



**EUR**

02/05/2014



**DUKASCOPY**  
RESEARCH PRODUCTS



**Market Research**





# Dominant Events for the Euro

## Yellow Area

April 25

05:00 - 14:30

- SNB Chairman Speaks
- UK Retail Sales
- US Flash Services PMI
- US Revised Consumer Sentiment

## Turquoise Area

April 28

05:30 - 15:00

- German Bubba Monthly Report
- US Pending Home Sales

## Blue Area

April 29

05:30 - 16:00

- Eurozone Money Supply
- UK Prelim GDP
- Eurozone Economic Sentiment Indicator
- German Preliminary CPI
- US Consumer Confidence

## Purple Area

April 30

04:00 - 13:30

- German Retail Sales
- KOF Leading Indicator
- German Unemployment Rate
- Italy Unemployment Rate
- Eurozone CPI
- US Preliminary GDP

## Orange Area

May 1

05:00 - 14:30

- UK Consumer Credit
- UK Manufacturing PMI
- Fed Chairmain Speaks
- US Initial Jobless Claims
- US Manufacturing PMI

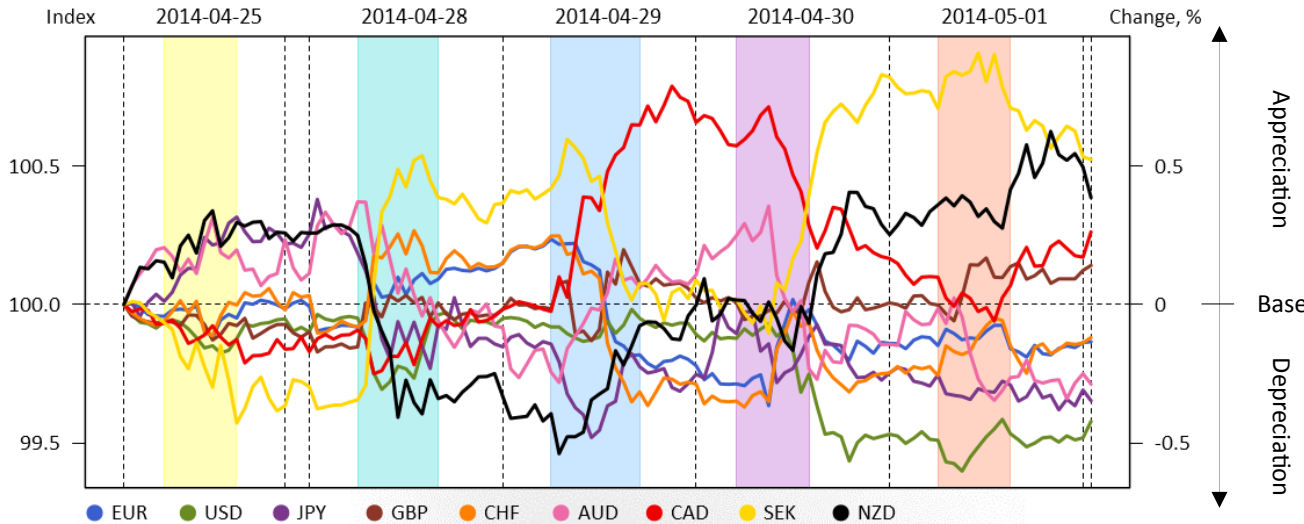
EUR Currency Index Range	0.11%	0.19%	0.42%	0.38%	0.09%
Average EUR/USD Volatility Index	0.78	1.27	1.4	1.43	0.72





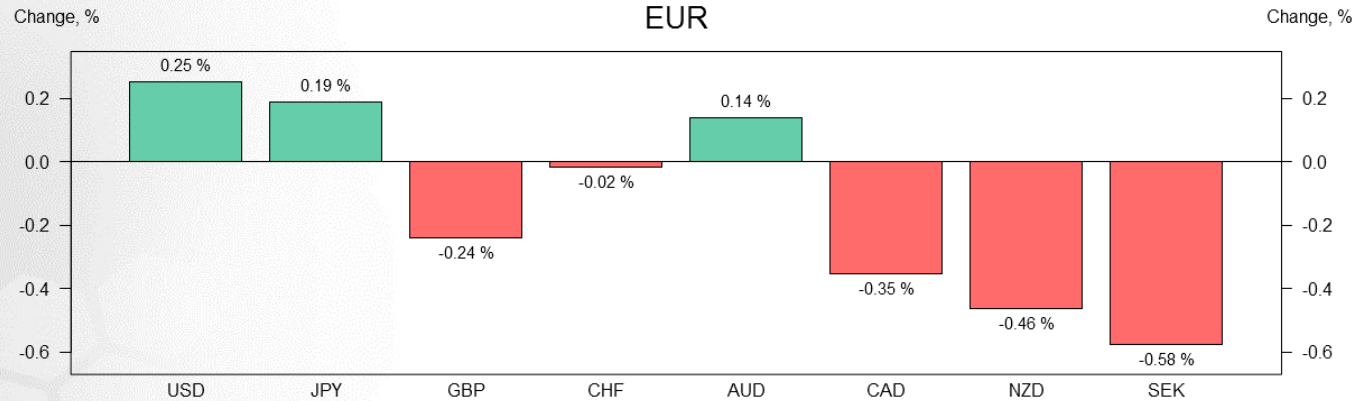
# Relative Currency Strength

## Currency Indices



The Euro Currency Index dropped 0.13% - a record low among the results for the past month, - as the single currency finished the period on the losing side against most of its peers. The overall performance, however, was far from worst, with the index climbing steadily up in the beginning of the week. But the run-up was cut short by the disappointing CPI data, first from Germany on Tuesday and then from the Eurozone a day later. Though there was a short recovery in the end of the Wednesday Purple area, when the EUR index crossed the 100 point mark as some of the other indices experienced a sharp fall, the strength of the single currency still met the end of the period below the base value.

Most of the Currency Indices spent the period zigzagging around the base value. SEK and NZD offered the most interesting picture, moving in the opposite directions with the same magnitude for almost the whole period. They also managed to finish the period well above their counterparts. The USD index, which showed the worst result, in turn, moved quite flatly, falling considerably only twice: briefly in the beginning of the Turquoise area, and more sizably in the Purple area, when the US GDP data did not meet expectations. May 1, the Labour Day in many countries, was mostly filled by the UK and the USD data releases, and both the GBP and the USD spent the first half of the day on an uptrend.



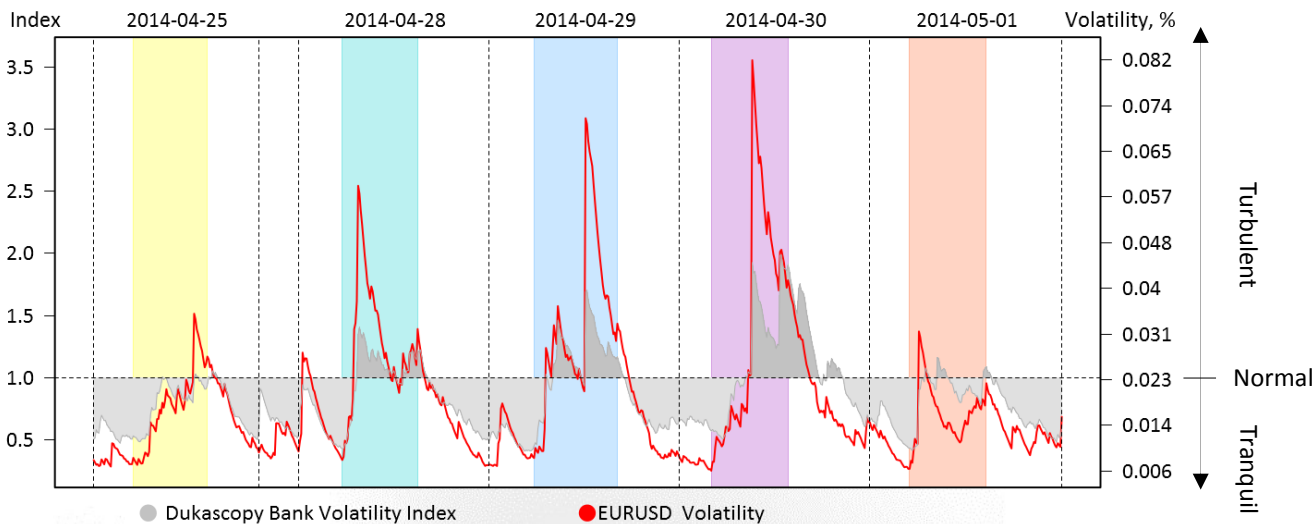
## Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	SEK	NZD
5	-0.13%	-0.39%	-0.36%	0.17%	-0.08%	-0.39%	0.32%	0.52%	0.31%
20	0.2%	-1.02%	0.73%	0.93%	0.54%	-0.66%	-0.29%	-0.5%	-0.15%
130	0.93%	-0.1%	-4.24%	5.56%	2.29%	-2.75%	-5.42%	-2.1%	5.15%
250	5.77%	-2.52%	-2.56%	9.15%	8.04%	-9.77%	-10.93%	0.18%	2.63%



# Volatility

## Volatility



The last week of April was rather turbulent for the single currency. The volatility indices for the Euro crosses stayed elevated more often than the overall Dukascopy Bank Volatility Index, and even the average values were on the higher levels compared to previous periods. The most traded currency pair's volatility index reached a notably high level of 3.6 on Wednesday, when the lower-than-expected Eurozone CPI pushed the 18-nation currency down. Another peak three times above the historical level was reached a day prior and under the similar circumstances, with the low Germany CPI playing the role of a downforce for EUR.

The CPI data proved to be the most influential in this period, as the EUR/JPY and EUR/GBP volatility indices reached their historically high levels on the background of its releases, too. The Chunnel, however, was also shaken by the news from the United Kingdom. The EUR/GBP volatility index spiked above the level of 4 for the first time since late January, urged by the Tuesday's UK GDP data release and a subsequent drop in the pound. Despite the number of other seemingly important news neither the market, nor the individual volatility indices showed any other major surges, leaving both the beginning and the end of the period almost solely in the tranquil area.

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

Market	EURUSD	USDJPY	GBPUSD	AUDUSD	USDCAD	USDCHF	EURJPY	EURGBP	EURCHF	USDSEK	NZDUSD
27	25	22	28	16	29	26	28	31	34	43	19

### Volatility Index (for the observed period)

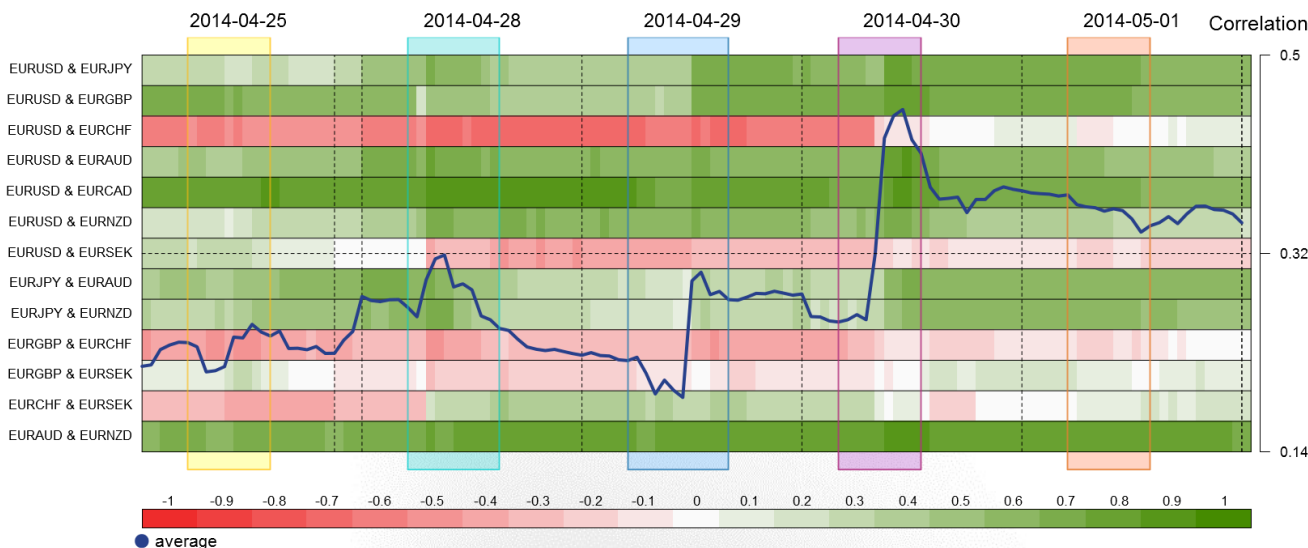
	Market	EURUSD	USDJPY	GBPUSD	AUDUSD	USDCAD	USDCHF	EURJPY	EURGBP	EURCHF	USDSEK	NZDUSD
Max	2	3.6	3.1	2.6	1.7	2.3	2.9	2.8	4.1	2.1	3.1	2
Min	0.4	0.2	0.2	0.2	0.3	0.2	0.2	0.3	0.2	0.2	0.2	0.4
Average	0.8	0.8	0.8	0.8	0.8	0.9	0.8	0.9	0.9	0.9	1	0.8





# Currency Significance

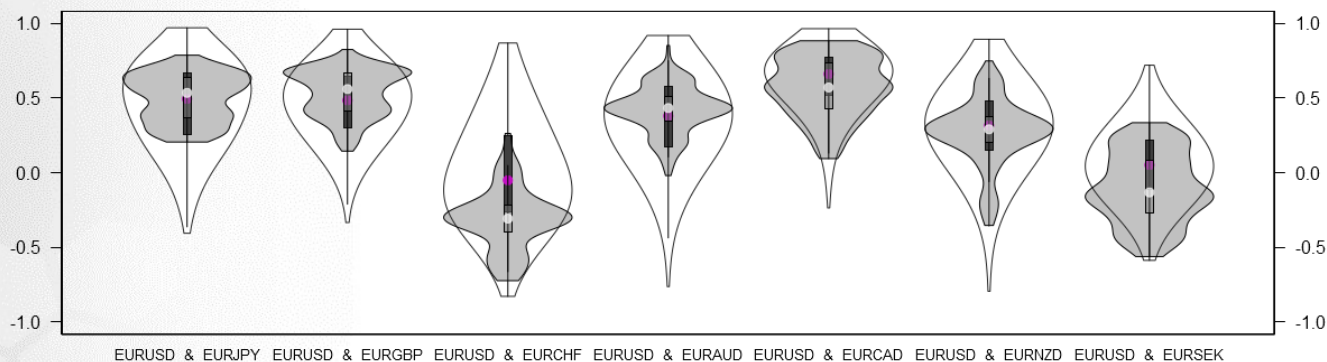
Correlations



The past five days were the period of extremely strong correlation for the majority of the Euro crosses. During the start of the week EUR/USD – EUR/CHF and EUR/USD – EUR/CAD with the average correlation of -0.62 and 0.82, respectively, retained the leadership in this regard. In total, the Euro started the week with appreciation against almost all major currencies, thus moving the average correlation slightly upwards. The first real surge was observed on Tuesday, against the background of negative news on both Eurozone and Germany. Both lower-than-previous and lower-than-expected Eurozone Sentiment and German CPI releases caused the Euro to drop, and all pairs with EUR were driven by these news.

The next peak was observed on Wednesday, when the average correlation coefficient soared to the highest level over the week, reaching 0.45 – a notably significant positive value. This time the unity of movement was most likely provoked by the brighter news from Europe, as the Euro rate went up after positive unemployment news from Germany and Italy, and a little lower than expected, but greater than previous Eurozone’s CPI. Moreover, release of decreasing KOF Economic Barometer was followed by a weakening in negative correlation with Swiss franc. Thursday was the day without any noticeable changes neither in the Euro strength, nor in the correlations, leaving the average correlations on a weakly positive level just above 0.3.

Correlations (20 vs 130 days)

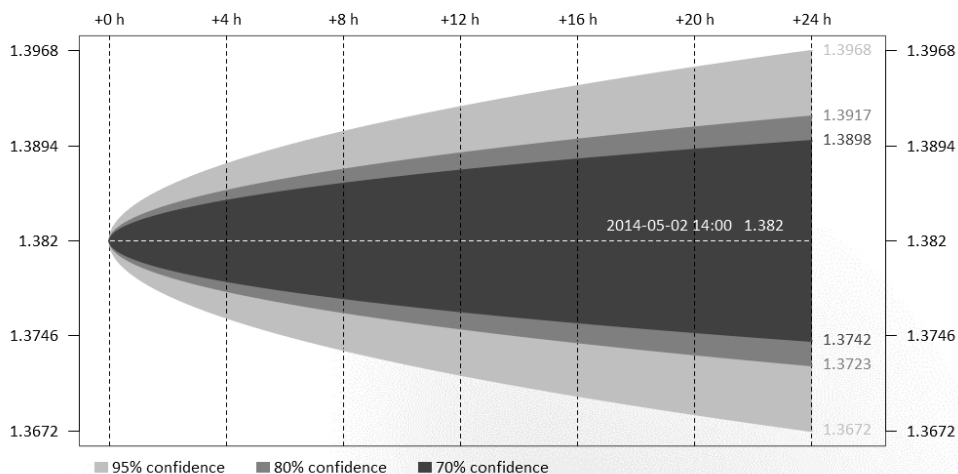


Mean Correlation Coefficient (with EURUSD)

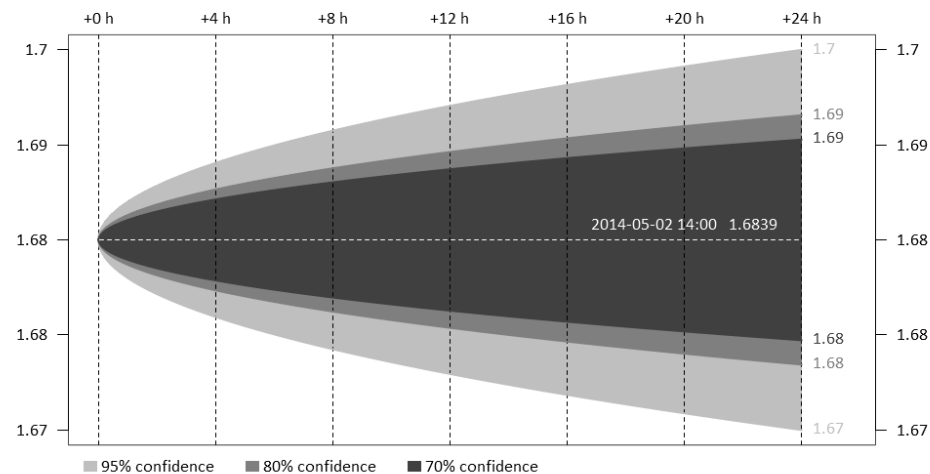
Days	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.52	0.59	-0.4	0.59	0.77	0.45	-0.17
20	0.5	0.53	-0.31	0.42	0.56	0.27	-0.11
130	0.5	0.46	-0.13	0.36	0.58	0.32	0.04
250	0.39	0.42	-0.14	0.26	0.57	0.23	0.03

# Confidence Intervals for Next 24 Hours

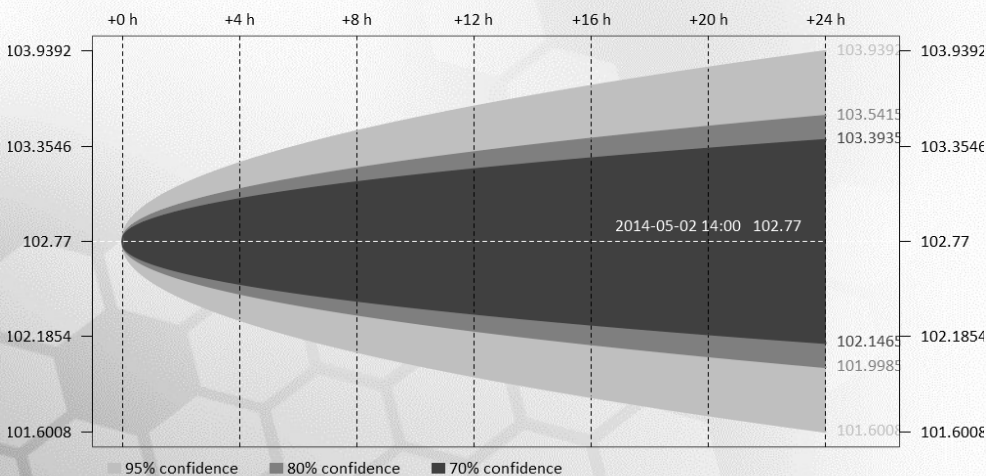
EURUSD Potential Rates



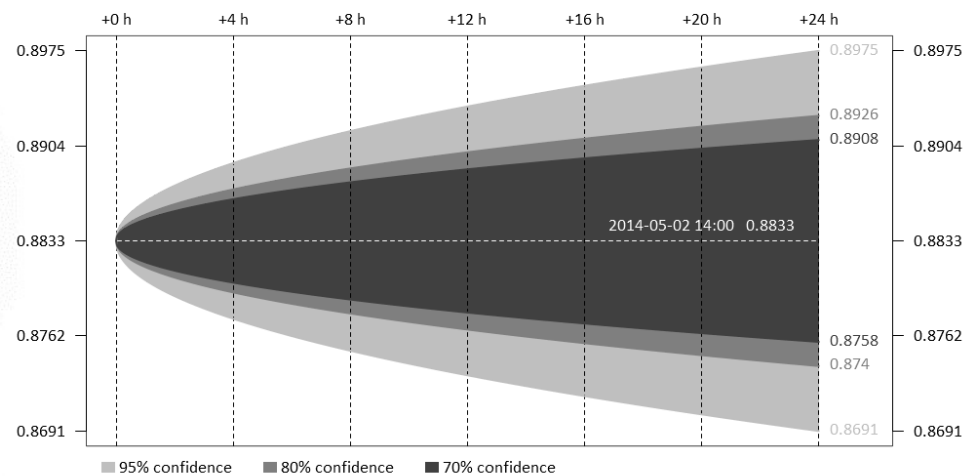
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates





# EXPLANATIONS

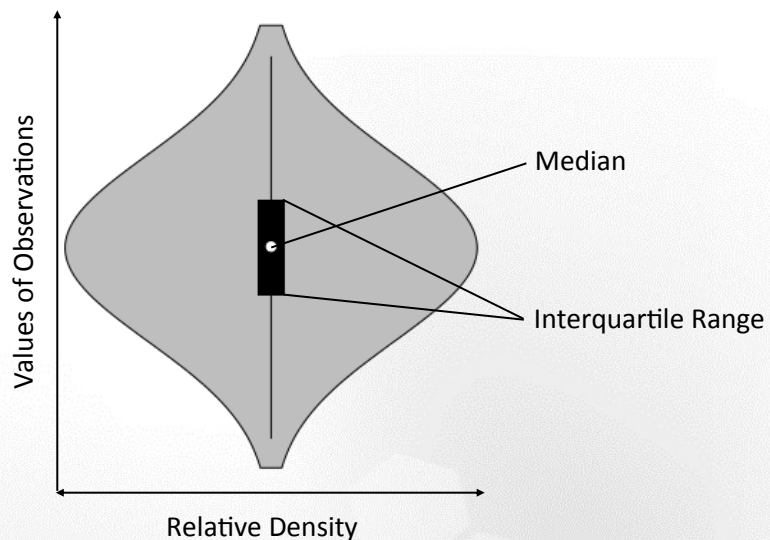
## Violin Plot

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

## Methodologies

Volatility Index

Confidence Interval





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