



EUR

19/02/2016



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

February 12

03:00 - 17:30

- German Consumer Price Index, Gross Domestic Product
- Italian Gross Domestic Product
- EU Gross Domestic Product, Industrial Production
- US Retail Sales

Turquoise Area

February 16

06:30 - 15:00

- UK Producer Price Index, Consumer Price Index, Core Consumer Price Index

Blue Area

February 17

08:30 - 17:00

- UK Unemployment Rate
- US Building Permits, Industrial Production, Capacity Utilization

Purple Area

February 18

07:30 - 16:30

- Australian Employment Change, Unemployment Rate
- Chinese Producer Price Index, Consumer Price Index
- US Initial Jobless Claims

EUR Currency Index Change

-0.53%

0.21%

-0.47%

-0.37%

Max EUR Volatility Index

1.38

1.46

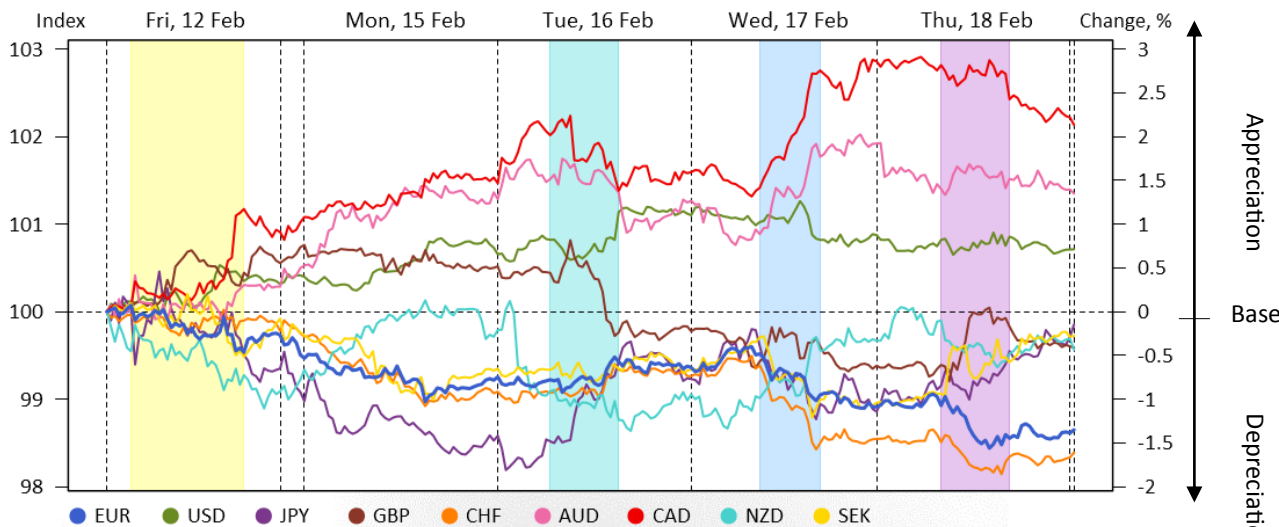
1.09

1.15



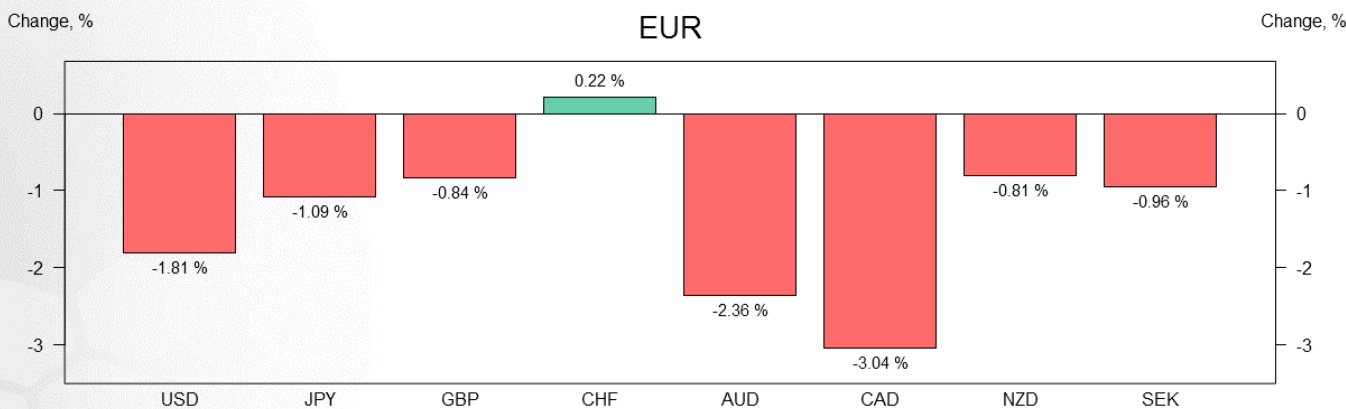
Relative Currency Strength

Currency Indexes



The EUR Index lost the momentum it accumulated during the last days of the previous period, making its movement less directed and thus less successful. Among more determined indexes, the Lonnie's and Aussie's measure retained the uptrend it took up on February 12 and strengthened due to rising oil prices on the back of the Doha commitment, being commodity currencies. However, Australia's labor market took a turn for the worse in January as a large number of full-time jobs were lost and the unemployment rate rose to its highest level in five months.

However, the Euro index spent clear majority of the time below the base value. The Euro accelerated its depreciation on Monday after European Central Bank President Mario Draghi reiterated his hints that the bank will re-assess its monetary policy at its March 10 meeting. As a result, the shared currency plunged 1.07% during Monday's afternoon European session. The US macro news also affected the single European currency, leading to a strong correction. Additional attention was switched towards the long-awaited meeting minutes from the Federal Reserve. Meanwhile, Fed kept interest rates unchanged at 0.50% on January 27.

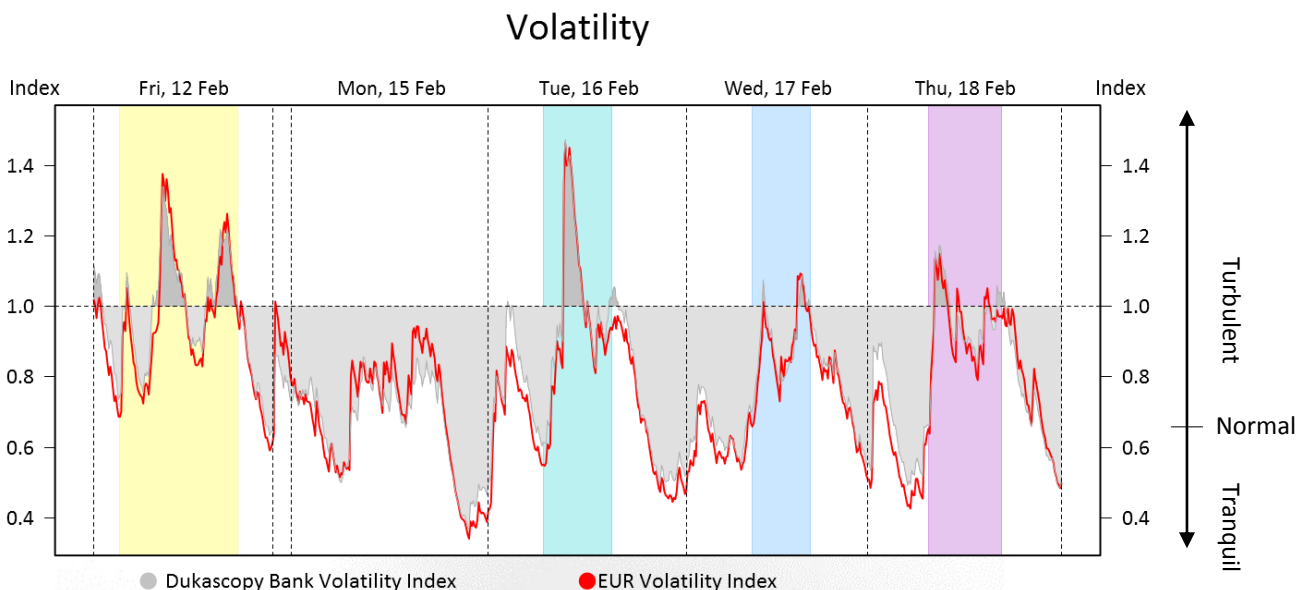


Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-1.35%	0.71%	-0.15%	-0.41%	-1.61%	1.35%	2.13%	-0.44%	-0.27%
20	0.7%	-2%	2.49%	-1.44%	-0.31%	-0.25%	2.02%	-0.67%	-0.53%
130	0.02%	1.54%	11.08%	-8.17%	-2.53%	-1.1%	-3.92%	1.82%	1.76%
250	2.5%	5.39%	10.86%	-2.99%	-0.48%	-4.59%	-5.73%	-9.15%	4.17%



Volatility



During the period, the market volatility was below the average historical level. While the Euro volatility index's values were very close to those of the market, the pound became the most turbulent currency. Its index spent 29% of time in the area of elevated volatility and reached the 1.42 mark on Tuesday evening, following the release of disappointing CPI data from the UK and continued market uncertainty. Despite accelerating at its fastest pace since January 2015, the poor form of UK inflation continued as the latest UK CPI showed minimal 0.3% growth year-on-year, far below the 2% inflation target set by the Bank of England.

The period started with a morning of the Euro's over turbulence, as the single currency was rapidly strengthening against the pound and other peers. Markets were focused on several macro data sets from the US, following a busy European session. Meanwhile, American retail sales rose 0.2% in January, keeping the pace of the previous reading. The control core gauge also improved to 0.6% from -0.3%, and the ex auto measure accelerated to 0.1% from -0.1%, the US Census Bureau said on Friday. Other published data included the Thomson Reuters/University of Michigan preliminary Consumer Confidence Index booking 90.7 points in February, compared to the final 92.0 in January.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
	12	24	14	29	8	18	18	17	18

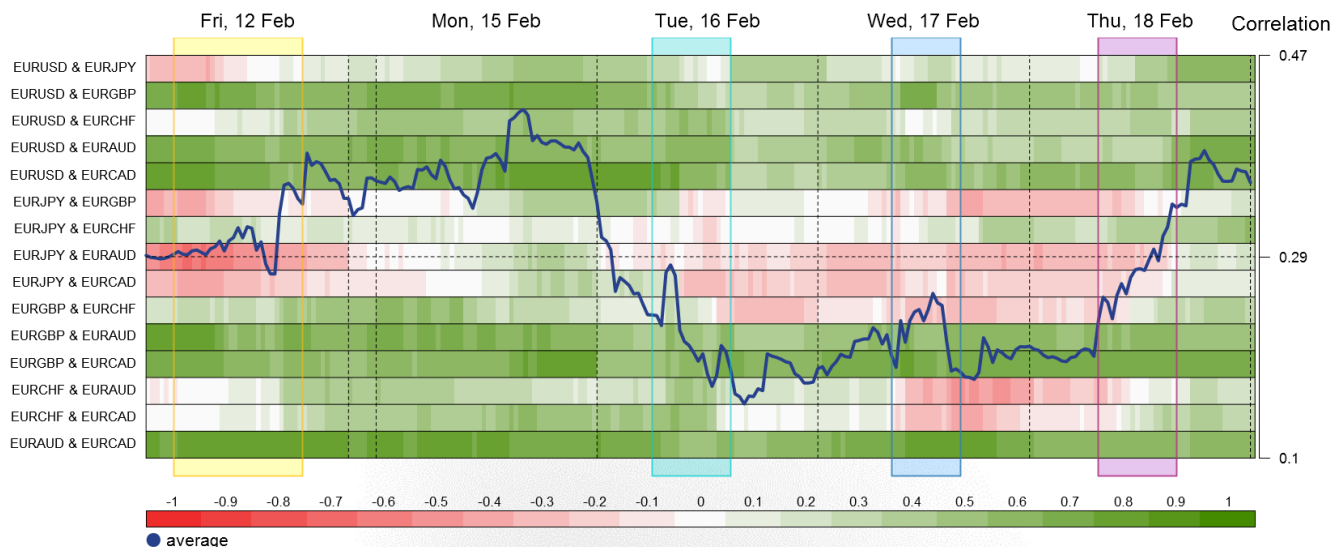
Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.47	1.46	1.56	2.07	1.82	1.75	1.78	2.21	2.11	3.28
Min	0.37	0.34	0.31	0.29	0.28	0.31	0.27	0.26	0.3	0.17
Average	0.8	0.78	0.81	0.76	0.81	0.71	0.82	0.75	0.82	0.71



Currency Significance

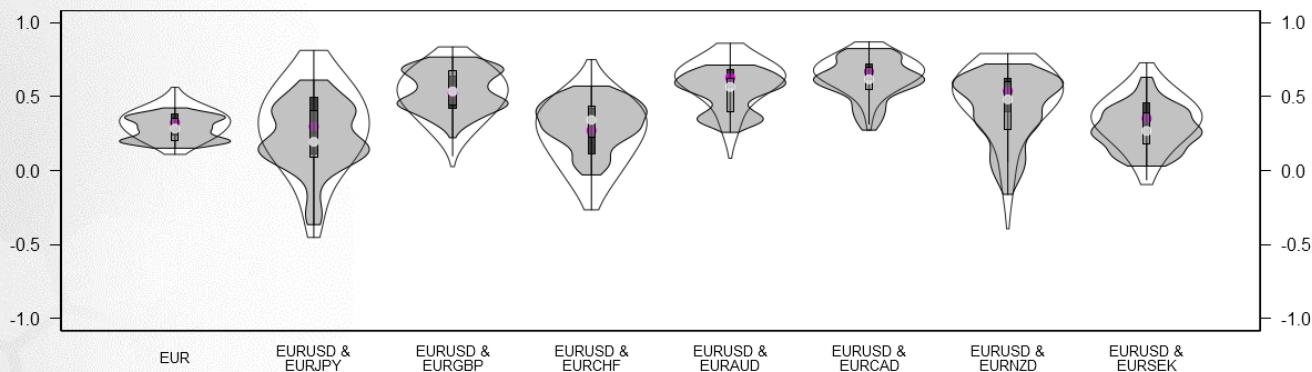
Correlations



The Euro's significance measure held at its usual level throughout the past period. Thus compared with the short-term values, averages of the aggregate and its components changed for 0.01-0.47 points. Most of the components started the period at a rather high level, but declined in the middle of the week. The drop was most notable in the components containing EUR/JPY, especially in correlations with EUR/CHF and EUR/SEK, which fell into the negative area on Thursday. Most correlation distributions, in turn, shortened their lower tails and concentrated around the averages.

The Euro's composite showed a general downward trend during the observed period. Starting the period at the level of 0.29, the composite reduced to the 0.12 by Monday morning. However, the fall did not last long, and the composite returned to the previous level and continued to increase on Friday, ending the week at the 0.37 mark. The reasons for that were strong overnight rally on oil prices improved and lowered demand for safe-haven assets. Meanwhile, Hawkish European Central Bank Governing Council member Jens Weidmann said Tuesday that the quantitative easing (QE) program deployed by the bank is not necessary for the euro area's recovery at this point in time.

Correlations (5 vs 20 days)

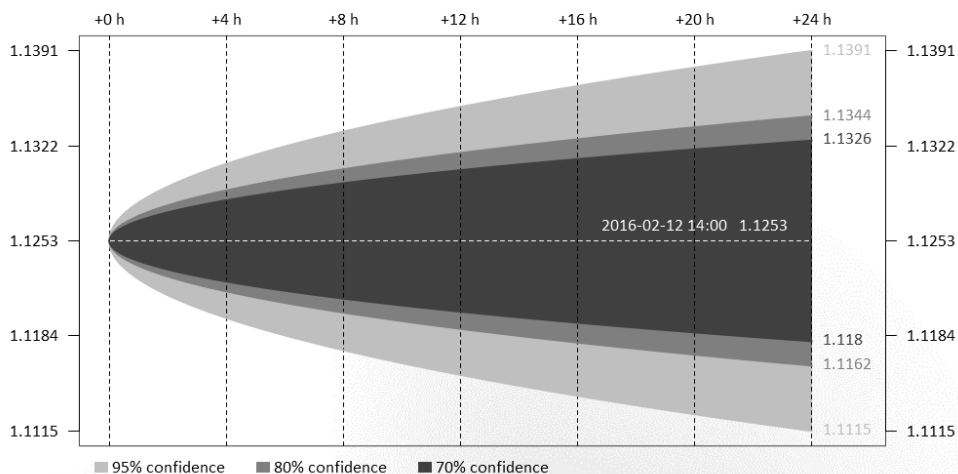


Mean Correlation Coefficient (with EURUSD)

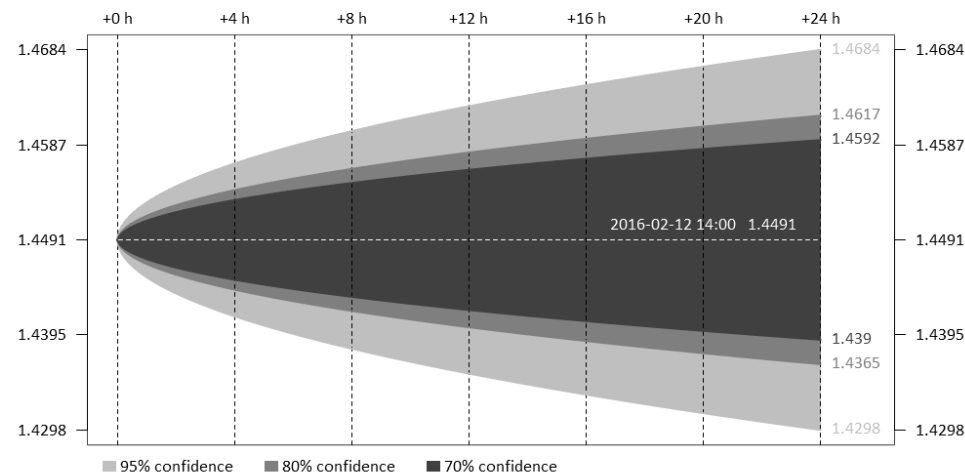
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.28	0.22	0.54	0.32	0.53	0.61	0.41	0.28
20	0.31	0.28	0.52	0.25	0.6	0.66	0.48	0.34
130	0.38	0.56	0.68	0.31	0.56	0.69	0.48	0.25
250	0.39	0.69	0.69	0.35	0.5	0.67	0.43	0.21

Confidence Intervals for Next 24 Hours

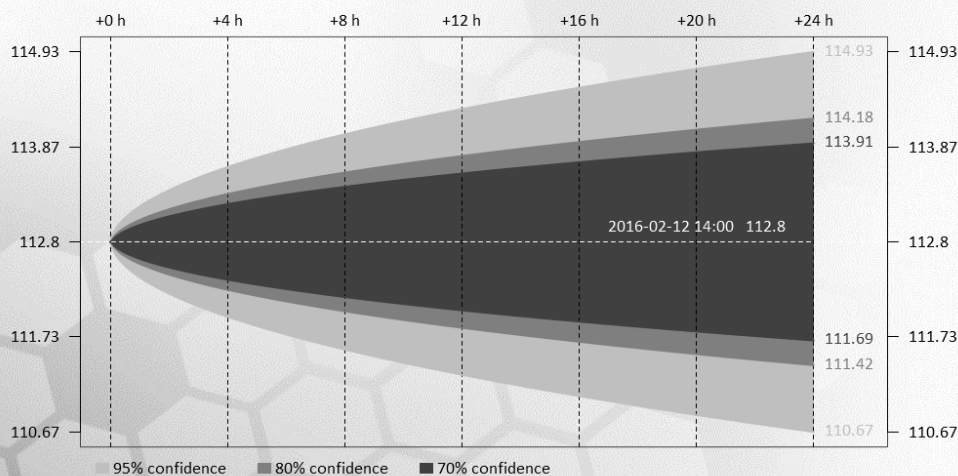
EURUSD Potential Rates



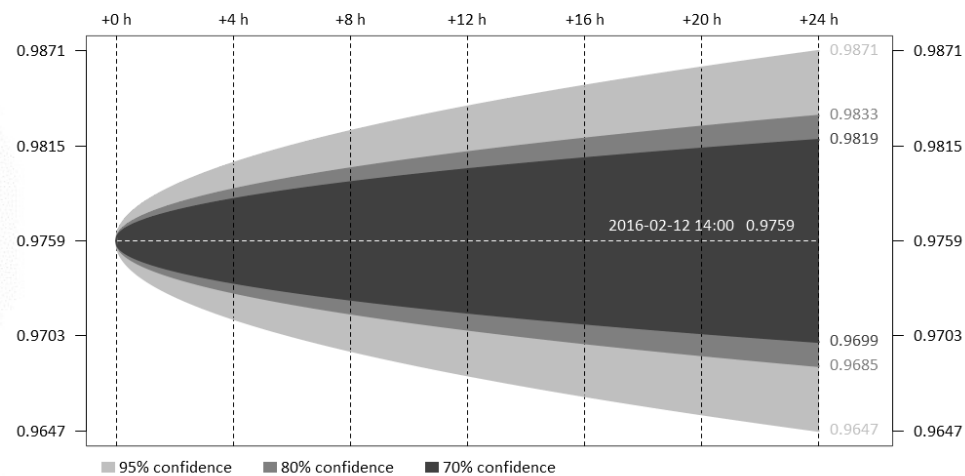
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

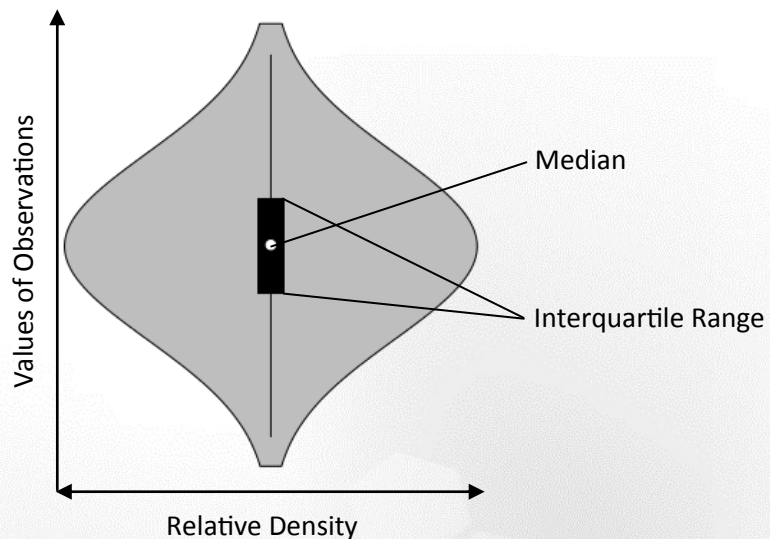
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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