



EUR

04/12/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

November 27

06:00 - 13:00

- UK Gross Domestic Product
- German Consumer Confidence Survey

Turquoise Area

November 30

07:30 - 17:30

- UK Consumer Credit, Price Index
- German Consumer Price Index
- US Pending Home Sales

Blue Area

December 1

01:00 - 17:00

- Chinese Non-Manufacturing PMI
- RBA Rate Statement
- German Unemployment Change, Markit Manufacturing PMI
- UK Markit Manufacturing PMI
- EU Unemployment Rate

Purple Area

December 2

09:00 - 18:30

- UK PMI Construction
- EU Consumer Price Index
- US Employment Change
- Fed's Yellen Speech

Orange Area

December 3

12:00 - 21:00

- ECB Interest Rate Decision
- EU Markit Services PMI
- US Initial Jobless Claims, Markit PMI Composite, Factory Orders

EUR Currency Index Change

-0.02%

-0.4%

0.18%

-0.05%

2.62%

Max EUR Volatility Index

1.63

1.35

1.25

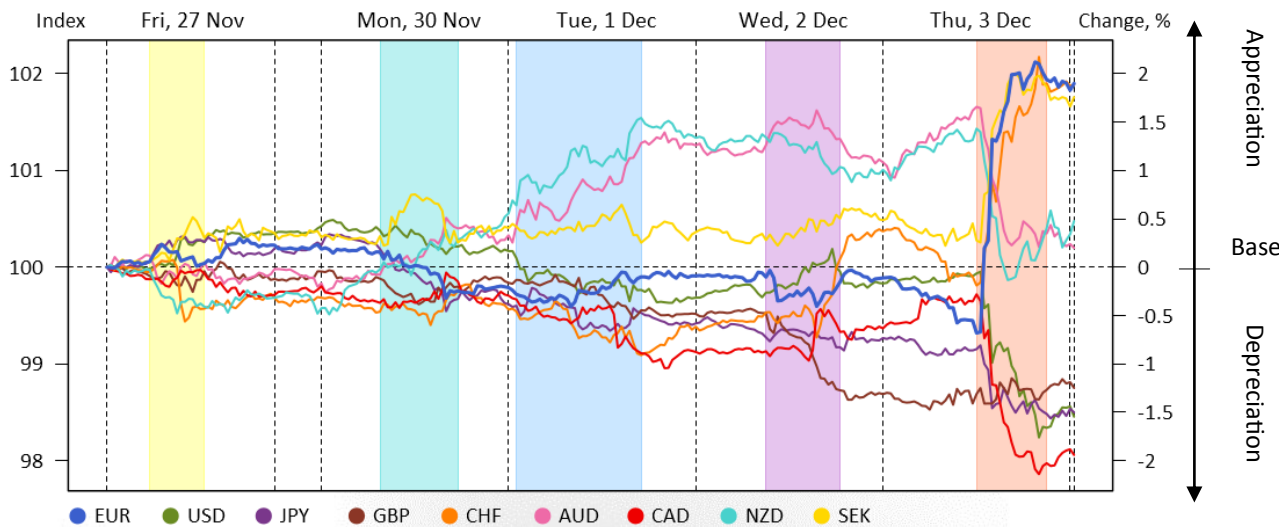
1.85

8.87



Relative Currency Strength

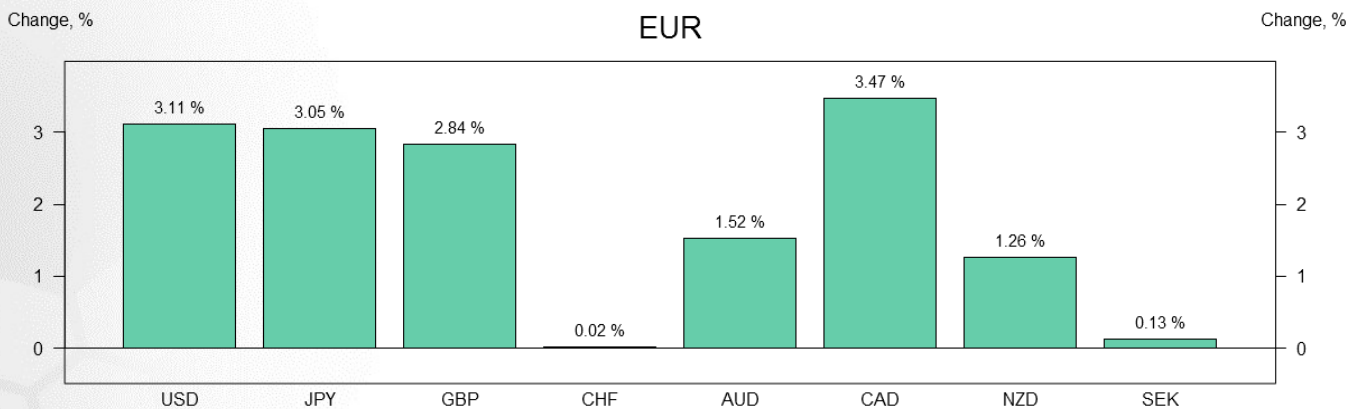
Currency Indexes



The Euro index, few weeks being in the opposite end, was surprisingly one of the best performers last week. It was followed by the Swiss franc index which experienced the same development over the period. Monday was rather calm day, all of the indices, spent the day +/- 0.1% around the base (opening) value. Tuesday's data releases/events pretty much shaped the most of the period for the NZD, AUD and some of the other currencies. The New Zealand dollar gained 1% during the day and closed 1.2% above the base value. The currency hit the highest level since November 3 and was boosted by bullish sentiment on Asian equity markets, despite factory activity in China remaining in contraction.

However, the Euro and Swiss franc rocketed by 2% as the ECB extended its quantitative easing programme, but not increased its amount, while further cutting the key deposit rate. Meanwhile, the European Central Bank (ECB) cut the deposit rate from -0.2% to -0.3%, while analysts had expected the ECB to lower it to -0.4%, with the main refi rate and the marginal lending facility remaining at 0.05% and 0.3%, respectively.

Euro posted gains against most of its counterparts. The smallest gain were noted against the Swiss franc which is equal to 0.02%.



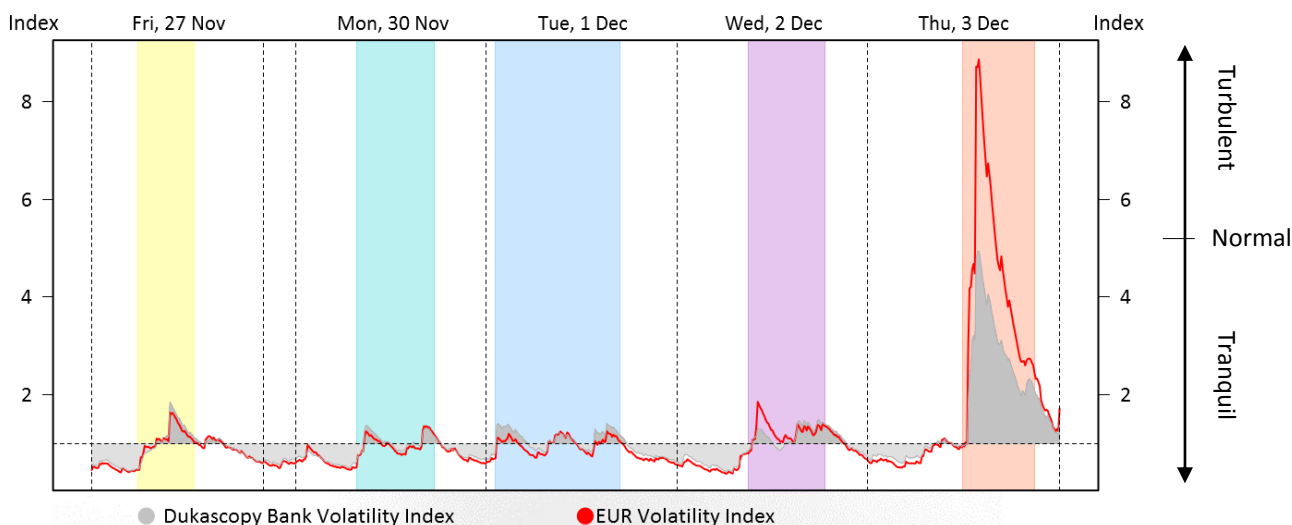
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.9%	-1.55%	-1.5%	-1.25%	1.88%	0.2%	-1.94%	0.48%	1.76%
20	0.05%	-0.53%	-1.1%	-0.61%	-0.29%	2.43%	-2.04%	1.01%	1.48%
130	0.27%	3.55%	5.52%	2.18%	-3.48%	-1.7%	-4.59%	-3.54%	1.54%
250	-3.9%	9.46%	6.94%	5.41%	7.7%	-5.83%	-8.59%	-7.13%	-4.07%



Volatility

Volatility



The volatility was rather calm during the observed period, except Wednesday. The fourth day of the week was special not just with many events, but also with the ECB President Mario Draghi decision. The single European currency jumped to a one-month high, as traders digested the ECB decision that extended the length of QE. Meanwhile, the macro calendar shifted into a faster gear, unveiling a set of manufacturing data, starting with a sluggish Chinese manufacturing PMI, as the gauge dropped to a three-year low at 49.6 points in November. A similar downbeat picture was also seen in the US, as the Institute for Supply Management (ISM) posted its manufacturing index at 48.6 points in November,

significantly missing the survey of 50.5 points, and falling from 50.1 a month before. Moreover, Markit's manufacturing PMI dived to the twenty-month bottom at 52.8 points last month, falling from 54.1 booked in October. Analysts had expected an even further decline to 52.6 points.

For the most of the components the past week also was rather positive and saturated. The highest result were showed by EUR/CHF, EUR/NZD and EUR/GBP, the components showed relatively high results, having held above the 1-point level 52%, 38% and 36% of the observed week. The highest peaks of the market and EUR volatility indexes managed to reach even 8 points.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
40	38	26	29	36	52	35	30	38	35

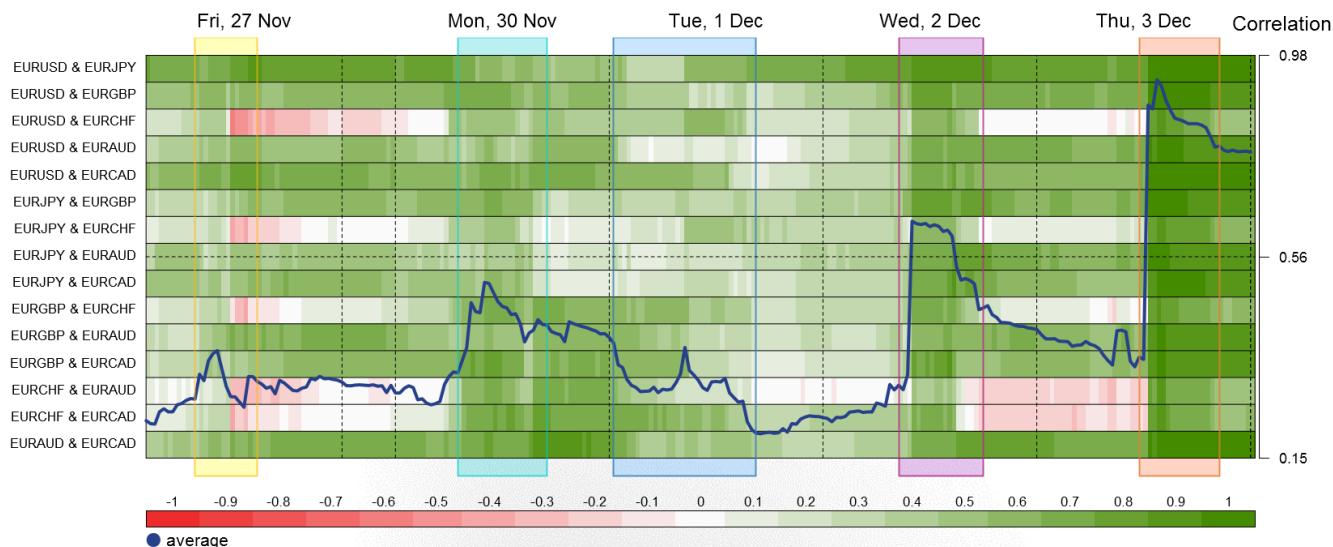
Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	4.94	8.87	10.29	10.14	8.94	7.96	8.58	9.62	9.52	5.03
Min	0.41	0.38	0.24	0.32	0.3	0.35	0.39	0.29	0.41	0.09
Average	1.06	1.13	1.07	1.11	1.1	1.32	1.16	1.13	1.2	0.99



Currency Significance

Correlations

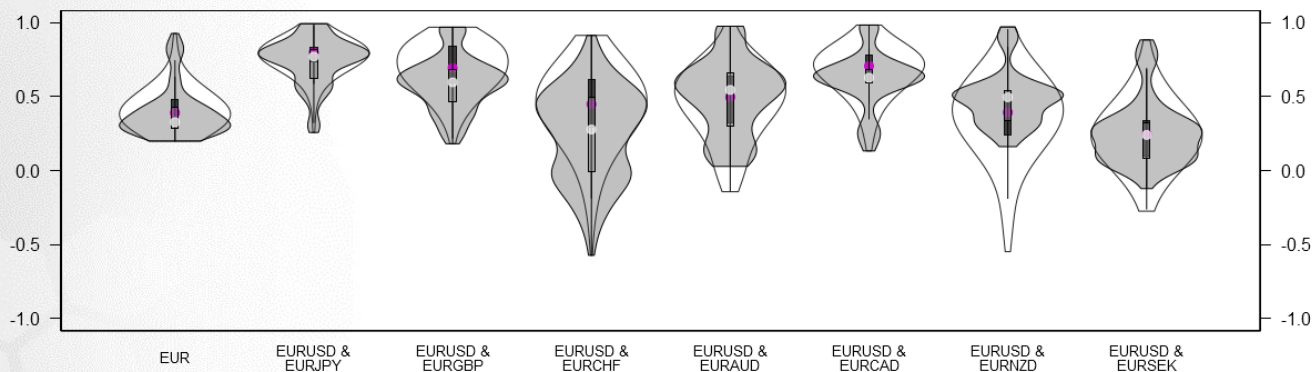


During the first four days of the observed period the significance measure of the Euro followed a descending pattern, as there were no economic releases from the Euro zone that could notably influence the bonds between the single currency's pairs and the market was preparing to Thursday's ECB meeting. Thus, the distributions of the correlations between the most traded pair and its EUR counterparts were significantly skewed towards the zero level. However, the period was associated with several notable spikes of other currencies' significance, which followed the news

From the European side.

The Euro's composite spent most of the period gradually increasing from an already not strong level of 0.15 points, and by Thursday evening reached the top of 0.79. However, then the measure went down slowly. The move followed fresh stimulus measures unveiled by the European Central Bank after its closely watched policy meeting fell short of market expectations. Therefore, the EUR became the new market driver with the releases of the EU consumer price index and ECB announcement.

Correlations (5 vs 20 days)

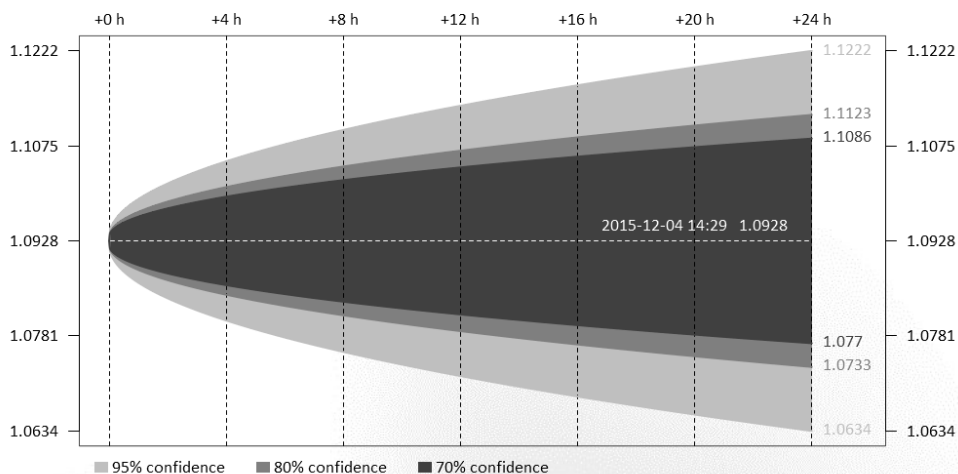


Currency Index Change

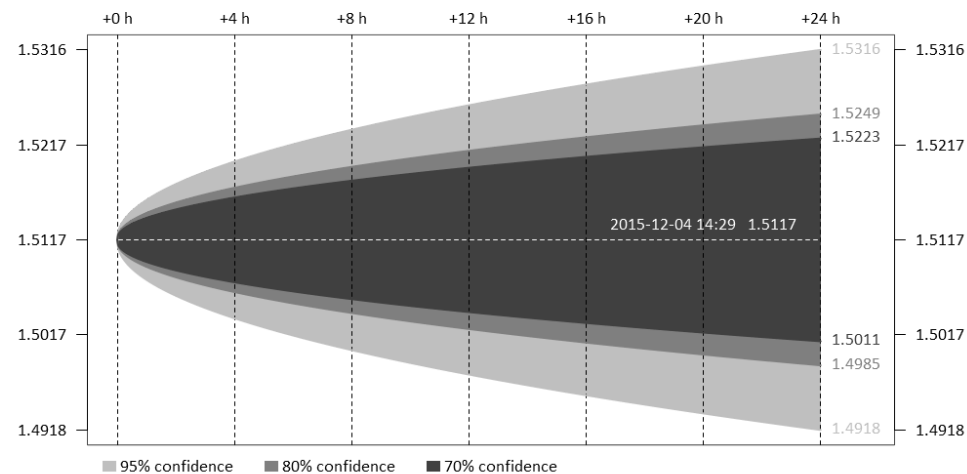
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Confidence Intervals for Next 24 Hours

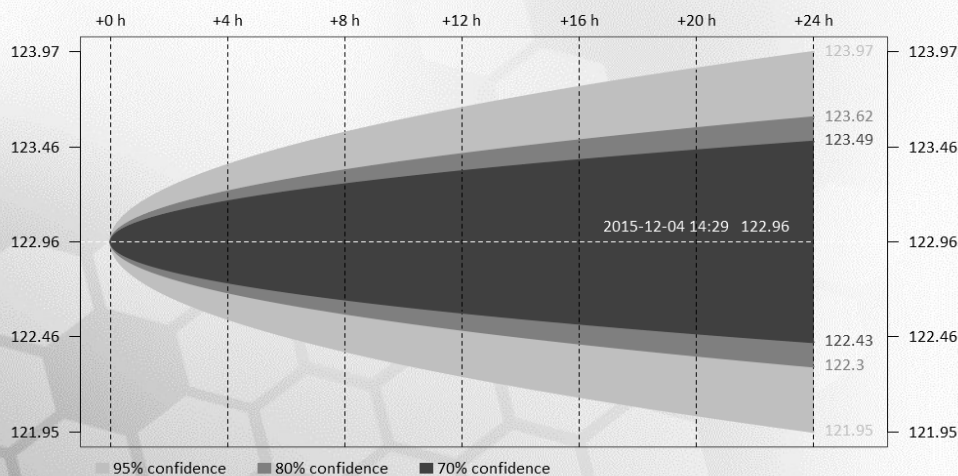
EURUSD Potential Rates



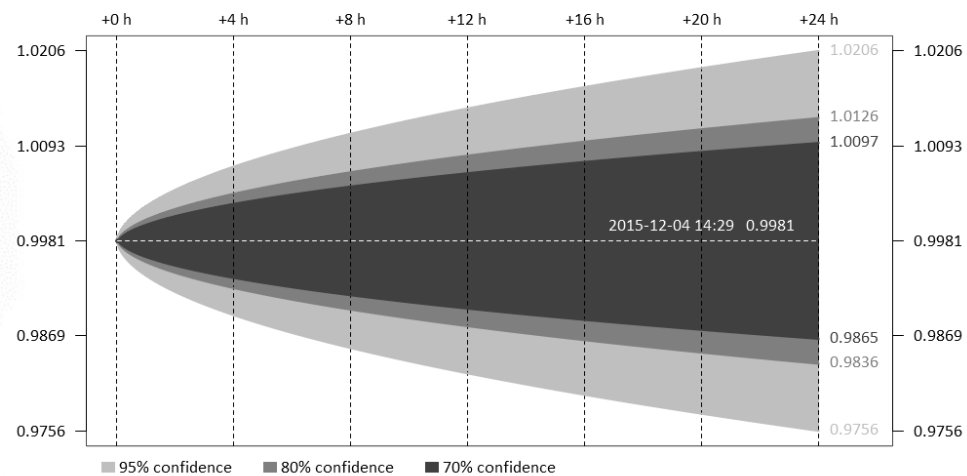
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

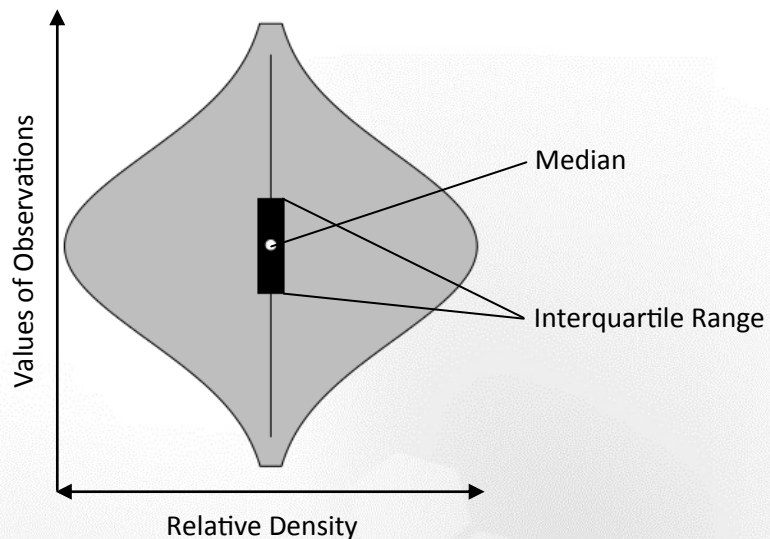
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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