



EUR

20/11/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

November 13

07:30 - 19:00

- Euro zone Gross Domestic Product
- US Retail Sales
- US Producer Prices

Turquoise Area

November 15-16

20:30 - 01:50

- New Zealand Retail Sales
- Japan Gross Domestic Product

Blue Area

November 16

07:30 - 15:30

- Euro zone Consumer Price Index
- ECB President Draghi Speech

Purple Area

November 18

07:00 - 17:00

- US Building Permits, Housing Starts
- Japan Imports, Merchandise Trade Balance, Exports

Orange Area

November 19

07:30 - 17:30

- UK Retail Sales
- ECB Monetary Policy Meeting
- US Initial Jobless Claims

EUR Currency Index Change

-0.16%	-0.13%	0.05%	0.08%	0.22%
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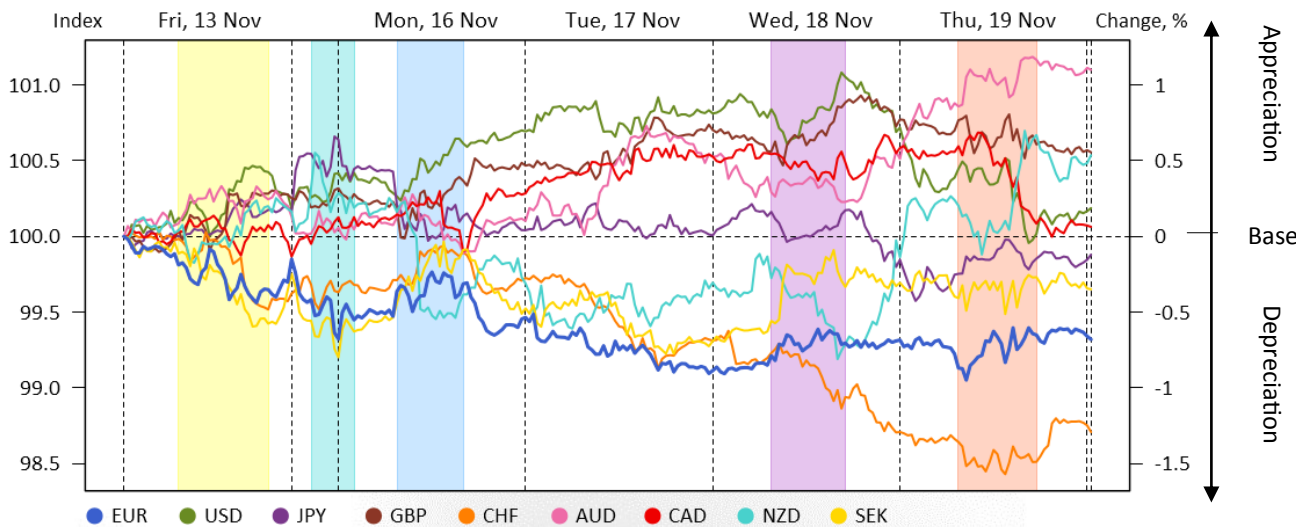
Max EUR Volatility Index

1.24	1.46	1.25	0.95	1.23
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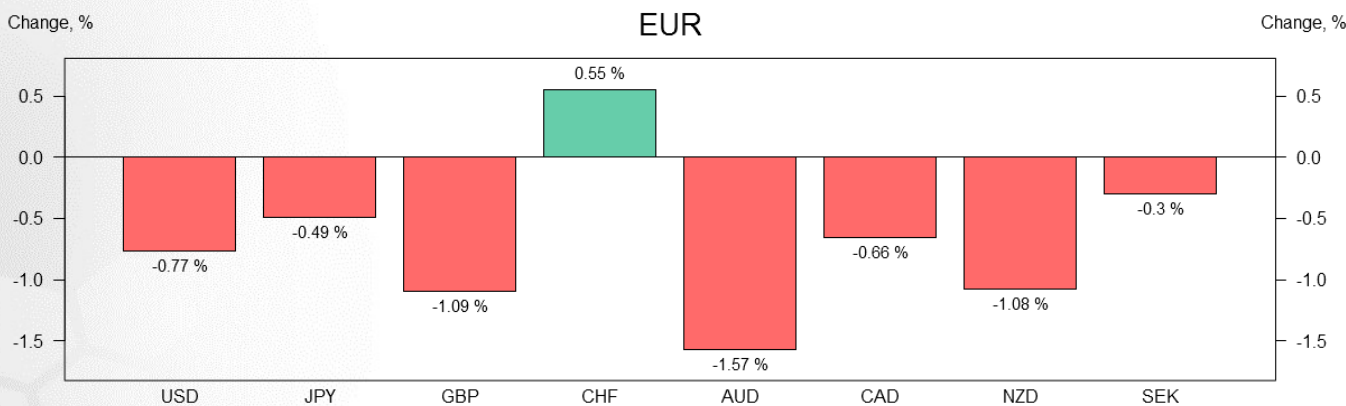
Relative Currency Strength

Currency Indexes



Continuing the negative trend the single currency and the Swiss franc again have become the worst performers of the week. Loosing against all other observed currencies except Swiss franc, the Euro has depreciated by 1.6%. The decrease of the franc was a little less — 0.68%. For the other closely observed currencies, CHF and SEK, as well as for the New Zealand dollar the past week also was failed. At the same time, the most notable growth was observed in the dollar currencies. During five trading days the Greenback and the Aussie have gained 0.19% and 1.1%, respectively.

From the very beginning of the week the EUR Currency Index, immediately, took the course of depreciation as the Eurozone Q3 GDP growth slows to 0.3%, while quarter-over-quarter growth rate fell slightly from 0.4% in the second quarter. In the middle of the period, the euro fell to fresh seven-month lows since investors turned their attention from the Paris attacks back to the diverging monetary policy expectations between the Federal Reserve and other world central banks. The EUR index managed to rise slightly on November 18, but gains still, were limited. The common currency also remained under pressure amid concerns that the terrorist attacks in Paris could undermine the already fragile economic recovery in the Euro zone.



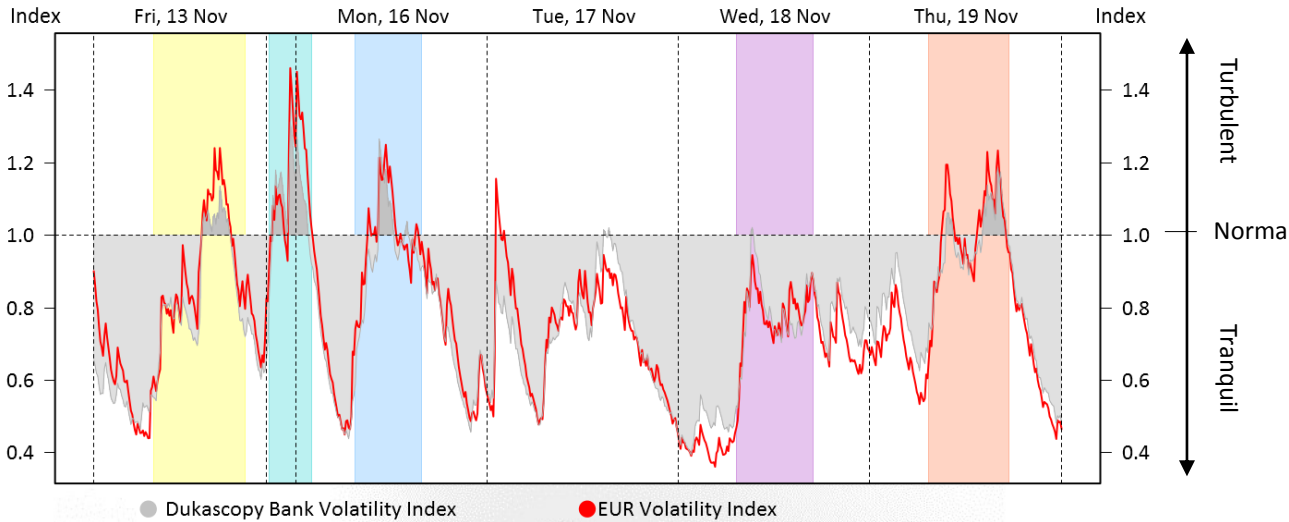
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.68%	0.19%	-0.12%	0.56%	-1.29%	1.1%	0.06%	0.54%	-0.35%
20	-1.7%	2.33%	0.16%	1.52%	-2.07%	1.3%	0.66%	-2.1%	-0.33%
130	2.79%	4.89%	3.86%	3.65%	-2.51%	-4.5%	-3.53%	-7.02%	1.94%
250	-5.68%	12%	7.46%	9.09%	5.52%	-8.32%	-5.86%	-8.15%	-6.05%



Volatility

Volatility



The week was rather tranquil with only few events that notably influenced the market volatility. The most volatile in terms of the elevated volatility portion, was the Swedish krona. Its volatility measure has spent 24% of time above the 1.0 level, which indicates the average historical level. However, the biggest index's values was obtained by EUR/JPY, namely 2.5 points mark, after the announcement of Japanese Gross Domestic Product. Japan's economy shrank again in the third quarter, underscoring the challenges Prime Minister Shinzo Abe faces in trying to engineer a sustainable recovery.

The second surge was noticed the next day, when the Euro zone CPI was released. Eventually, the Thursday's release of the UK retail sales was one more event, which significantly affected the domestic currency's volatility – the GBP. The UK retail sales fell in October, while demand for the dollar continued to be underpinned after Wednesday's Federal Reserve minutes flagged a December rate hike.

These three releases were the most turbulent for the pairs with the Euro too. Thus, the EUR/USD volatility index spiked to the 1.5 points mark on Thursday, but the EUR/GBP index – to the 1.75 in the same day.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	12	15	12	18	22	20	13	22	18	24

Volatility Index (for the observed period)

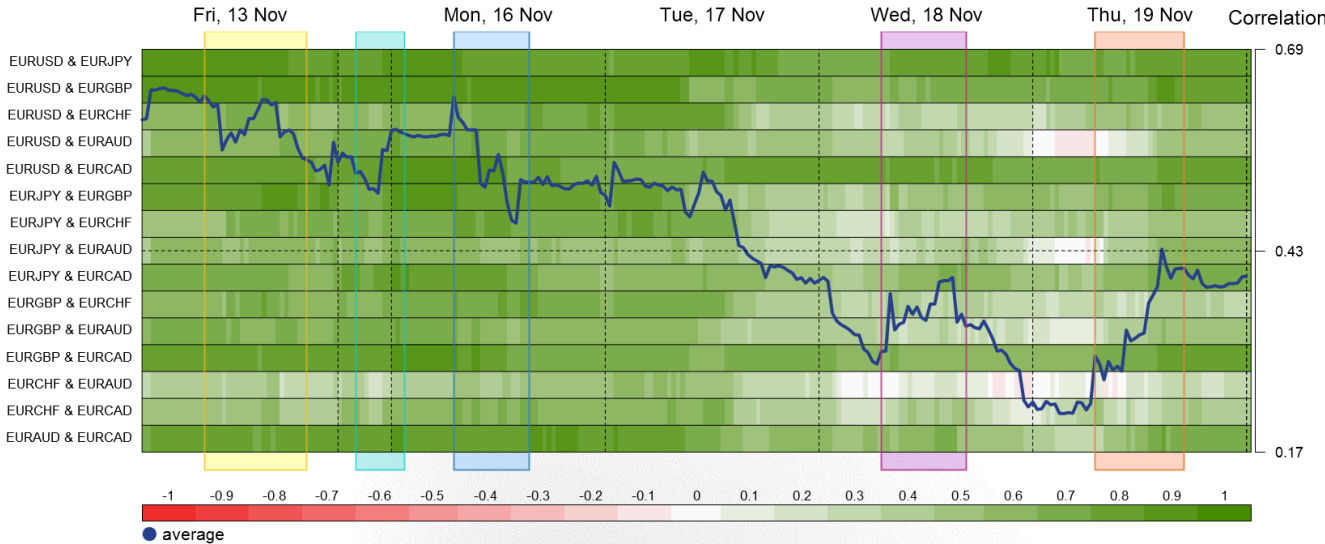
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
Max		1.31	1.46	1.5	2.5	1.75	1.67	1.66	1.55	2.16	2.14
Min		0.39	0.36	0.24	0.32	0.28	0.33	0.38	0.32	0.31	0.16
Average		0.76	0.77	0.74	0.79	0.78	0.79	0.74	0.8	0.79	0.76



Currency Significance

Correlations

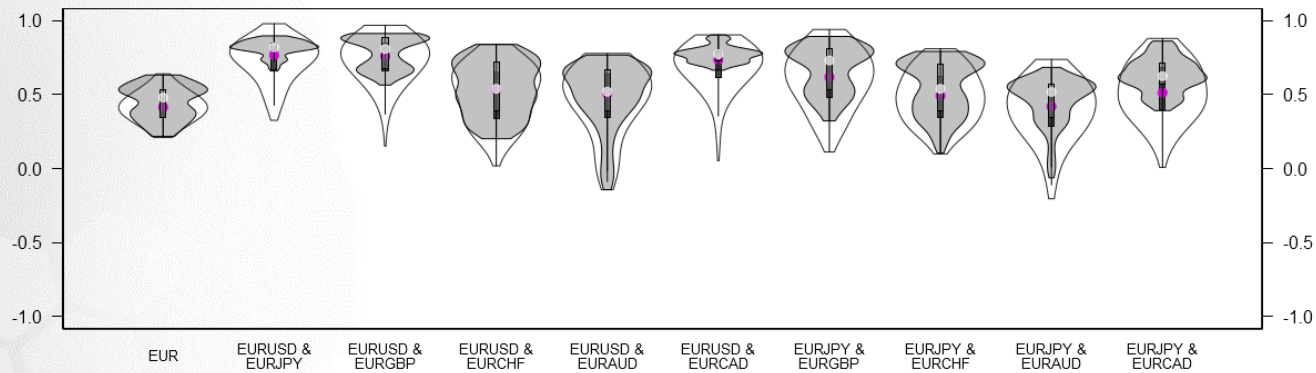
The period was marked by the high values but a general downtrend in the average correlation between Euro crosses, which suggests great amount of economic announcement from other regions. In Tuesday's morning, the Euro went down notably despite data showing that German investor confidence rebounded this month, as the diverging monetary policy outlook between the Federal Reserve and the European Central Bank weighed. However, the release of the weak US Housing Starts pushed the single European currency higher, but remained close to the seven-



month trough set in the previous session. Despite a number of falls, on Thursday the measure has started to rebound and ended the week at the 0.39 level.

The EUR/JPY, EUR/GBP and EUR/CAD showed the biggest mean correlation coefficient with the former raising its average to 0.81 from 0.63 in the previous period. The correlation of EUR/USD with other Euro crosses, on the other hand, was rather low against historical background.

Correlations (5 vs 20 days)

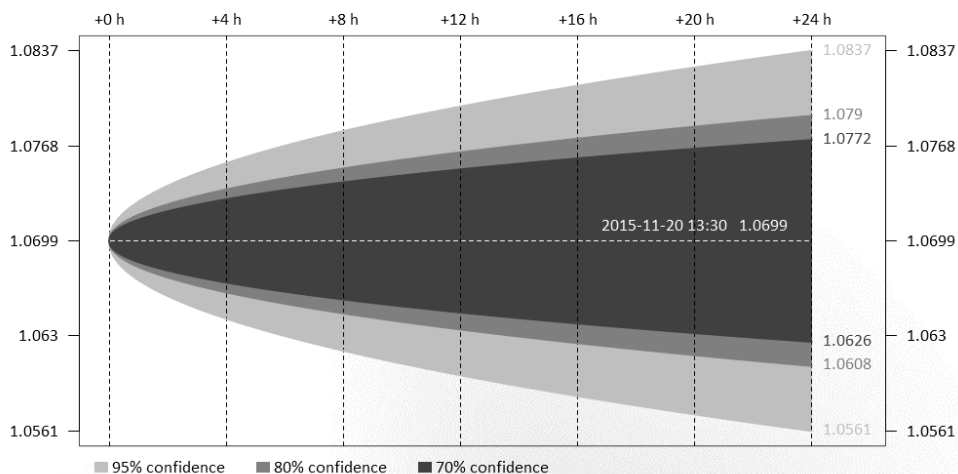


Mean Correlation Coefficient (with EURUSD)

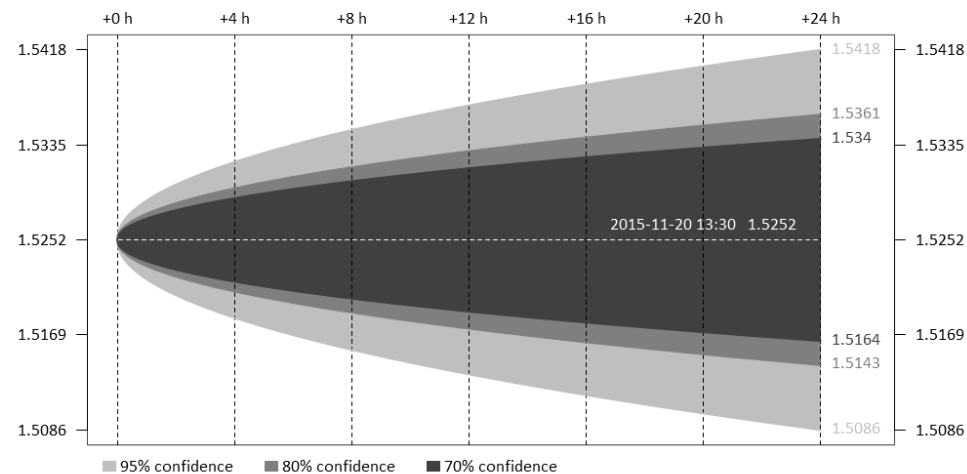
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURGBP	EURCHF	EURAUD	EURCAD
5	0.45	0.81	0.78	0.54	0.49	0.77	0.67	0.54	0.45	0.63
20	0.42	0.73	0.74	0.51	0.46	0.69	0.6	0.49	0.4	0.53
130	0.4	0.71	0.72	0.37	0.48	0.67	0.56	0.38	0.39	0.5
250	0.37	0.67	0.68	0.3	0.43	0.65	0.53	0.34	0.42	0.49

Confidence Intervals for Next 24 Hours

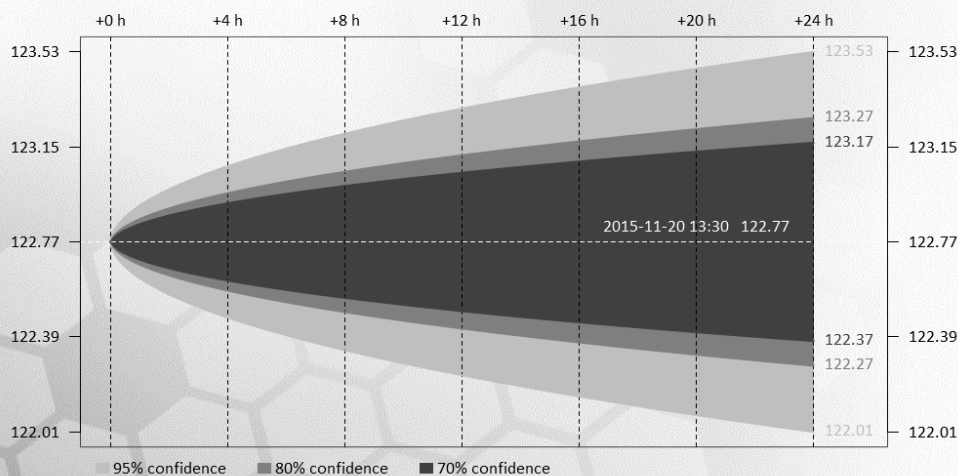
EURUSD Potential Rates



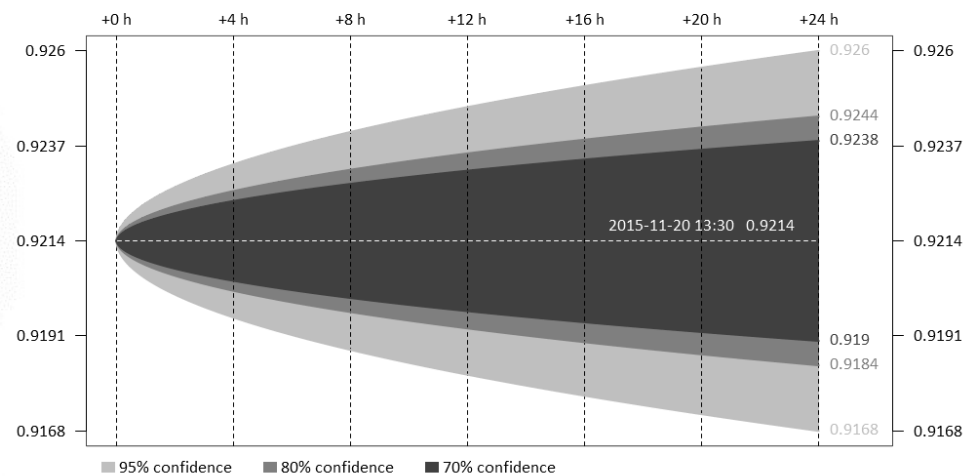
GBPUSD Potential Rates



USDJPY Potential Rates



EURCHF Potential Rates



EXPLANATIONS

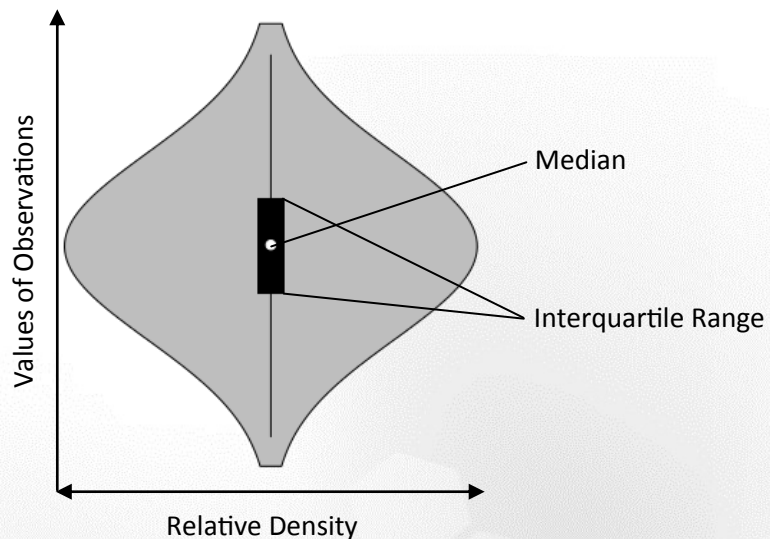
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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