



EUR

06/11/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

October 30

07:30 - 17:30

- Euro zone Consumer Price index, Unemployment Rate
- US Personal income

Turquoise Area

November 2

07:30 - 11:00

- German Markit Manufacturing PMI
- Euro zone Markit Manufacturing PMI
- UK Markit Manufacturing PMI

Blue Area

November 4

13:00 - 18:30

- US Trade Balance, Markit Services PMI
- US Employment Change, non-Manufacturing PMI

Purple Area

November 5

07:30 - 17:00

- ECB President Speech
- BOE Interest Rate Decision, Minutes
- US Initial Jobless Claims

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

0.04%

-0.15%

-0.27%

0.26%

Max EUR Volatility Index

1.68

1.19

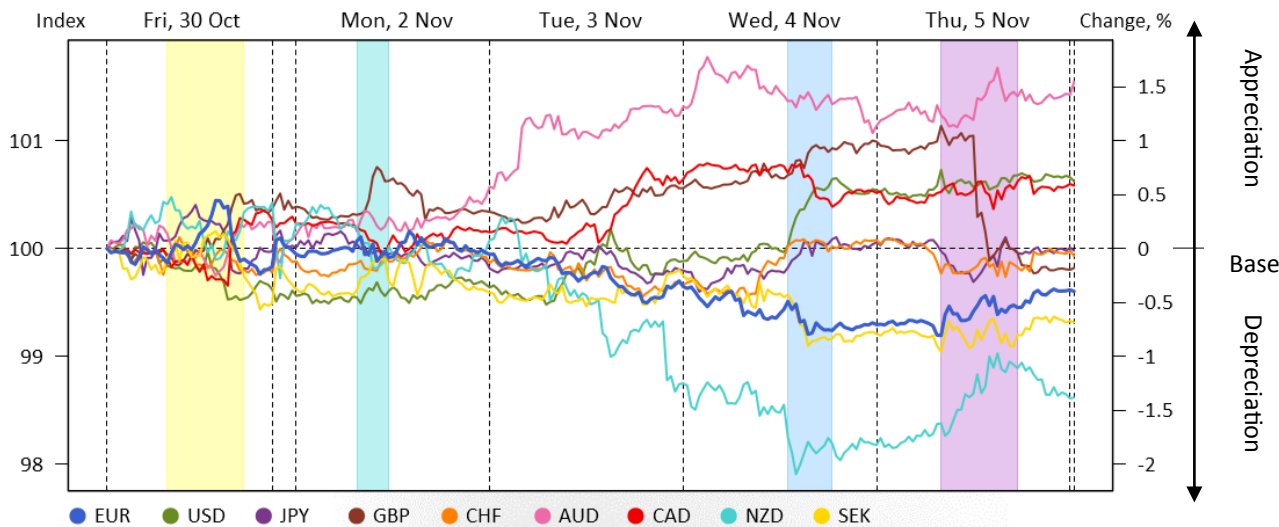
1.26

1.38



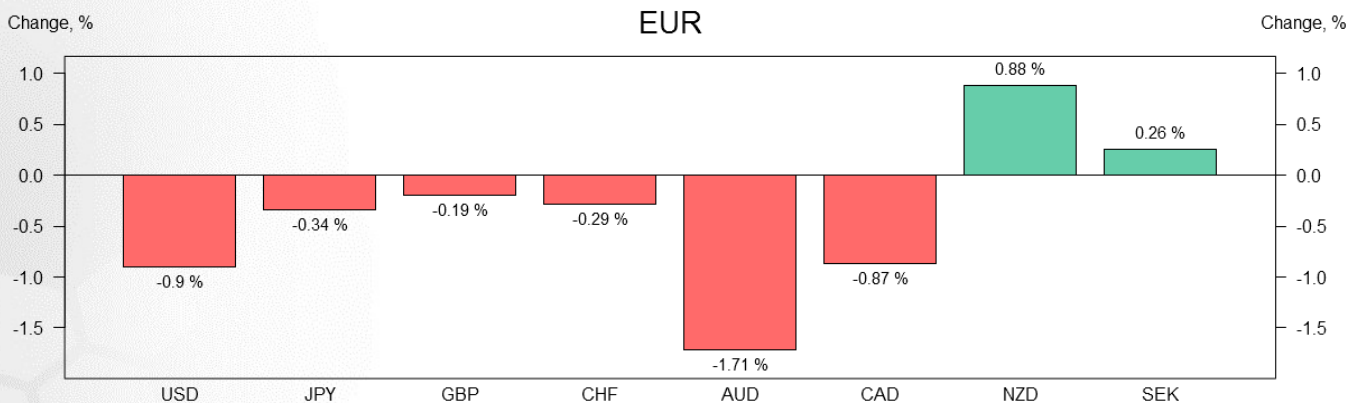
Relative Currency Strength

Currency Indexes



After a some positive movements in the beginning of the week, the Euro seemed to settle for a downtrend in the past three trading days. The single currency weakened against six of its eight observed peers, most notably against the Australian Dollar that added its own strengthening to the Euro's decline. However, the EUR Index was not the one to posting the greatest loss among the observed gauges, the New Zealand Dollar, and the Swedish Krone outperformed the single European currency in its looses. Meanwhile, the most dynamic days of the period were Wednesday and Thursday, when the biggest amount of economic announcements was released.

The week observed proved to be neutral for the EUR Index, as it managed to keep similar tendency during the four days. On Tuesday, the Euro started to lose in value while the greatest hit came the next day, when the Euro declined to the lowest levels in three months after a bunch of upbeat US economic reports underlined diverging monetary policy expectations between the Federal Reserve and the European Central Bank. Index lost 0.8 points and fell below most of its peers except New Zealand Dollar. The next day, the Euro was deteriorated even more, as Federal Reserve officials indicated that the US interest rate hike next month is possible. Eventually, the index started to rise and managed to close the week with 0.4% loss.



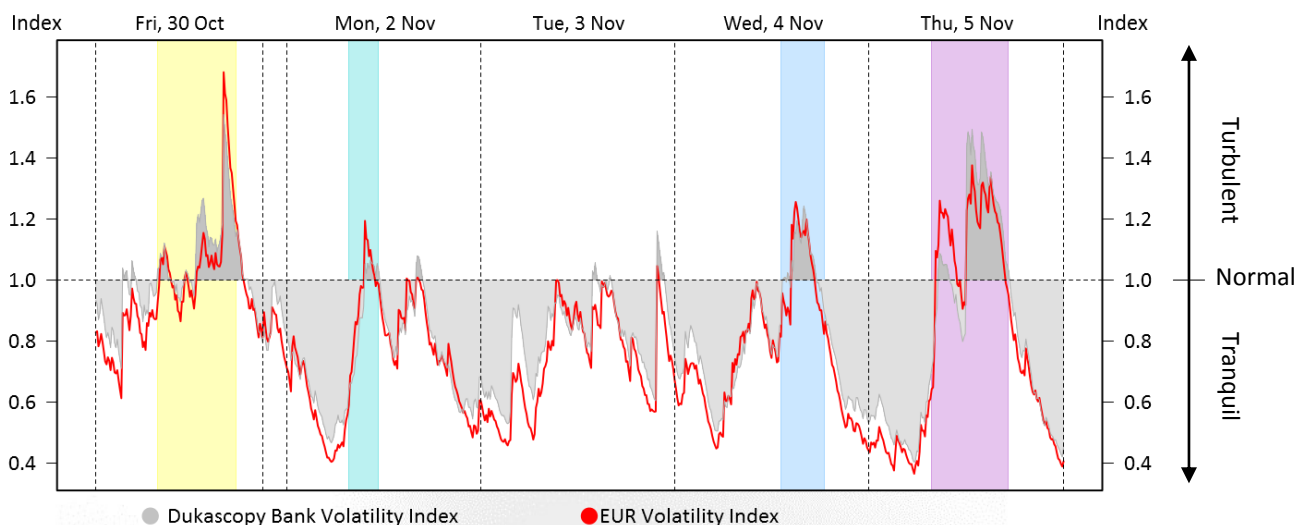
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.4%	0.62%	-0.02%	-0.18%	-0.07%	1.55%	0.58%	-1.38%	-0.69%
20	-1.87%	2.03%	0.59%	1.02%	-1.07%	0.39%	0.63%	1.14%	-3.01%
130	3.09%	5.35%	4.2%	2.82%	-1.34%	-5.66%	-3.82%	-6.2%	1.37%
250	-3.97%	11.47%	4.75%	6.03%	7.87%	-9.05%	-4.73%	-6.03%	-6.3%



Volatility

Volatility



Volatility remained subdued on the market in general, and even more so in its observed EUR components. The maximum values of volatility, however, were renewed, as Friday, Wednesday and Thursday brought in sharp peaks to both the market's and the single currency's indexes. Among the Euro crosses, EUR/GBP, EUR/CHF, and EUR/SEK reported the greatest portions of elevated volatility, while EUR/CHF and EUR/SEK spiked to highest values. There were two main reasons for such a significant change in how the volatility was distributed across the days, and both of them concerned the Euro zone.

The EUR Volatility Index spent the period in perfect synch with the overall gauge, mostly keeping about 0.4 points below the historical level. Some notable exceptions, however, took place in first half of the period. On Friday, the market and the Euro volatility indexes fuelled by the announcement of Consumer price index which inched back to zero this month from -0.1% in September. Lower energy costs continued to drag the cost of living down. However, the next increase, was observed on Thursday, when the US initial jobless claims increased 1,000 to 260,000 for the week ended 24 October. The four-week moving average fell 4,000 to 259,250, the lowest since December 1973.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	21	17	14	15	29	34	7	20	29	30

Volatility Index (for the observed period)

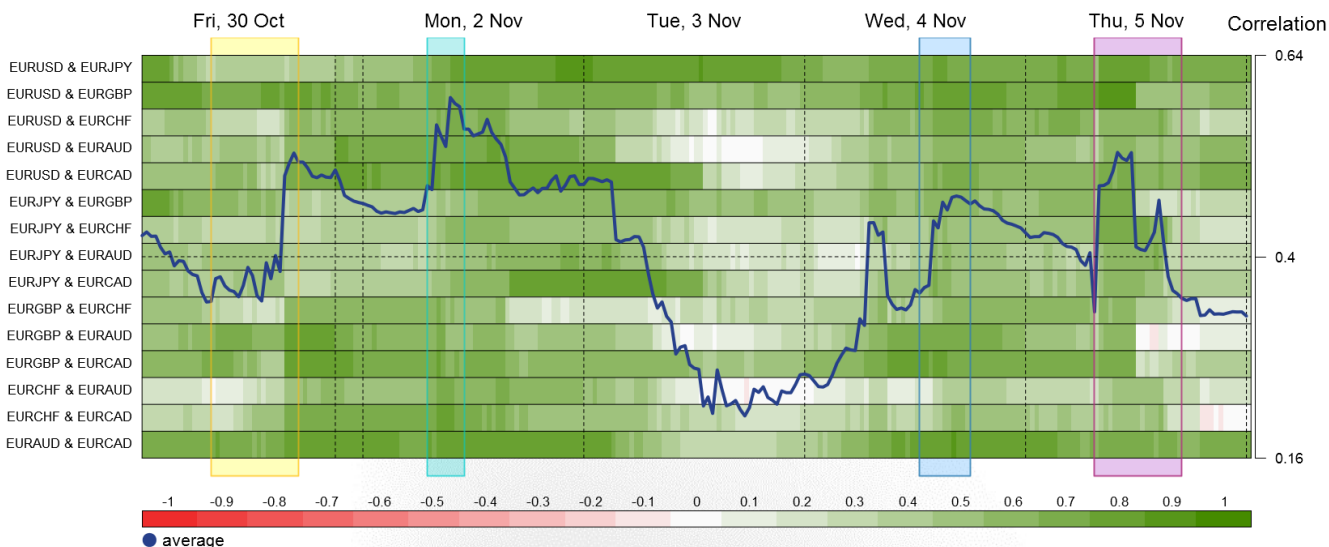
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.54	1.68	1.63	2.65	4.23	1.69	1.92	2.47	2.84	2.63
Min	0.4	0.36	0.23	0.29	0.28	0.24	0.33	0.25	0.35	0.13
Average	0.83	0.79	0.71	0.78	0.87	0.84	0.72	0.75	0.87	0.76



Currency Significance

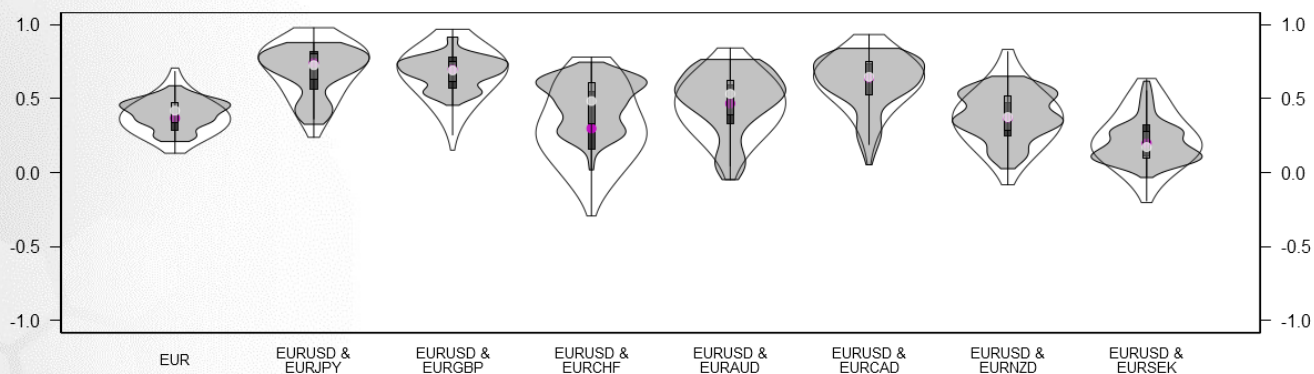
Correlations

After the slight increase of the Euro significance measure in the end of the previous period, the composite continued to hold on quite a low level, fluctuating within the range of 0.21-0.59. The mean values of most components also remained virtually unchanged. The only exceptions were EUR/USD correlations with EUR/NZD and EUR/SEK.



The Euro significance measure had a few ups-and-downs during the past week, but its general tendency was to decline. Having held on the level of 0.46 for the first two days, the composite began to decrease on Tuesday morning. The ECB president Mario Draghi, said that policymakers will review the degree of monetary stimulus they have deployed when they meet in December and remain willing and able to act if needed. Moreover, Draghi said domestic demand remained resilient in the Euro zone, but that concerns over growth prospects in emerging markets were creating "downside risks to the outlook for growth and inflation". Nevertheless, the next day, the single European currency started to strengthened and reached even 0.52 highs on Thursday.

Correlations (5 vs 20 days)

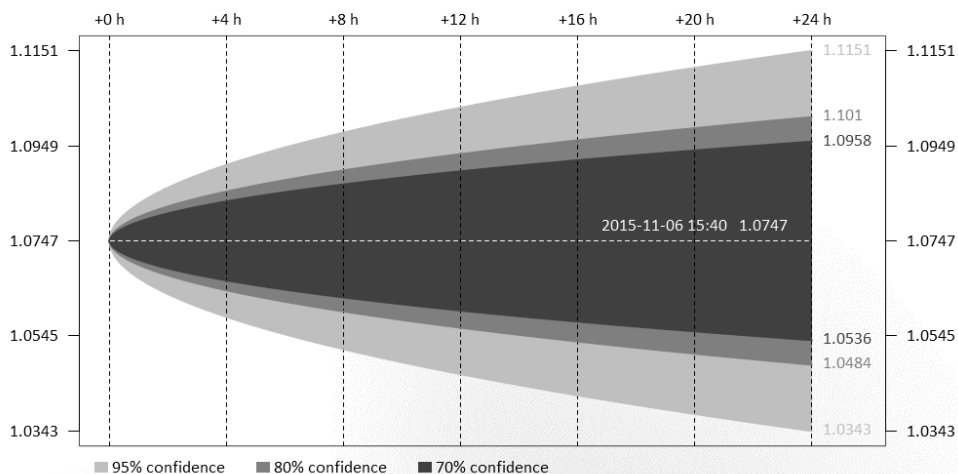


Mean Correlation Coefficient (with EURUSD)

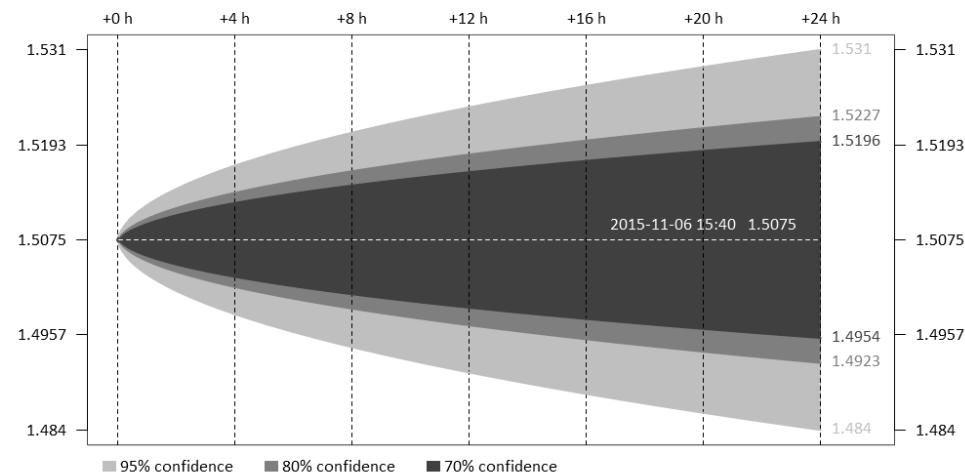
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.4	0.68	0.68	0.47	0.49	0.6	0.39	0.2
20	0.37	0.69	0.67	0.32	0.45	0.62	0.36	0.23
130	0.4	0.72	0.72	0.35	0.49	0.68	0.42	0.2
250	0.36	0.65	0.68	0.28	0.42	0.64	0.36	0.18

Confidence Intervals for Next 24 Hours

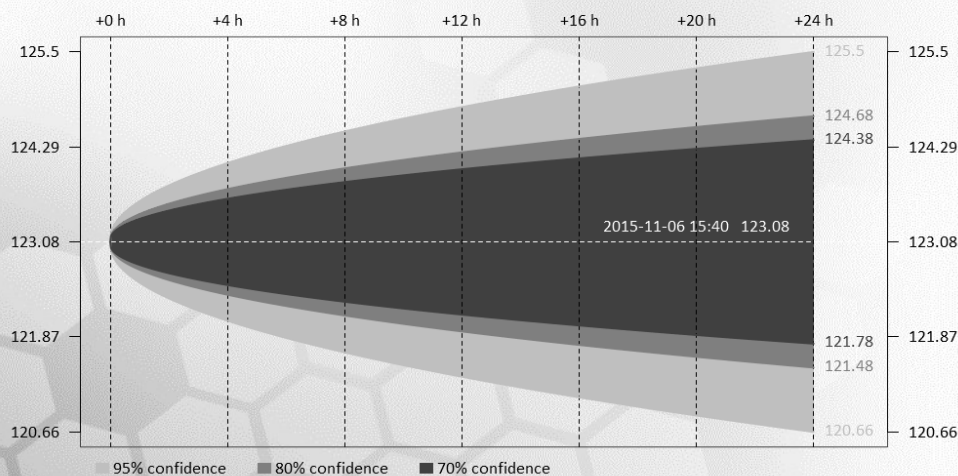
EURUSD Potential Rates



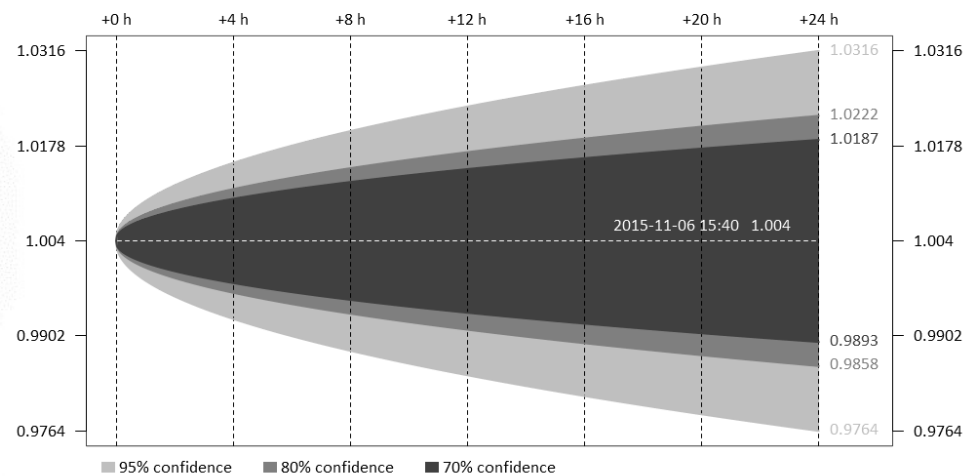
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

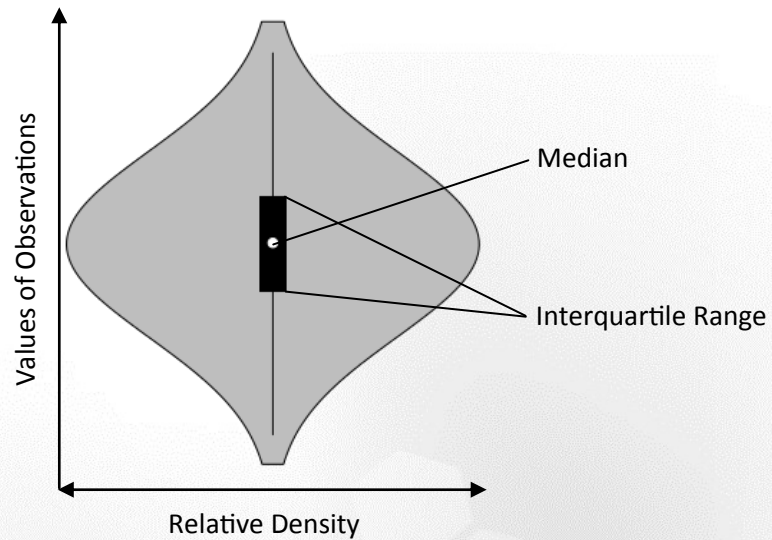
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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