



EUR

14/08/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

August 7

12:00 - 16:00

- US Unemployment Rate, Nonfarm Payrolls, Average Weekly Hours, Average Hourly Earnings, Consumer Credit Change
- Canadian Unemployment Rate, Building Permits, Ivey PMI

Turquoise Area

August 10

07:30 - 18:30

- Swedish Industrial Production
- US Labor Market Conditions Index
- Fed's Fisher's, Lockhart's Speeches

Blue Area

August 11

00:30 - 17:00

- The PBOC Yuan Devaluation
- German, Euro Zone ZEW Survey
- Canadian Housing Starts

Purple Area

August 12

00:30 - 17:30

- The PBOC Yuan Devaluation
- Australian Westpac Consumer Confidence
- UK Average Earnings, ILO Unemployment Rate, Claimant Count
- Euro Zone Industrial Production

Orange Area

August 13

01:00 - 15:30

- Australian Consumer Inflation Expectation
- German CPI
- Swedish CPI
- ECB Monetary Policy Meeting Accounts
- US Retail Sales

EUR Currency Index Change

0.22%	0.08%	0.68%	0.4%	-0.08%
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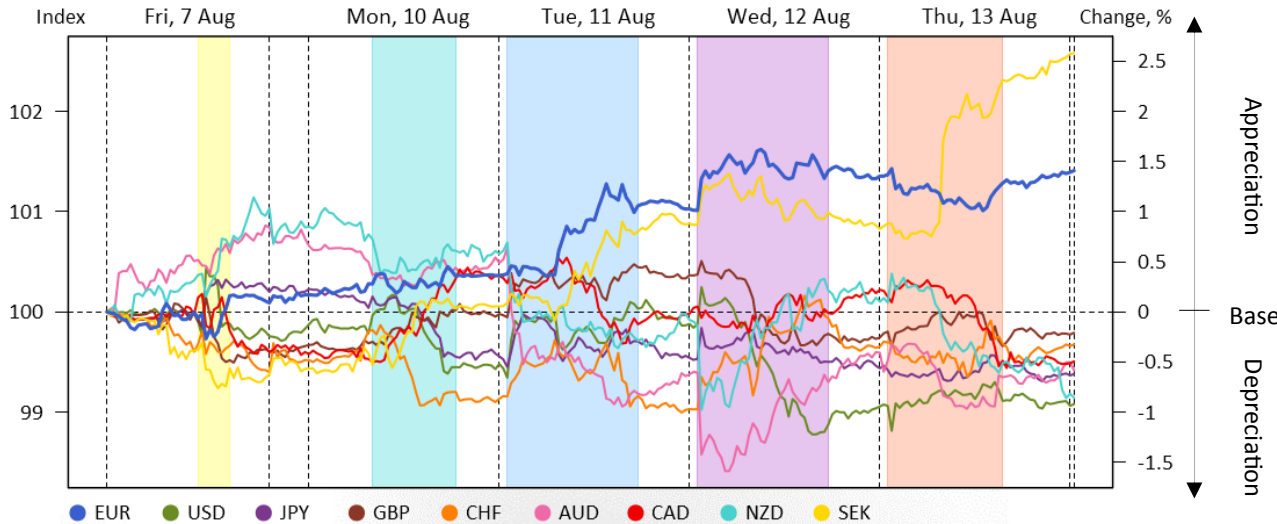
Max EUR Volatility Index

2.08	1.42	1.57	2.15	1.56
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Relative Currency Strength

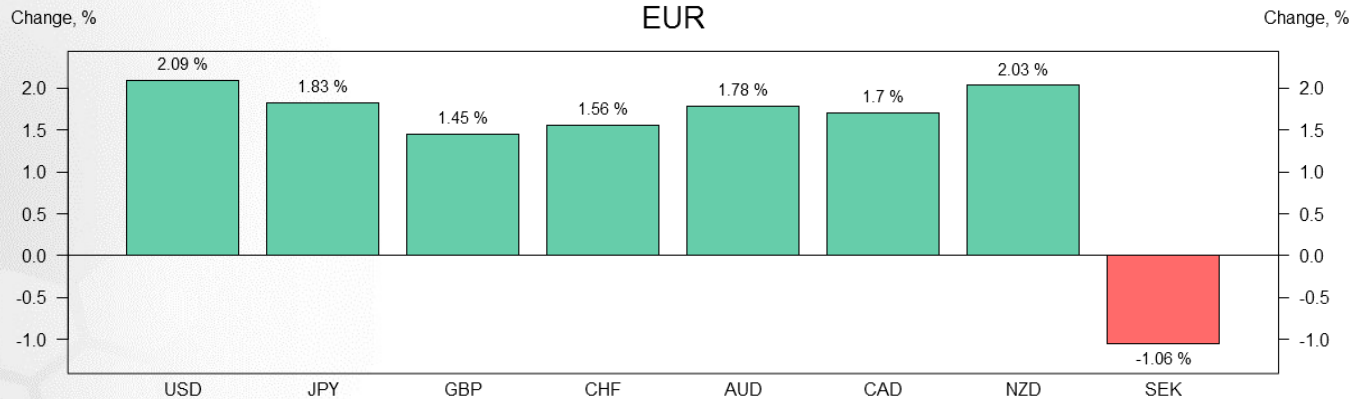
Currency Indexes



The past five trading days proved to be challenging for the market, as only the Euro and the Swedish krona managed to finish the period with a positive across-the-board change. Both currencies were strengthening at an equal pace throughout most of the week, until the krona made a critical move on Thursday. Fuelled by better-than-expected inflation data, the SEK Index skyrocketed to leave its closest peer more than 1% behind. On the other side of the baseline, the most dramatic changes were guided by the People's Bank of China, as two consecutive devaluations of the yuan hit the Pacific currencies and put pressure on the dollar. The AUD and the NZD indexes lost around 1 point in

each of their sharp momentary reactions to interventions on Tuesday and Wednesday, while the dollar's gauge spent most of August 12 sliding from 100.2 to 98.8 as hopes for September rate hike by the Fed were undermined by the Beijing's move.

The EUR Index was edging up from the beginning of the period, but made its main break on Tuesday, supported by the announcement that the long-awaited agreement on the Greek bailout deal was reached save for a few minor issues. The gauge rallied throughout Tuesday to Wednesday morning, when the movement stalled, leaving the index to hang just below the 101.5 mark for the rest of the period.



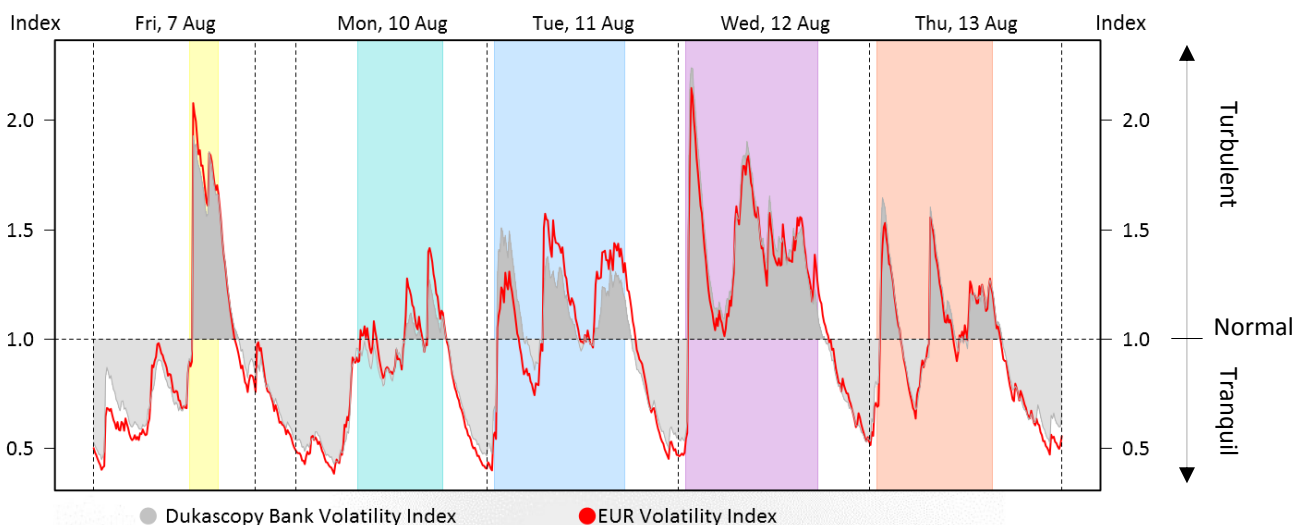
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.41%	-0.92%	-0.62%	-0.21%	-0.32%	-0.58%	-0.49%	-0.86%	2.58%
20	2.9%	0%	-0.36%	-0.24%	-1.99%	-0.65%	-0.84%	0.2%	1.43%
130	2.6%	3.75%	-1.3%	5.83%	-0.84%	-2.08%	-1.14%	-11.22%	4.02%
250	-2.92%	17.38%	-4.44%	9.95%	9.27%	-8.82%	-2.82%	-11.51%	-6.09%



Volatility

Volatility



For about a month now the portions of elevated volatility of both the Euro and the market kept on a rather low level, but the past period finally saw the activity pick up. Thus the Euro composite doubled the time spent above its historical average. Its most turbulent components were EUR/CHF and EUR/CAD, which held above 1-point level for almost half of the past week. The highest peak, in turn, was reached by EUR/SEK. The unexpected increase in Swedish inflation pushed the krona up, and EUR/SEK volatility surged to 5.85. The Pacific currencies also showed quite high surges, reacting sharply to the Chinese economic news.

The peaks of the Euro's volatility were moderate, though the index exceeded the 2-point level twice during the past week. The first such spike took place on Friday, when the index reached the 2.1 level, fueled by the US unemployment rate and nonfarm payrolls reports. In the next two trading days the splashes were limited by the 1.5 line and driven by the US and China news as well as by the German wholesale price index. On Wednesday, the Euro volatility climbed to the highest value of the period, as the single currency followed the overall movement of the market caused by the situation with the Chinese yuan's devaluation. On Thursday, the peaks of the volatility also were caused by the Asian news and by the German CPI report.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	42	44	35	39	34	48	43	47	31	39

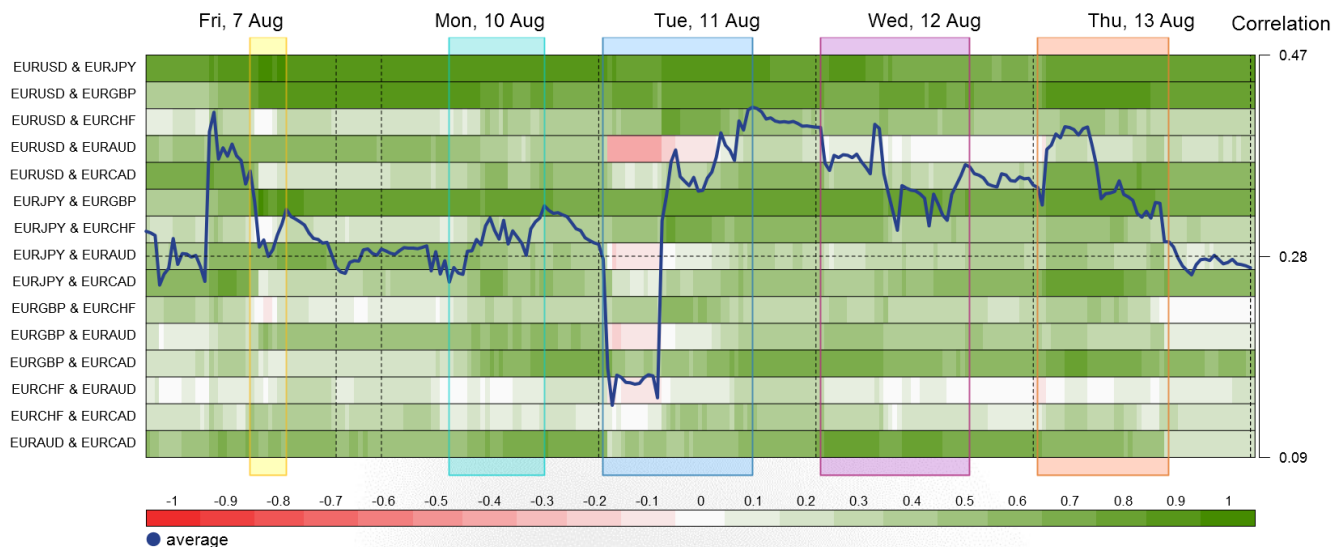
Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	2.24	2.15	3.6	3.35	2.74	3.48	4.37	2.89	3.82	5.85
Min	0.43	0.39	0.25	0.31	0.23	0.25	0.37	0.29	0.32	0.16
Average	0.98	0.97	0.92	0.98	0.86	1.09	1.05	1	0.96	0.94



Currency Significance

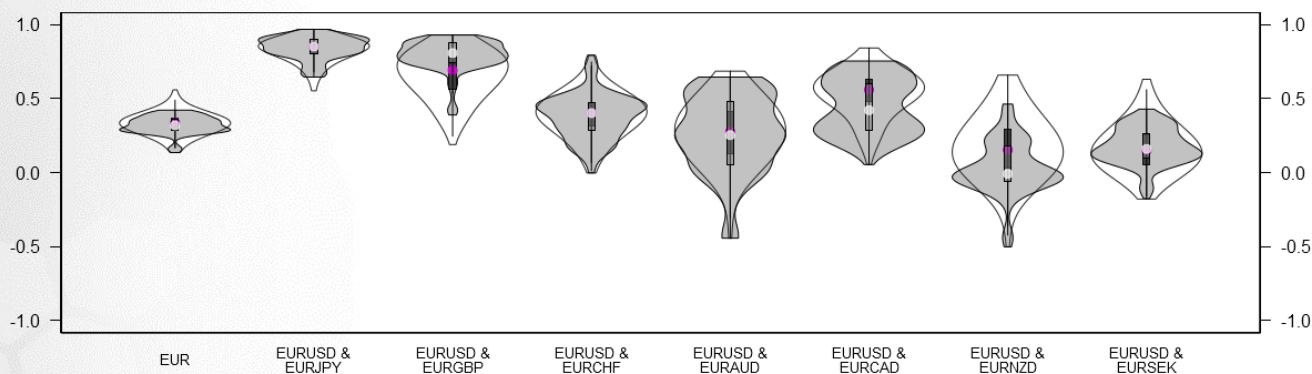
Correlations



The past week was marked by rather notable changes in the averages of the EUR/USD components. Thus, compared with the previous week, the bond between EUR/USD and EUR/GBP has strengthened by 0.22 points, whereas correlations with EUR/CAD and EUR/NZD lost 0.15 and 0.18, respectively. The long-term values of these components decreased by 0.09 and 0.14 points, while the EUR/USD and EUR/GBP correlation rose by 0.13. The composite, despite the changes in the components and rather high turbulence during the period, stayed unchanged comparing with both the previous period and the monthly values.

The Euro significance measure started the period with a sharp jump right after the German trade balance came out. The measure reached the 0.41 mark and instantly began to descend, stabilizing around the level of 0.3. Tuesday was marked by the rapid fall of the aggregate, caused by the devaluation of the yuan. The composite reduced to the period's low of 0.14. However, only a few hours later, the German wholesale price index report pushed the measure up, and, supported by the Euro zone ZEW survey, the EUR composite reached its maximum value of the period (0.42). On Thursday, after spiking with the Euro's early morning dip, the composite gradually decreased to 0.27. thus finishing the period below its average level.

Correlations (5 vs 20 days)

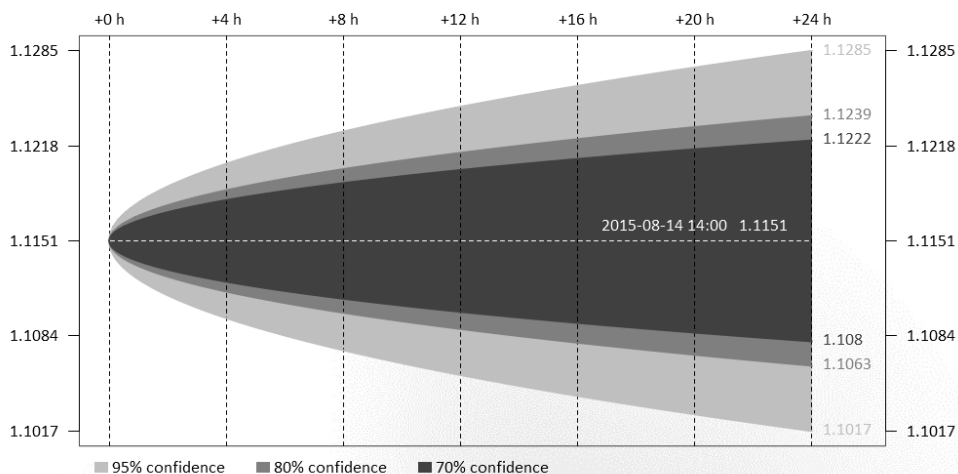


Mean Correlation Coefficient (with EURUSD)

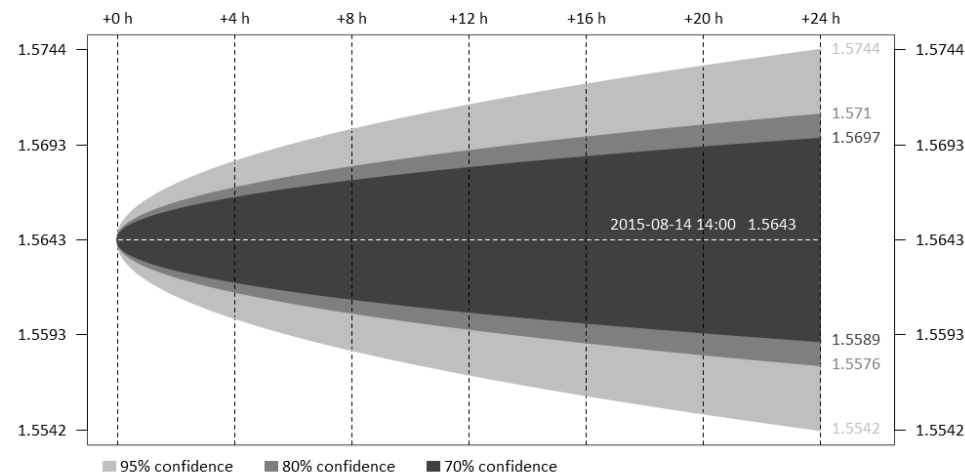
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.32	0.84	0.79	0.38	0.25	0.45	0.03	0.17
20	0.33	0.83	0.66	0.39	0.27	0.54	0.17	0.17
130	0.41	0.81	0.7	0.39	0.43	0.66	0.38	0.18
250	0.33	0.6	0.63	0.2	0.34	0.59	0.26	0.14

Confidence Intervals for Next 24 Hours

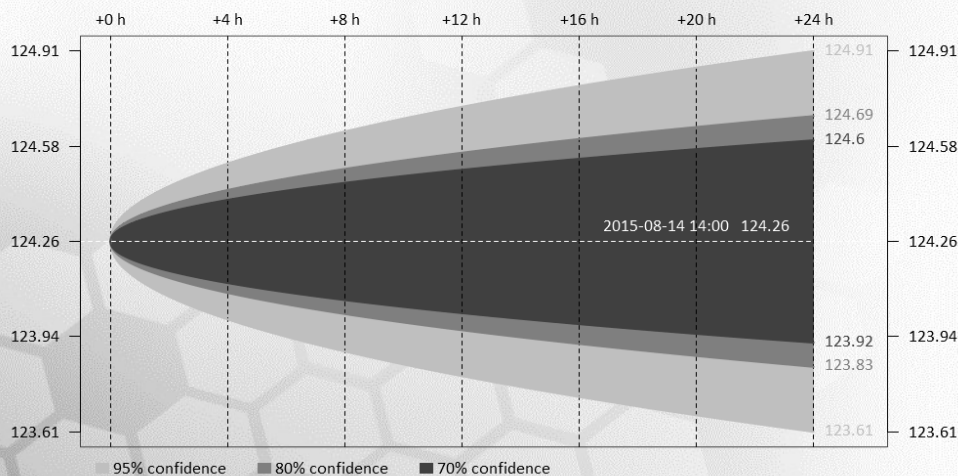
EURUSD Potential Rates



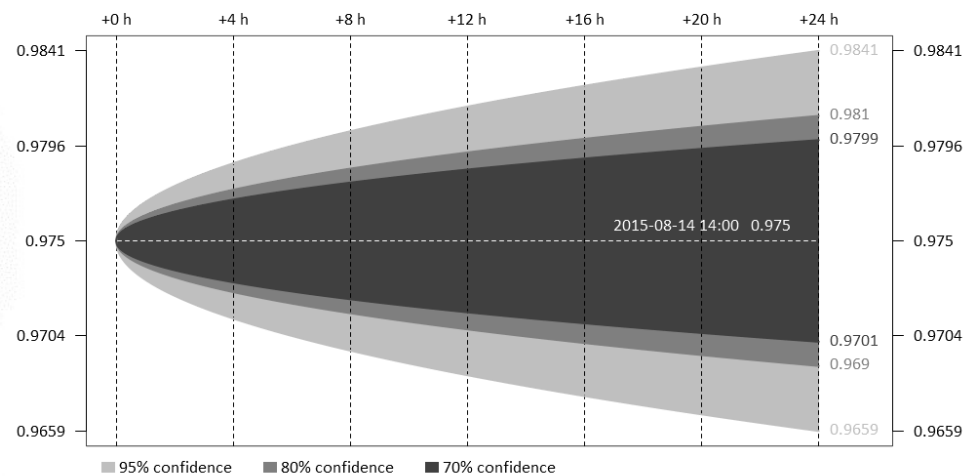
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

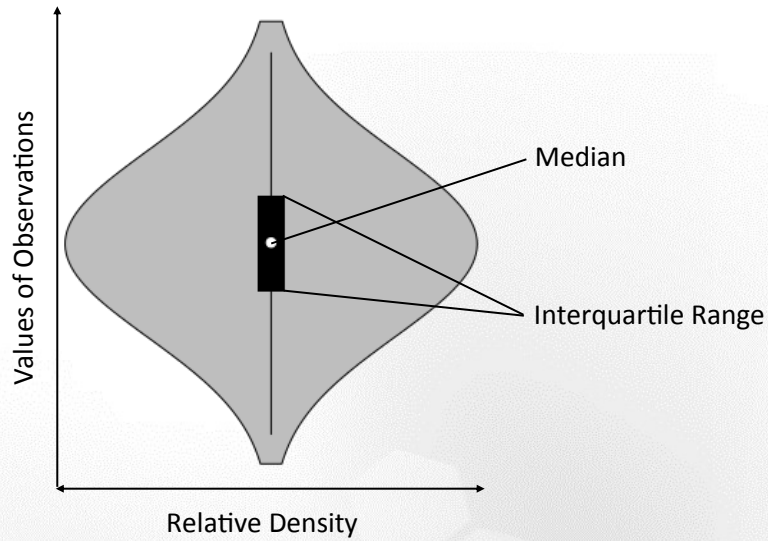
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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