



**EUR**

13/06/2014



**DUKASCOPY**  
RESEARCH PRODUCTS



**Market Research**





# Dominant Events for the Euro

## Yellow Area

June 6

05:00 - 14:30

- German Industrial Production, Trade Balance, Exports and Imports
- Swiss Foreign Currency Reserves, CPI and Industrial Production
- UK Consumer Inflation Expectations, Trade Balance
- U.S. Nonfarm Payrolls, Unemployment Rate

## Turquoise Area

June 10

04:30 - 12:30

- Swiss Unemployment Rate
- UK Industrial Production, Manufacturing Production
- Italian GDP

## Blue Area

June 11

04:30 - 12:30

- UK ILO Unemployment Rate, Average Earnings, Claimant Count Change and Claimant Count Rate

## Purple Area

June 12

05:00 - 20:30

- French CPI
- ECB Monthly Report and Eurozone Industrial Production
- U.S. Initial and Continuing Jobless Claims, Retail Sales
- German Buba President speech
- BOE's Governor speech

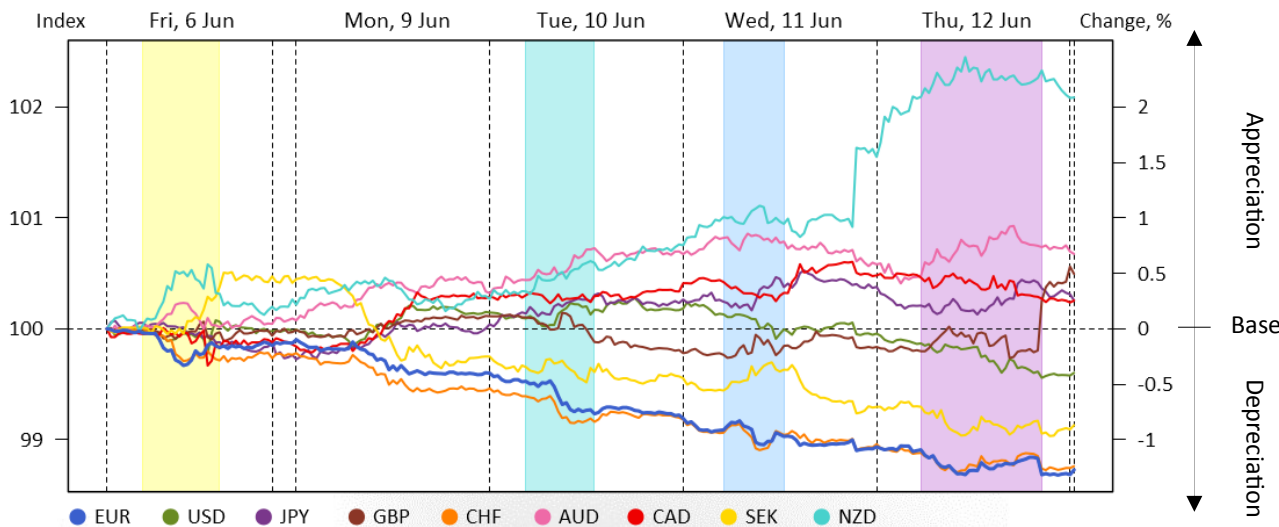
EUR Currency Index Range	0.29%	0.3%	0.22%	0.22%
Average EUR/USD Volatility Index	1.19	1	1.03	1.09





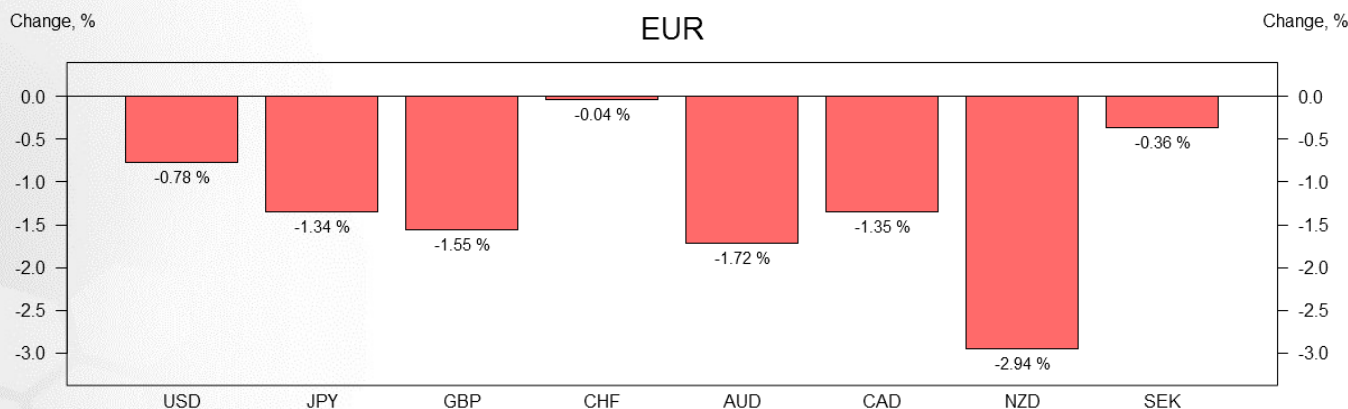
# Relative Currency Strength

Currency Indices



The ECB measures announced last Thursday were affecting the decline of the Euro during the whole period. In the past week the EUR Currency Index lost 1.27%, posting the year's largest weekly loss for the single currency, while the loss of 2.57% was the most sizable among six-month changes. The Euro declined against all its major peers, including the Swiss Franc, which was following the single currency in the downtrend throughout the whole period.

The past week was rather calm for most of the observed currencies, and weekly changes of the currency indices failed to reach even the 1% mark. The exception, along with the already mentioned EUR and CHF, was the New Zealand dollar, which posted the most noticeable gains. The decision of the New Zealand Reserve Bank has met expectations, and the kiwi index jumped from 100.92 to 101.63 right after the increase of the interest rate. Another sharp surge was registered in the pound. The GBP index remained within a narrow range of 99.73 and 100.14, but after BOE's Governor Speech on Thursday it spiked to 100.33 and ended the week at the level of 100.5.



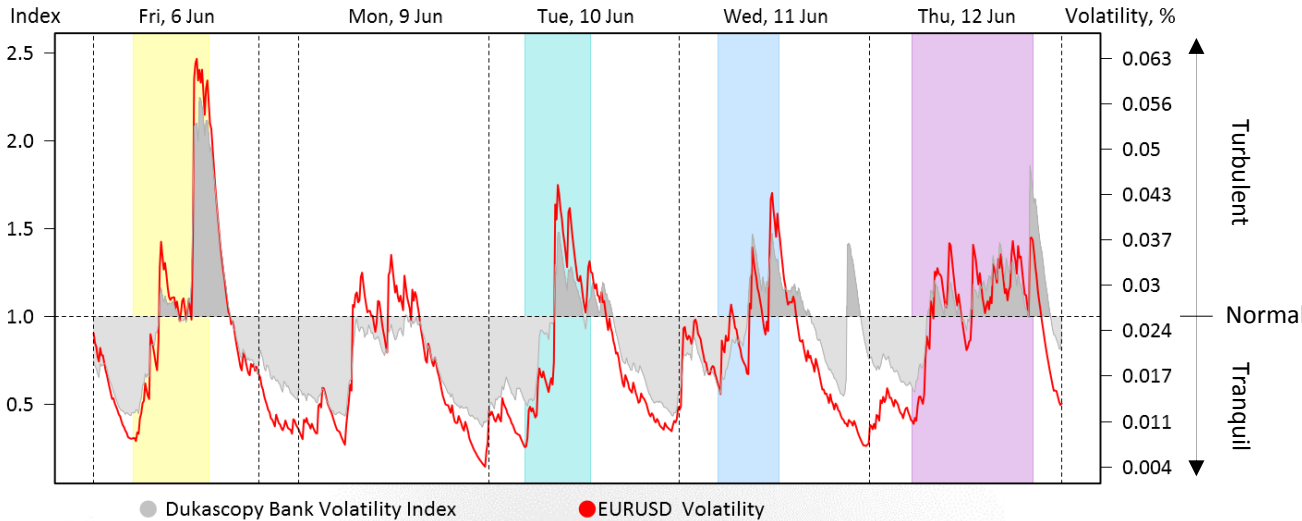
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	SEK	NZD
5	-1.27%	-0.4%	0.26%	0.49%	-1.24%	0.68%	0.25%	-0.87%	2.09%
20	-1.05%	0.23%	-0.02%	1.19%	-0.68%	0.99%	0.48%	-1.8%	0.6%
130	-2.57%	-0.6%	-0.06%	2.92%	-2.25%	3.9%	-3.39%	-3.2%	5.13%
250	1.14%	-0.48%	-7.88%	8.25%	2.03%	-1.19%	-7.47%	-3.61%	9.21%



# Volatility

## Volatility



The past five days were very tranquil for the Euro. The volatility of EUR/USD was mostly below average market volatility, save the moments when the news on the US dollar drove the pair's volatility up. At some point the EUR/USD volatility index reached as low as 0.1 – the most modest value this year. The British pound brought the most turbulence to the market, as news from Great Britain raised the overall volatility several times this week. On Thursday evening it induced the biggest rise in GBP pairs' volatility, and EUR/GBP volatility index crossed the 5 point mark.

The peak of the market volatility was observed in Friday afternoon, against the background of news from United States. The releases of decreasing Nonfarm Payrolls and lower-than-expected Unemployment Rate caused some noticeable movements in pairs with USD. Positive news on Great Britain's Industrial and Manufacturing production and optimistic Unemployment releases were followed by elevated market volatility on Tuesday and Wednesday, respectively. The volatility rose once more on Wednesday evening, when the kiwi surged after RBNZ Interest Rate announcement. The period ended with BOE's Governor Carney speech discussing problems of real estate economic sector, which sent GBP skyrocketing against other major currencies, thus raising the volatility on the market.

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

Market	EURUSD	USDJPY	GBPUSD	AUDUSD	USDCAD	USDCHF	EURJPY	EURGBP	EURCHF	USDSEK	NZDUSD
32	33	30	36	22	28	29	33	31	20	32	39

### Volatility Index (for the observed period)

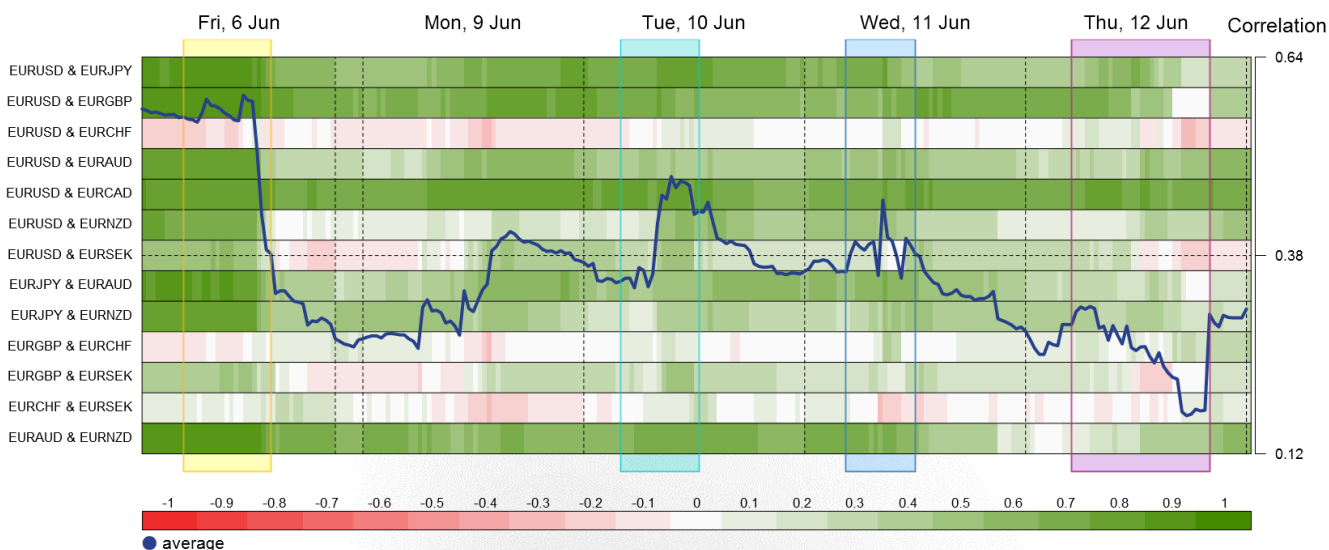
	Market	EURUSD	USDJPY	GBPUSD	AUDUSD	USDCAD	USDCHF	EURJPY	EURGBP	EURCHF	USDSEK	NZDUSD
Max	2.2	2.5	3.6	5.4	2.2	2.3	2.4	2.3	5.6	1.9	2.2	5.3
Min	0.4	0.1	0.3	0.2	0.4	0.2	0.2	0.3	0.2	0.2	0.2	0.4
Average	0.9	0.8	0.9	1	0.8	0.8	0.8	0.9	0.9	0.8	0.9	1





# Currency Significance

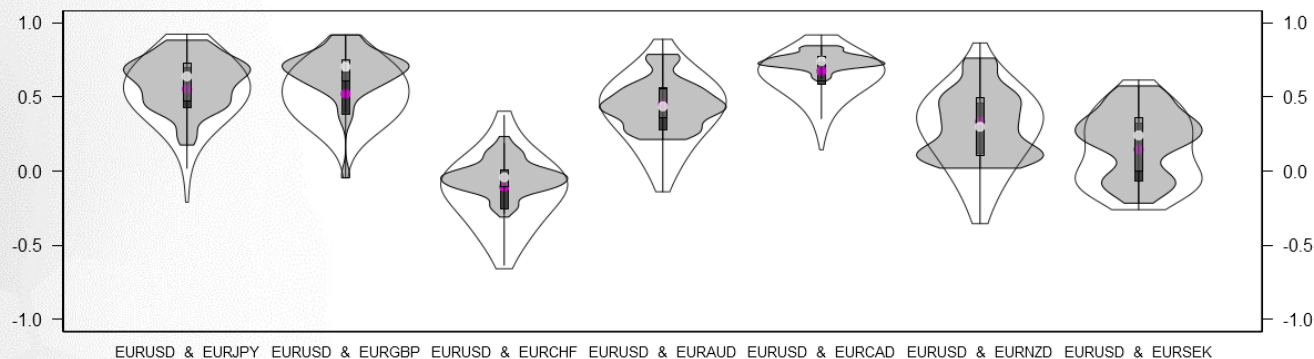
## Correlations



The past period was the case when the currency significance measure is being driven by the weakness of the currency rather than by its strength. Most correlations with EUR/USD were shifted closer to their maxima, and the average values were above their reference levels. The tendency was especially pronounced in combinations with EUR/GBP and EUR/CAD. The crosses with CHF, in turn, produced notably subdued negative correlations and on many occasions supported the growth of the overall measure.

The significance of the Euro started the period high after the Thursday's ECB announcements, but fell below 0.3 by the end of the day. As the new week was short on the news from the region, the single currency spent the rest of the period floating in a downtrend against its major peers. Thus the measure gradually rose to 0.4 on Monday and held the level until Wednesday afternoon. The surges on Tuesday and Wednesday could be attributed to the releases of strong UK data. Thursday was the day of the weakest Euro significance with a decline in all individual correlations. The measure went as far as crossing below 0.2, as uninspiring U.S. data pushed the most traded currency pair to counteract the Euro crosses. The decline was brief, however, and the average correlation recovered to finish the period above 0.3.

## Correlations (5 vs 20 days)

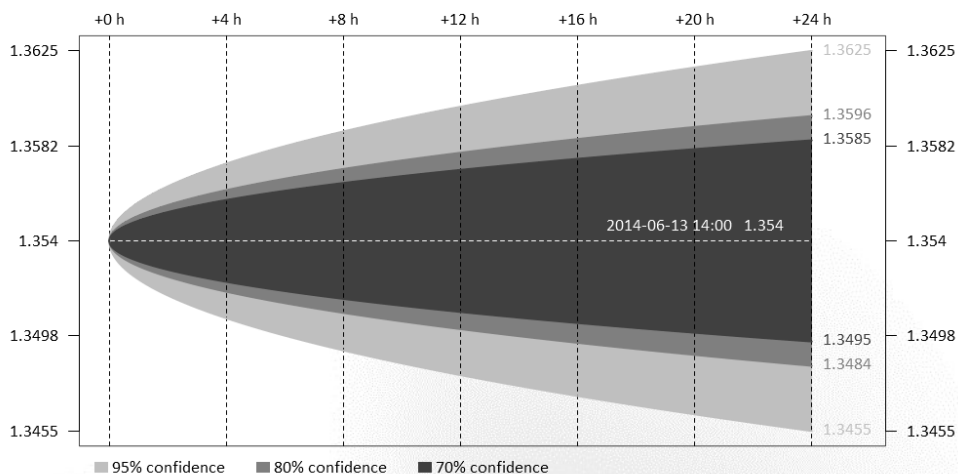


## Mean Correlation Coefficient (with EURUSD)

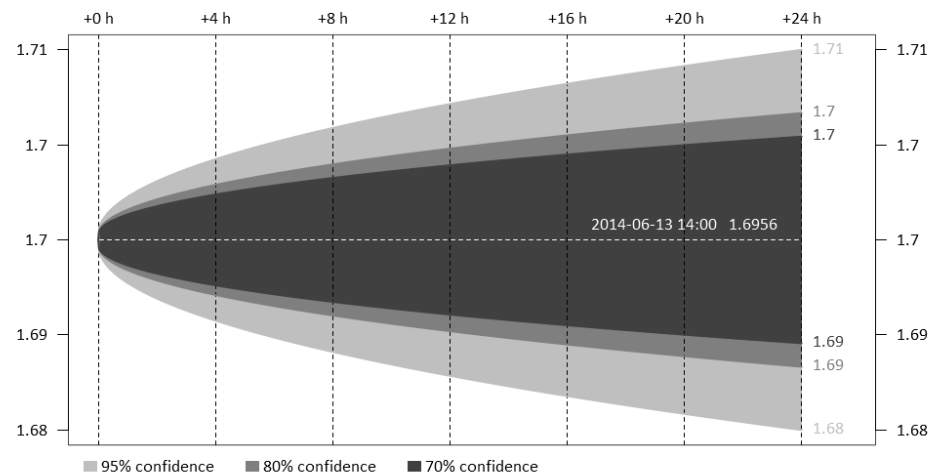
Days	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.6	0.66	-0.04	0.45	0.74	0.31	0.21
20	0.55	0.53	-0.13	0.42	0.65	0.28	0.14
130	0.52	0.49	-0.09	0.38	0.57	0.33	0.09
250	0.46	0.45	-0.09	0.32	0.58	0.26	0.06

# Confidence Intervals for Next 24 Hours

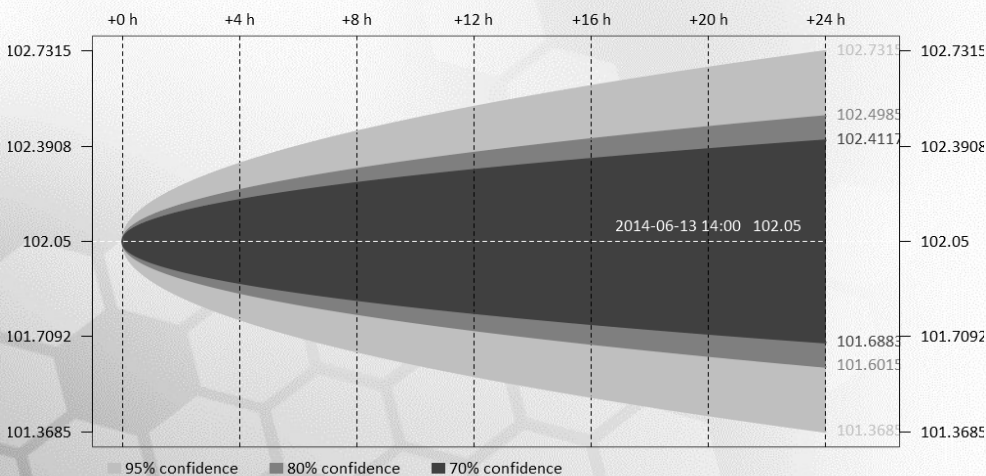
EURUSD Potential Rates



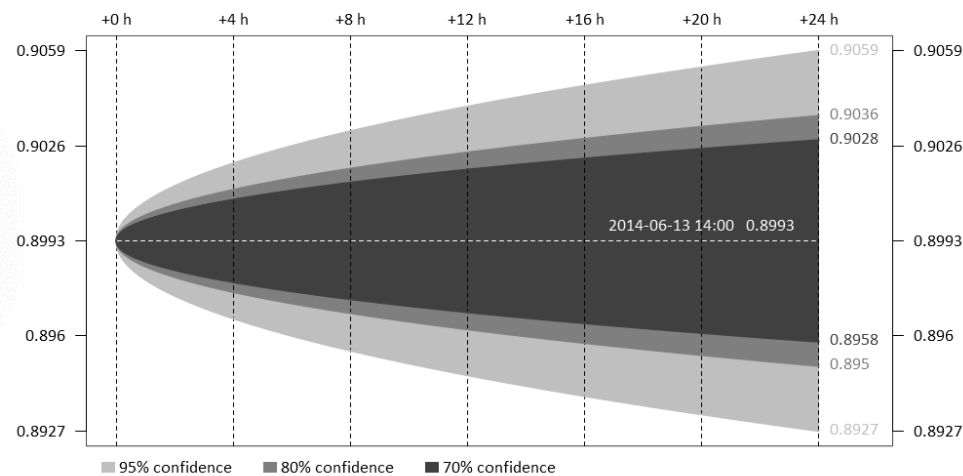
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



# EXPLANATIONS

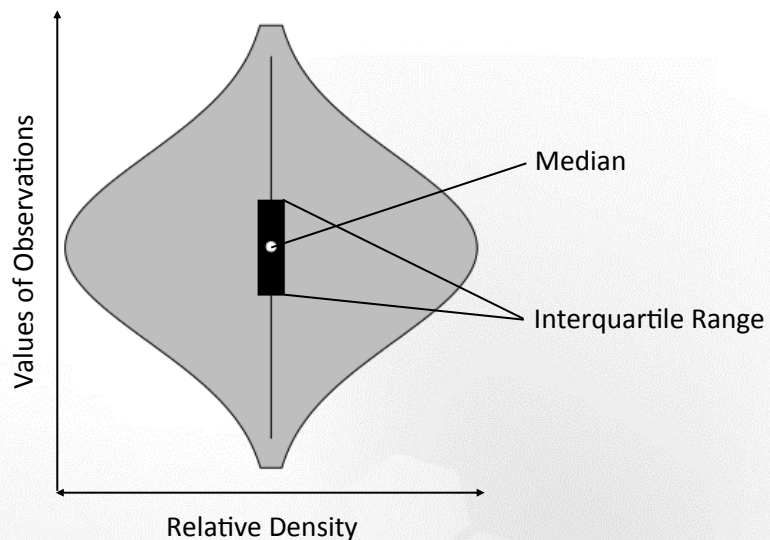
## Violin Plot

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

## Methodologies

Volatility Index

Confidence Interval







**Newest releases and archive:**

- Fundamental Analysis
- Technical Analysis
- Press Review
- Market Research
- Expert Commentary
- Dukascopy Sentiment Index
- Trade Pattern Ideas
- Global Stock Market Review
- Commodity Overview
- Economic Research
- Quarterly Report
- Aggregate Technical Indicator

**Additional information:**

- Dukascopy Group Home Page
- Market News & Research
- FXSpider
- Live Webinars
- Dukascopy TV
- Daily Pivot Point Levels
- Economic Calendar
- Daily Highs/Lows
- SWFX Sentiment Index
- Movers & Shakers FX
- Forex Calculators
- Currency Converter
- Currency Index
- CoT Charts

**Social networks:**



**Disclaimer**

Everything in this article, including opinions and figures, is provided for informational purposes only and may not be interpreted as financial advice or solicitation of products. Dukascopy group assume no responsibility for the completeness or the accuracy of any data contained in this article. Financial figures indicated in this article have not been verified by the Dukascopy group. Views, opinions and analyses are those of the author of the article, and are not endorsed by the Dukascopy group.

Dukascopy group waive any and all warranties, express or implied, regarding, but without limitation to, warranties of the merchantability or the fitness for a particular purpose, with respect to all information in this article. Dukascopy group shall under no circumstances be responsible for any direct, indirect, consequential, contingent or any other damages sustained in connection with the use of this article.