



**EUR**

07/08/2015



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# Dominant Events of the Period

## Yellow Area

July 31

06:00 - 19:00

- Euro zone Unemployment Rate, Preliminary CPI
- Canadian GDP
- US Employment Cost Index, Chicago PMI

## Turquoise Area

August 4

07:00 - 19:30

- UK Construction PMI
- US Factory Orders

## Blue Area

August 5

06:30 - 16:00

- Swiss CPI
- Euro zone Markit Services PMI, Retail Sales
- US ADP Employment Change, Trade Balance
- Canadian International Merchandise Trade

## Purple Area

August 6

10:30 - 14:30

- UK BoE Minutes, Interest Rate Decision, Quarterly Inflation Report, NIESR GDP

EUR Currency Index Change

0.37%

-0.28%

0.13%

0.2%

Max EUR Volatility Index

2.64

1.25

1.16

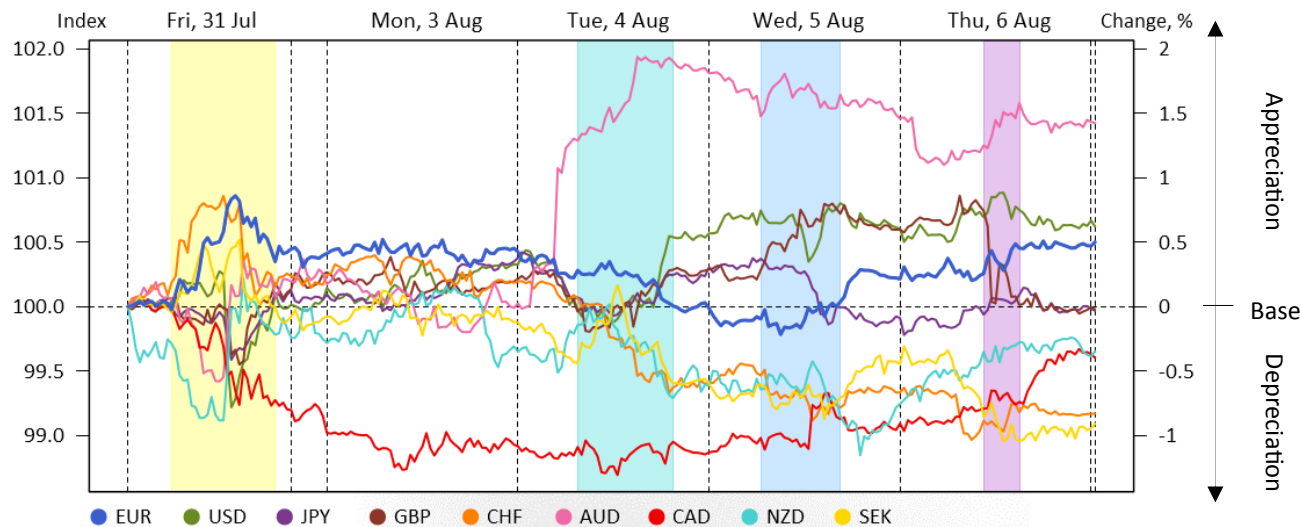
1.31





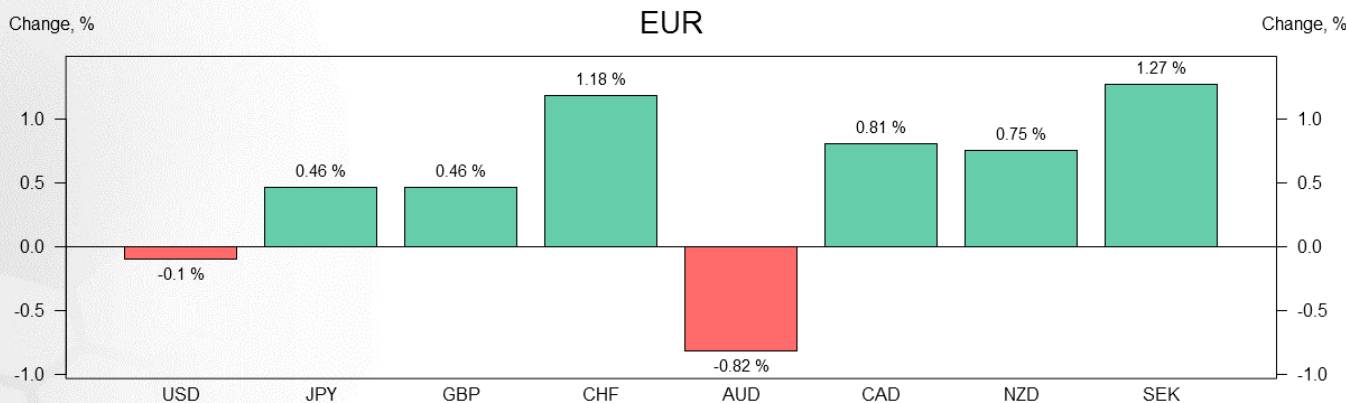
# Relative Currency Strength

Currency Indexes



The Europe's shared currency has recovered after the previous week's fall and added 0.5%, becoming the third best performer of the period. The Aussie was the clear leader of the past week. The RBA decision to leave its monetary policy stance fully unchanged pushed the AUD index up, and it has reached the unusually high level of 101.93. A few less fortunate the pound. Starting on Tuesday GBP showed the upward trend and could compete with the Greenback for the second place. However the index lost 0.84% right after the BoE's Super Thursday data came out and ended the period with 0.02 points loss. The franc and the krona, in turn, continued the trend of the previous period and kept the place of the main loser of the week.

The single currency started the period with the most successful day of the week. The Eurozone core inflation has ticked higher to 0.9% from 0.8% in June, and the Euro index has jumped to the week's highest value of 100.86. Then followed a period of decline, and the Euro was falling slowly until Wednesday. On Wednesday against the background of the unexpectedly low US ADP employment change, the Euro index gained 0.5% and reached the level of 100.28. The rest of the week the index has kept the upward trend, even despite a slight decline that have taken place on Thursday ahead of the BoE economic data release. Thus the Euro has ended the period with the 0.5% gain and significantly exceeded most of the peer currencies.



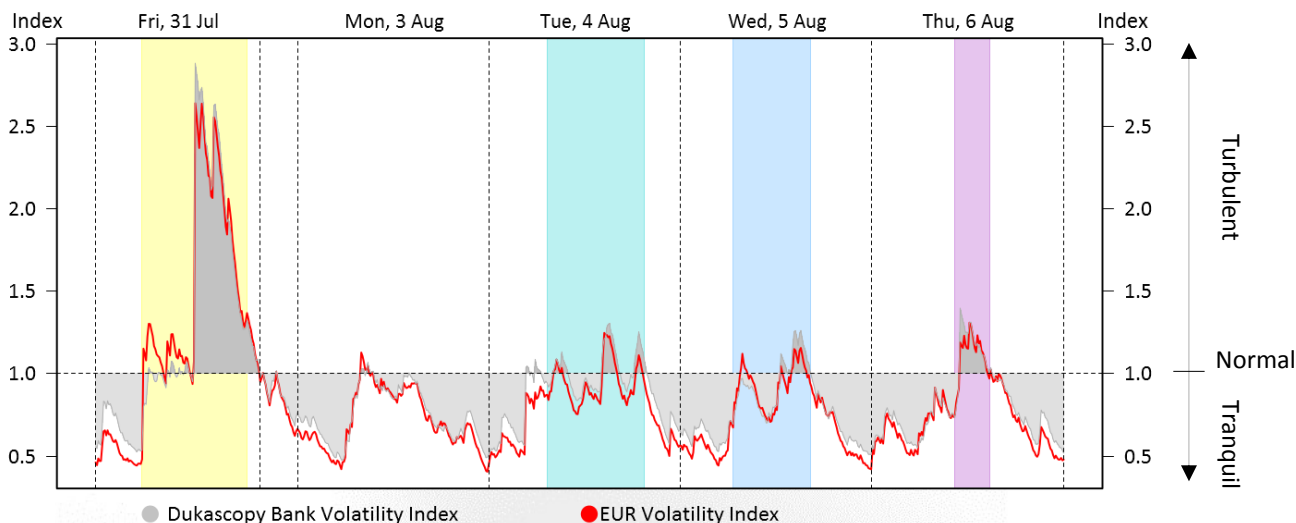
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.5%	0.62%	-0.03%	-0.02%	-0.83%	1.42%	-0.4%	-0.35%	-0.91%
20	0.49%	1.97%	-0.05%	2.58%	-2.19%	0.74%	-1.13%	-1.29%	-1.48%
130	1.15%	4.52%	-0.73%	7.12%	-1.35%	-1.99%	-0.49%	-9.14%	0.11%
250	-4.24%	18.57%	-3.98%	9.22%	9.83%	-8.62%	-2.1%	-10.56%	-8.14%



# Volatility

## Volatility



The last day of the previous trading week should be observed separately from the rest of the period as almost all volatility indexes, with the exception of the yen, spent more than half the time above the average historical level and, moreover, reached period's highs after the disappointing releases of the US labor price data as well as Canadian GDP. The pound volatility index was the only one, which reached its maximum later on Thursday against the background of the batch of economic releases from BoE, moreover, it became the most turbulent currency of the current trading week in terms of elevated volatility portion.

There was a lack of Euro zone's fundamentals, which notably influenced volatility of the domestic currency during the period. The EUR turbulence measure, along with the market's gauge, was prompted to its highest point of 2.64 by the US and Canada's news releases, and the preliminary CPI announcement turned out to be the only moment, when the Euro's index exceeded the market's one. All the other moments of relative over-turbulence were associated with the news on its counterparts, Canadian international trade data and UK inflation and monetary policy news in particular.

### Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
23	22	28	16	32	40	26	27	14	25

### Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	2.88	2.64	5.2	2.66	3.79	3.78	3.07	3.29	2.47	2.56
Min	0.48	0.4	0.27	0.22	0.22	0.27	0.33	0.29	0.34	0.15
Average	0.88	0.84	0.89	0.76	0.87	0.98	0.87	0.84	0.79	0.76

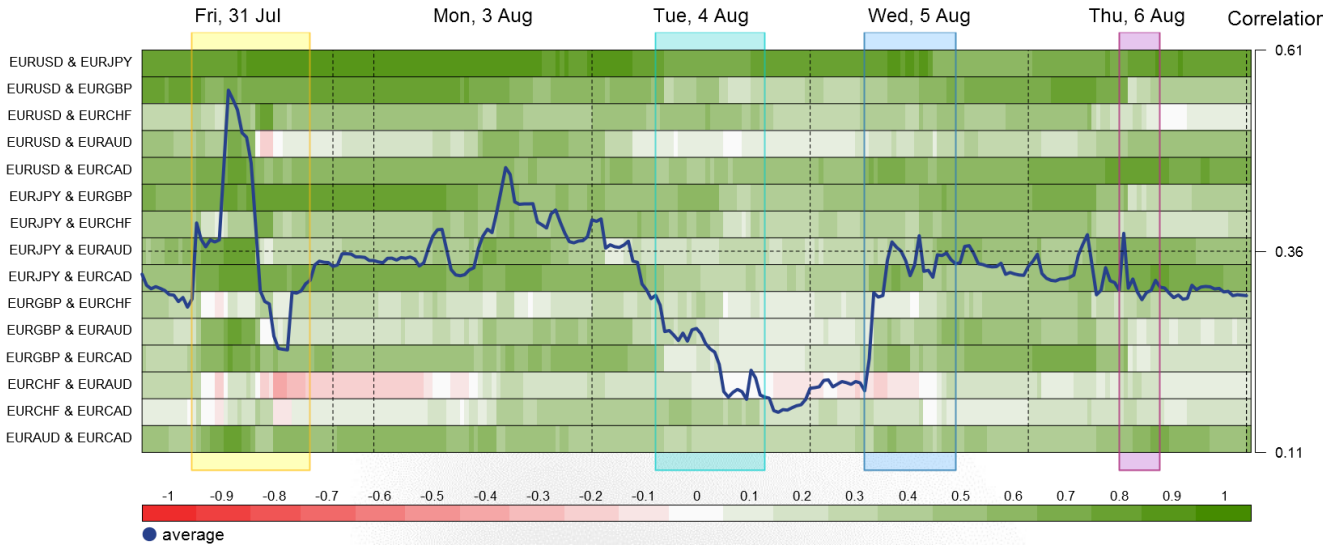




# Currency Significance

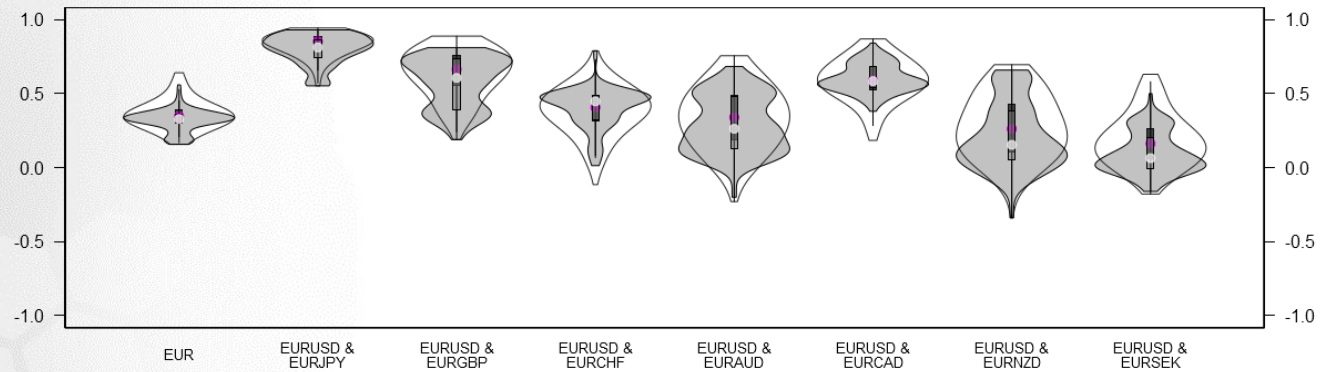
## Correlations

Despite the fact that the Euro significance measure had a few ups-and-downs and ranged from 0.16 to 0.56 during the observed period, the gauge has finished the period almost at the same level it was when it started. The average values of the composite and the EUR/USD components also remained almost unchanged compared with the previous week. Thus the EUR measure has lost only 0.03 points. The most notable strengthening (+0.11), in turn, was observed in the bond between EUR/USD and EUR/SEK. Comparing with the long-term values most of the averages have shifted down and lost 0.03-0.07 points.



The increase of the Euro zone core CPI pushed the significance measure up, and it has reached the maximum value of the period. After a few hours against the background of the unexpectedly low US employment cost index the composite sharply dropped to the 0.23 mark. On Monday the aggregate has reached the 0.45 mark—the second maximum value of the week, and gradually started to decrease. Moreover on Tuesday after the RBA interest rate report all EUR/AUD bonds has weakened and caused the decline of the EUR composite. On Wednesday ahead of the Euro zone Markit service PMI and retail sales reports the aggregate jumped to the 0.36 mark and stayed at this level till Thursday. The BoE data release caused a small drop of the Euro measure, and the composite finished the period at the 0.32 level.

## Correlations (5 vs 20 days)

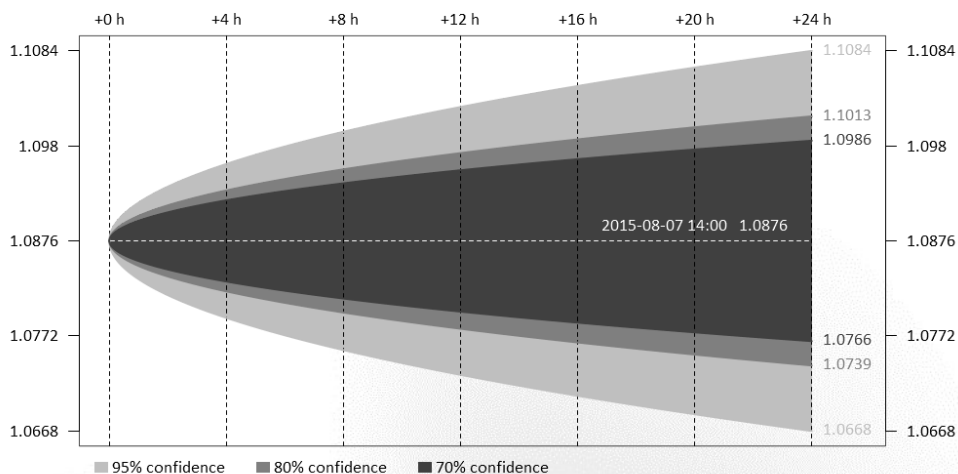


## Mean Correlation Coefficient (with EURUSD)

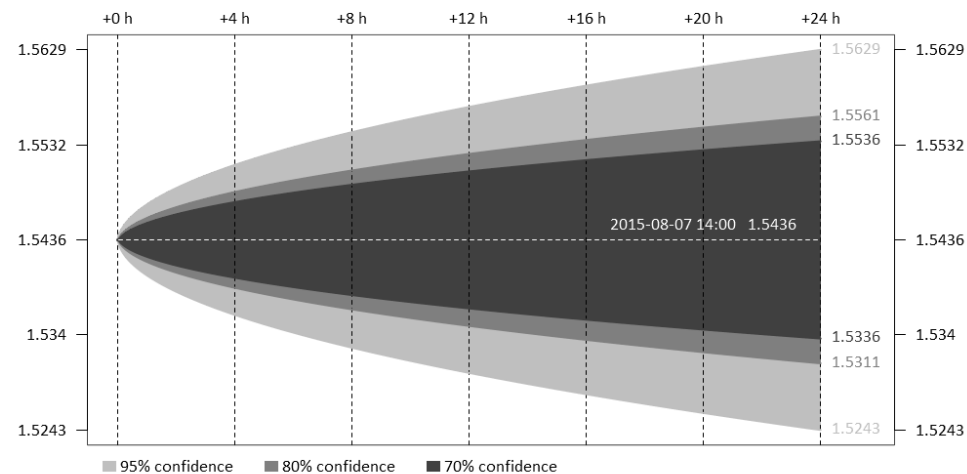
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.32	0.8	0.57	0.4	0.29	0.6	0.21	0.1
20	0.36	0.83	0.64	0.38	0.34	0.59	0.28	0.18
130	0.41	0.8	0.69	0.39	0.43	0.66	0.39	0.17
250	0.33	0.59	0.63	0.19	0.34	0.59	0.26	0.15

# Confidence Intervals for Next 24 Hours

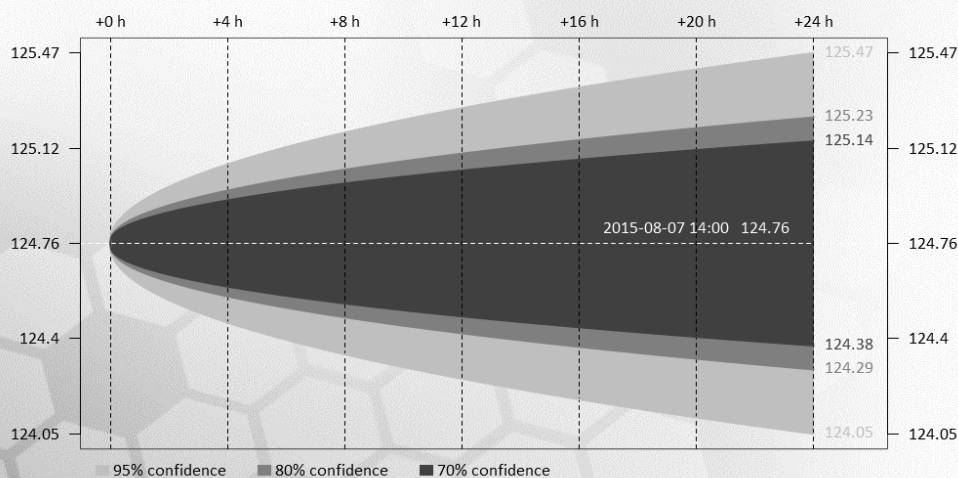
EURUSD Potential Rates



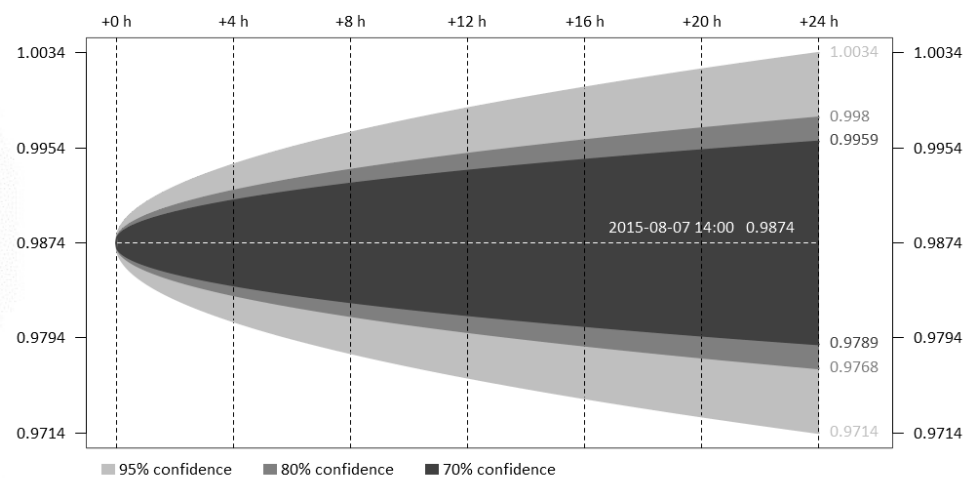
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates





# EXPLANATIONS

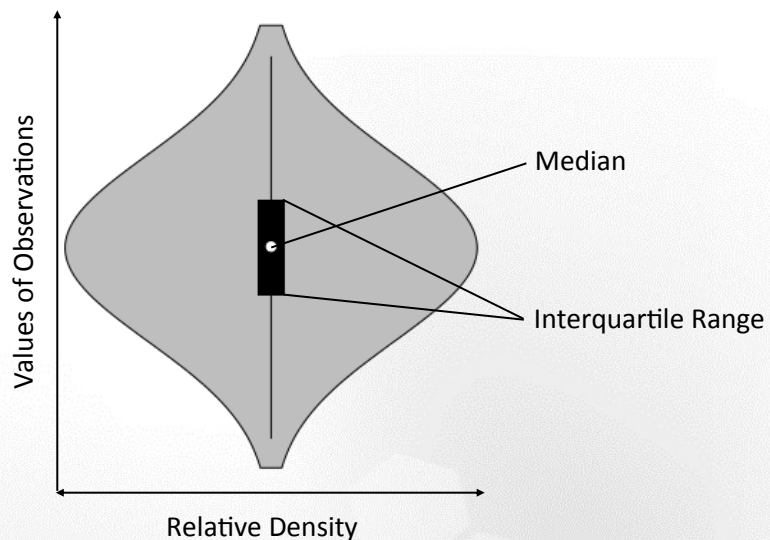
## Violin Plot

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

## Methodologies

Volatility Index

Confidence Interval





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