



EUR

28/08/2015



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Market Research





Dominant Events of the Period

Yellow Area

August 21

07:00 - 15:00

- German, Euro Zone Markit PMI
- UK Public Sector Net Borrowing
- Canadian Retail Sales, CPI
- US Markit Flash Manufacturing PMI
- Euro Zone Consumer Confidence

Turquoise Area

August 24

01:00 - 19:00

- Stock Market Collapse

Blue Area

August 25

00:30 - 20:30

- Chinese CB Leading Indicator
- German GDP, Ifo Survey
- PBoC Interest rate Decision
- US Markit Flash PMI, New Home Sales, Consumer Confidence

Purple Area

August 26

06:00 - 21:00

- US Durable Goods Orders, MBA Mortgage Applications
- Fed William Dudley's Speech

Orange Area

August 27

06:30 - 19:30

- Swiss Industrial Production
- US Jobless Claims, Flash Personal Consumption Expenditures, GDP Estimate, Pending Home Sales

EUR Currency Index Change

0.14%	1.45%	-0.01%	-0.77%	-0.61%
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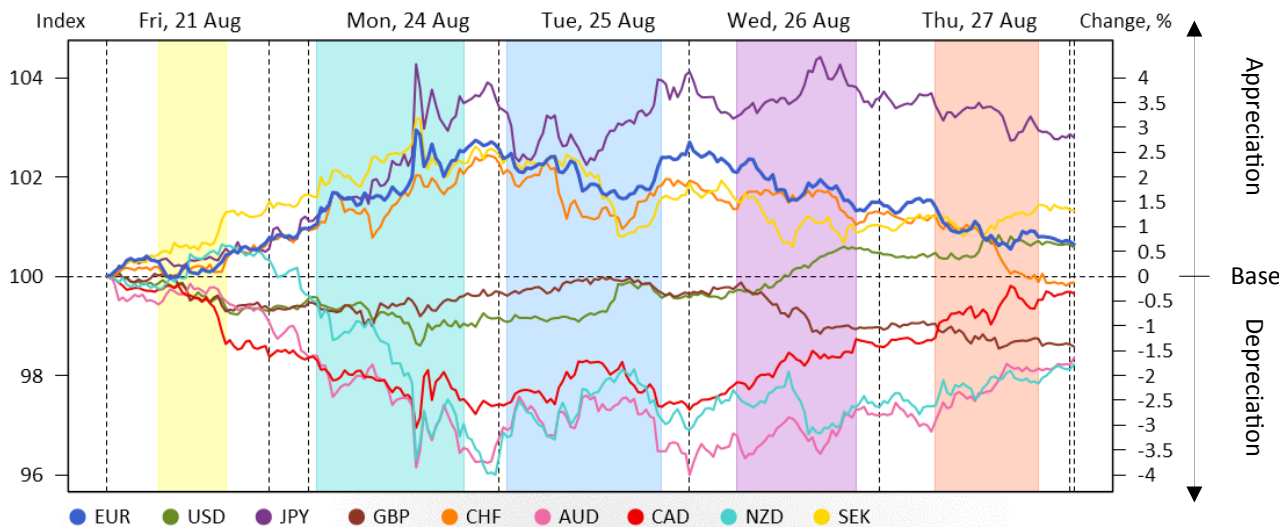
Max EUR Volatility Index

1.84	5.9	3.36	2.45	2.03
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Relative Currency Strength

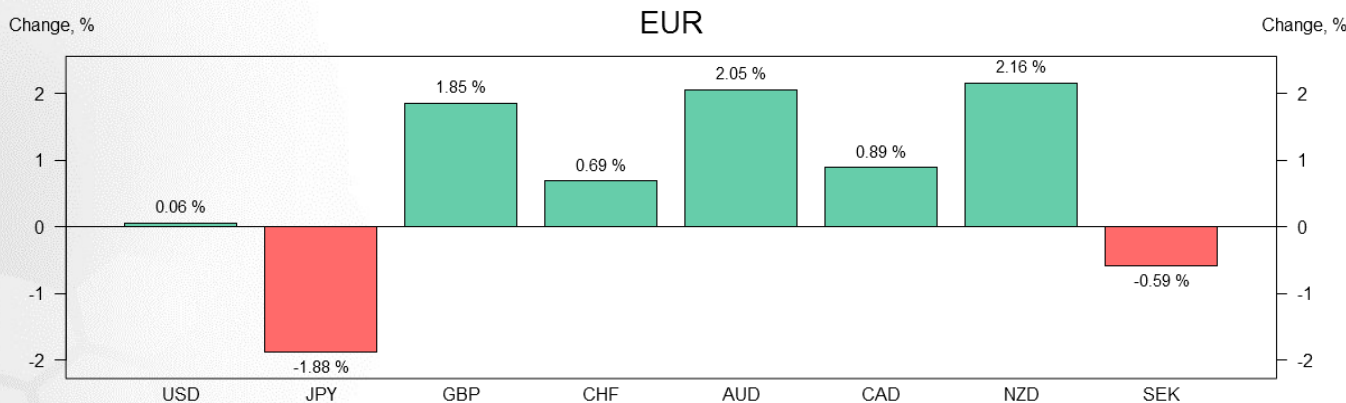
Currency Indexes



China's crisis continued to be the main driver of the market in the past week. Monday's fall of the US and European stocks, called new "Black Monday" by the media, led to the strengthening of the safe-haven currencies. Thus, the yen has soared rapidly and, despite the disappointing inflationary data released on Thursday, became the undisputed leader of the period. Meanwhile, things took a different turn for the Pacific currencies, the Loonie, and the pound, and their indexes spent the whole period below the baseline. The commodity currencies took a turn to recovery later in the period, as the oil prices started to edge up, but still

failed to get out of the negative area.

The Euro started the period with a rally that took off in Friday evening and reached its peak in Monday afternoon. As the US stock markets opened to show a dramatic fall of all the US leading stock indexes, the European indexes followed the downward movement, prompting a sharp surge of the Euro. The EUR Index reached its maximum value of the period, gaining 2.94%. Overnight, however, the index turned south, and on Wednesday the decline was further supported by the ECB's Peter Praet hinting at the possibility of a second round of "quantitative easing" by the ECB, the positive US data, and the Fed's Dudley speech.



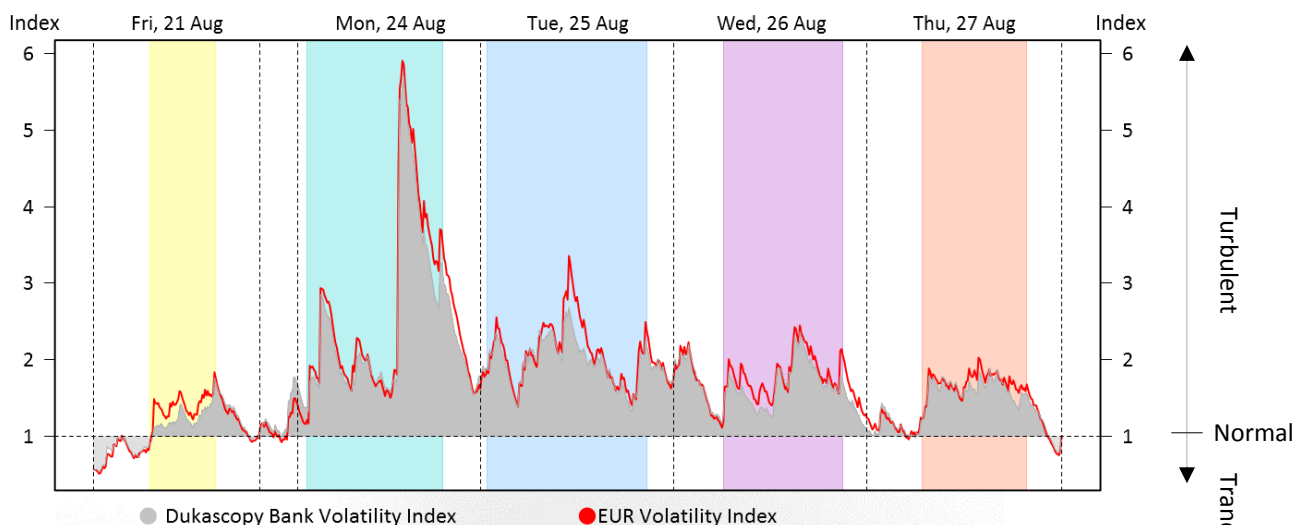
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.64%	0.58%	2.79%	-1.42%	-0.12%	-1.64%	-0.35%	-1.77%	1.32%
20	2.86%	-0.29%	2.67%	-1.34%	-0.4%	-1.89%	-1.73%	-1.58%	1.85%
130	4.51%	3.23%	2.92%	3.86%	2.65%	-5.28%	-2.07%	-12.61%	2.14%
250	-1.15%	16.84%	-0.39%	8.62%	10.85%	-12.59%	-5.01%	-11.79%	-5.36%



Volatility

Volatility



China's "Black Monday" tore through the previous week's tranquility, setting off the wave of turmoil that held the indexes above the 1-point level all through the past four trading days. Shaken by rallies and retreats, the yen became the most turbulent major with 96% of elevated volatility and 2.1 index average. Close behind was the tumbling Aussie that posted readings of 94% and 1.8. On the market in general, the common peak of volatility was reached after the New York session opened on Monday, when the Euro and the Yen spiked, while the dollar and the commodity currencies tumbled. The yen's index posted the high of 9.1 points, the Kiwi's — 6.6, and the Loonie's — 6.3.

The Euro's turbulence measure was evolving hand in hand with the market average, though it did exceed the composite gauge more often than not. It's highest peak was the fourth highest reading among the observed currencies and stood 0.2 points above the market's. But the highest gap was recorded on Tuesday, when the Euro appeared among the currencies with sharpest reaction to the PBoC decision to cut rates. As the single currency slid off its previous day's highs, the Euro's volatility index climbed 0.7 points higher than the market's composite and above all of its peers. Afterwards, the currency's turbulence levels gradually grew lower and the peaks became less pronounced, though the measure still kept above 1-point line.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	91	90	78	88	82	79	95	89	92	68

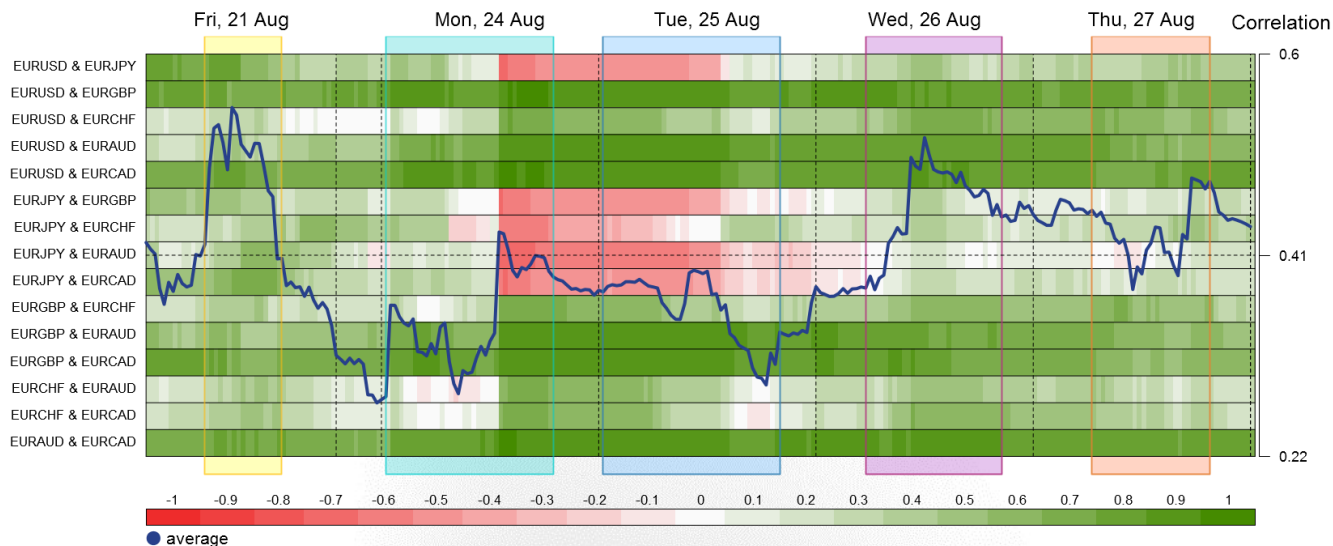
Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	5.69	5.9	5.06	7.93	4.68	3.59	7.64	6.9	8.73	3.38
Min	0.53	0.51	0.41	0.48	0.42	0.5	0.45	0.54	0.61	0.23
Average	1.7	1.78	1.48	1.77	1.57	1.46	2.19	2	2.09	1.37



Currency Significance

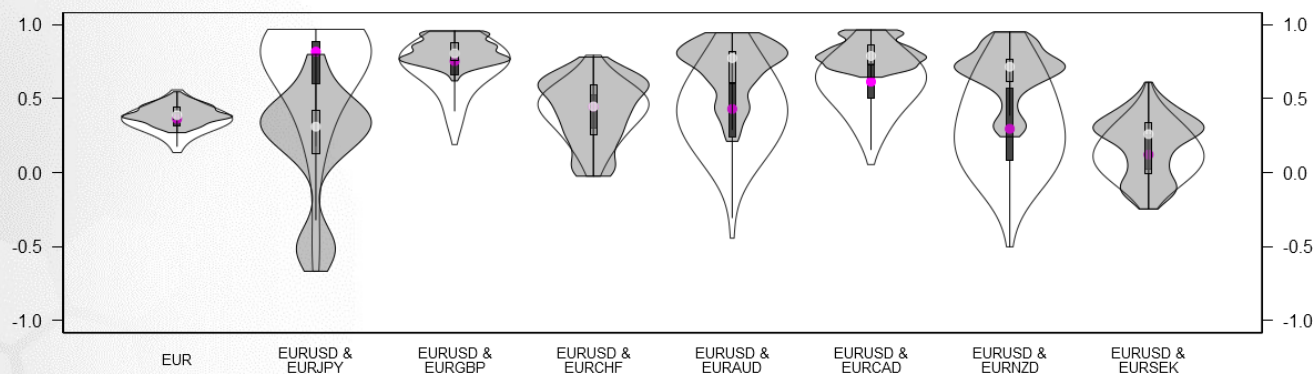
Correlations



While the Euro's composite correlation index was little affected by the past period's turmoil, its EUR/USD components suffered a great deal of changes. The most dramatic shift happened in the EUR/USD-EUR/JPY bond, whose distribution slid to the far lower tail of the monthly violin and mean value fell from 0.87 to 0.18. Most of the other EUR/USD components, on the other hand, showed a notable strengthening, with the greatest changes reported by the commodity currencies. Thus, the average correlation with EUR/CAD gained 0.24 points, with EUR/AUD — 0.25, and with EUR/NZD — 0.31.

The effect the past period's developments had on the Euro's correlations seemed to have evened out across the components, and the behavior of the composite itself was no different from any fairly uneventful week. The week's most crucial moment, the period between Monday and Tuesday afternoons, found the Euro's aggregate correlation on its average level, but the component plot showed notable deviations from usual. Correlations with EUR/JPY turned strongly negative as the yen was the only major to show sharper movements than the single currency, while other components strengthened to the point of perfect unanimity.

Correlations (5 vs 20 days)

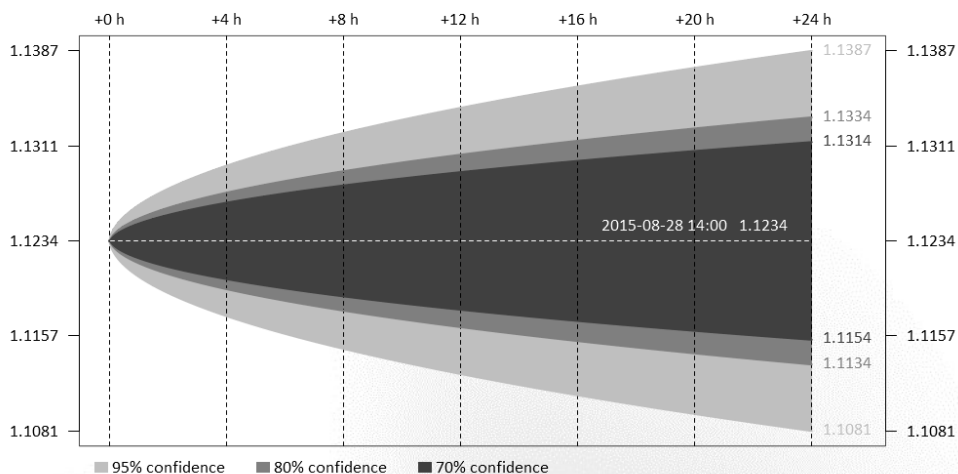


Mean Correlation Coefficient (with EURUSD)

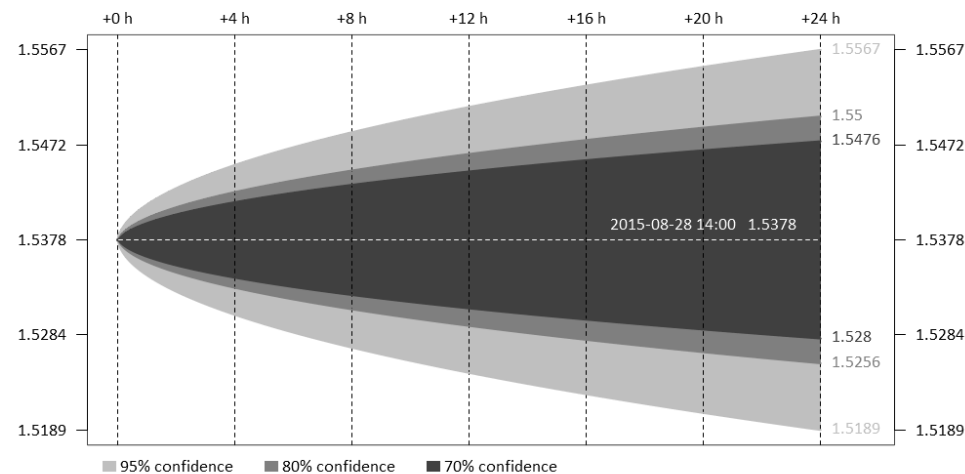
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.4	0.18	0.82	0.42	0.7	0.81	0.67	0.19
20	0.36	0.67	0.72	0.41	0.42	0.61	0.32	0.13
130	0.41	0.8	0.7	0.39	0.45	0.67	0.39	0.18
250	0.34	0.6	0.63	0.23	0.35	0.59	0.28	0.15

Confidence Intervals for Next 24 Hours

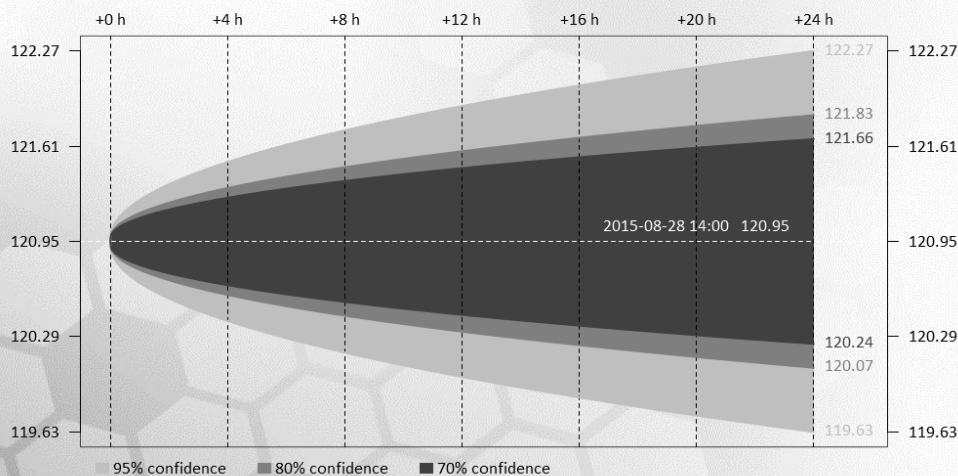
EURUSD Potential Rates



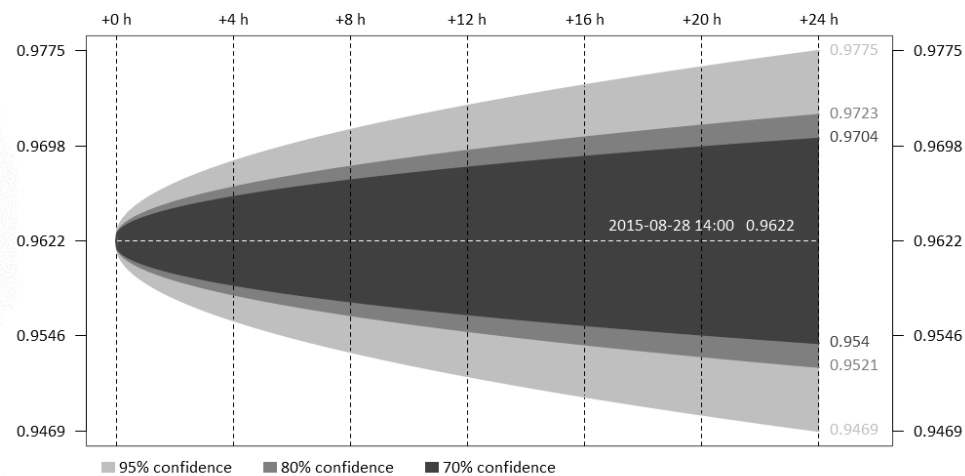
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

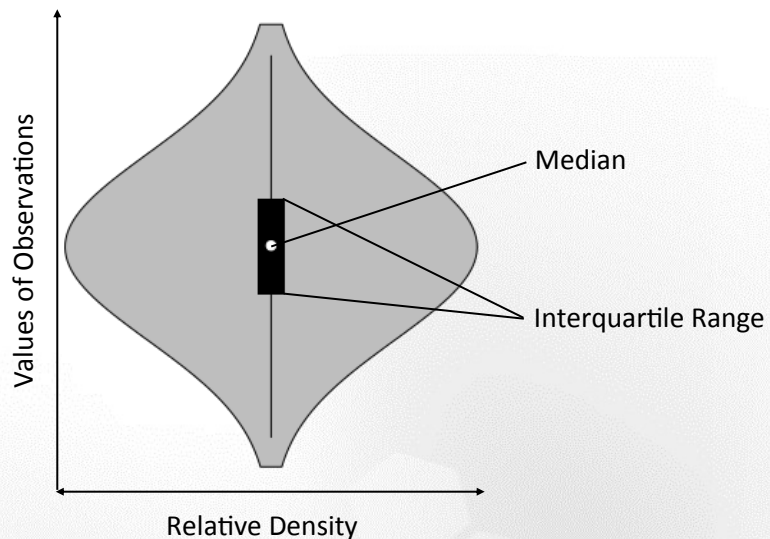
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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