



EUR

01/08/2014



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

July 25

05:40 - 16:30

- German IFO
- UK Preliminary GDP
- U.S. Durable Goods

Turquoise Area

July 29

12:00 - 16:30

- U.S. Consumer Confidence

Blue Area

July 30

06:00 - 19:30

- Euro zone Economic Sentiment, Industrial Confidence
- U.S. Preliminary GDP, Fed's Monetary Policy Statement
- Sweden GDP

Purple Area

July 31

06:00 - 19:00

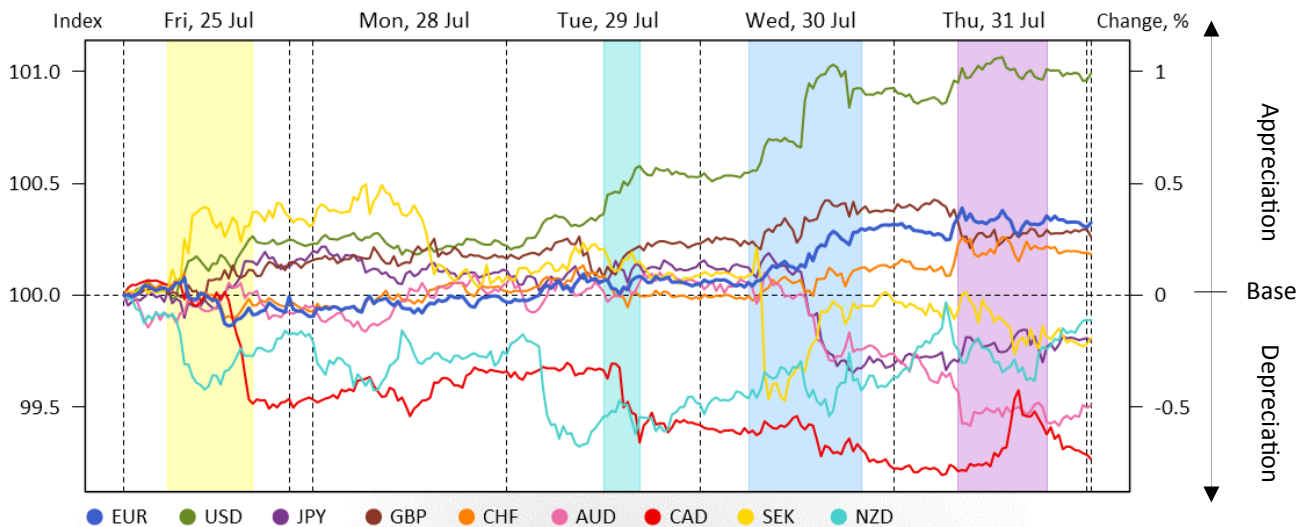
- German Retail Sales, Unemployment Change
- Euro zone Preliminary CPI, Unemployment Rate
- Canadian GDP
- U.S. Initial and Continuing Jobless Claims

EUR Currency Index Range	0.22%	0.08%	0.26%	0.12%
Average EUR/USD Volatility Index	1.32	1.16	1.3	1.3



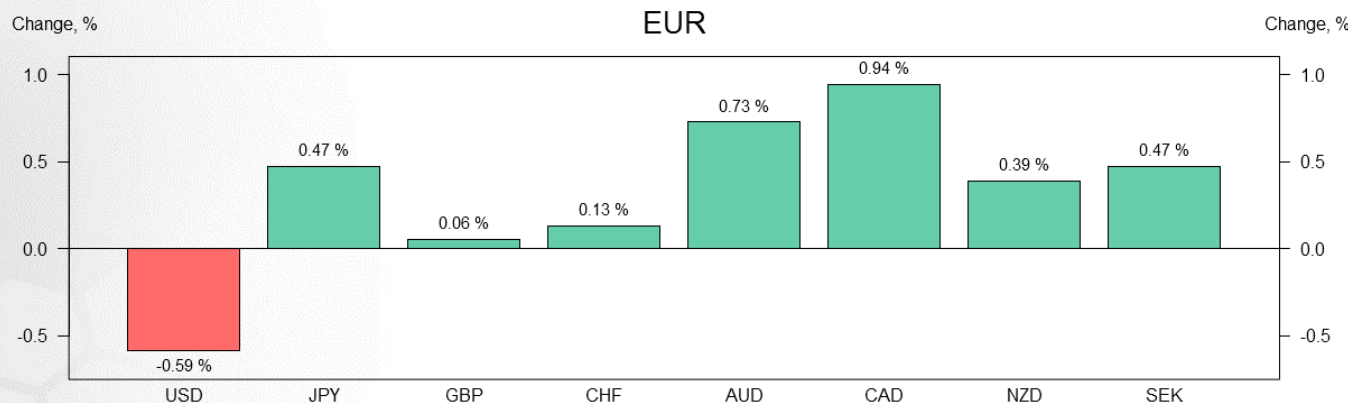
Relative Currency Strength

Currency Indices



The U.S. dollar was a clear leader of the past week. Ending the period with almost 1% growth, the currency greatly surpassed the rest of its peers. For the Euro the observed period also was rather successful, as it gained 0.32%, losing only against USD. Meanwhile, most of the currencies finished the week below the baseline. The Loonie was the worst performer of the week, as it fell down to 99.52, and continued to drop further, ending the week at the 99.26 mark. July 30 became a turning day for the yen, the Australian dollar and the Sweden krona. Spending previous days above the baseline, they all fell by more than 0.3%.

The beginning of the week was rather calm for the single currency, and it was holding around 100 mark till Wednesday. The Euro zone Confidence and Sentiment Indicators managed to raise the Euro, and it continued to rise till the end of the period. Wednesday was especially successful for the Greenback, thus the USD index jumped to 101.03 right after better-than-expected U.S. GDP came out. Nevertheless, USD retreated to 100.89 mark after Fed's Monetary Policy Statement release. The fall of German unemployment caused the raise of the EUR index and it reached week's high on Thursday. However, the lowering of the Euro zone CPI reduced EUR growth, and it finished the week at the 100.32 mark.



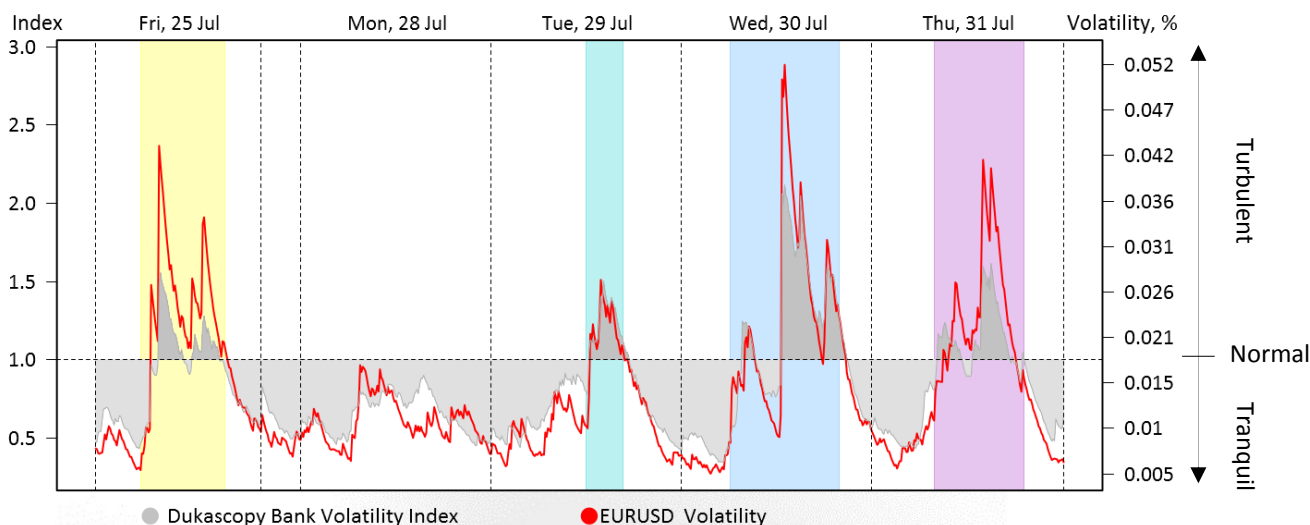
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	SEK	NZD
5	0.32%	0.99%	-0.21%	0.26%	0.18%	-0.49%	-0.73%	-0.19%	-0.11%
20	-0.25%	1.61%	0.9%	-0.21%	-0.34%	0.91%	-1.38%	0.49%	-1.54%
130	-2.19%	-0.81%	-0.94%	1.65%	-1.58%	5.75%	1.96%	-7.27%	3.54%
250	-0.04%	-0.73%	-6.32%	11.18%	1.33%	3.21%	-7.54%	-7.47%	6.41%



Volatility

Volatility



The week was marked by moderate volatility of both market and the most traded currency pair. The portion of EUR/USD elevated volatility noticeably decrease compared to the previous period. The maximum value of the EUR/USD Volatility Index also was rather low and even could not reach the 3 points level. Maximum values of almost all other pairs also have decreased. However, average values of pairs' Volatility Indexes have stayed on historical levels. The highest peak of the volatility took place on Wednesday, when USD/SEK Index jumped to 5.09 right after worse-than-expected Sweden GDP data release.

The first peak of the EUR/USD volatility occurred on Friday, when German IFO report raised the index to 2.37 – the second best value of the week. Friday was rather turbulent, and after the midday there was a new surge of the volatility, but the spike was mostly caused by the U.S. Durable Goods Orders release. On Wednesday, U.S. GDP Price index has affected the turbulence of the market, and EUR/USD index climbed to the week's highest level of 2.89. Volatility of the other USD crosses also perceptibly rose and reached its best values of the week, thus USD/JPY and USD/CHF gained 3.62 and 3.06 respectively. The Euro zone CPI report managed the EUR/USD index to rise, and against the background of U.S. jobless claims release it reached 2.28 level.

Elevated Volatility (% of the observed period)

Market	EURUSD	USDJPY	GBPUSD	AUDUSD	USDCAD	USDCHF	EURJPY	EURGBP	EURCHF	USDSEK	NZDUSD	
	25	27	32	28	13	32	29	21	26	32	29	16

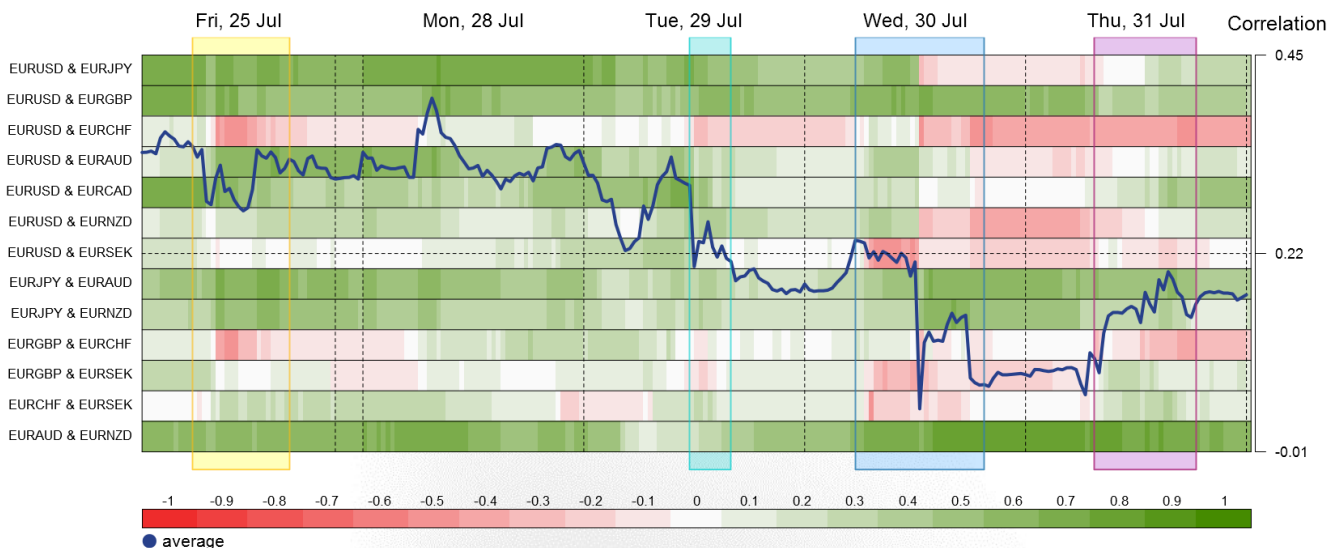
Volatility Index (for the observed period)

	Market	EURUSD	USDJPY	GBPUSD	AUDUSD	USDCAD	USDCHF	EURJPY	EURGBP	EURCHF	USDSEK	NZDUSD
Max	2.12	2.89	3.62	2.08	2.43	3.05	3.06	2.23	1.77	2.64	5.09	1.79
Min	0.35	0.27	0.37	0.2	0.32	0.19	0.21	0.34	0.22	0.29	0.15	0.26
Average	0.81	0.8	0.97	0.77	0.77	0.86	0.84	0.79	0.73	0.95	0.9	0.72



Currency Significance

Correlations

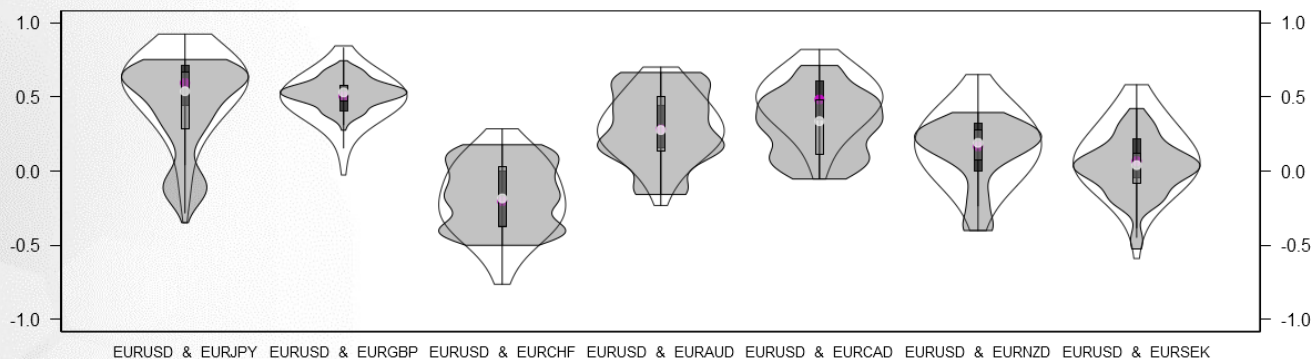


The observed period was associated with mostly weak correlations of the pairs with the Euro. Almost for all the pairs concerned average correlations with EUR/USD are below historical marks. Thus, the composite was varying in relatively low range between 0.1 and 0.33 pointing out minor effect of Euro news on the market this period.

The composite started Friday with 0.3 and remained on this level till Tuesday. On the release front, more pessimistic than expected IFO's survey on current conditions and business expectations was released on Friday, but variety of more influential news on other

currencies – ANZ Business Confidence, Sweden Retail Sales and U.S. Durable Goods Orders – didn't let Euro significance to grow. First days of the current week passed in absence of noticeable news on Euro and the average correlation decreased to 0.2 mark. Wednesday and Thursday both were full of conspicuous events. Higher-than-expected Euro zone Economic Sentiment and Industrial Confidence releases on Wednesday and surprisingly optimistic Germany Unemployment Change on Thursday drove the currency up, but didn't be able to drive the market because of a host of other remarkable news. During these two days the market was all about unexpectedly positive news on U.S. GDP and disappointing data on Sweden GDP and Japan Industrial Production.

Correlations (5 vs 20 days)

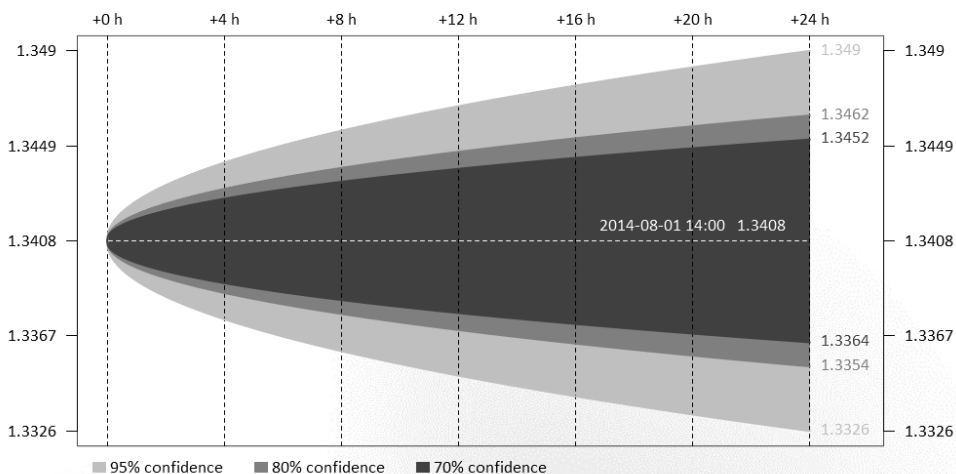


Mean Correlation Coefficient (with EURUSD)

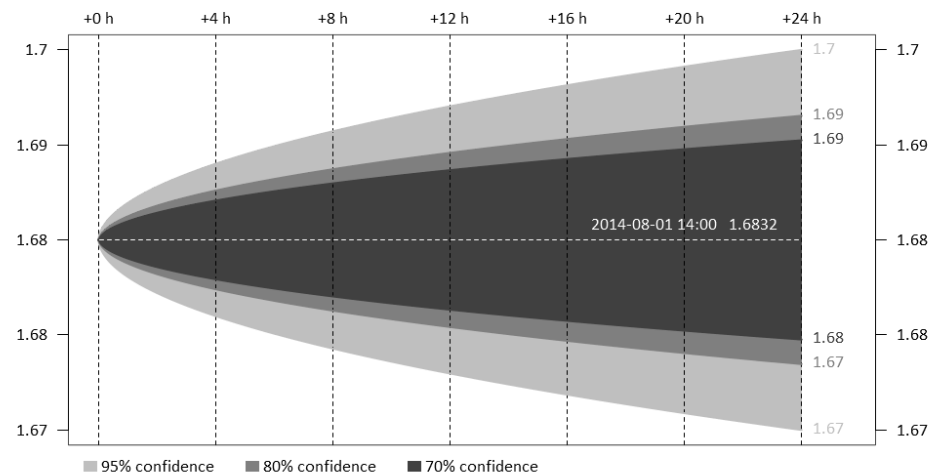
Days	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.42	0.53	-0.16	0.29	0.31	0.11	0.02
20	0.55	0.5	-0.19	0.3	0.46	0.16	0.08
130	0.54	0.52	-0.11	0.37	0.57	0.29	0.08
250	0.49	0.47	-0.12	0.32	0.58	0.26	0.06

Confidence Intervals for Next 24 Hours

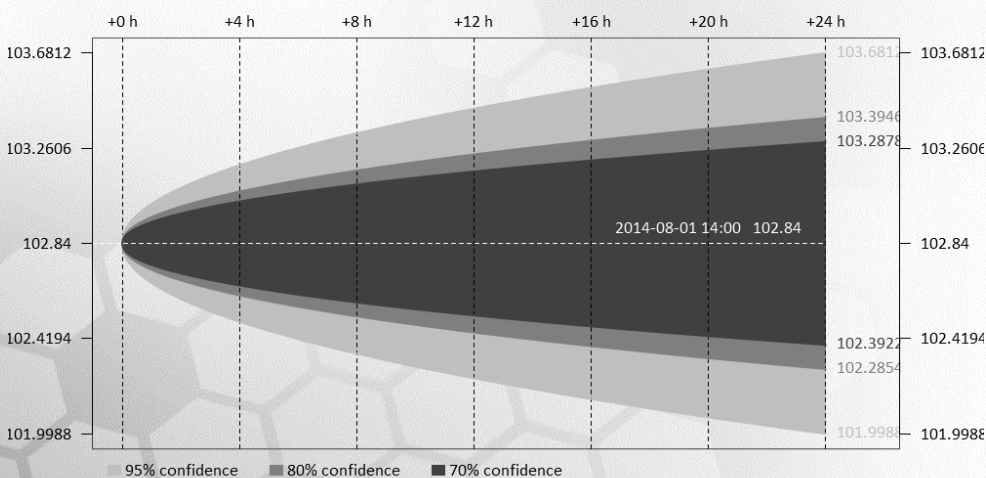
EURUSD Potential Rates



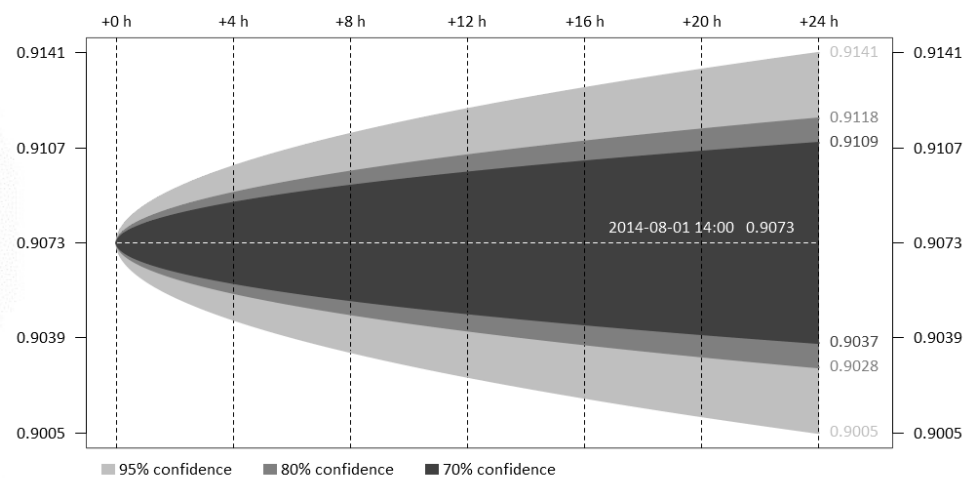
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

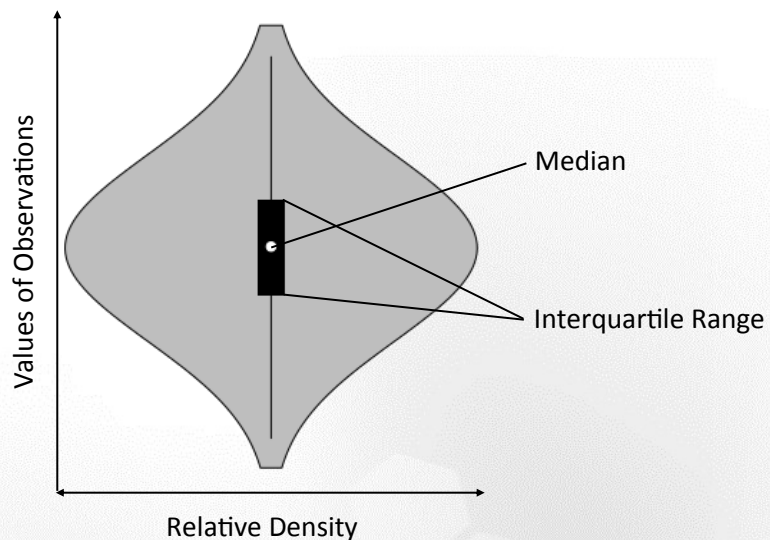
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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