



**EUR**

24/07/2015



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RESEARCH PRODUCTS



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# Dominant Events of the Period

## Yellow Area

July 17

12:00 - 16:00

- US CPI, Housing Starts, Building Permits
- Canadian CPI

## Turquoise Area

July 21

07:30 - 16:30

- UK Public Sector Net Borrowing

## Blue Area

July 22

05:00 - 14:00

- BoE MPC Vote, Minutes
- US Housing Price Index, Existing Home Sales

## Purple Area

July 22

20:00 - 22:00

- RBNZ Interest Rate Decision, Monetary Policy Statement

## Orange Area

July 23

06:30 - 18:00

- Swedish PPI, Unemployment Rate
- UK Retail Sales
- US Jobless Claims
- Canadian Retail Sales
- Euro Zone Consumer Confidence

EUR Currency Index Change

-0.18%	0.62%	-0.09%	-0.11%	0.72%
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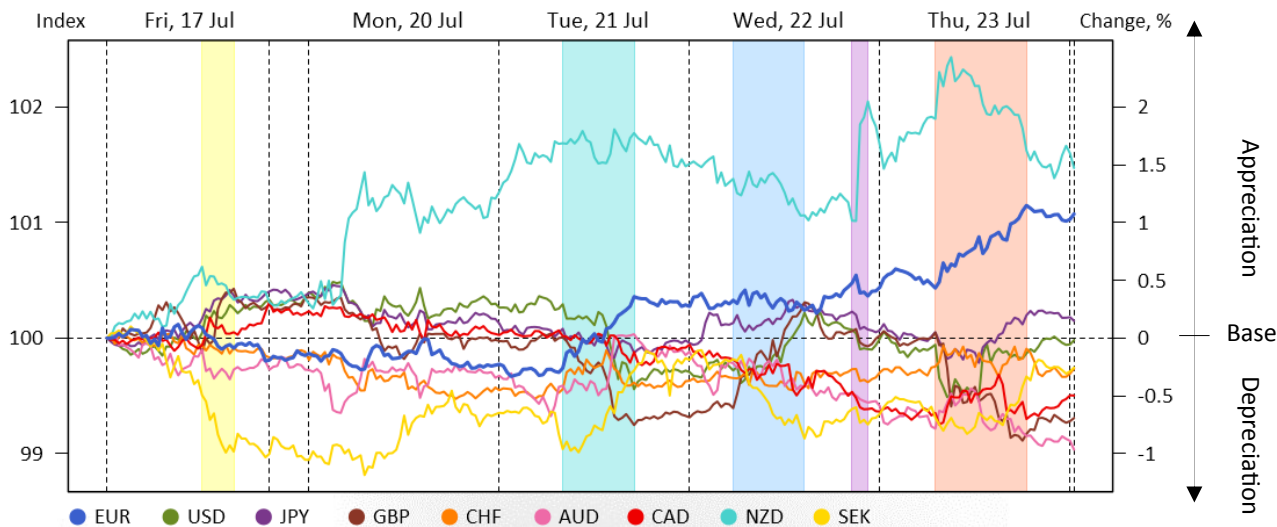
Max EUR Volatility Index

0.96	1.09	0.96	0.83	1.39
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# Relative Currency Strength

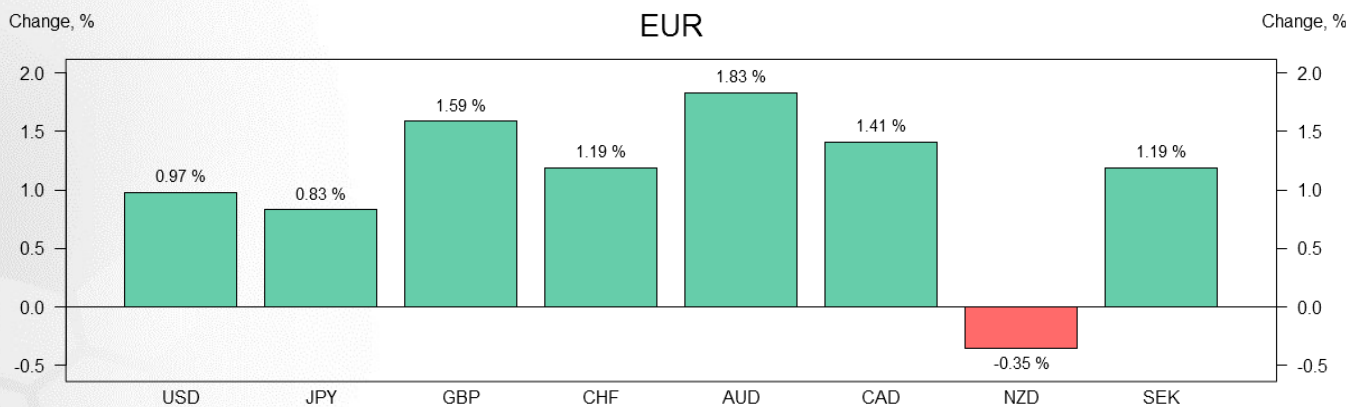
Currency Indexes



Growth-wise, the past five trading days were undoubtedly the Kiwi's period, whose index was set on climbing out of the pit it fell into on July 15-16. The defining surge came at the start of the week, when the NZD Index jumped 1.1% after New Zealand's Prime Minister said that the currency already fell further and faster than expected. As the Kiwi was long since deemed overvalued and hurting the economy, the comment was taken as a good omen, pushing the NZD up from the multiyear lows it reached the previous week. As the idea was, to some extent, reiterated in the RBNZ's statement on Wednesday, the index went into another rally, spiking to 102.4 points. Meanwhile, most of the other observed

indexes spent the period largely below the baseline, with the Aussie's, the pound's, and the Loonie's measures posting the bottom-three results.

The EUR Index was the second-best performer of the week and one of three gauges to end the period with a positive change. The index started out with the same feeble behavior it showed in the previous period, but turned upwards on Tuesday as the Greenback and the pound were sliding down. A longer wave of appreciation was set off on Wednesday evening, as the Greek parliament passed the second package of bailout reforms. The momentum held throughout Thursday, and the single currency ended the period with weekly gain against most its major peers.

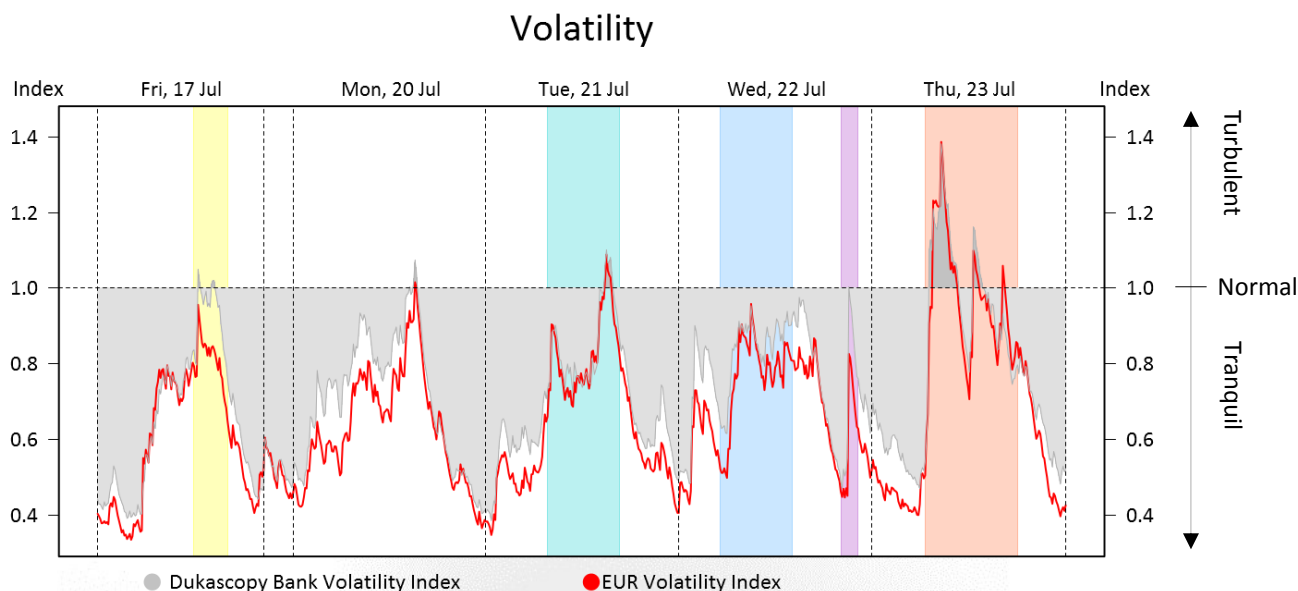


Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.07%	-0.02%	0.15%	-0.69%	-0.26%	-0.97%	-0.5%	1.47%	-0.26%
20	0.9%	2.65%	2.7%	1.27%	-0.02%	-2.45%	-2.89%	-1.63%	-1.23%
130	2.1%	4.07%	-0.63%	7.63%	-1.99%	-4.01%	-0.1%	-8.76%	1.05%
250	-4.2%	18.64%	-3.8%	8.12%	11.75%	-9.6%	-3.15%	-11.13%	-6.65%



# Volatility



As the situation with the Greece's debt became less critical, the single currency has stabilized, and fluctuations of the Euro paled in comparison with the last few weeks' turbulence. The decline of the volatility, which started in the previous week, has continued throughout the past period. Thus portions of the elevated volatility of the Euro's aggregate measure and market composite have lost more than 25% of the previous values, reducing to 5% and 6%, respectively. The most turbulent component was the EUR/NZD index, which spent 24% of the time above its historical level. It also had the highest spike among the peer pairs, as it surged to 3.4 mark when the RBNZ monetary policy statement was published on Wednesday.

Despite the fact that splashes of the Euro's volatility were observed every day during the past week, the index barely managed to overcome the 1-point level. Thus, on Friday and Wednesday the Euro index remained below the historic level. The most notable surge of both the Euro and the market volatility indexes took place on Thursday. The indexes started to rise ahead of the UK retail sales report, and reached the maximum values of 1.39 and 1.38, respectively, right after the unexpectedly low data were released. Then followed one more spike, caused by the raise of the Canadian retail sales, though the indexes' values were only 1.1 and 1.15.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	6	5	8	1	14	1	13	10	24	19

Volatility Index (for the observed period)

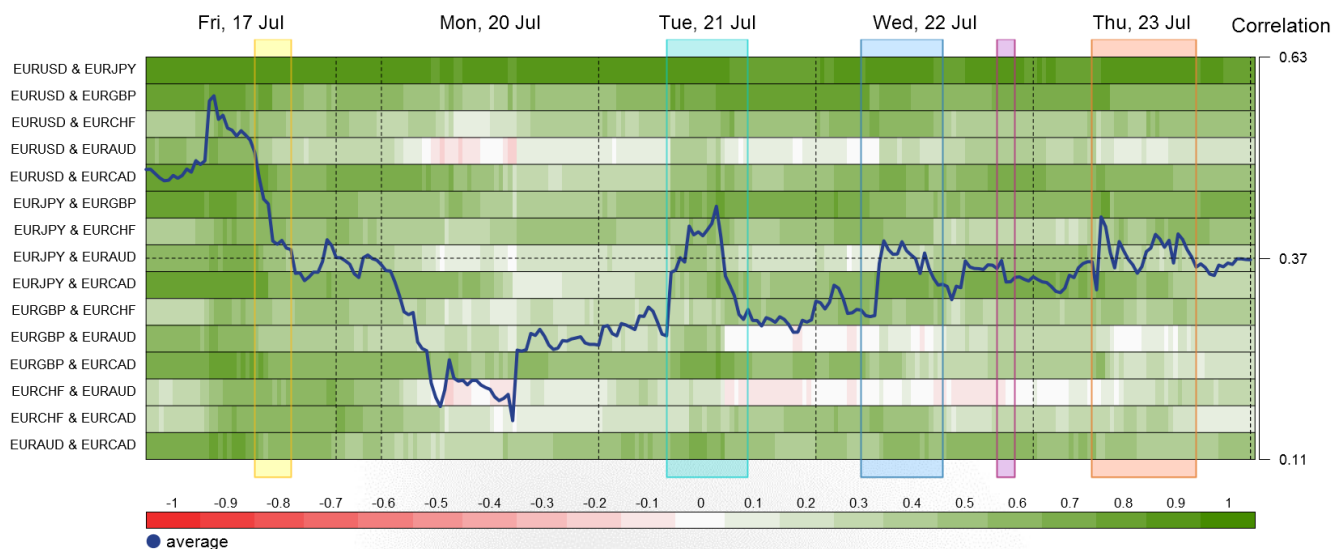
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.38	1.39	1.92	1.19	2.52	1.23	1.59	1.44	3.4	1.89
Min	0.39	0.34	0.25	0.2	0.25	0.21	0.28	0.22	0.32	0.08
Average	0.72	0.66	0.63	0.48	0.67	0.54	0.72	0.61	0.89	0.68



# Currency Significance

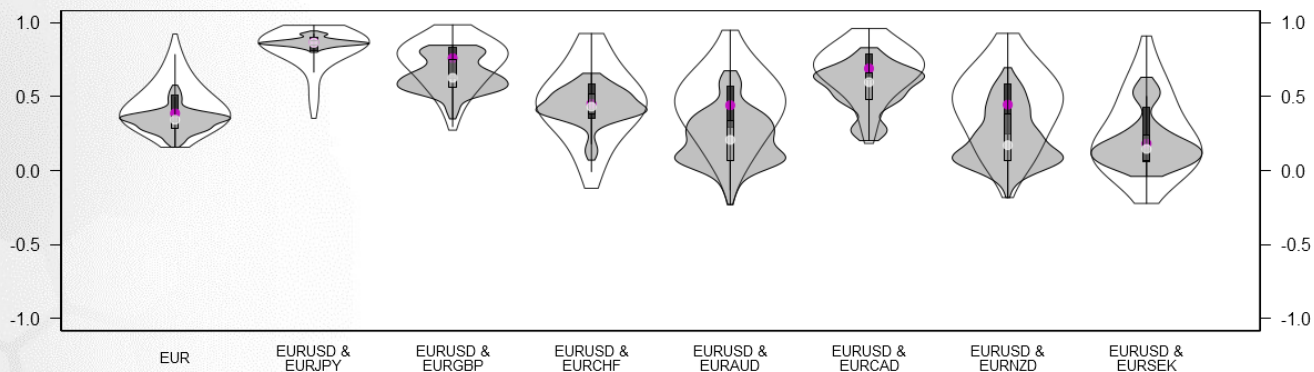
## Correlations

Much like the volatility readings, the averages of the Euro significance measure and its EUR/USD components have notably decreased compared with the previous week's values. Thus the composite has lost 0.08 points, whereas averages of the components dropped by 0.04-0.28 points. However, there were two EUR/USD components – correlations with EUR/JPY and EUR/CHF, – for which the period provided some strengthening ground, and which have increased by 0.02 and 0.08 points, respectively. In total, the distributions of the composite and almost all components have shifted down, and their lower tails became heavier.



The EUR significance measure started the week with a jump to the maximum value of the period (0.58), but at the time of the US and Canadian CPI releases declined to the average value. The drop of the composite continued on Monday, when the Kiwi's across-the-board movements managed the Euro measure to reduce up to the 0.17 mark. On Tuesday the composite peaked to the 0.43 level as the single currency started to pare its losses. The rest two notable increases of the measure took place on Wednesday and Thursday and were mostly driven by the Euro's reaction to the progress in the Greek bailout issue. In general, the composite was trending up since Monday afternoon, but the growth was too slow to outweigh the initial tumble, and the index ended the period at a moderate level of 0.37.

## Correlations (5 vs 20 days)

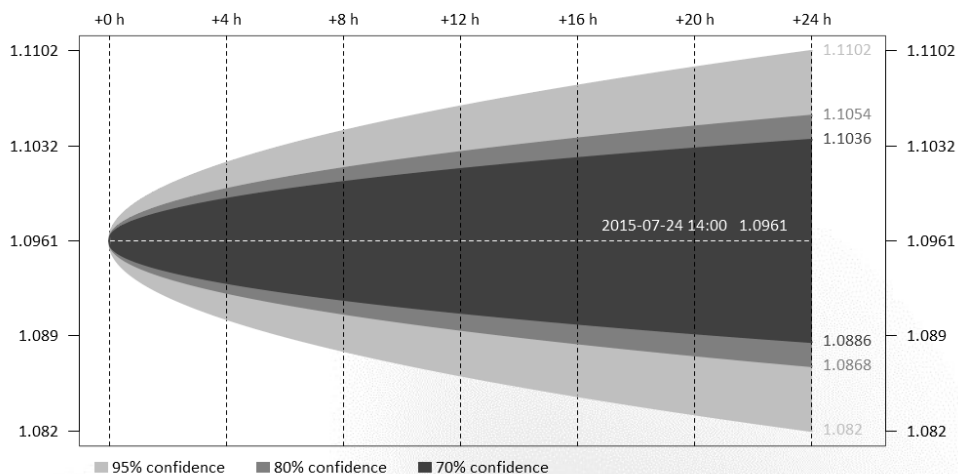


## Mean Correlation Coefficient (with EURUSD)

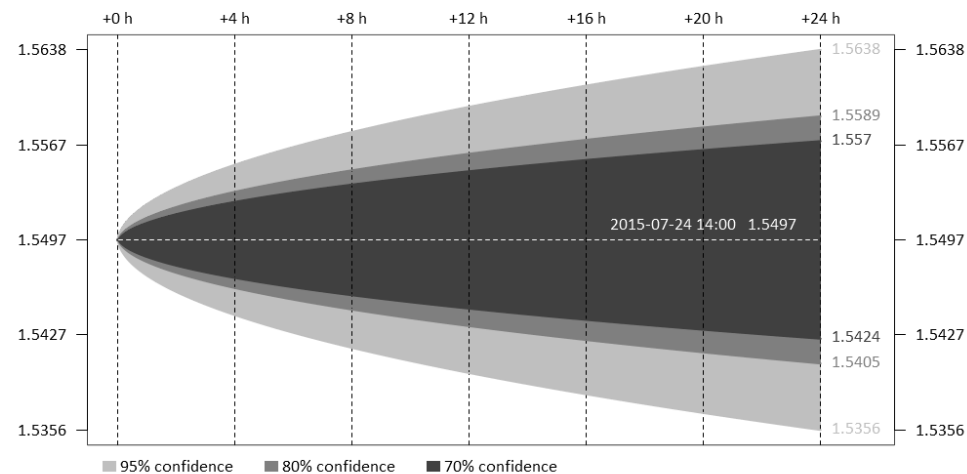
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.34	0.87	0.64	0.44	0.21	0.56	0.22	0.19
20	0.43	0.83	0.73	0.45	0.43	0.68	0.43	0.24
130	0.41	0.79	0.7	0.39	0.44	0.66	0.4	0.18
250	0.32	0.58	0.62	0.17	0.34	0.59	0.26	0.14

# Confidence Intervals for Next 24 Hours

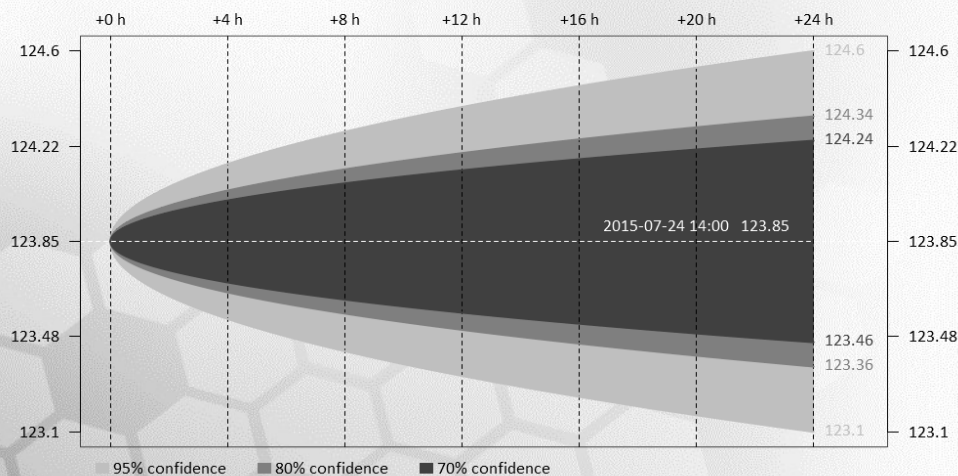
EURUSD Potential Rates



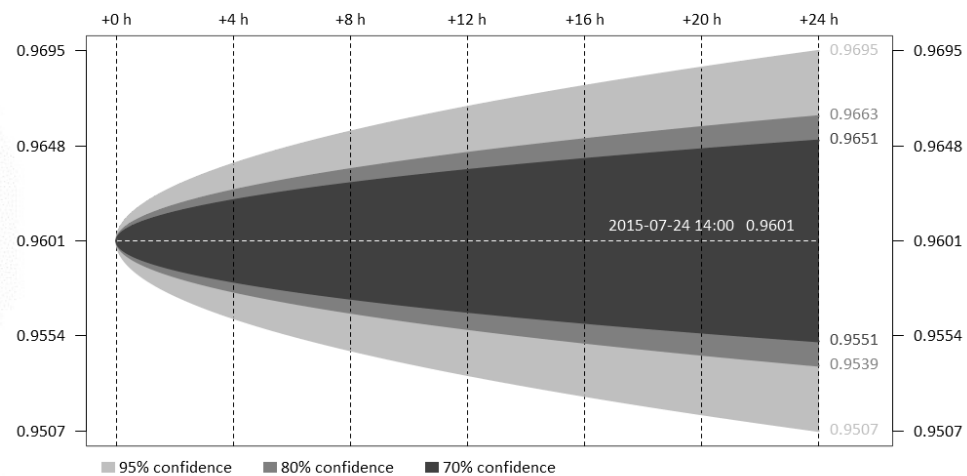
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



# EXPLANATIONS

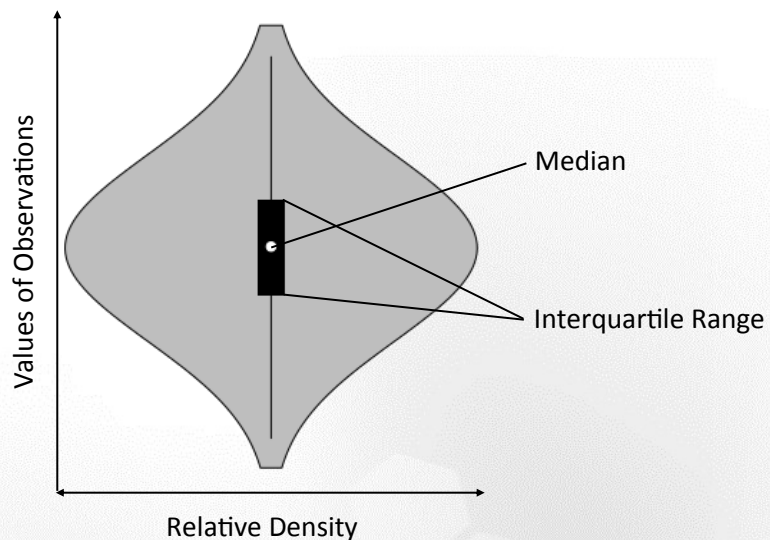
## Violin Plot

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

## Methodologies

Volatility Index

Confidence Interval





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