



EUR

04/09/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

August 28

07:30 - 17:30

- Swedish Retail Sales
- UK GDP Estimate
- Euro Zone Economic Sentiment
- German Flash CPI
- US Personal Income, Personal Spending, UoM Consumer Sentiment Index

Turquoise Area

August 31

14:30 - 19:00

- Dallas Fed Manufacturing Business Index
- US EIA Oil Output Estimate

Blue Area

September 1

07:00 - 17:00

- German Manufacturing PMI, Unemployment Rate
- Euro Zone Manufacturing PMI
- UK Consumer Credit, Manufacturing PMI
- Canadian GDP, RBC Manufacturing PMI
- US Manufacturing PMI

Purple Area

September 2

01:00 - 15:00

- Australian GDP
- UK PMI Construction
- Euro Zone PPI
- US ADP Employment Change, Nonfarm Productivity, Factory Orders

Orange Area

September 3

07:00 - 14:30

- Euro Zone Services PMI, Retail Sales
- ECB Interest Rate Decision, Monetary Policy Statement
- US Trade Balance, Jobless Claims, Services PMI

EUR Currency Index Change

-0.67%	0.01%	0.31%	-0.19%	-1.17%
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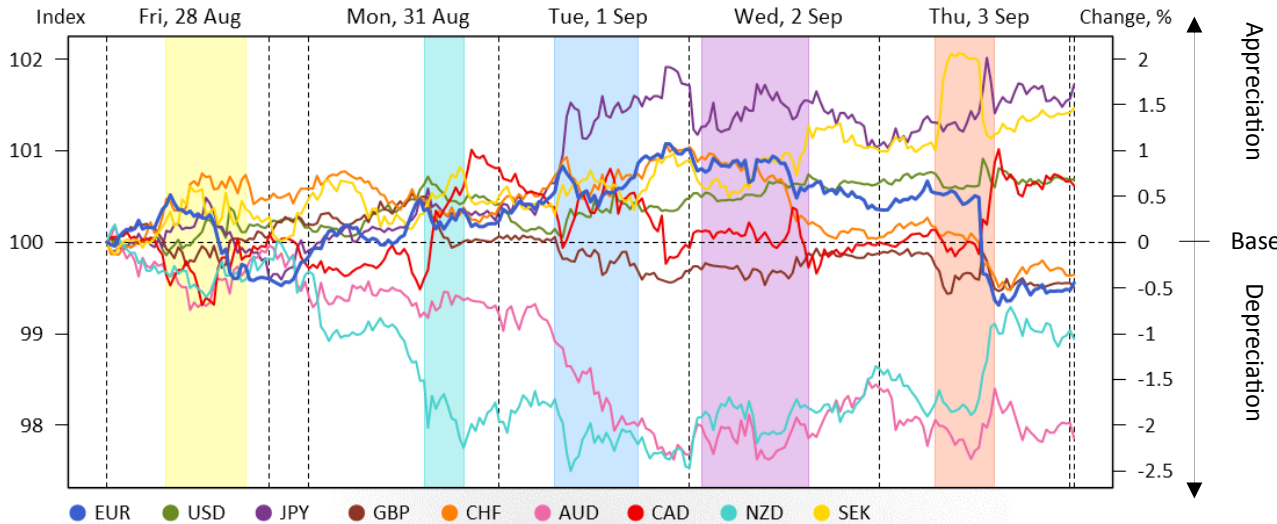
Max EUR Volatility Index

1.62	1.51	1.6	1.27	2.5
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Relative Currency Strength

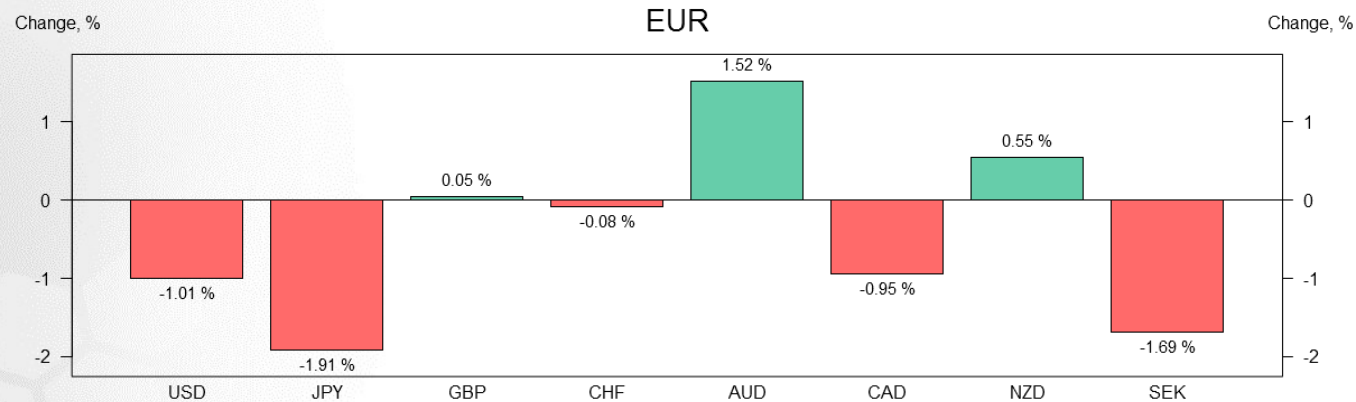
Currency Indexes



The past period was hugely successful for the Japanese yen, as it was once again pushed up by its safe haven status. Spending the first two days at the base level, the JPY Index surged to 101.5 at the beginning of Tuesday's European trading session, a few hours after the weak Chinese factories data release. From there on, the index held above the baseline and maintained the leading position. The week was notably less fortunate for the Pacific currencies. Thus, during the first two days of the current trading week, the Kiwi's and the Aussie's gauges lost more than 2 points and became the main losers of the period. Among other currencies,

the Euro suffered the sharpest downside following President Draghi's statement about the ECB's decision to downgrade inflation and GDP forecasts, and shared the third worst performer's position with the pound.

The EUR Index spent the first days of the current trading week on an uneven uptrend, supported by the majority of the Euro zone fundamentals coming in line or even above expectations. Thursday's ECB monetary policy conference, however, changed the situation dramatically, and the Euro's gauge found itself on the third-worst position and nearly crossing below its New Zealand peer.



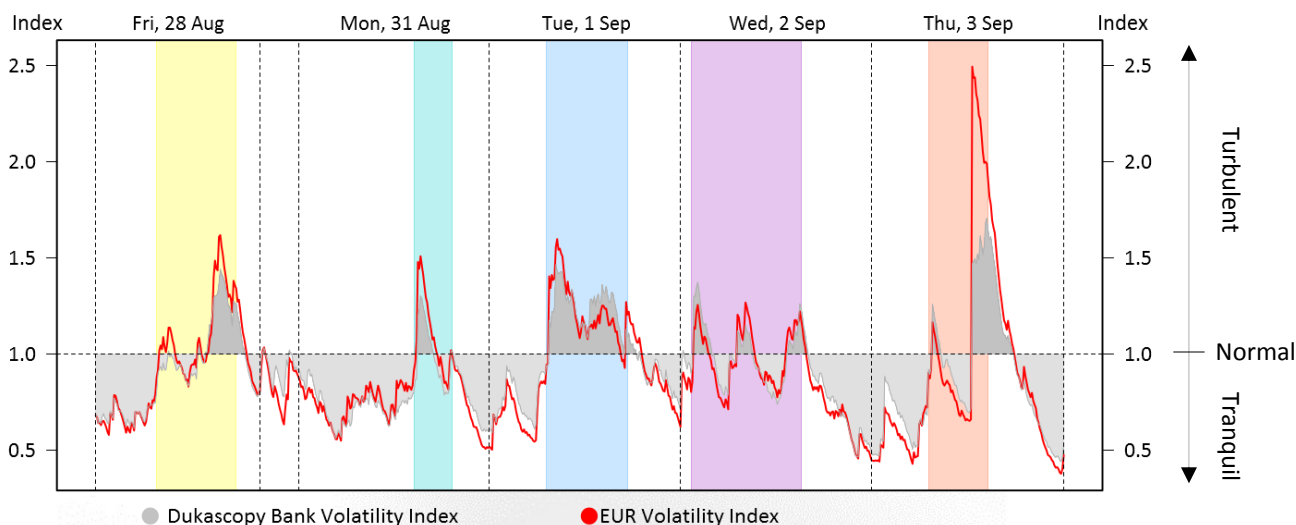
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.44%	0.69%	1.72%	-0.5%	-0.36%	-2.14%	0.62%	-1.06%	1.47%
20	2.07%	-0.09%	4.45%	-1.92%	0.84%	-6.38%	-0.82%	-3.42%	5.01%
130	5.94%	2.29%	3.93%	3.41%	3.79%	-8.41%	-2.48%	-13.03%	3.97%
250	-1.72%	17.05%	1.97%	8.44%	10.37%	-15.36%	-4.58%	-12.71%	-3.44%



Volatility

Volatility



The anxiety on the market eased off in the past week, and the volatility measures returned to their typical levels. Thus, the portions of the elevated volatility for the market and the Euro stood at 28%, around 60% down from the previous week's values and back to the "pre-China" readings. The peaks of the volatility were also low compared with the previous period, when the Euro's gauge almost reached the 6-point level. This week, the Euro showed the second best result with only a 2.5 spike. The highest value, in turn, was posted by the Swedish krona, whose index jumped to 2.7 right after the Riksbank's interest rate decision came out.

The week was rather calm for the Euro, and until the major splash on Thursday its volatility index barely exceeded the 1.5 level. On Friday and Monday, the peaks of the index were mostly caused by the US economic news, while the Tuesday's spike was associated with the positive German PMI and employment data. On Wednesday, the index climbed above the historical level thrice – after the Australian GDP, the Euro zone PPI, and the US factory orders reports. However, these peaks were only 1.25 points high. Finally, Thursday was marked by the most shocking event of the period, as the Euro's volatility spiked to 2.5 points and well above the market's gauge against the background of the ECB monetary policy press conference.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
28	28	22	19	34	24	29	45	25	39

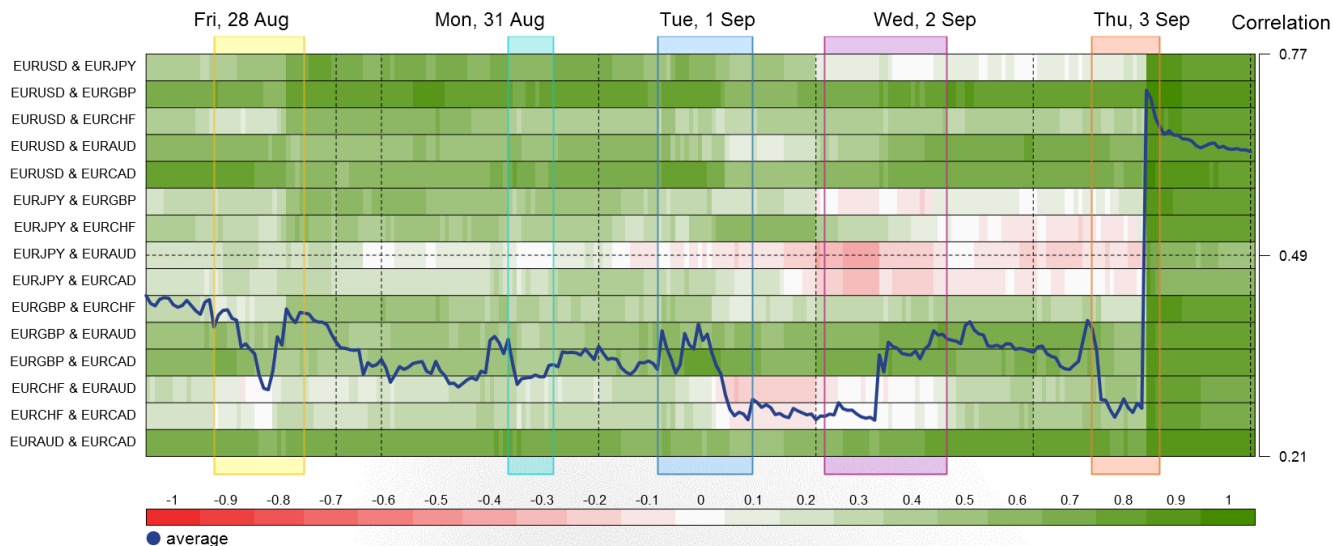
Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.71	2.5	3.05	3.61	3.99	1.93	2.32	2.62	2.01	4.35
Min	0.44	0.38	0.28	0.28	0.28	0.26	0.38	0.28	0.4	0.21
Average	0.89	0.9	0.82	0.83	0.93	0.79	0.92	1.02	0.88	0.93



Currency Significance

Correlations

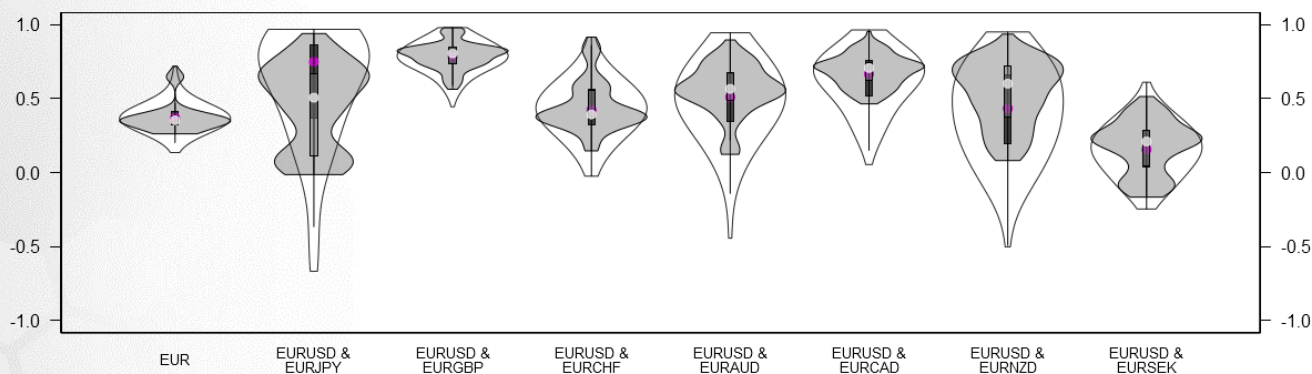


As the Chinese turmoil eased its hold on the currency market, correlations shifted closer to their usual states. Most notably, EUR/USD-EUR/JPY bond measure moved back to the positive territory and raised its average from 0.18 to 0.45. Some correction also came to the pair's correlations with the commodity currencies, where the readings edged down from the remarkably strong values of the previous period. Meanwhile, The Asia-Pacific currencies and the Loonie stood out on the composite level as well, pushing their gauges to compete for leadership throughout the week and

posting the greatest averages among their observed peers.

The Euro's composite held between 0.30 and 0.40 throughout the period, with the exception of a pit it fell into in Tuesday afternoon, when the yen and the franc seemed to pull the single currency in the opposite direction from the one it took with the Aussie and the Loonie. The most notable significance shift, however, happened on Thursday, when Mario Draghi's dovish speech caused the Euro to tumble against its peers and its composite to skyrocket from 0.27 to 0.71. The event also caused the Asia-Pacific composites to dip, as their strong advances against the single currency were unmatched by the moves in other pairs.

Correlations (5 vs 20 days)

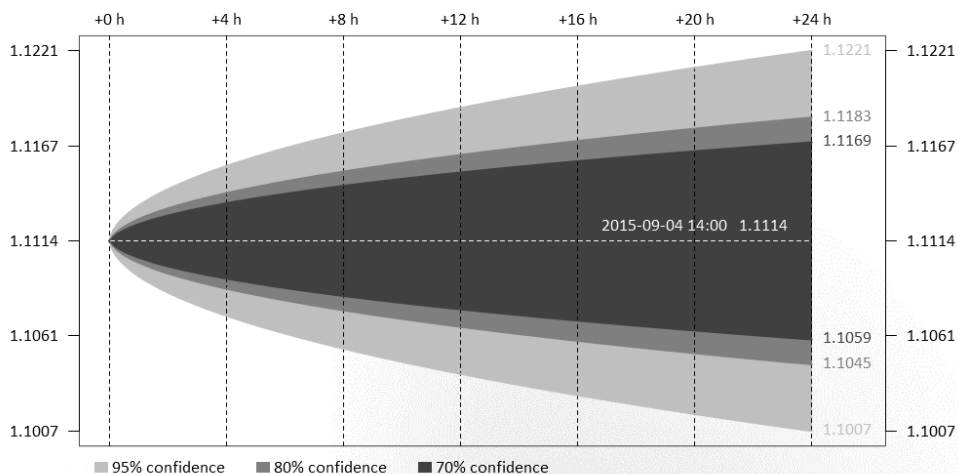


Mean Correlation Coefficient (with EURUSD)

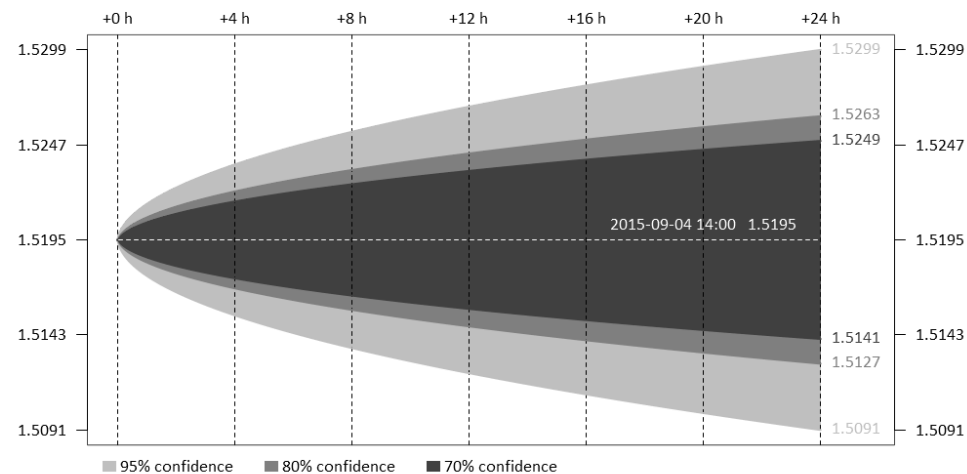
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.37	0.45	0.79	0.45	0.56	0.69	0.53	0.17
20	0.37	0.58	0.78	0.43	0.49	0.63	0.4	0.15
130	0.41	0.79	0.7	0.39	0.46	0.68	0.4	0.18
250	0.34	0.6	0.64	0.23	0.35	0.6	0.28	0.15

Confidence Intervals for Next 24 Hours

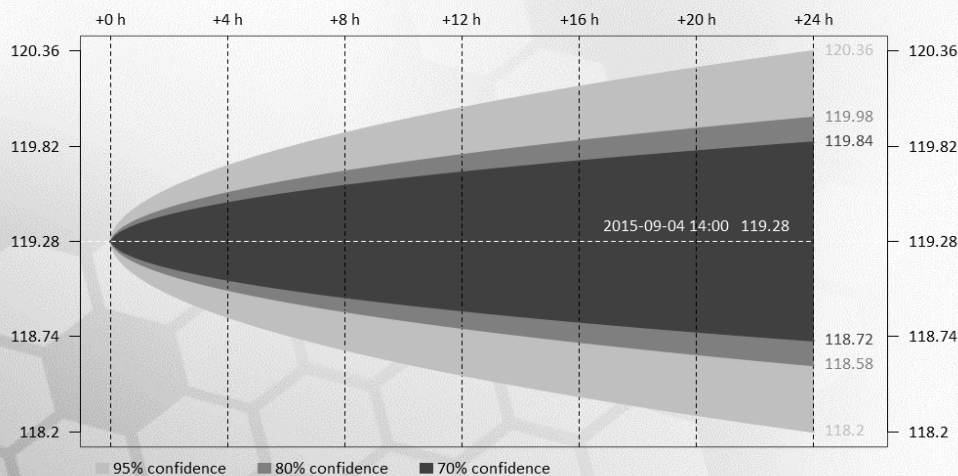
EURUSD Potential Rates



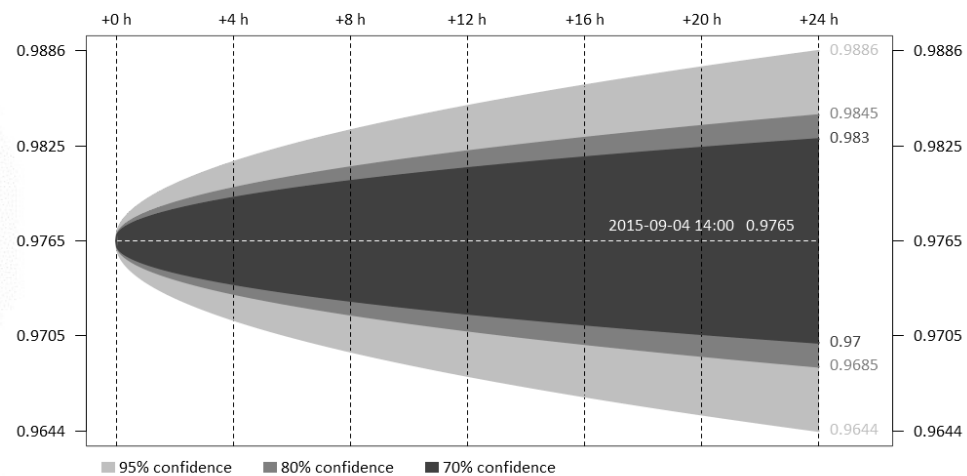
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

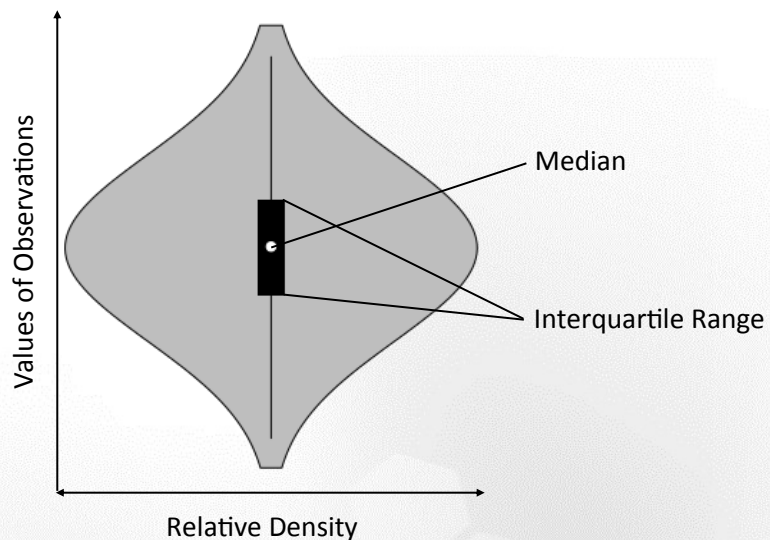
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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