



EUR

12/02/2016



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

February 5

13:00 - 16:00

- Canadian Housing Starts, Net Change in Employment, Unemployment Rate, Ivey PMI
- US Unemployment Rate, Average Hourly Earnings, Nonfarm Payrolls, Trade Balance

Turquoise Area

February 8

09:00 - 17:00

- EMU Sentix Investor Confidence
- Canadian Building Permits
- US Labor Market Conditions

Blue Area

February 9

07:00 - 16:00

- German Current Account, Trade Balance
- UK Trade Balance
- US NFIB Business Optimism Index, Redbook Index, JOLTS Job Openings

Purple Area

February 10

08:00 - 16:30

- UK Manufacturing, Industrial Production, NIESR GDP Estimate
- Fed Yellen's Testimony

Orange Area

February 11

07:30 - 20:00

- Swiss CPI
- Riksbank Interest Rate Decision
- US Jobless Claims
- Fed Yellen's Testimony

EUR Currency Index Change

0.17%

0.07%

0.35%

-0.46%

0.29%

Max EUR Volatility Index

1.37

1.76

2.02

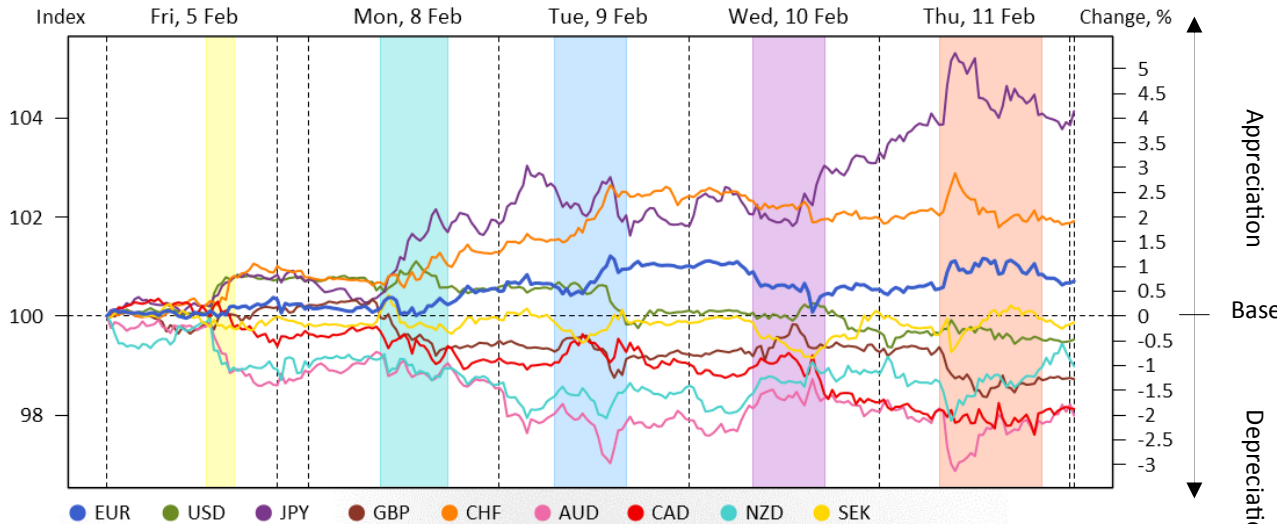
1.87

2.78



Relative Currency Strength

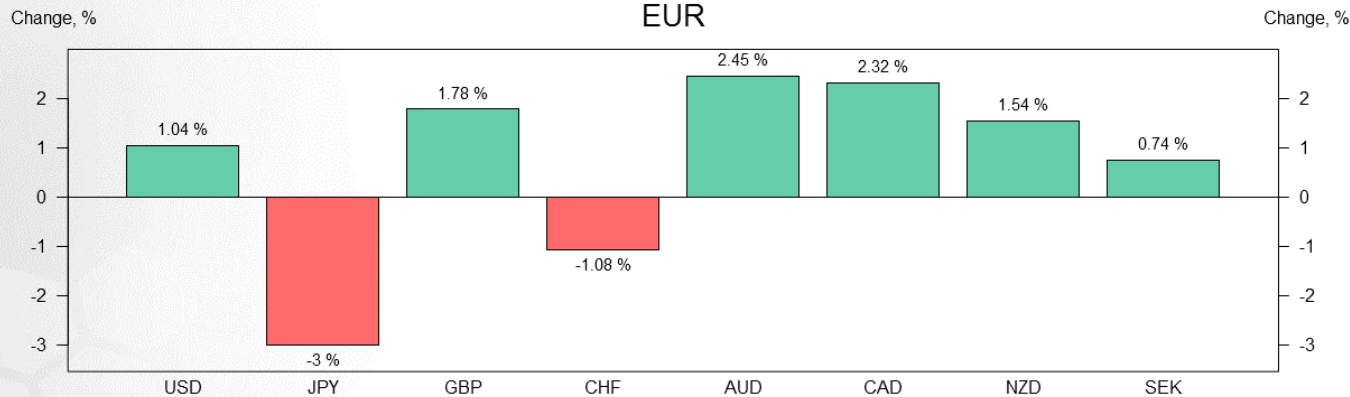
Currency Indexes



For the majority of the observed indexes, the movement directions for the entire period was set on its very first day. As the market was heavily influenced by the falling oil prices, the commodity currencies' gauges mostly followed a downtrend pattern, while the yen continued its rapid appreciation that started in the first days of February, after the currency was hit by the surprising BoJ interest rate decision. As a result, the yen added 4% in value during the period and gained 2% over its nearest counterpart – the franc, another safe-haven currency. Meanwhile, the Euro took the third gainer's position with a 0.7% appreciation of its

index. The rest of the observed currencies finished the period below the baseline.

Little to no action was observed in the EUR Index during the period, as there were no influential releases from the Euro zone and all the movements of the gauge were associated with changes in its counterparts' rates and, thus, the overall market conditions. The measure was growing throughout Monday and Tuesday, reaching the level of 101 points, and held close to it till the end of the period. A slight depreciation was observed against the background of the Fed Chair Janet Yellen's testimony, when the index touched the baseline, but the loss was pared almost immediately.



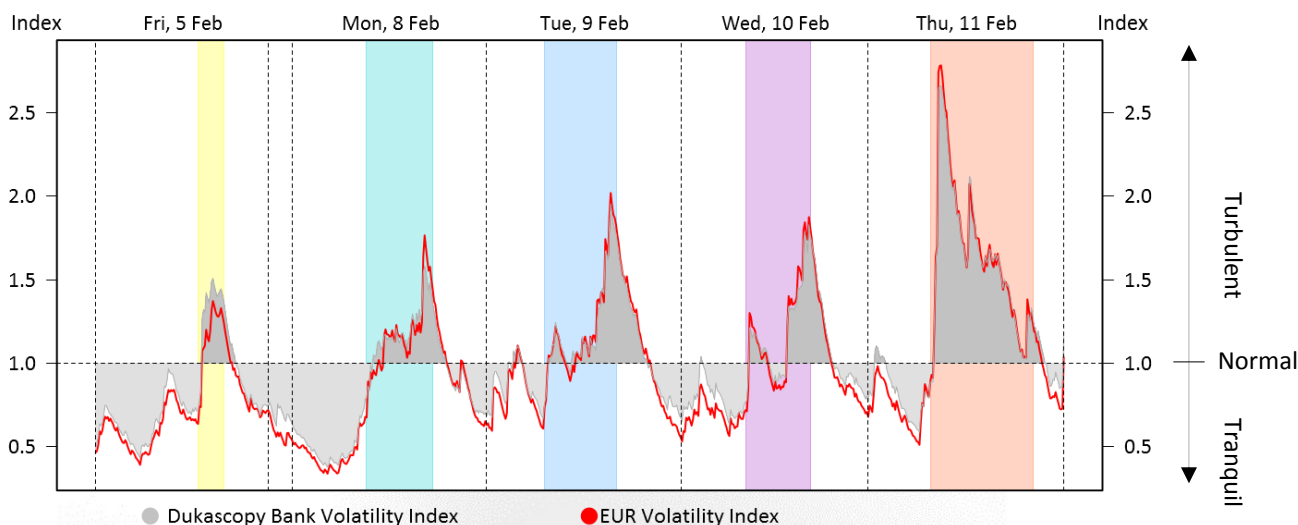
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.7%	-0.48%	4.14%	-1.28%	1.92%	-2.02%	-1.88%	-1.01%	-0.13%
20	1.39%	-2.78%	2.2%	-2.46%	0.64%	-0.45%	0.81%	1.64%	-0.77%
130	1.9%	0.47%	11.83%	-7.74%	0.7%	-4%	-6.94%	3.14%	1.33%
250	3.79%	3.85%	11.49%	-2.02%	-1.41%	-5.48%	-7.25%	-6.88%	3.97%



Volatility

Volatility



The periods of elevated volatility broadened compared to the previous readings, mostly due to a more even distribution of activity across trading days. The market and the Euro both added 10% to their overturbulence portions, while most of the hustle came from the yen, which was climbing up throughout the week, but suffered some ups and downs in Tuesday and Wednesday Asian sessions, putting its measure at 54.1%. The JPY Volatility Index was also the one to reach the period's second highest peak, jumping to 3.2 as the yen zigzagged with the wave of demand for the safe-haven currencies on Thursday. The period's high, in turn, was posted by the krona's gauge, which spiked to

4.8 with the Riksbank's decision to put rates deeper into the negative territory.

The Euro's volatility index spent most of the period below the market average, reaching above it only momentarily on a few occasions. Such peaks, however, were formed by the single currency's movements alongside its safe-haven peers, the yen and the franc, and were not associated to any Euro-specific events. Among the Euro pairs, the most persistently volatile were EUR/SEK and EUR/USD, with the former posting an outstanding high of 9.1 points against the background of the Riksbank's rate cut.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
42	38	48	40	35	44	39	38	31	53

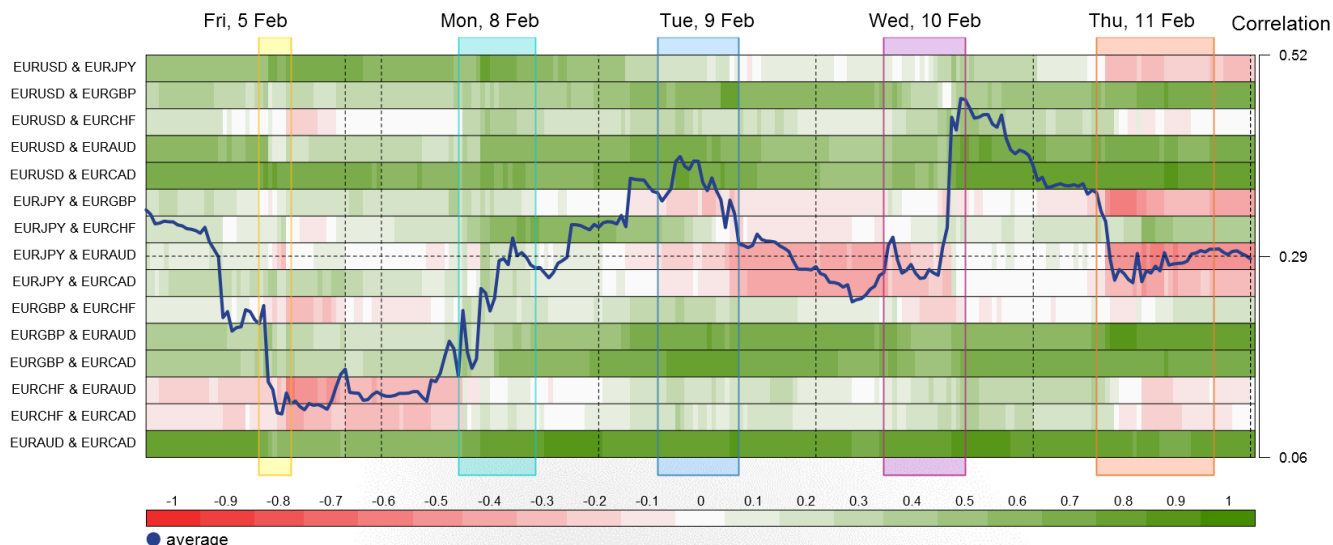
Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	2.66	2.78	2.69	2.81	2.94	3.41	2.95	2.58	2.55	9.09
Min	0.38	0.34	0.33	0.3	0.27	0.38	0.35	0.27	0.28	0.19
Average	1	0.96	1.06	0.94	0.9	1	0.98	0.9	0.91	1.19



Currency Significance

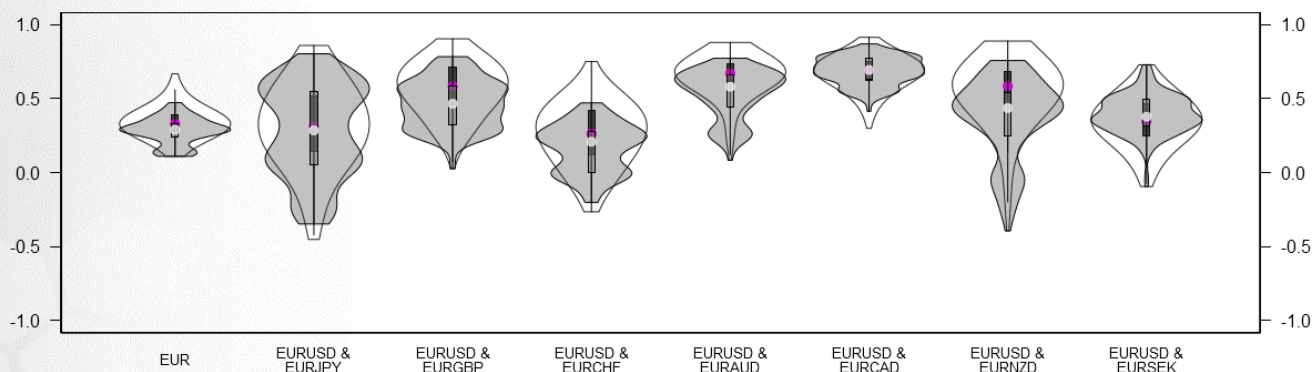
Correlations



The past week was marked by the weakening of the single currency's significance. The average value of the EUR significance measure has lost 0.07 points comparing with previous three periods. The EUR/USD components also showed the weakening of bonds and lost from 0.02 to 0.16 points. The only EUR/USD components to not lose any points were the ones with EUR/JPY and EUR/CAD. Comparing with the long-term values, the average values of the composite and almost all EUR/USD components also suffered a 0.03-0.18 points decline.

The Euro composite was weakening from the very beginning of the period, and dropped to its low of 0.11 after the US labor data releases pulled the attention to the Greenback. The new week, however, started with a recovery, by Tuesday the measure returned to the pre-fall level. Later the same day the sharp lowering of the oil prices caused a turmoil among the safe-haven and commodity currencies, putting the associated correlation components into the negative territory and pushing the composite down. On Wednesday, after Janet Yellen's testimony before the Congress and the Euro's dip, the composite jumped to the period's high of 0.47, but lost the position on Thursday with another wave of distortion between the safe-haven and commodity currencies.

Correlations (5 vs 20 days)

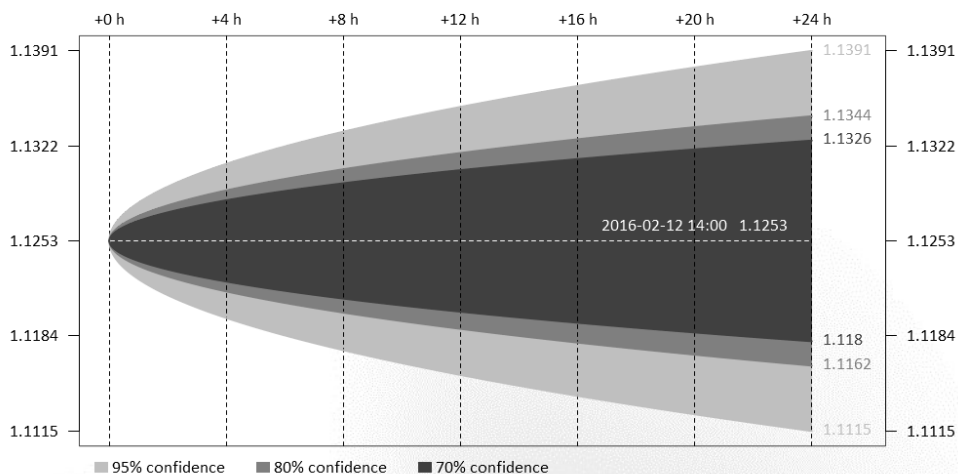


Mean Correlation Coefficient (with EURUSD)

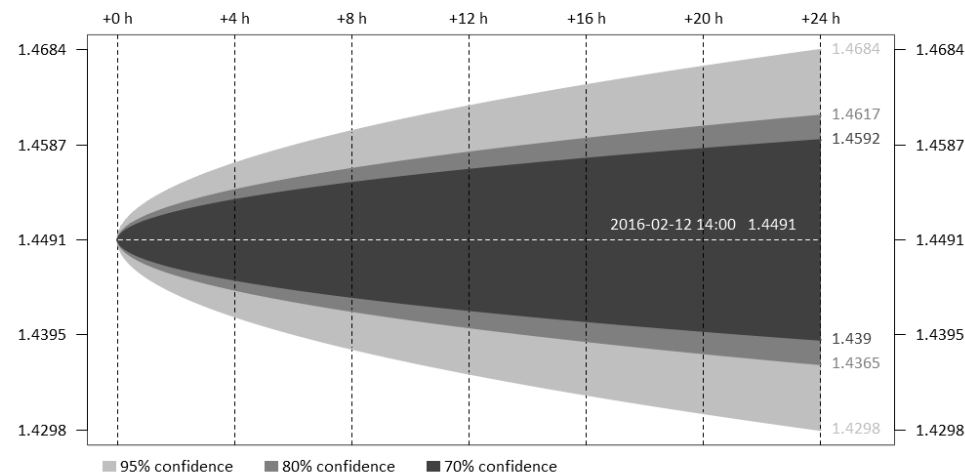
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.28	0.28	0.46	0.16	0.53	0.69	0.37	0.39
20	0.34	0.31	0.57	0.25	0.66	0.68	0.55	0.35
130	0.38	0.59	0.68	0.31	0.56	0.69	0.48	0.24
250	0.4	0.7	0.69	0.35	0.49	0.67	0.43	0.21

Confidence Intervals for Next 24 Hours

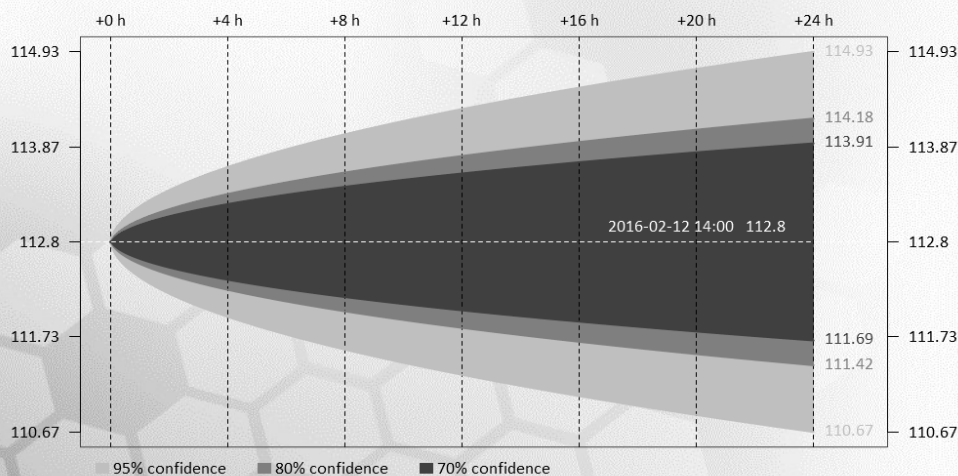
EURUSD Potential Rates



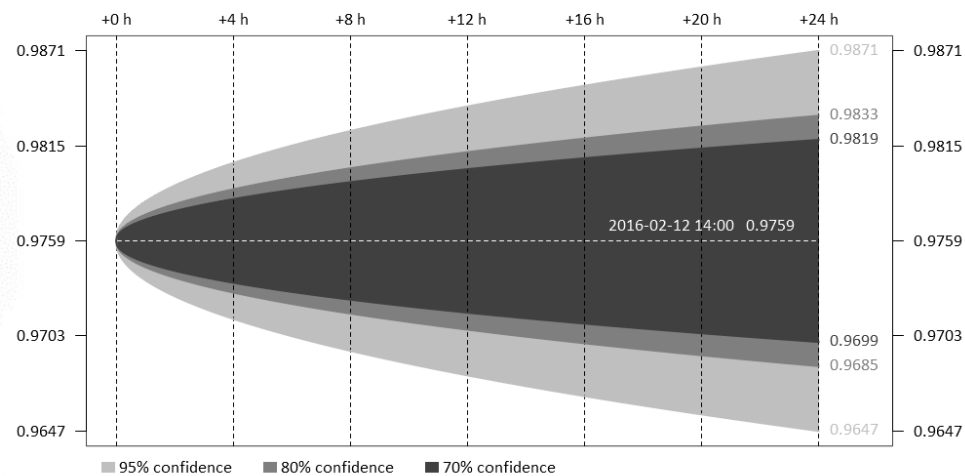
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

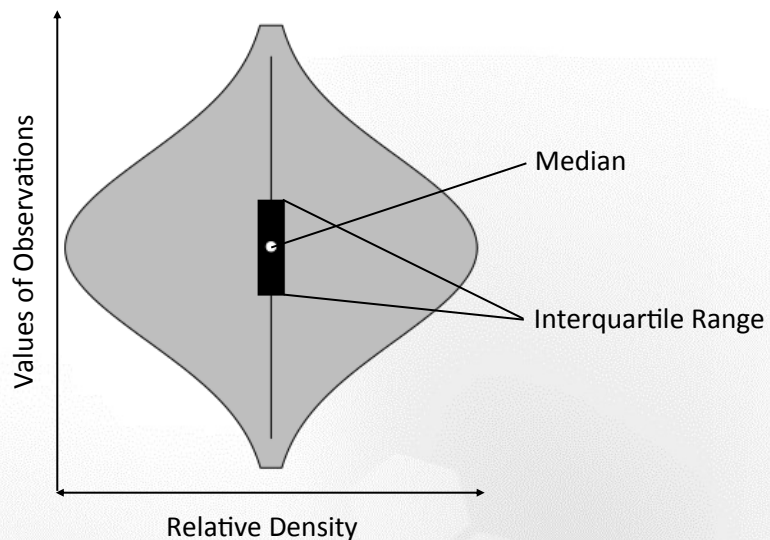
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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