



EUR

15/08/2014



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

August 8

01:00 - 16:00

- RBA Monetary Policy Statement
- German Trade Balance
- France Industrial Outputs, Budget
- BoJ Monetary Policy Statement
- Canadian Net Change in Employment

Turquoise Area

August 12

6:30 - 15:30

- Euro zone and German ZEW Economic Sentiment
- G20 Meeting

Blue Area

August 13

05:30 - 16:30

- German CPI, HICP
- Euro zone Industrial Production
- Swiss ZEW Survey Expectations
- UK Claimant Count Change, BoE Quarterly Inflation Report, Carney speech
- U.S. Retail Sales

Purple Area

August 14

05:00 - 16:30

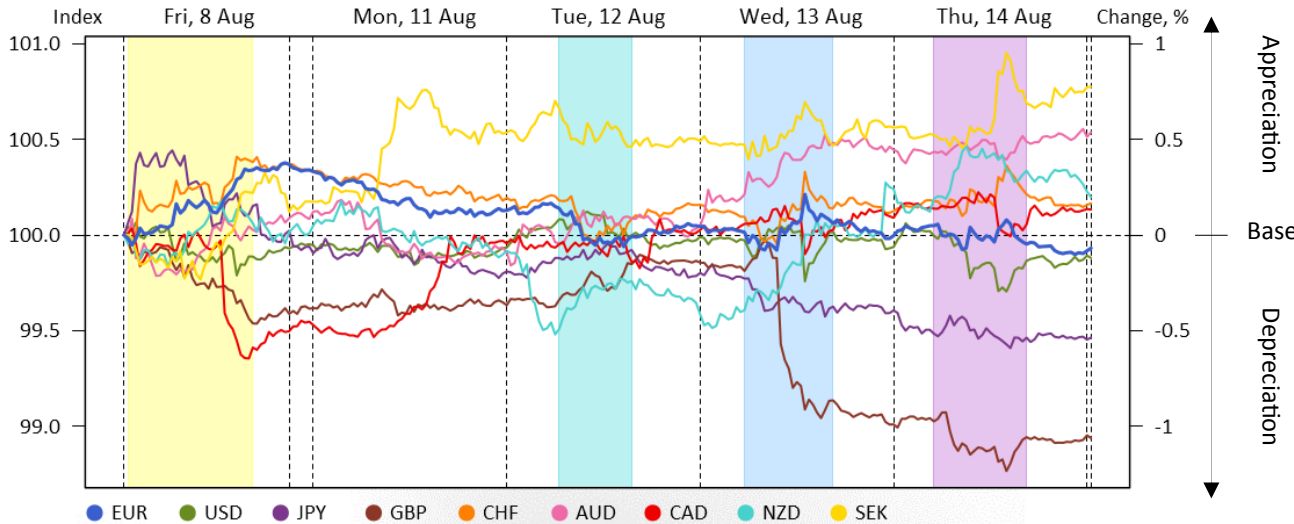
- German GDP
- Euro zone CPI, GDP, ECB Monthly Report
- U.S. Jobless Claims
- Canadian NHPI

EUR Currency Index Range	0.4%	0.2%	0.29%	0.15%
Average EUR Volatility Index	1.21	0.98	1.3	1.11



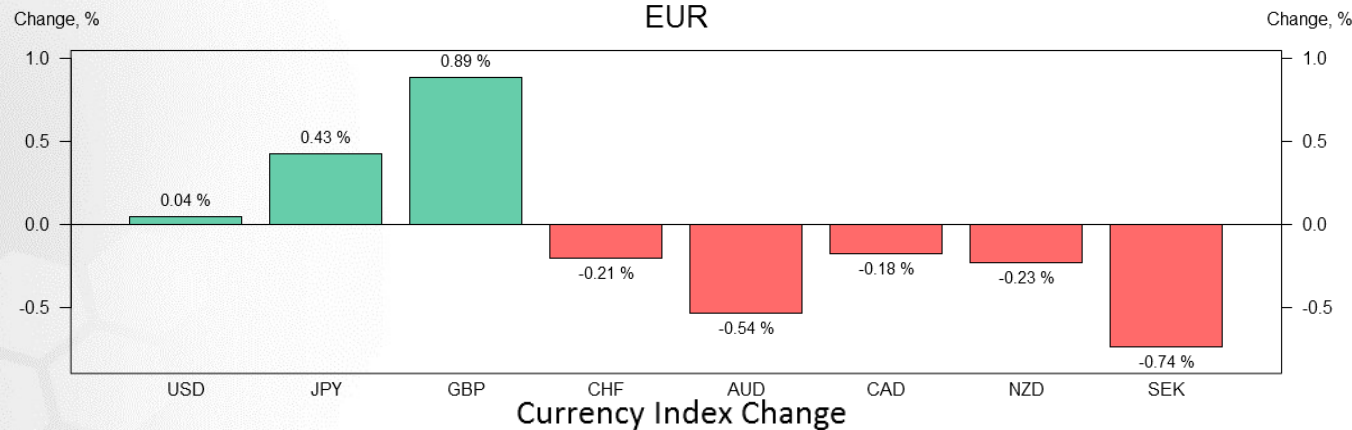
Relative Currency Strength

Currency Indices



The Swedish krona became the top performer with a 0.77% gain over the week. The pound, in turn, have spent all the period below the baseline and suffered great 0.85% losses on Wednesday as BoE Quarterly Inflation Report dampened the hopes of future interest rate rises and cut wage growth forecast. As a result, GBP was the worst performer and lost 1.06% of its base value over the week. One more conspicuous moment was the CAD response to a pessimistic employment data on Friday, when it lost 0.65% of the value, but had fully recovered till the end of the observed period. The rate changes of other currencies under study remained in the range between -0.54% and 0.54 %.

The performance of the Euro Currency Index was rather usual compared to its counterparts. Starting the period with 0.35% appreciation the currency continued with a slide on Monday and returned to baseline after disappointing Euro zone economic sentiment data. The next day was associated with minor fluctuations against the background of CPI releases from around the Euro zone and lower-than-expected U.S. Retail Sales. Even Euro zone CPI and GDP releases did not notably influence EUR rate on Thursday and the currency finished the period close to the starting value.

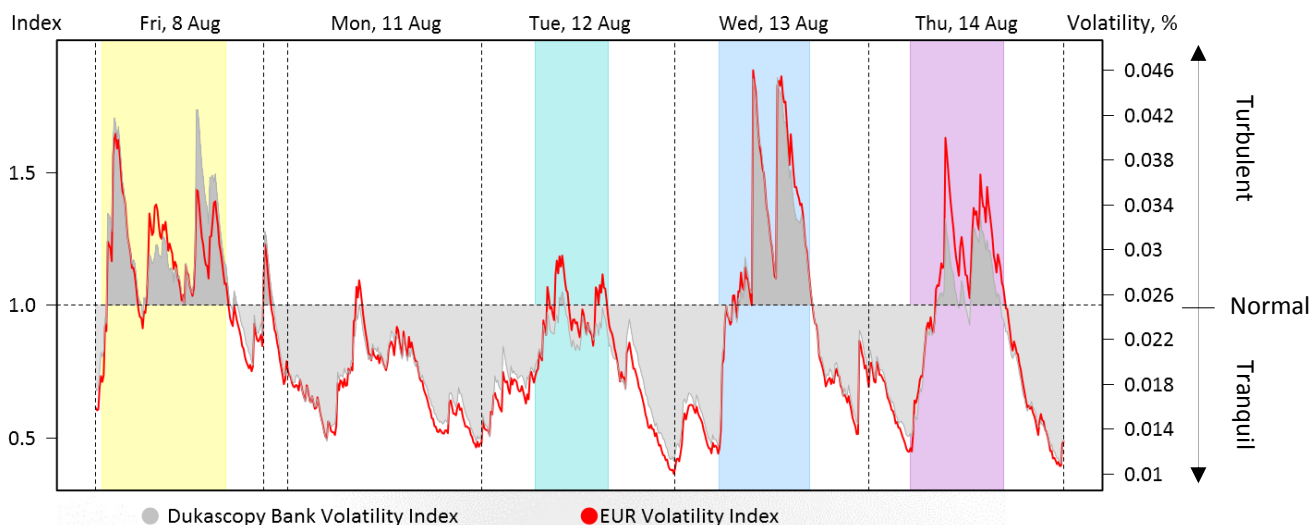


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.07%	-0.12%	-0.54%	-1.06%	0.17%	0.54%	0.13%	0.2%	0.77%
20	-0.1%	1.25%	-0.19%	-1.33%	0.1%	0.95%	-0.34%	-1.03%	0.99%
130	-2.05%	0.52%	0.21%	0.65%	-1.1%	4.71%	1.36%	2.25%	-6.33%
250	0.53%	-0.31%	-5.44%	7.84%	3.05%	1.67%	-6.41%	5.31%	-6.24%



Volatility

Volatility



The volatility of the Euro was very similar to market volatility in terms of both elevated volatility proportion and Volatility Index values. There were several times, when the spikes of Euro Volatility Index exceeded the DB Volatility Index peaks, indicating that the rises of turbulence were to some extent caused by the single currency's movements. Such a pattern was observed on Friday's morning after the release of French Industrial Output and Euro zone Economic sentiment announcement on Tuesday. Thursday's releases of Euro zone CPI and Preliminary GDP, in turn, became the most volatile news on Euro during the week.

The proportion of elevated volatility during the observed period was rather low. However, the last day of the previous trading week was very turbulent for the market. During the day the volatility was above its historical level for 75% of time. That was conditioned by a host of economic news starting with Australia and Japan Monetary policy statements in early Friday and finishing with employment data from Canada. Moreover, the highest peaks of EUR/AUD, EUR/JPY and EUR/CAD volatilities occurred against the background of these events. The most conspicuous almost equal spikes of the market Volatility Index took place on Wednesday. The first was associated with BoE's Governor Carney speech, when EUR/GBP Volatility Index reached extremely high 6.55 mark, the second – with U.S. Retail Sales release.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	29	31	40	44	32	48	16	39	11	35

Volatility Index (for the observed period)

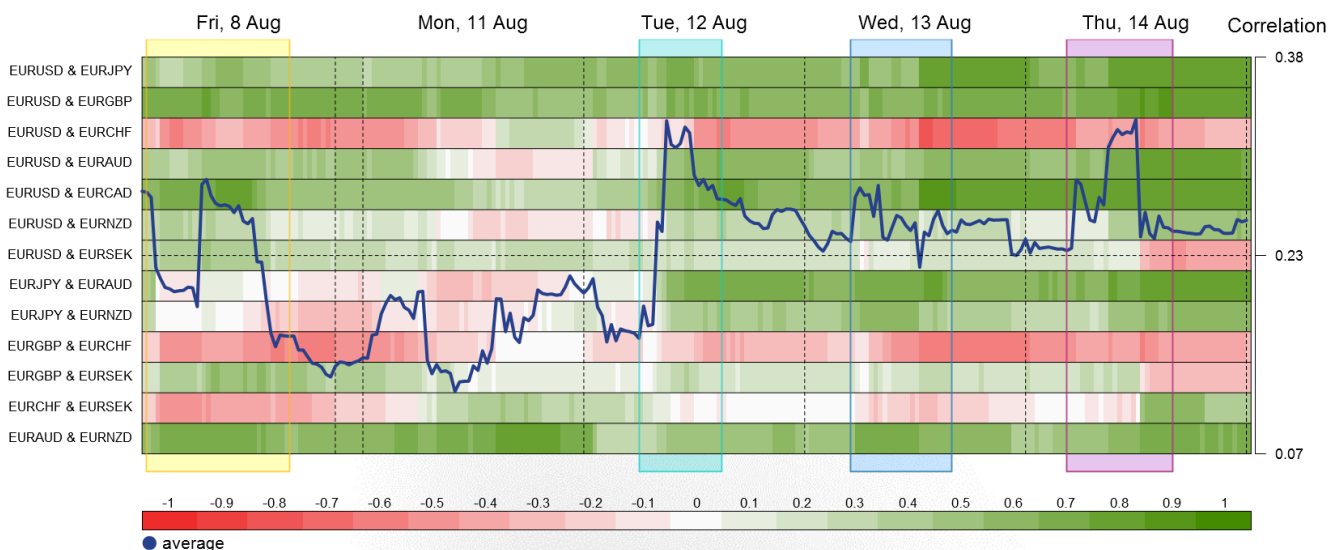
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.86	1.88	4.61	2.54	6.55	5.48	1.85	3.86	1.96	2.4
Min	0.41	0.37	0.28	0.38	0.22	0.47	0.3	0.32	0.27	0.15
Average	0.88	0.88	1.04	0.99	0.97	1.17	0.75	0.97	0.69	0.86



Currency Significance

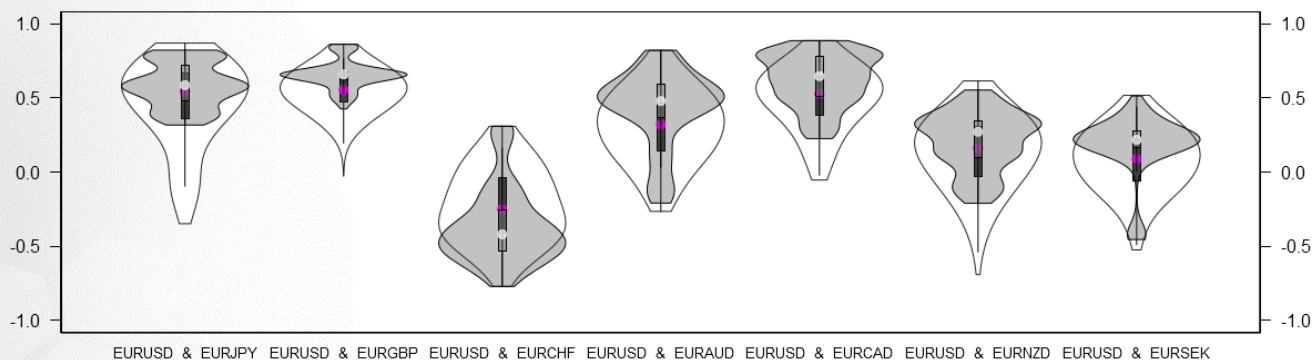
The past week was rather dynamic for the Euro significance measure and its components. Compared to the previous period, averages of the all components (containing EUR/USD) increased for 0.12 - 0.35 points. The exception was EUR/USD correlations with EUR/CHF. The Switzerland ZEW Economic Expectations report has strengthened the negative bond between mentioned pairs, the correlation coefficient reduced up to -0.52 mark, and week's average became -0.37. In long-term values the bond between EUR crosses also became stronger and has increased for 0.09-0.25 points during the year. In turn, the composite has spent the period in the usual range, fluctuating between 0.12 and 0.33.

Correlations



Starting the period on the level of 0.28, the Euro significance measure at once began to fall, and by the end of Friday has reduced up to 0.13 mark. Monday also was not so successful for the Euro, and at the midday it has dropped to the minimum value of the past week. The lower-than-expected Euro zone and German ZEW Economic Sentiment became the first impulse for the EUR measure, and it jumped to 0.33 right after reports came out. The rich by the news Wednesday made the composite to oscillate around 0.25 level, but there were no any outstanding ups-and-downs of the measure. On Thursday, the lowering of the German GDP and Euro zone CPI has affected the increase of the composite, however, it was not long-lived, and the Euro measure has ended the period on the 0.25 level.

Correlations (5 vs 20 days)

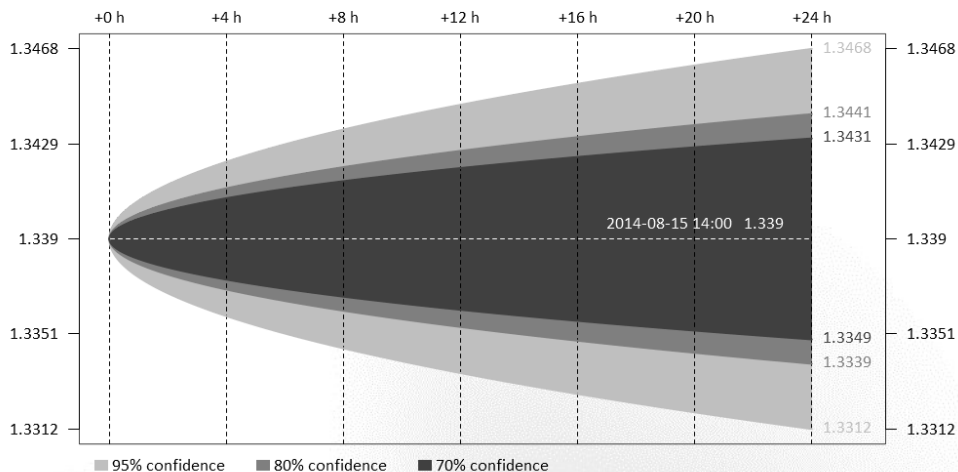


Mean Correlation Coefficient (with EURUSD)

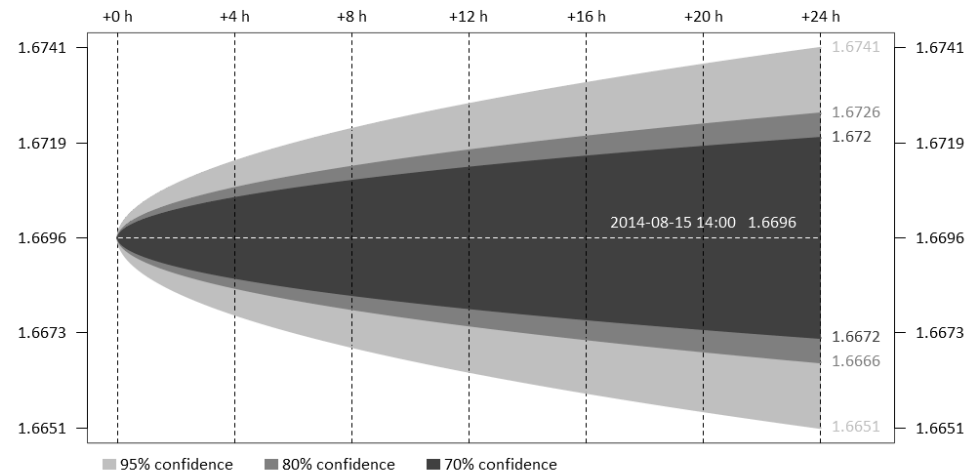
Days	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.58	0.66	-0.37	0.43	0.62	0.21	0.17
20	0.47	0.56	-0.23	0.3	0.5	0.13	0.08
130	0.54	0.52	-0.12	0.36	0.57	0.27	0.07
250	0.49	0.48	-0.12	0.33	0.58	0.26	0.07

Confidence Intervals for Next 24 Hours

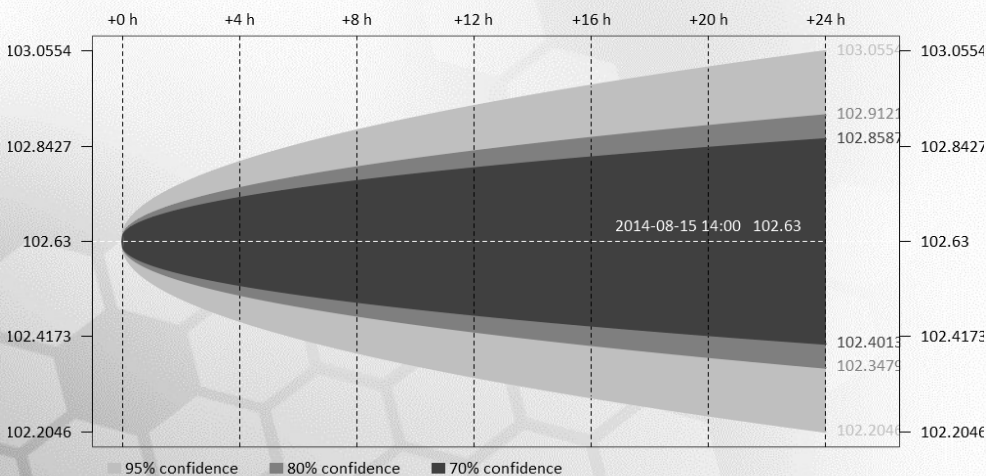
EURUSD Potential Rates



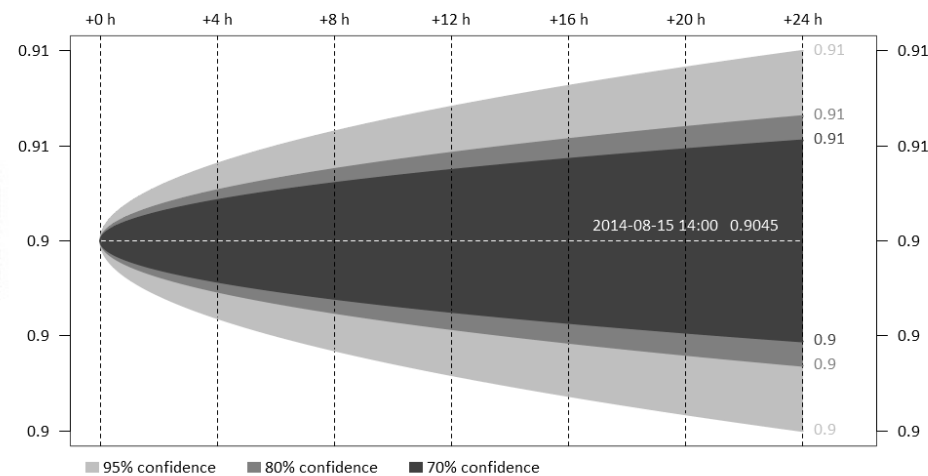
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

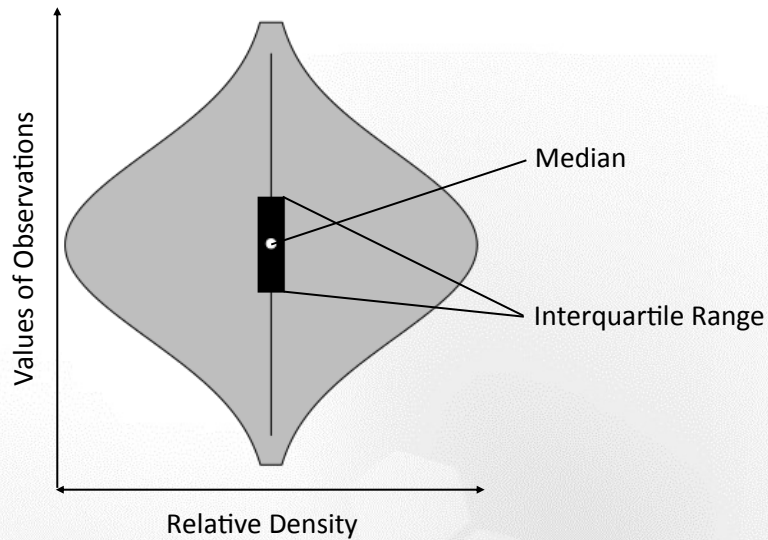
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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