



EUR

18/09/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

September 11

07:00 - 16:00

- Swedish GDP, Unemployment Rate
- UK Consumer Inflation Expectations
- US PPI, UoM Flash Consumer Sentiment Index

Turquoise Area

September 14

14:00 - 15:30

- No Economic Releases

Blue Area

September 17

17:30 - 20:30

- Fed Interest Rate Decision, Monetary Policy Statement and Press Conference, FOMC Economic Projections

EUR Currency Index Change

0.35%

-0.15%

0.38%

Max EUR Volatility Index

1.12

1.12

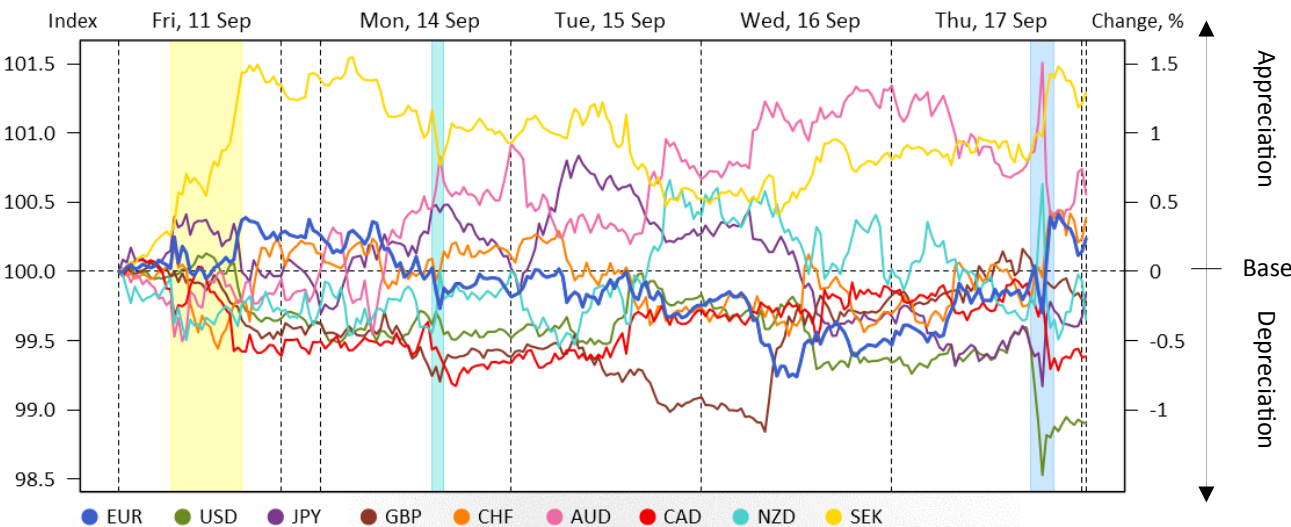
1.65



Relative Currency Strength

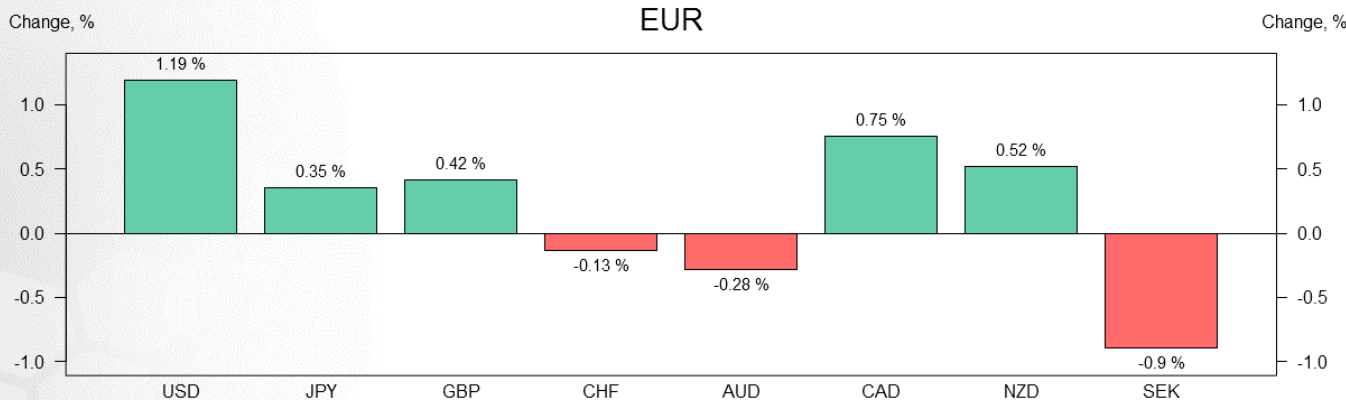
Currency Indexes

The past period was all about sharp moves, as most of the indexes changed their positions abruptly and otherwise wavered around the reached levels. The main shifts took place on Thursday, when all eyes were on the Fed and its interest rate decision. The USD Index started to lose points a couple of hours before the announcement, and, after the long-awaited hike was pushed further towards the end of the year, went into a dive to the period's absolute low of 98.5. The Pacific indexes produced the sharpest surges, but also went into the deepest dives after the press conference, yielding more than they managed to gain. Meanwhile, the krona's gauge, which showed the week's broadest surge as



it burst above its peers with the improved GDP and unemployment data released on Friday, was gaining ground all throughout the blue area, surpassing its Australian counterpart and posting the period's greatest gain. The only index to show virtually no reaction to Thursday's events was the pound's measure, which made its big move amid solid jobs report on Wednesday and kept close to the baseline during the last day of the period.

The EUR Index, along with the yen's gauge, dipped before the Fed's rate announcement and surged after the press conference. For the single currency's measure, the spike was the sharpest during the period, and took it back above the baseline after it fell into the depreciation area on Monday.



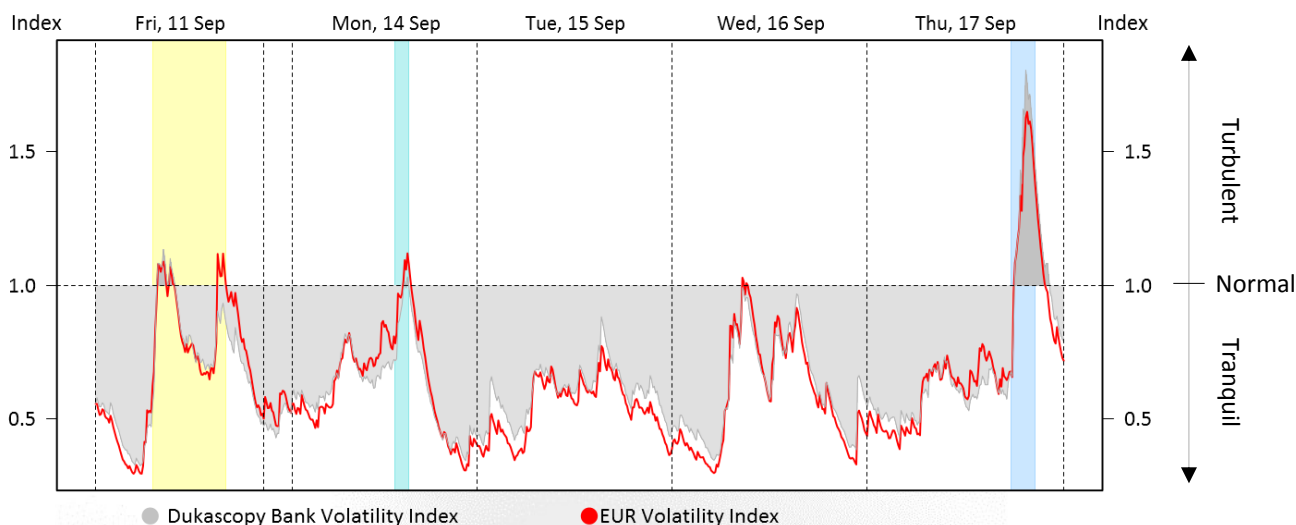
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.24%	-1.1%	-0.16%	-0.23%	0.39%	0.56%	-0.62%	-0.35%	1.29%
20	1.76%	0.1%	2.96%	-0.89%	-0.2%	-2.41%	-0.73%	-5.16%	4.2%
130	7.86%	2.41%	2.5%	7.01%	2.93%	-8.27%	-3.27%	-17.69%	7.52%
250	-0.13%	13.28%	1.95%	8.36%	11.02%	-11.73%	-6.94%	-14.12%	-1.7%



Volatility

Volatility



As anticipation of the FOMC meeting grew heavier, activity on the market continued to decline. The portions of elevated volatility lost some more points from the previous period's already subdued values, with the aggregate reading standing at 6%, and the separate currencies' measures varying from 3% to 11%. Amid the overall tranquility, even the period's main event failed to provoke extraordinary splashes of volatility. Here, the highest peak was taken by the Aussie's measure, but even that reached only as high as 2.3 points.

During the first four days of the period, the Euro's and the market's volatility measures made a few

brief attempts to overcome the baseline, but barely managed to make it above the 1.1 points mark. On Friday morning, turbulence was stirred by the krona's reaction to strong Swedish fundamentals, while the afternoon jump was mostly fueled by the Euro's, the franc's, and the dollar's simultaneous moves. Monday's uptick was again the result of the krona's fluctuations, with some assistance from the Euro's and the Kiwi's gauges. Finally, Thursday's spike was the sharpest one of the period, but reached above the 2-points level only for the Aussie, the Kiwi, and the dollar. The Euro's volatility index's maximum was among the lowest ones and at 1.65 points stood almost 0.2 points below the aggregate.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	6	7	11	7	13	17	5	8	7	15

Volatility Index (for the observed period)

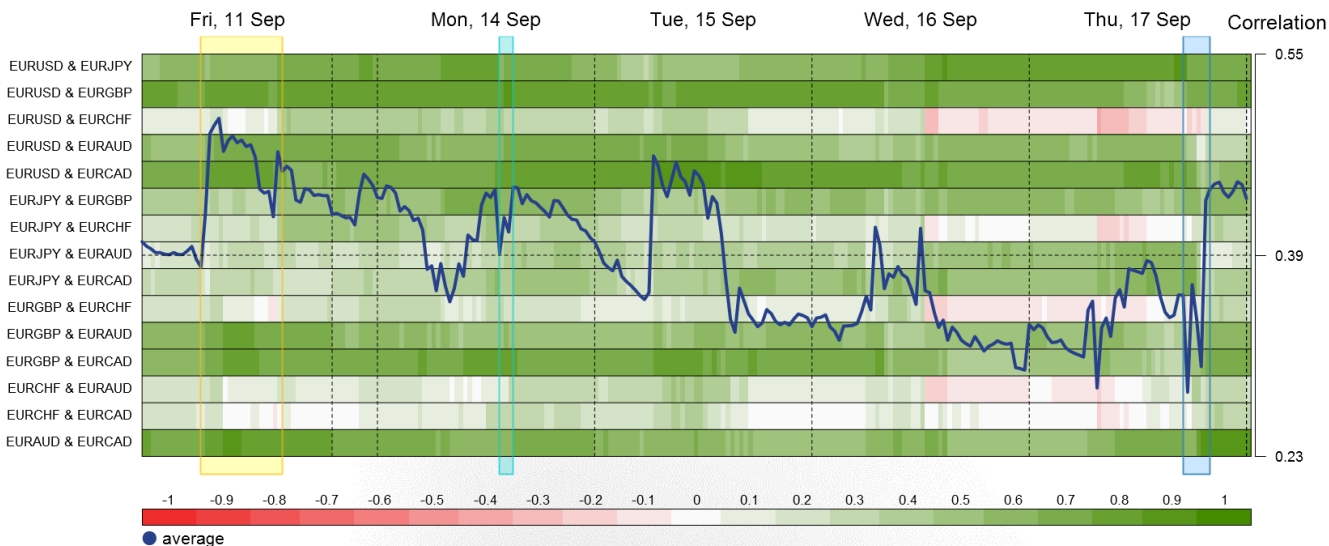
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.8	1.65	2.25	1.48	1.75	1.8	2.16	1.53	2.1	2.49
Min	0.33	0.3	0.16	0.19	0.18	0.15	0.24	0.2	0.21	0.13
Average	0.65	0.64	0.65	0.66	0.64	0.71	0.62	0.58	0.63	0.67



Currency Significance

Correlations

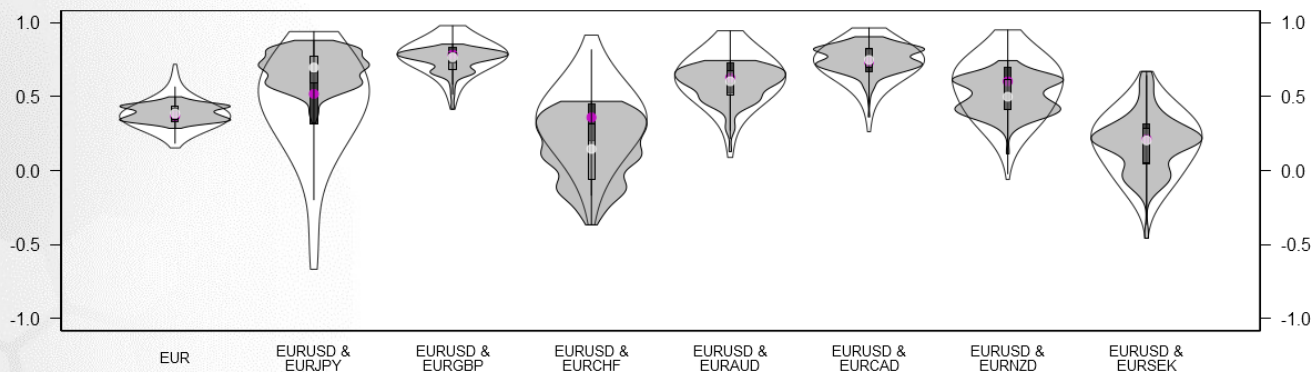
Despite the abnormal tranquility on the market and the main focus of the period being aimed at the US, the Euro's correlation composite remained firmly within its usual boundaries. Notably, some shifts did happen in the EUR/USD components. Thus, the pair's bond with EUR/JPY lowered its average to 0.49 from the previous week's closer-to-long-term 0.68, while the mean correlation with EUR/CHF, on the contrary, moved closer to usual by strengthening from 0.14 to 0.32. Nevertheless, the EUR/USD-EUR/CHF component still brought a substantial amount of red into the aggregate, with



its values holding heavily on the downside of the 20-day distribution.

The general tendency for the Euro's correlation composite was to move downwards, as it gradually shifted from 0.4-0.5 in the beginning of the period to 0.3-0.4 in the second half of the week. The breakpoint was the Tuesday's plunge, fuelled largely by the weakening of the EUR/CHF components. Thursday's surge brought the measure back above the 0.4 mark, though the Euro's correlation strengthening was the weakest among its peers. Thus, the dollar's composite made the greatest jump, followed by the Aussie's, the yen's, and the Kiwi's measure. All the other composites fell, with the pound's gauge leading by losing 0.3 points.

Correlations (5 vs 20 days)

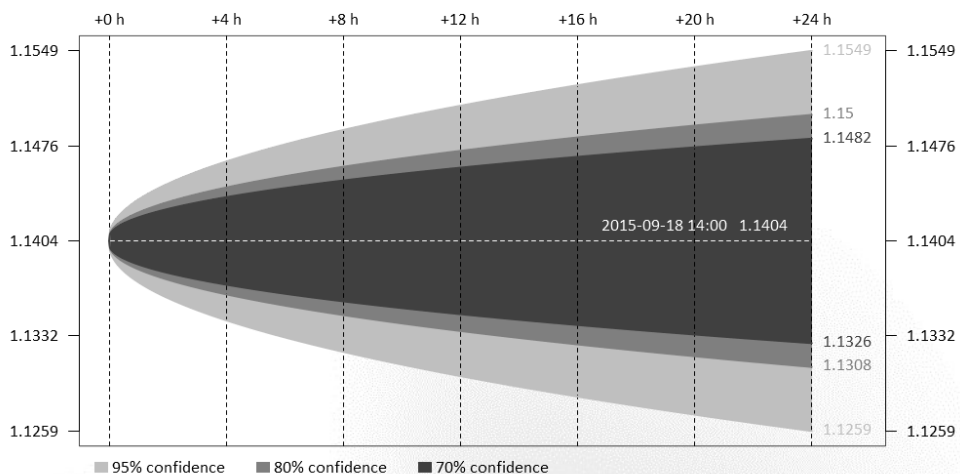


Mean Correlation Coefficient (with EURUSD)

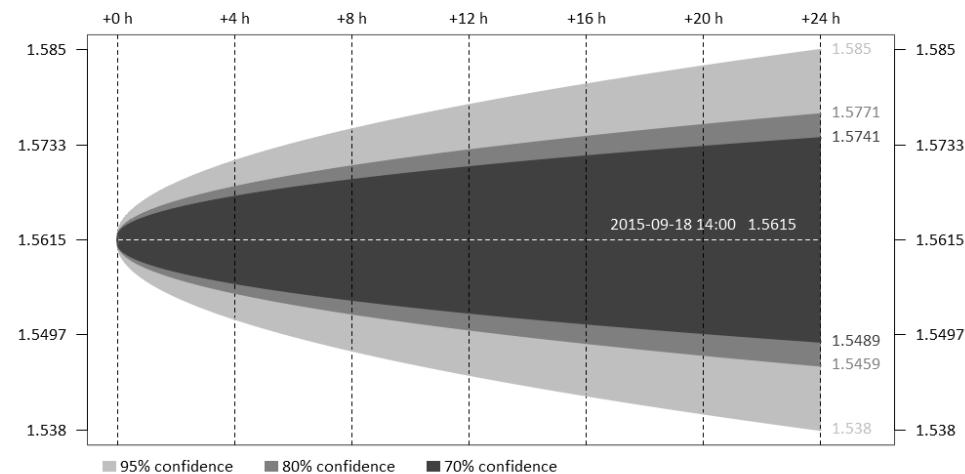
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.39	0.68	0.74	0.14	0.58	0.75	0.51	0.19
20	0.38	0.45	0.77	0.33	0.62	0.73	0.56	0.18
130	0.41	0.77	0.71	0.38	0.47	0.68	0.41	0.18
250	0.34	0.61	0.65	0.24	0.36	0.61	0.3	0.15

Confidence Intervals for Next 24 Hours

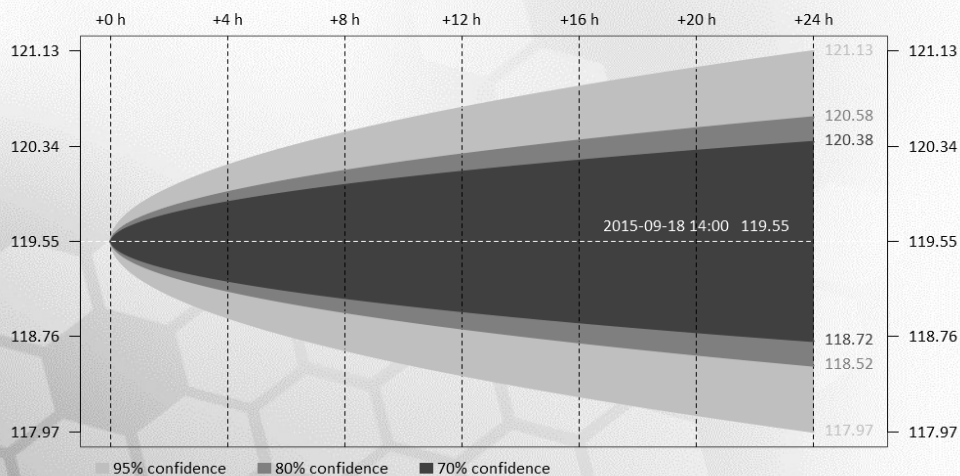
EURUSD Potential Rates



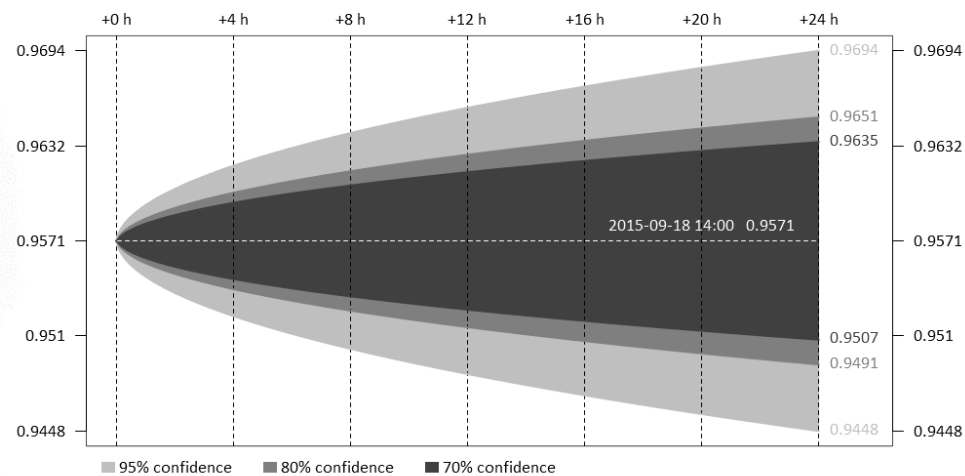
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

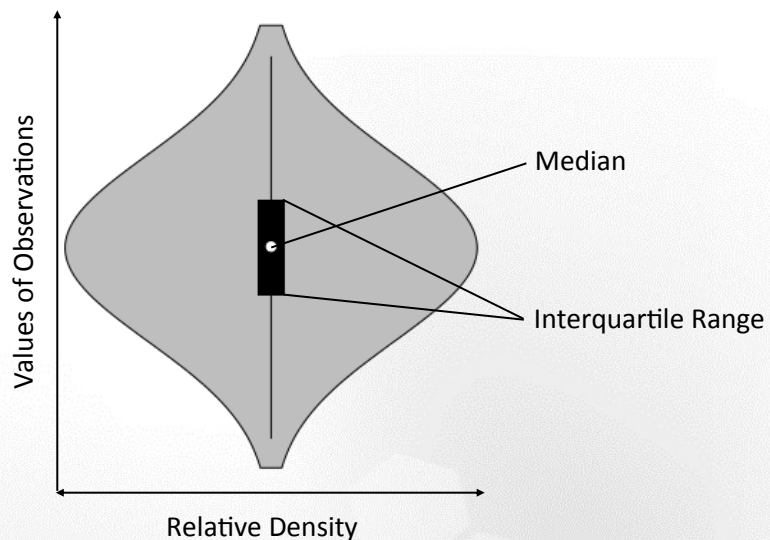
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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