



EUR

25/09/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

September 18

07:30 - 20:00

- Euro Zone Current Account
- Canadian CPI
- US CB Leading Indicator

Turquoise Area

September 22

08:00 - 11:30

- UK Public Sector Net Borrowing

Blue Area

September 23

01:30 - 19:00

- Caixin China Services PMI
- French, German, Euro Zone Flash PMI
- ECB President Draghi's Speech
- SNB Quarterly Bulletin
- US Flash Manufacturing PMI

Purple Area

September 24

06:00 - 23:00

- German Gfk, Ifo Survey
- ECB targeted LTRO
- US Durable Goods Orders, New Home Sales
- Fed's Yellen Speech

EUR Currency Index Change

-0.58%	0.12%	1.1%	-0.15%
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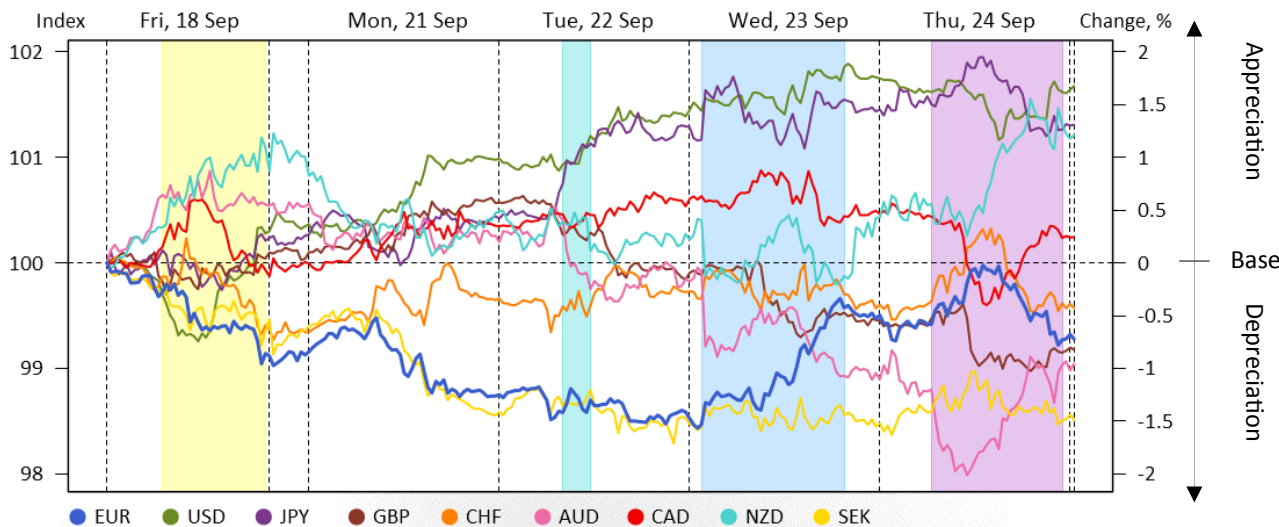
Max EUR Volatility Index

1.32	1.18	1.54	1.57
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Relative Currency Strength

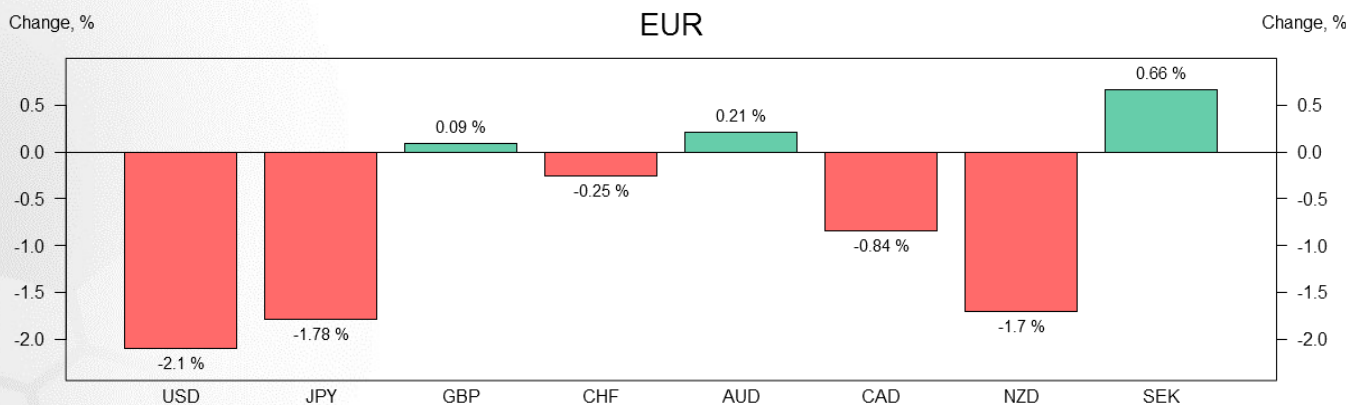
Currency Indexes



After posting the greatest gain over the previous period, the SEK Index went into a downside and ultimately became the worst performer with a 1.5% weekly loss. Meanwhile, the dollar's gauge, which reacted dramatically to the Fed's interest rate decision, was recovering during the period and ended up outpacing all its peers. The AUD Index, in turn, experienced the most conspicuous and sharp movements. Starting from Tuesday, it was weakening following a stepwise pattern with drops in the beginning of European sessions on Tuesday and Friday and clear negative reaction to the Caixin manufacturing PMI, which came out at the lowest since March 2009 level. However, a recovery seen in

commodities drove all associated currencies up on Thursday, and the AUD Index finished the period at the 99.0 points level instead of 98.0 mark it fell to earlier that day.

The period was rather unsuccessful for the Euro, as its index never reached the appreciation area. However, there was no clear negative reaction to any economic releases, and the currency's weakening during the first half of the observed period was associated with movement of its counterparts. Wednesday turned out to be the best day for the single currency, as Mario Draghi's comments on global economic situation and ECB monetary policy managed the Euro to strengthen, pushing its index to the 99.5 mark.

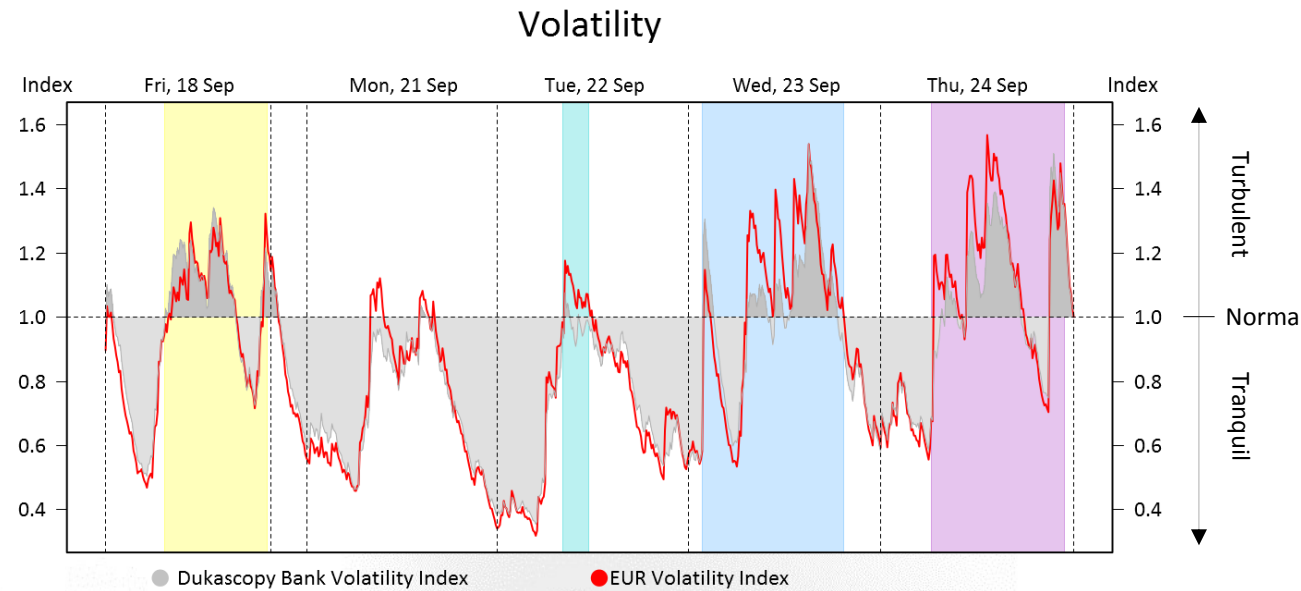


Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.72%	1.67%	1.31%	-0.82%	-0.43%	-0.96%	0.24%	1.21%	-1.49%
20	-0.19%	0.98%	1.58%	-0.23%	-0.91%	-1.55%	0.2%	-1.54%	1.35%
130	7.04%	2.7%	2.82%	6.11%	1.57%	-7.17%	-2.84%	-15.6%	5.96%
250	-0.64%	14.47%	3.62%	6.57%	10.6%	-11.87%	-6.54%	-12.8%	-3.37%



Volatility



After two periods of decreasing turbulence, volatility finally picked up, and the observed measures came to exceed their past two-week averages in 20-30% of time. Nevertheless, overall levels of indexes remained subdued, with the mean values standing at around 0.86 and the period's high barely reaching above 2.00 points. The Euro was marginally more turbulent than the market and posted the third-highest portion of elevated volatility, surpassed by its European peers — the franc's and the pound's gauges. The Kiwi's measure was among the calmest throughout the week, but reached the period's absolute high, when the currency zigzagged on late Thursday after enjoying a rally fueled by Fonterra

raising its forecast payout to farmers.

The EUR Volatility Index, much like the market's aggregate measure, was more active in the last two days of the period. On Wednesday, the Euro's turbulence was governed by mixed PMI numbers released in the morning and Mario Draghi's speech delivered in the afternoon. Strong data from France and disappointing numbers from Germany caused the Euro to zigzag, while ECB President's comments on the asset-purchasing programme pushed the currency sharply up, both putting the volatility index well above the market's gauge. Thursday's spikes, in turn, were mostly results of the single currency's reaction to its peers' movements.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
30	37	45	36	41	46	33	29	27	24

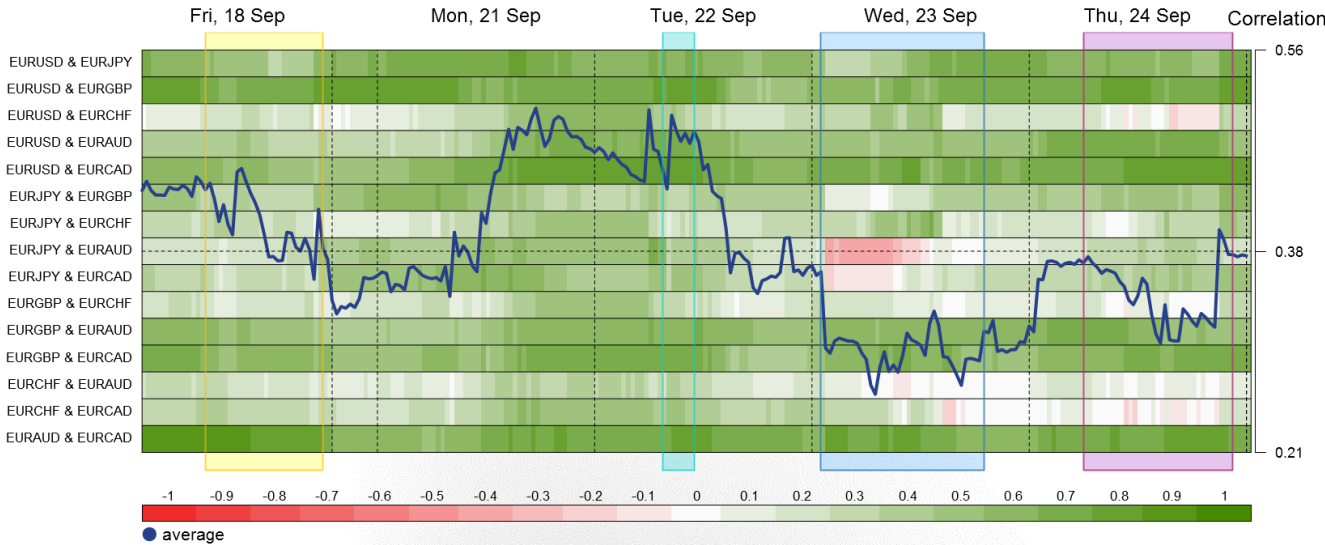
Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.54	1.57	2.08	2.09	2.12	2.12	1.89	1.72	1.88	1.77
Min	0.36	0.32	0.27	0.27	0.24	0.27	0.35	0.25	0.34	0.22
Average	0.86	0.87	0.95	0.91	0.91	0.99	0.88	0.81	0.84	0.76



Currency Significance

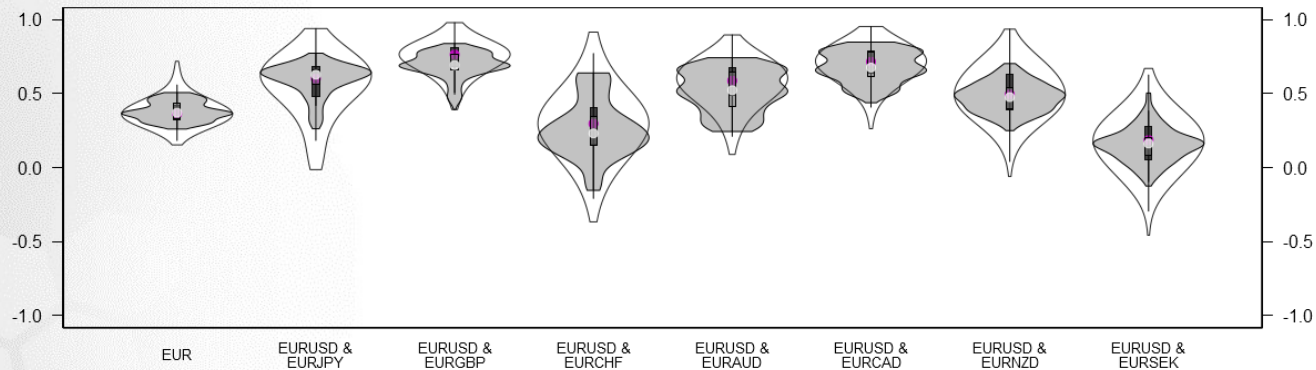
Correlations



The Euro's significance measure continued the tendency of the previous week and generally moved downwards. However, due to the brief strengthening of the measure in the middle of the period, the average of the aggregate was virtually equal to the previous value, losing only 0.01 point. The same could be said for the averages of the EUR/USD components as they lost 0.03-0.09 points. The only strengthening of the bond was observed in correlations between EUR/USD and EUR/CHF, which gained 0.11 points compared to the previous values.

After the sharp surge at the time of the Fed interest rate announcement, the Euro's correlation composite started to decline and went from 0.40 points to just over 0.30 over the weekend. Monday, however, was marked by a notable increase of the measure, as the composite jumped to the period's high of 0.51. On Tuesday, against the background of the unexpectedly high UK public sector net borrowing, the measure started to decline and got an extra push from the lowering of the China PMI reported on Wednesday, eventually falling to the minimum value of 0.26. From there the composite started on a bumpy recovery, but still spent most of Thursday on subdued levels. The final spike came as the Fed's Yellen speech caused the Euro to weaken, pushing its correlation composite to 0.40.

Correlations (5 vs 20 days)

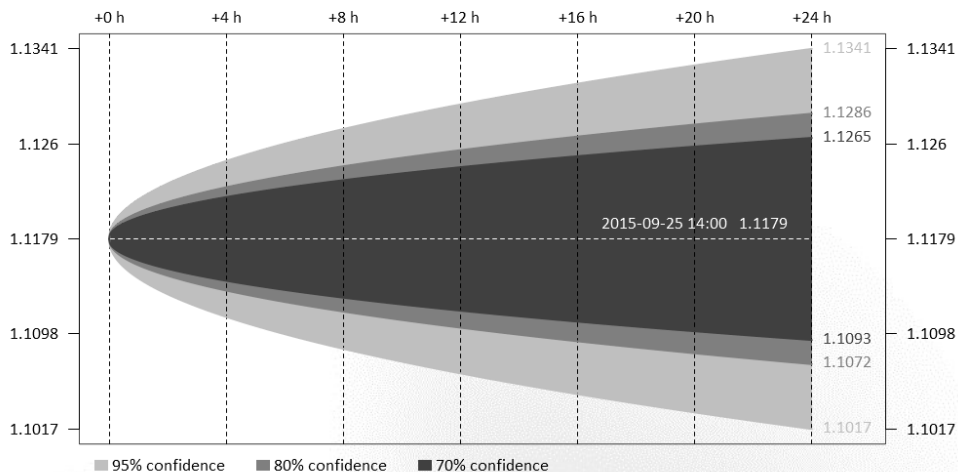


Mean Correlation Coefficient (with EURUSD)

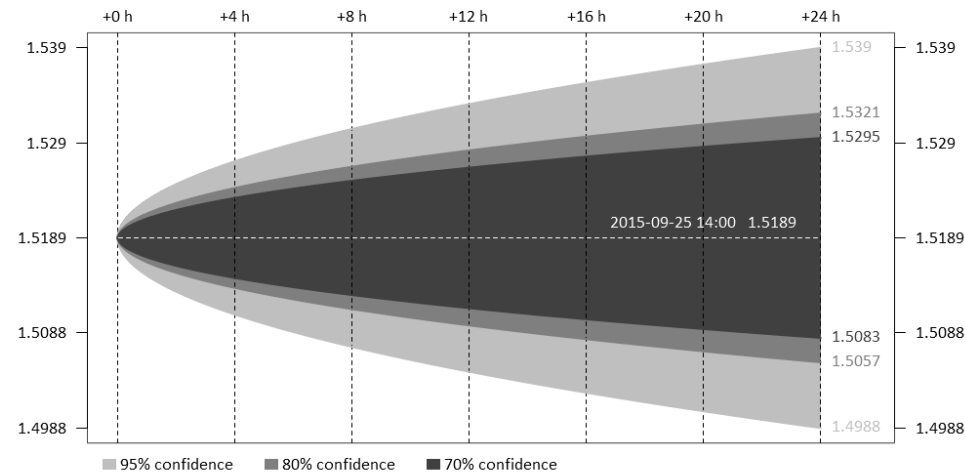
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.38	0.59	0.69	0.26	0.52	0.68	0.48	0.15
20	0.38	0.56	0.74	0.29	0.57	0.7	0.5	0.17
130	0.41	0.76	0.71	0.37	0.47	0.68	0.42	0.19
250	0.34	0.61	0.66	0.25	0.37	0.62	0.31	0.16

Confidence Intervals for Next 24 Hours

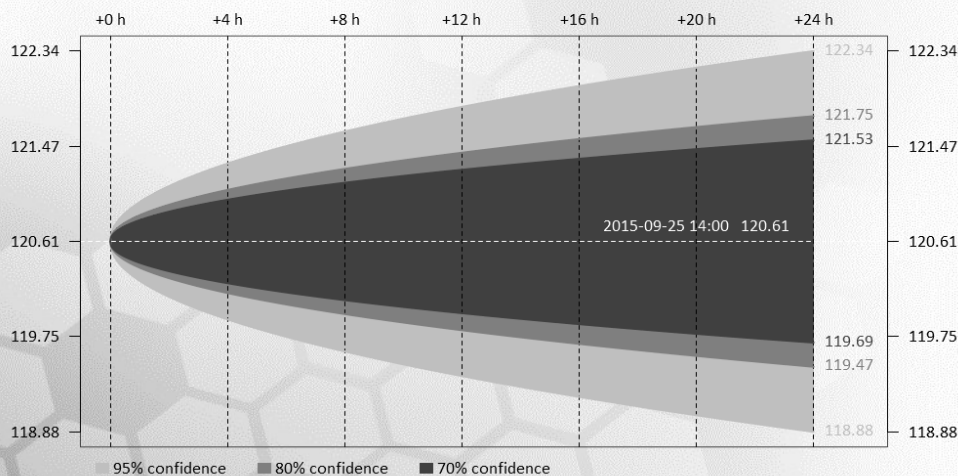
EURUSD Potential Rates



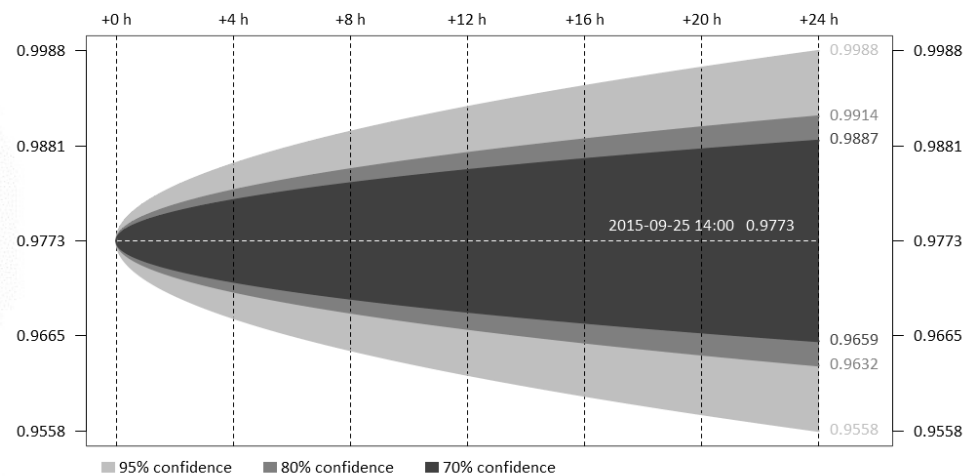
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

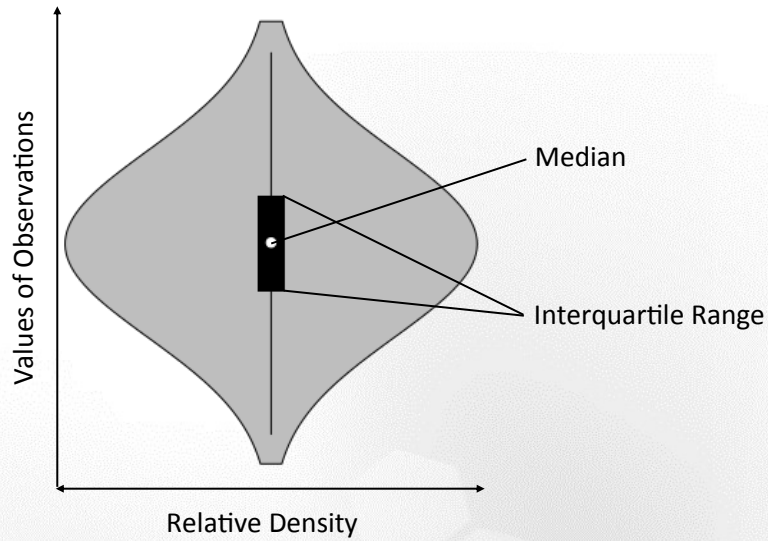
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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