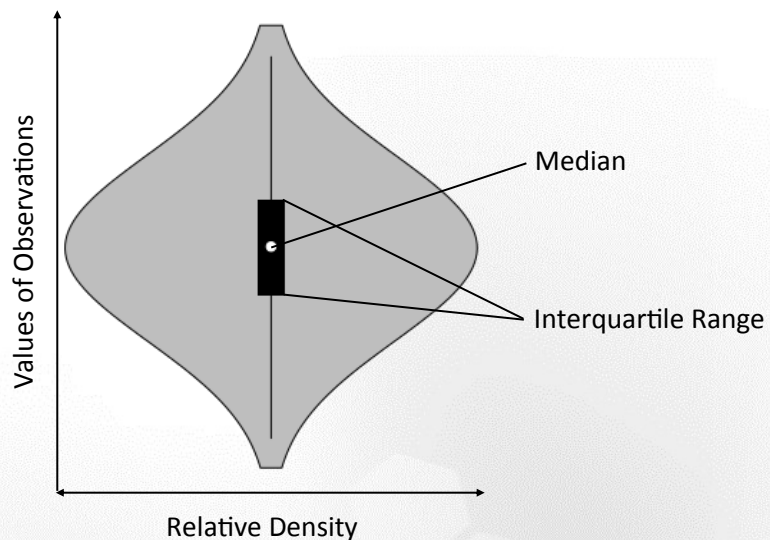
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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