



EUR

11/09/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

September 4

12:00 - 17:30

- *US Nonfarm Payrolls, Average Weekly Hours, Average Hourly Earnings, Unemployment rate*
- *Canadian Unemployment Rate, Ivey PMI*

Turquoise Area

September 9

08:30 - 21:30

- *UK Industrial Production, Manufacturing Production, Trade Balance*
- *Canadian Housing Starts*
- *RBNZ Interest Rate Decision, Monetary Policy Statement*

Blue Area

September 10

01:00 - 16:00

- *Australian Consumer Inflation Expectation, Unemployment Rate*
- *Chinese CPI, PPI*
- *BoE Minutes, MPC Vote*
- *US Jobless Claims*

EUR Currency Index Change

0.41%

0.53%

-0.15%

Max EUR Volatility Index

1.38

1.41

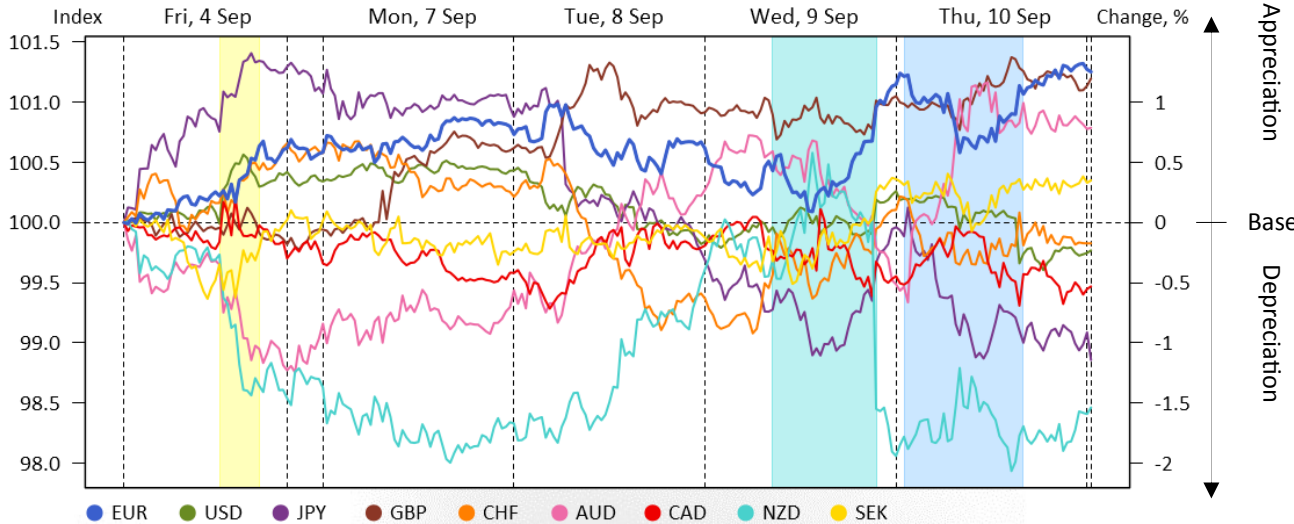
1.23



Relative Currency Strength

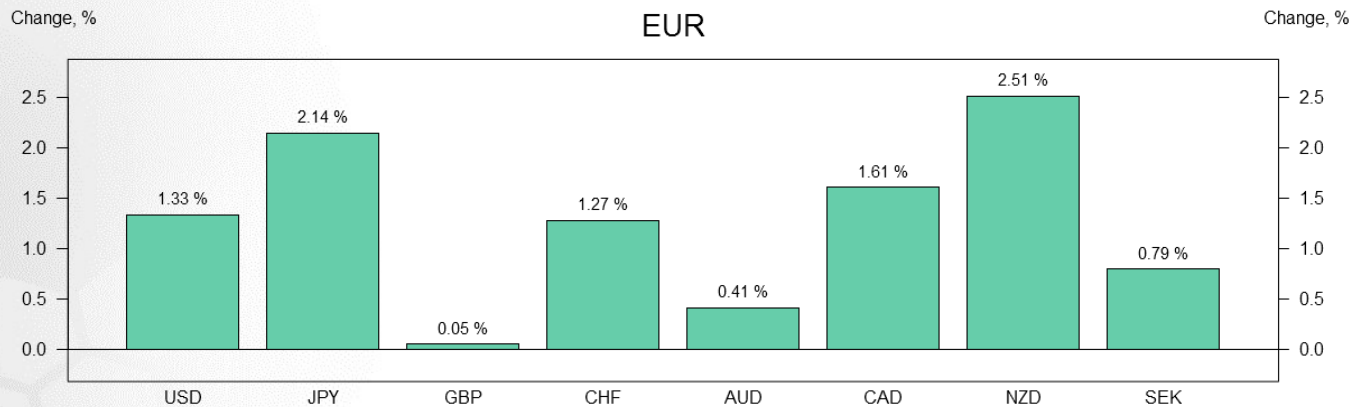
Currency Indexes

The past week marked a turning point for almost all observed currencies, as the leaders of a few previous weeks became the losers, whereas the underdogs pulled ahead. After the ECB fuelled fall last Thursday, the Euro turned to recovery, and its index became the best performer of the period, gaining 1.25%. Meanwhile, the JPY Index, which was the leader in the two previous periods, dropped with the disappointing Japanese Eco watchers survey released on Tuesday. From there on the yen's gauge continued to decrease and finished the period with the second greatest loss. The Aussie, in turn, broke the series of unlucky weeks, and gained



0.79%. The Kiwi followed its Australian counterpart till Wednesday evening, when it was pushed down by the cut of the RBNZ interest rate, causing the NZD Index to post the worst result among its peers.

The first two days of the period were quite stable for the single currency, and the EUR Index showed an upward trend. By Tuesday morning the index reached the 102 mark, and started to decline despite the positive German and Euro zone news. The movement turned around on Wednesday, against the background of the UK economic news, and the index was growing till the end of the period.



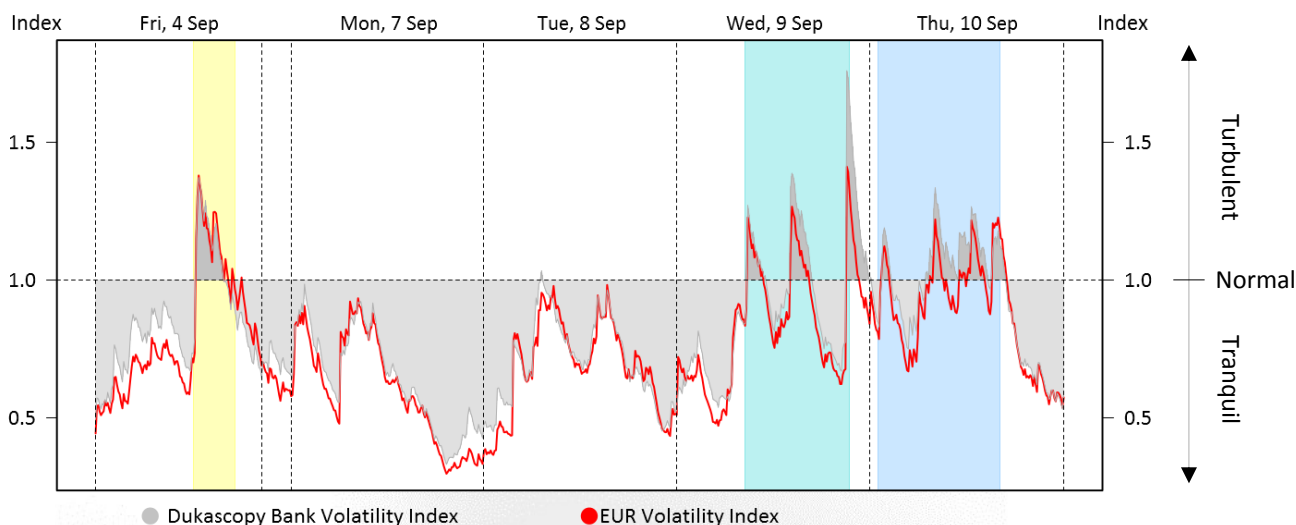
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.25%	-0.23%	-1.14%	1.2%	-0.17%	0.79%	-0.53%	-1.54%	0.35%
20	2.02%	0.49%	3.79%	-0.54%	0.85%	-4.75%	-0.84%	-3.91%	2.09%
130	9.19%	0.95%	1.53%	5.47%	4.75%	-8.13%	-2.95%	-16.01%	5.49%
250	-0.02%	15.31%	1.29%	9.81%	10.91%	-13.82%	-6.05%	-14.28%	-3.16%



Volatility

Volatility



Market activity lost more steam from the overturbulent end of August, with the observed currencies' aggregate elevated volatility measure dropping below 20% after the previous period's fall to 28%. The Euro became the calmest major, while the highest overturbulence readings were posted by the Pacific currencies and the pound. The main headliner of the week was the Kiwi, whose volatility index spiked to the period's absolute high of 4.8 after the announcement of another rate cut and the RBNZ dovish statement presented on Wednesday. The second-greatest peak stood at only 2.6 points, but was prompted by a similar event, as it was

reached by the Loonie's gauge in response to the BoC rate statement released earlier the same day.

The Euro's volatility measure had little to no individual splashes during the period, as it followed the aggregate index in every move and mostly held below its levels. Friday's and late Thursday's peaks were the exceptions, as on them the Euro's gauge spiked above the market's, implying the single currency's above average reaction to its peers' movement. Specifically, Friday's surge was mostly driven by EUR/GBP and EUR/CAD components, while the main contributors to Thursday's peak were EUR/CAD and EUR/USD.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
19	15	8	19	16	16	15	15	24	21

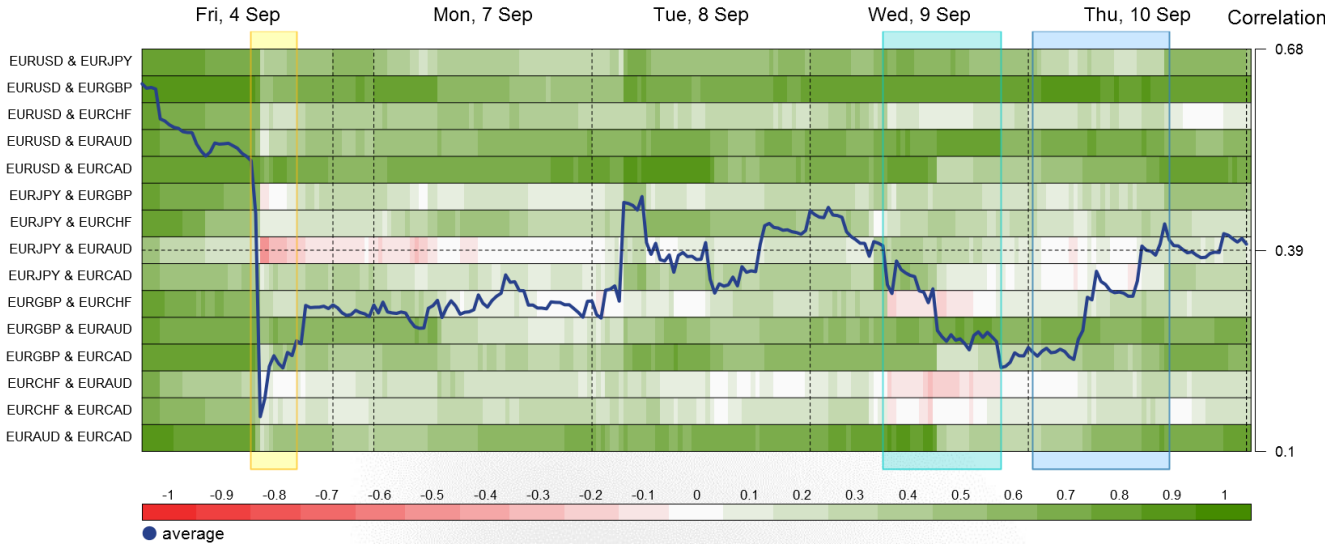
Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.76	1.41	1.68	1.71	2.1	1.56	1.67	2.88	4.43	1.52
Min	0.33	0.3	0.2	0.21	0.23	0.13	0.19	0.18	0.34	0.15
Average	0.8	0.75	0.64	0.75	0.73	0.73	0.77	0.72	0.87	0.75



Currency Significance

Correlations

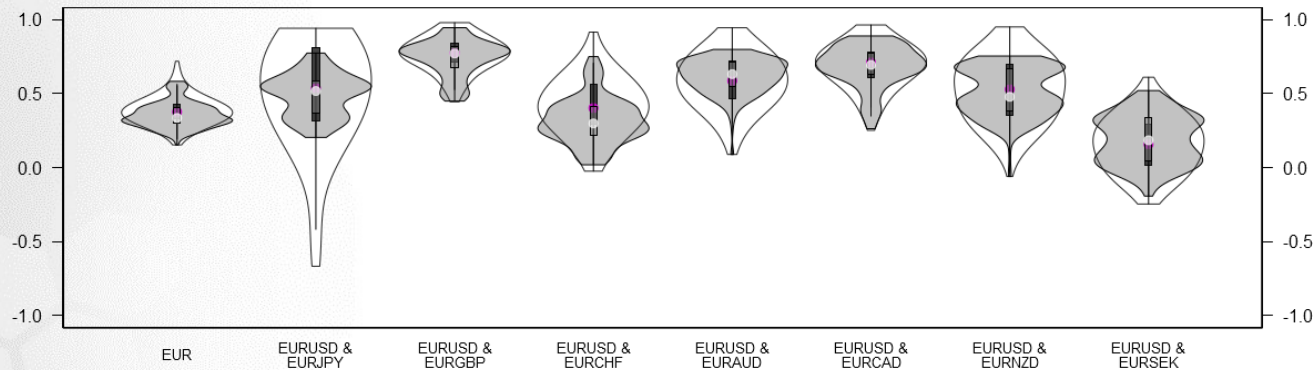


The Euro's correlation levels remained largely unchanged from the previous period's readings, with the aggregate values closer to the lower side of the long term distribution. Somewhat notable changes happened in EUR/USD bonds with the EUR/CHF and EUR/AUD. The former posted a lot of lower-than-usual values, subsequently reducing its average from 0.5 to 0.3. The latter, in turn, picked up, lifting its average above the 0.6 mark and further away from the long term readings. Meanwhile, the EUR/JPY component's distribution shifted closer to its usual form, abandoning the

negative values and grouping the readings around the strong average of 0.5.

The period started with a fall from the high the Euro's composite reached at the back of the ECB's press conference on September 3, and saw no movement that would bring the measure anywhere close to such a level. After picking up from the low the composite reached in its tumble, the gauge kept on feeble levels between 0.3 and 0.4, with only a few minor swings beyond the borders. Nevertheless, the Euro's correlation composite was not the weakest of the observed measures and stood above that of the dollar, whose gauge held below the significance threshold of 0.3 points throughout the whole period.

Correlations (5 vs 20 days)

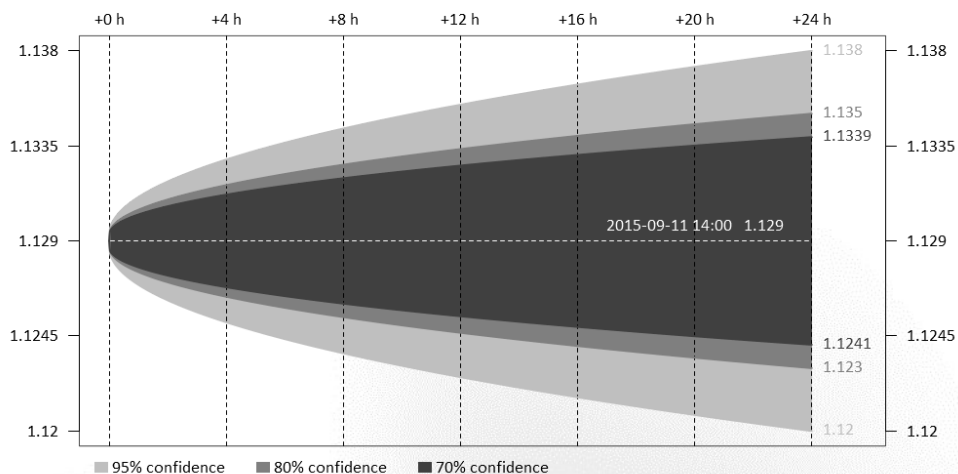


Mean Correlation Coefficient (with EURUSD)

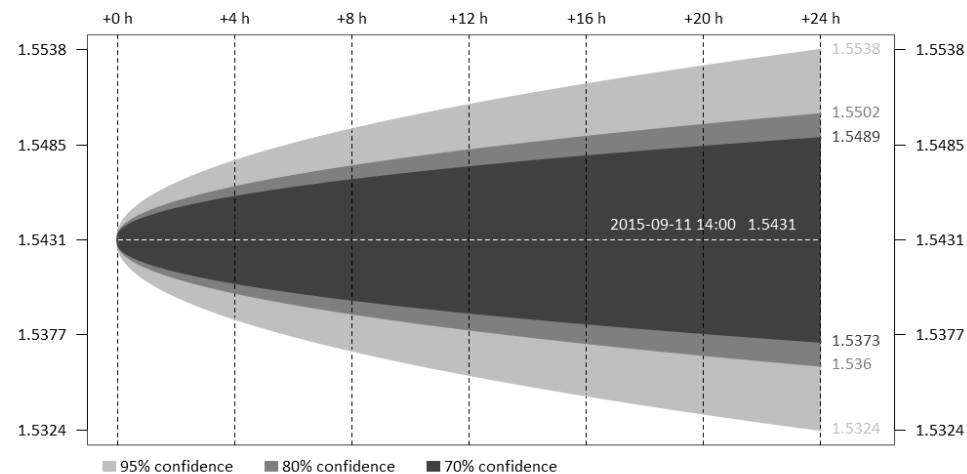
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.36	0.49	0.74	0.32	0.62	0.68	0.51	0.19
20	0.38	0.5	0.77	0.41	0.58	0.69	0.53	0.15
130	0.41	0.77	0.7	0.39	0.47	0.68	0.41	0.18
250	0.34	0.6	0.64	0.23	0.36	0.6	0.29	0.15

Confidence Intervals for Next 24 Hours

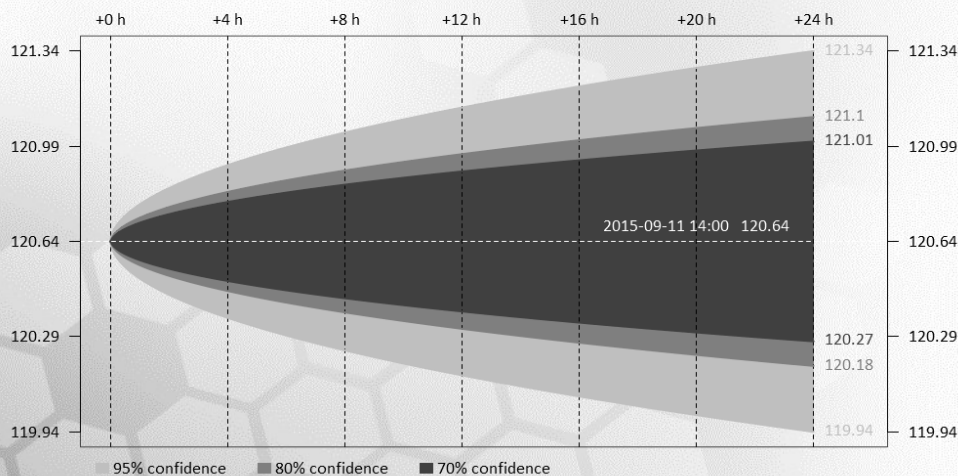
EURUSD Potential Rates



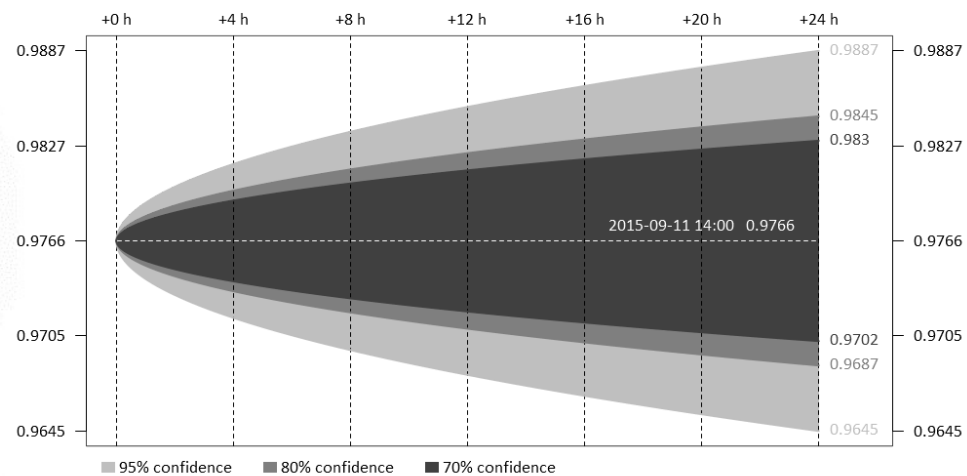
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

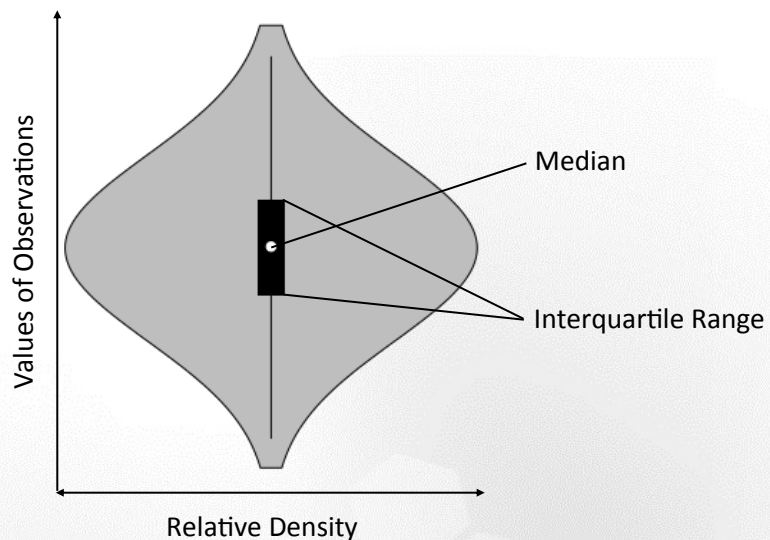
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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