



EUR

02/10/2015



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RESEARCH PRODUCTS



Market Research



Friday, October 02, 2015

15:30 GMT

Dominant Events of the Period

Yellow Area

September 25

06:30 - 16:00

- German Buba President Weidmann's Speech
- US GDP, Flash Markit Services PMI, PMI Composite

Turquoise Area

September 28

07:00 - 15:30

- Swedish Retail Sales, Trade Balance
- US Personal Income, Personal Spending, Pending House Sales

Blue Area

September 29

06:30 - 15:00

- UK Mortgage Approvals, Consumer Credit
- German Flash CPI, HICP
- US Consumer Confidence

Purple Area

September 30

09:00 - 16:00

- Euro Zone Unemployment Rate, Flash CPI
- Canadian GDP
- US ADP Employment Change, Chicago PMI

Orange Area

October 1

08:00 - 16:30

- Euro Zone Markit Manufacturing PMI
- UK Markit Manufacturing PMI
- US jobless Claims, Manufacturing PMI, Construction Spending

EUR Currency Index Change

0.26%

0.58%

-0.66%

-0.46%

0.33%

Max EUR Volatility Index

1.64

1.42

2.04

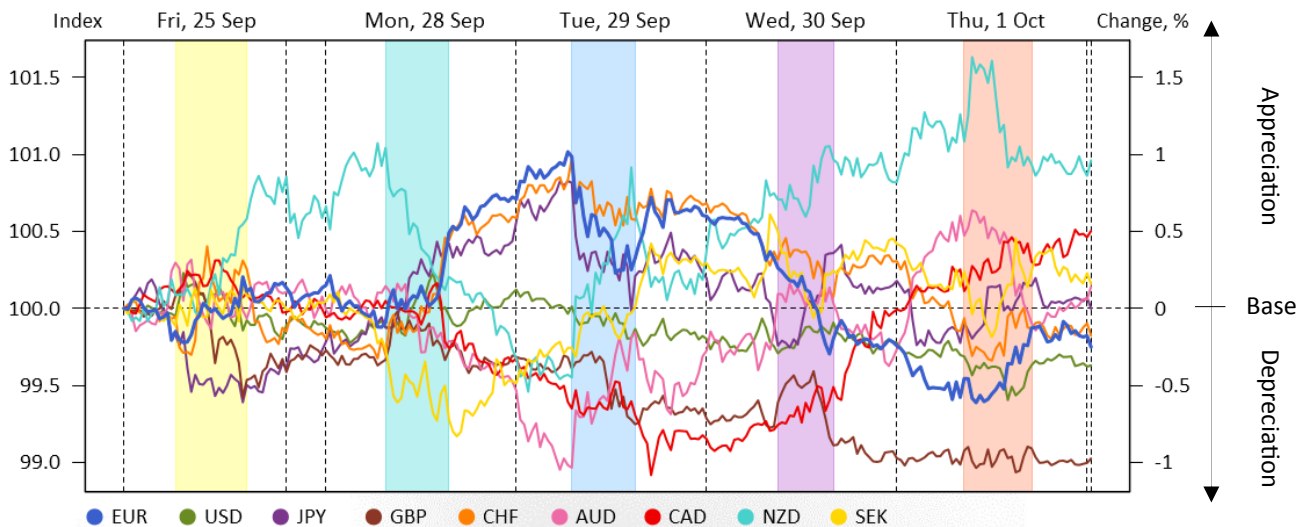
1.29

1.26



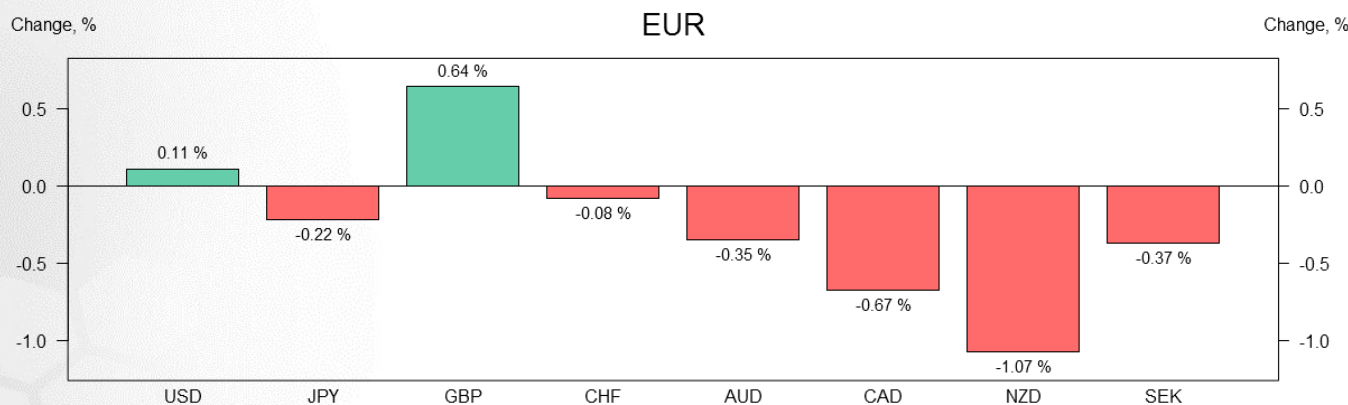
Relative Currency Strength

Currency Indexes



The past period was all about a standoff between the safe-haven and the commodity currencies, with the inflows and outflows of investors creating a rollercoaster for the indexes. The most sensitive one was the Kiwi's gauge that suffered the broadest zigzags, but ultimately posted the highest weekly growth. Its Australian counterpart followed largely the same pattern, but lacked the initial momentum the Kiwi's gauge carried over from the previous period, and thus held on lower levels, only managing to edge into the appreciation area by the end of the week. The Loonie's index, in turn, had a smoother trajectory, sliding to the period's low by late Tuesday and recovering to post the second-highest gain.

In the period's most active days, Monday and Tuesday, the EUR Index moved in line with its safe-haven counterparts, the yen's and the franc's indexes. It jumped in Monday afternoon and rallied till early Tuesday, when the Pacific currencies took over and turned the movement around. The Euro took an additional hit from disappointing German preliminary inflation data, and its index fell a little harder than the yen's and the franc's. Wednesday marked the end of the association in the EUR and the JPY indexes' movements and the start of a downslide of the single currency's measure. The gauge attempted a recovery on Thursday, but failed to cross above the baseline and finished the second consecutive period with a negative weekly change.

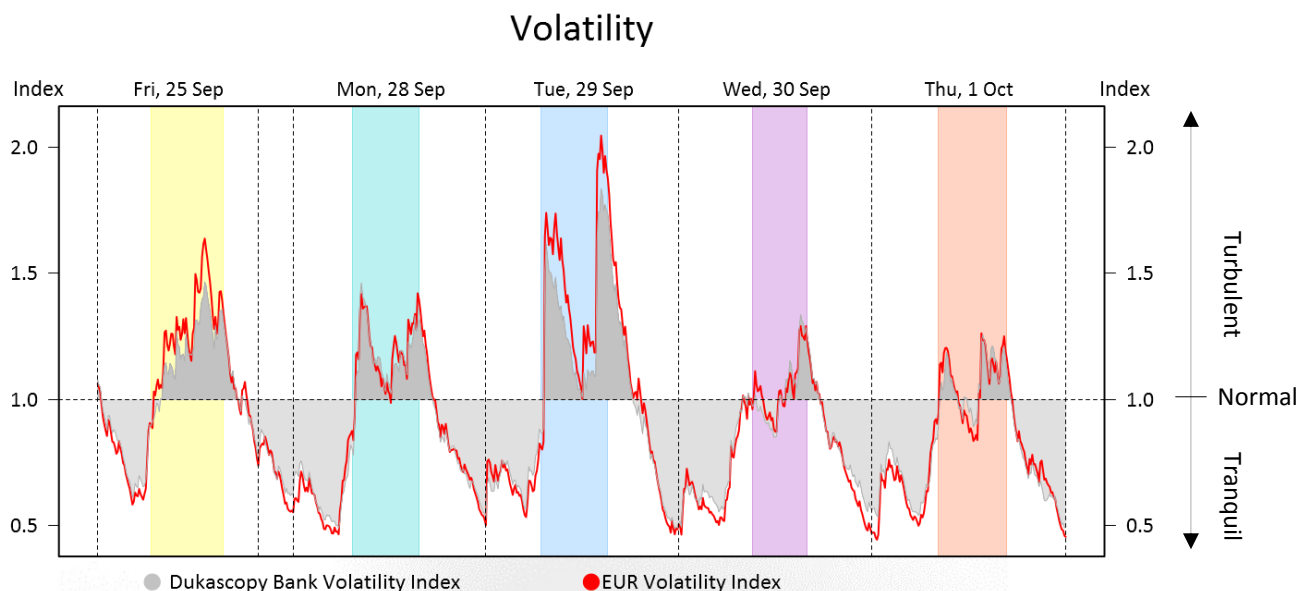


Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.25%	-0.37%	0%	-0.97%	-0.18%	0.14%	0.5%	0.96%	0.16%
20	0.3%	-0.05%	-0.85%	-0.7%	-0.29%	1.02%	-0.31%	0.53%	0.67%
130	6.23%	2.99%	2.89%	5.15%	0.94%	-5.62%	-3.51%	-14.29%	6.28%
250	-0.65%	12.97%	2.27%	5.44%	10.51%	-11.36%	-6.35%	-9%	-3.84%



Volatility



Continuing the tendency of the previous period's last trading days, the Euro was rather turbulent in the beginning of the observed week. Nevertheless, overall level of elevated volatility remained roughly the same. The most notable changes occurred in the krona and were caused by the sharp drop of the Swedish trade balance and retail sales. Thus, it became the most turbulent currency in terms of both elevated volatility portion and the peaks significance.

The past week could be divided into two parts. The Euro started the period rather dynamically, but last days spent in relative tranquility. The German Buba president's speech on Friday managed the Euro

turbulence to exceed the average historical level. However, the more notable surge of the activity took place few hours later when the EUR Volatility Index jumped to the 1.62 right after the US GDP announcement. On Monday the measure was mostly driven by the Swedish and the US economic releases. Tuesday, in turn, became the most turbulent day of the observed period. The most conspicuous volatility spikes took place during the day - the drop of the European stocks was followed by the 1.74 peak as well as the disappointing German CPI caused the index's surge to the period's highest 2.04 level. During the rest of the period the Euro was rather calm and the gauge did not exceed the 1.29 mark.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
36	38	38	27	43	36	40	33	22	47

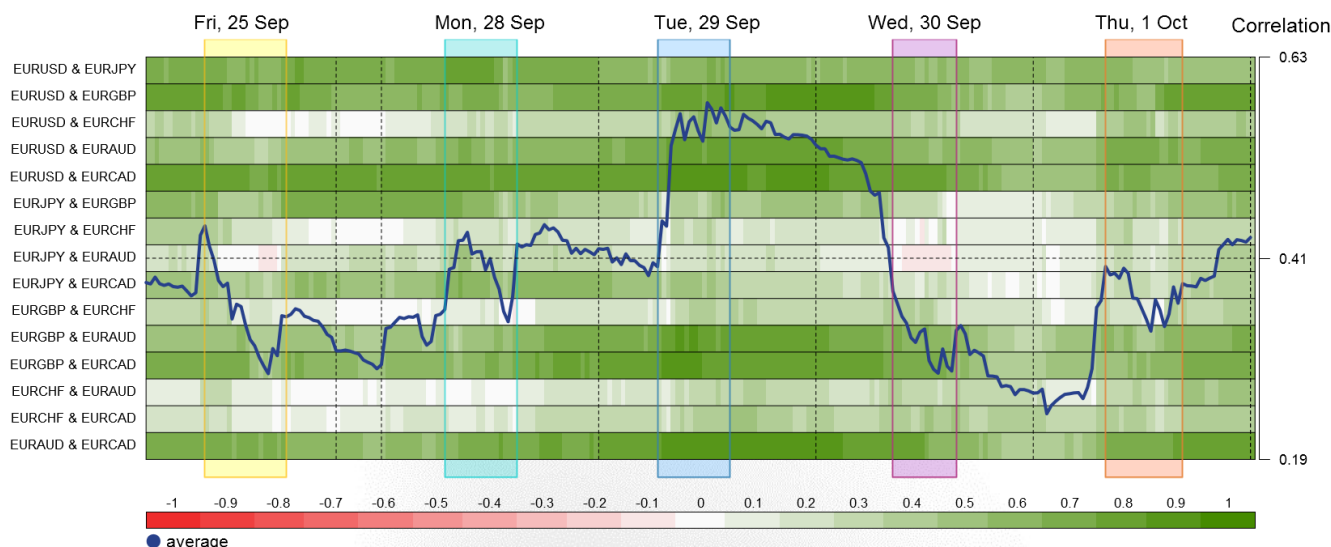
Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.83	2.04	2.22	1.83	2.26	2.53	2.41	2.3	2.41	3.1
Min	0.49	0.44	0.28	0.37	0.33	0.19	0.35	0.31	0.4	0.14
Average	0.9	0.91	0.92	0.85	0.94	0.91	0.95	0.9	0.87	1.02



Currency Significance

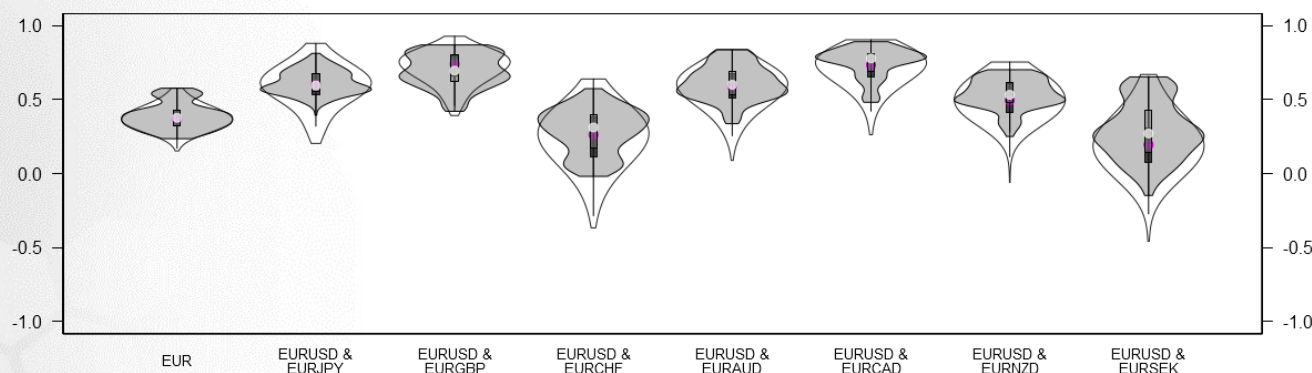
Correlations



On average, the Euro's correlation composite remained mostly unchanged from the previous period, though the distributions of the aggregate and the components became less grouped around the mean. Interestingly, EUR/USD correlations with the commodity currencies' pairs shifted up, even though the currency indexes showed that the Euro's and its peers' movements were largely opposite. This might indicate that, despite showing different behavior across the board, the currencies have somewhat similar stance against the dollar.

The Euro's aggregate correlation measure spent most of the period on moderately strong levels between 0.4 points and the significance threshold of 0.3. It peeked above the 0.4 mark, and even above the 0.5 points level, on Tuesday, when the single currency's rally was cut short and it tumbled against its peers. There the correlation composite reached its period's high of 0.57 after the German preliminary CPI release, and held above 0.5 till early Wednesday, when the Swedish krona spiked and pushed its significance measure above those of its peers. Afterwards, the Euro's measure spent the day declining, and picked up only on Thursday morning, when the single currency zigzagged on mixed manufacturing data, bringing its correlation composite back to the 0.4 mark.

Correlations (5 vs 20 days)



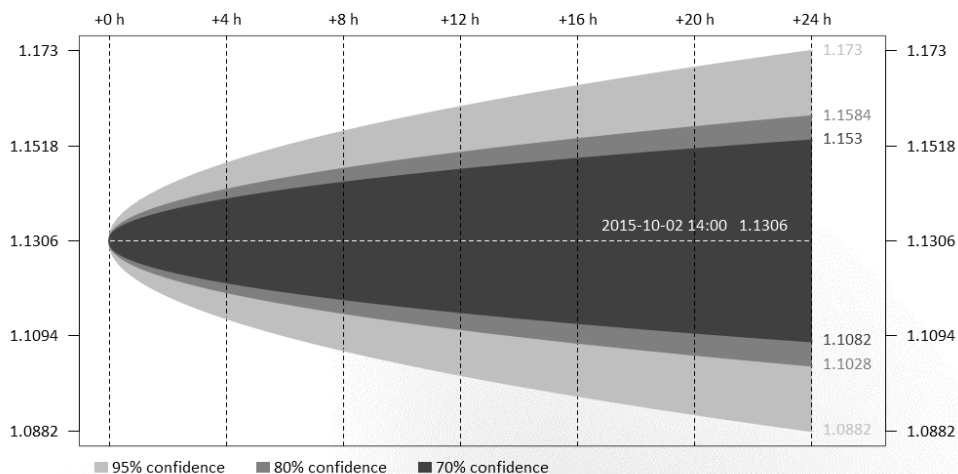
Mean Correlation Coefficient (with EURUSD)

Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.39	0.62	0.69	0.29	0.61	0.75	0.54	0.29
20	0.38	0.59	0.71	0.25	0.58	0.71	0.5	0.2
130	0.41	0.75	0.71	0.37	0.48	0.68	0.43	0.19
250	0.35	0.62	0.66	0.25	0.38	0.63	0.32	0.16

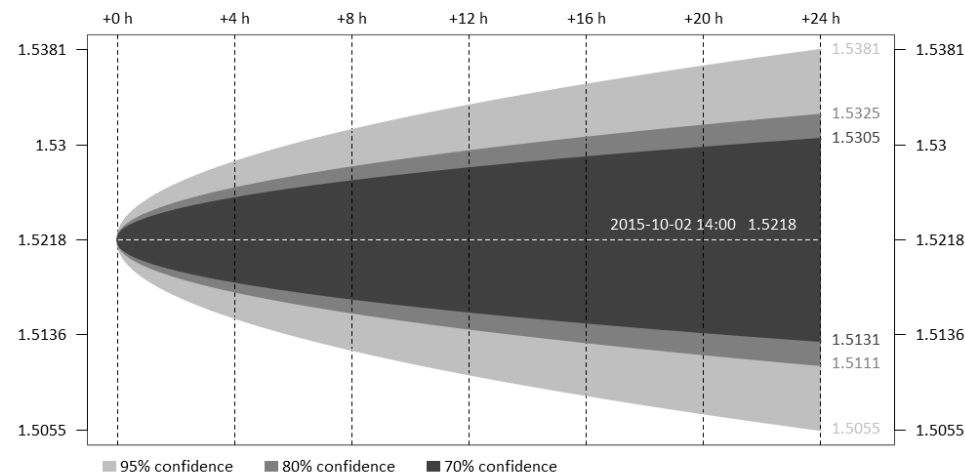
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Confidence Intervals for Next 24 Hours

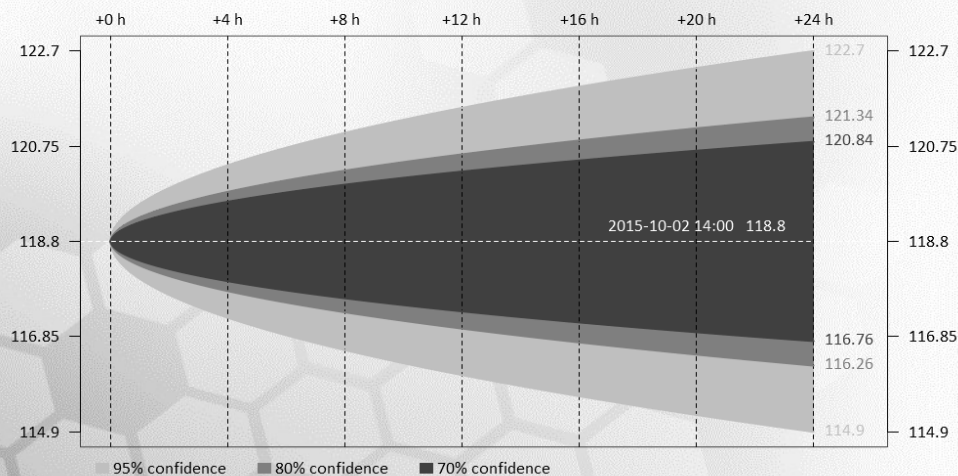
EURUSD Potential Rates



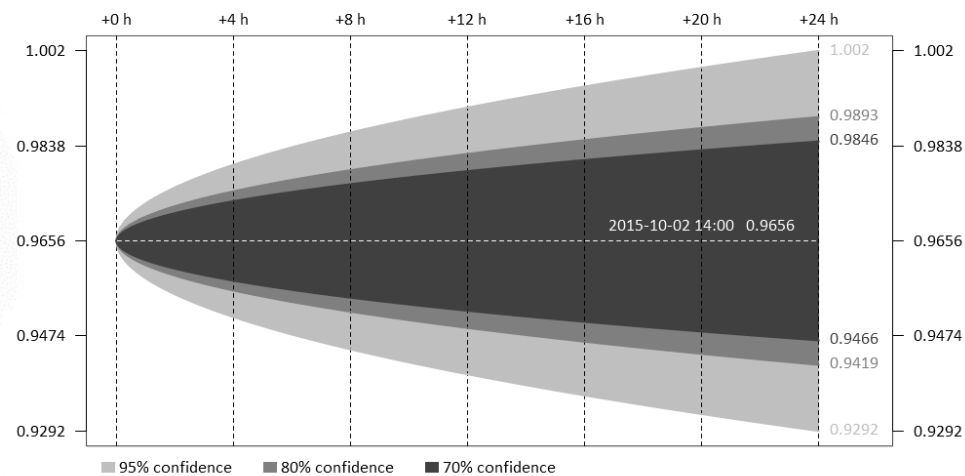
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

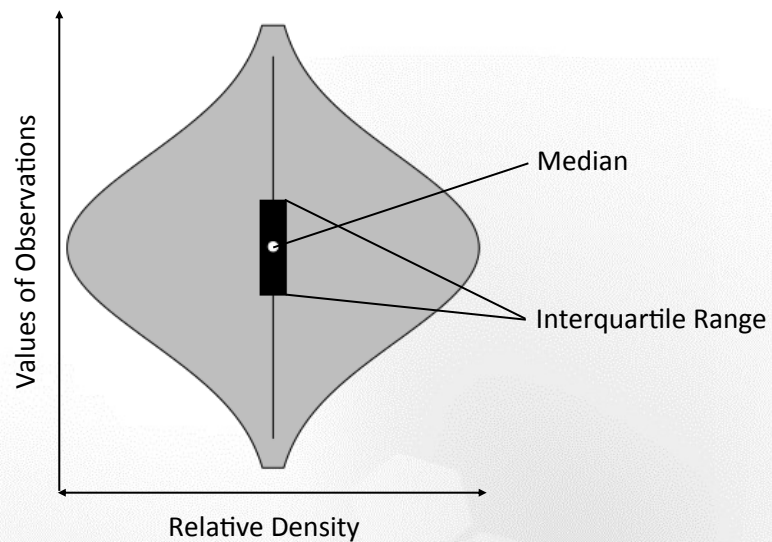
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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