



**EUR**

04/03/2016



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# Dominant Events of the Period

## Yellow Area

February 26

06:30 - 20:00

- German Consumer Price Index
- US GDP, Goods Trade Balance, Core Personal Consumption, Personal Spending

## Turquoise Area

February 29

08:30 - 20:30

- UK Consumer Credit
- EU Consumer Price Index
- US Pending Home Sales

## Blue Area

March 1

07:00 - 19:30

- German Unemployment Rate, Markit Manufacturing PMI
- EU Markit Manufacturing PMI, Unemployment rate
- US Markit Manufacturing PMI, Construction Spending

## Purple Area

March 2

07:00 - 18:00

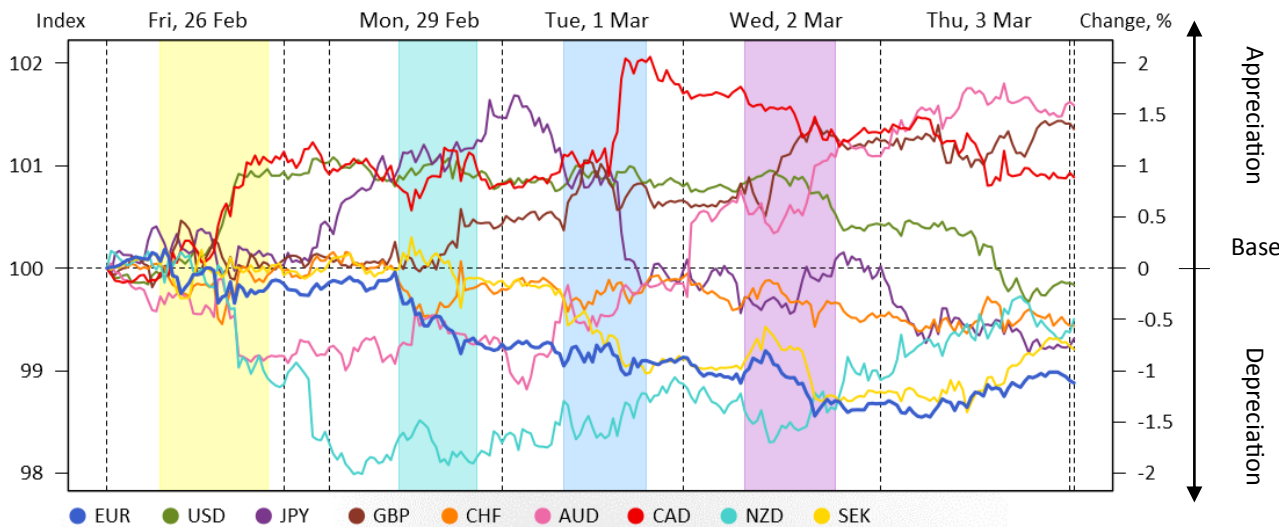
- UK PMI Construction
- EU Producer Price Index
- US Employment Change

EUR Currency Index Change	-0.25%	-0.53%	0.05%	-0.28%
Max EUR Volatility Index	1.57	1.45	1.33	1.28



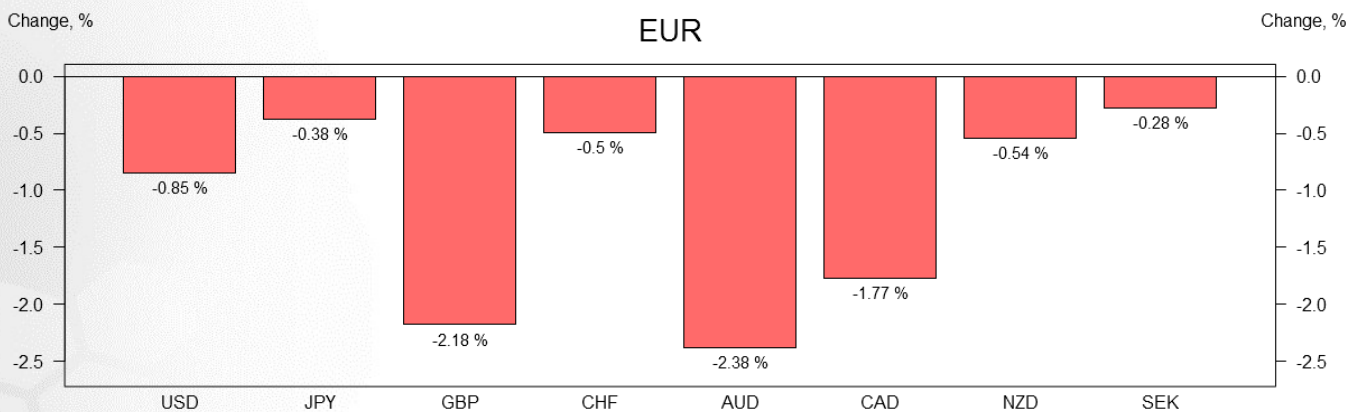
# Relative Currency Strength

Currency Indexes



The EUR Index continued to go south during the fourth day of spring, finishing on the position of first worst after a particularly sharp fall on Wednesday. The another index post looses was the Swedish krona measure, which held on a steady downtrend Tuesday and took its conclusive slump on Wednesday. On the other side of the baseline, the Australian dollar remained the leader after the he Australian economy grew 0.6% last quarter, beating the market forecast of a 0.4% expansion. The Sterling and the Loonie came in the second and the third, mainly supported by macro data as well as oil prices.

The Euro entered the new week seemingly aiming to recover from its previous weeks looses, when the single currency took a blow on different economic data. The EUR Index found some support in early Monday fundamentals, however, almost immediately started to decrease, since investors were waiting for some major US data, which was supposed to cause some volatility. Afterwards, the index was mostly decreasing, with the biggest drop taking place on Wednesday, when the index lost 0.5 points in two consecutive dips and landed just below -1 point. It fluctuated around that mark during the last day of the period amid a raft of services PMIs.



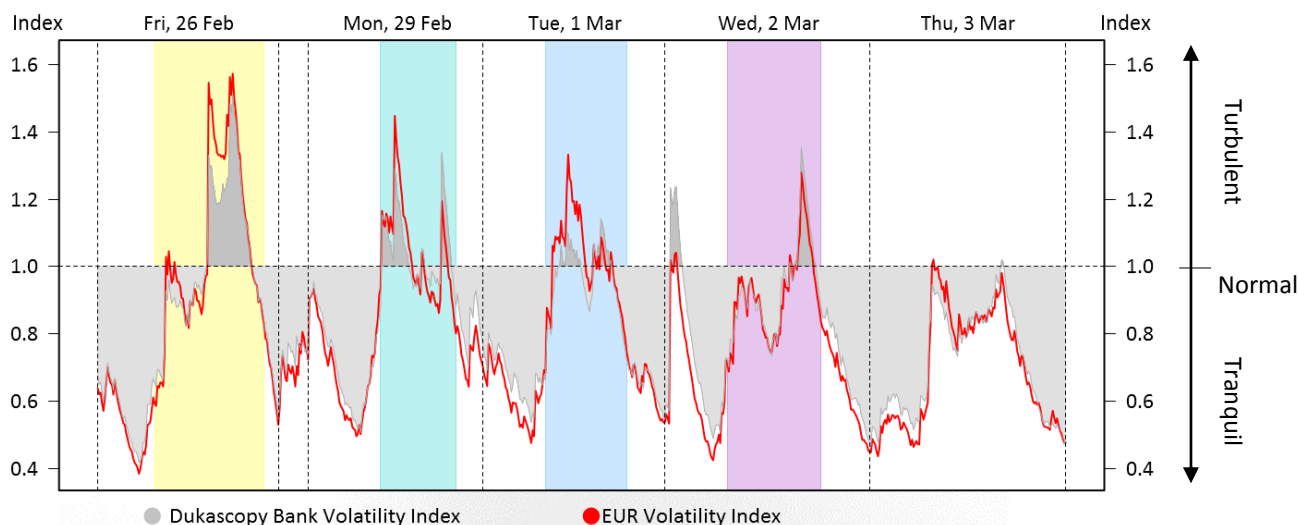
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-1.12%	-0.16%	-0.69%	1.36%	-0.56%	1.59%	0.88%	-0.5%	-0.79%
20	-2.61%	-0.19%	2.74%	-3.43%	-0.05%	2.6%	2.63%	0.52%	-1.92%
130	-2.08%	-0.26%	5.12%	-8.22%	-2.45%	6.15%	-1.95%	7.2%	-1.7%
250	2.13%	4.5%	10.35%	-4.61%	0.88%	-2.33%	-3.5%	-8.45%	0.99%



# Volatility

## Volatility



The past five trading days, much like the several previous periods, were quite volatile for the observed currencies. The most volatile were CHF and NZD composites, with 40% and 20% portion of elevated volatility. The first strongly reacted to better-than-expected Swiss Q4 GDP, pushing the market volatility to exceed the average historical level on Wednesday. The kiwi index, in turn, also reached the great volatility peak among its counterparts. The currency secured the position of the best performing currency out of the G10 basket during Friday's overnight session, finding support primarily from a commodities surge and softer dollar.

The Euro was among the most turbulent currencies, though the volatility increases on the first three days of the period were associated with US economic news. The first notable surge of the Euro's volatility index took place on Monday, as the single European currency was pressured by the US GDP which decreased to 1.0% in the fourth quarter, down from 2.0% in the previous quarter. Analysts had expected the number to decline to 0.4%. Moreover, the GDP price index fell from 1.3% to 0.9%. The next day, the Euro was affected by poor inflation figures. The CPI in the 19-nation euro bloc dropped 0.2% on an annual and seasonally adjusted basis in February.

### Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
	17	18	15	22	40	20	17	28	20

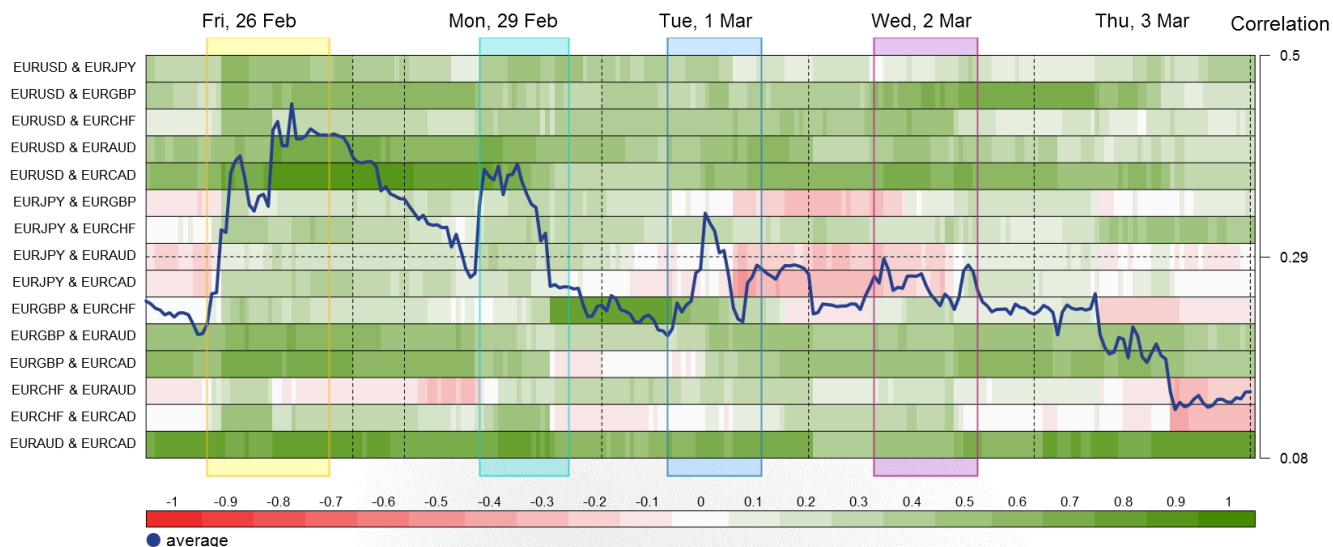
### Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
Max		1.51	1.57	2.14	1.81	1.82	4.47	2.64	1.89	2.3	2.68
Min		0.42	0.38	0.3	0.35	0.29	0.32	0.36	0.22	0.4	0.16
Average		0.81	0.79	0.75	0.81	0.75	0.97	0.8	0.72	0.88	0.71



# Currency Significance

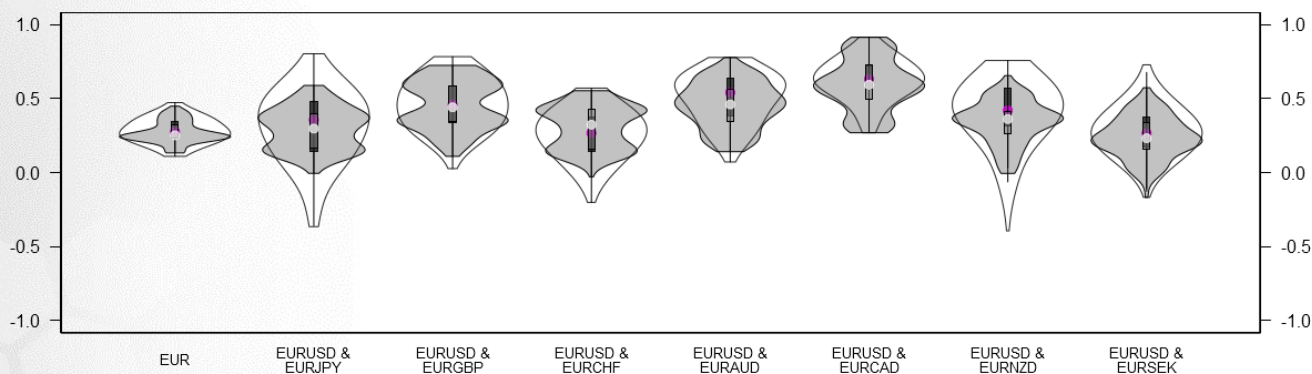
## Correlations



Even though the Euro significance measure was decreasing during the period, its average correlation readings stayed almost at the same level. The value of the composite itself edged 0.09 points up, while its most resultant components – EUR/USD correlations with EUR/JPY and EUR/CHF, – gained 0.25 and 0.32 points on their averages. The bond between EUR/USD and EUR/SEK was the only one to weaken, with its mean value losing 0.03 points. It did, however, grow compared to the long-term readings, as did all other correlation components.

Unlike a few previous weeks, during the past period the Euro significance measure was showing a downward trend. The composite started off with a small increase, supported by French CPI for February which improved notably to 0.2% from -1.0% previously, but the yearly print dropped to negative territory, from 0.2% to -0.2%. In addition, French GDP for the fourth quarter ticked higher to 0.3% from the 0.2% booked in the third quarter. On Monday the composite soared almost 0.5 points mark - the maximum value of the period. However, afterwards the measure began to slide down, and by Thursday morning dropped to a 0.11 points level.

## Correlations (5 vs 20 days)

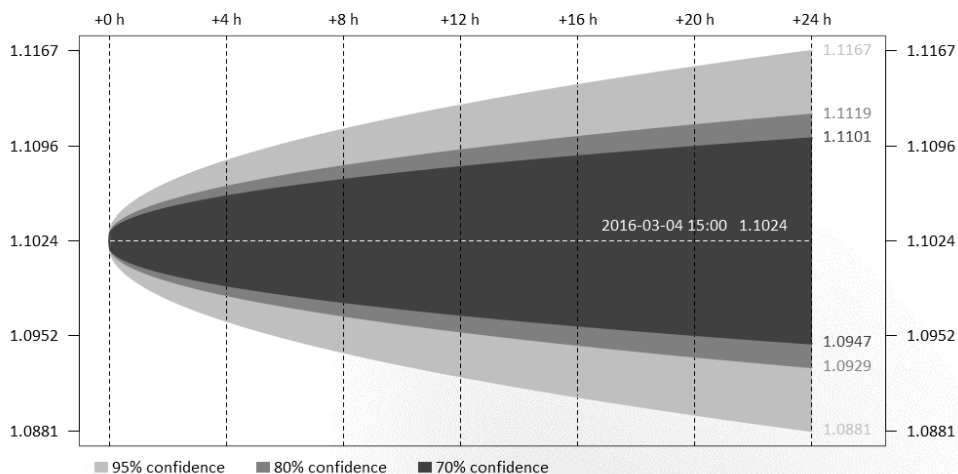


## Mean Correlation Coefficient (with EURUSD)

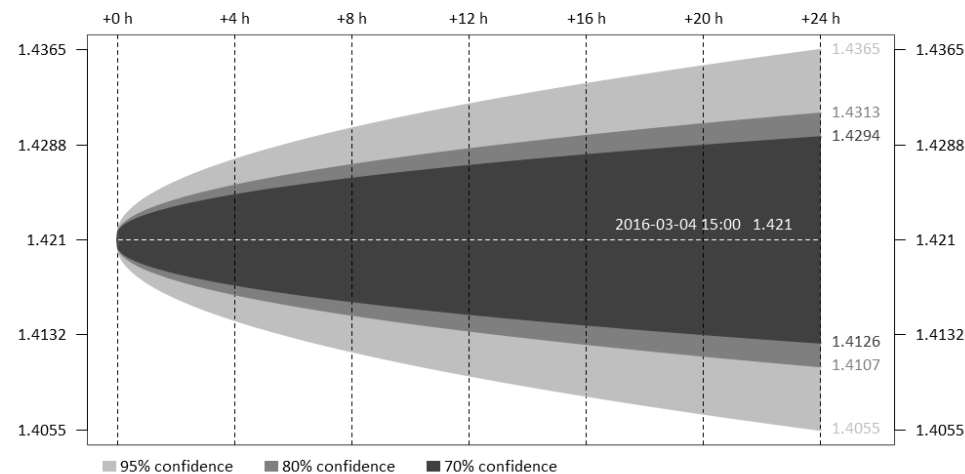
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.27	0.3	0.46	0.31	0.45	0.59	0.34	0.24
20	0.28	0.31	0.46	0.26	0.5	0.63	0.4	0.28
130	0.37	0.57	0.65	0.29	0.55	0.68	0.46	0.25
250	0.39	0.68	0.68	0.34	0.5	0.68	0.43	0.22

# Confidence Intervals for Next 24 Hours

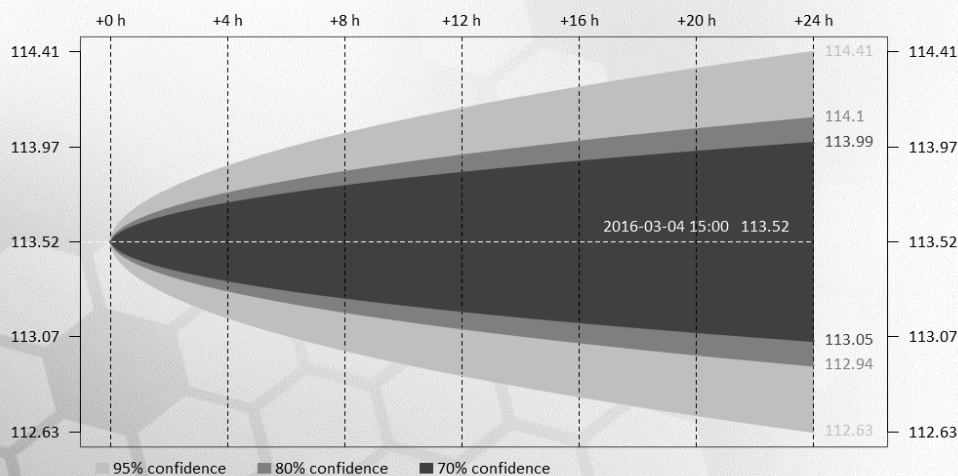
EURUSD Potential Rates



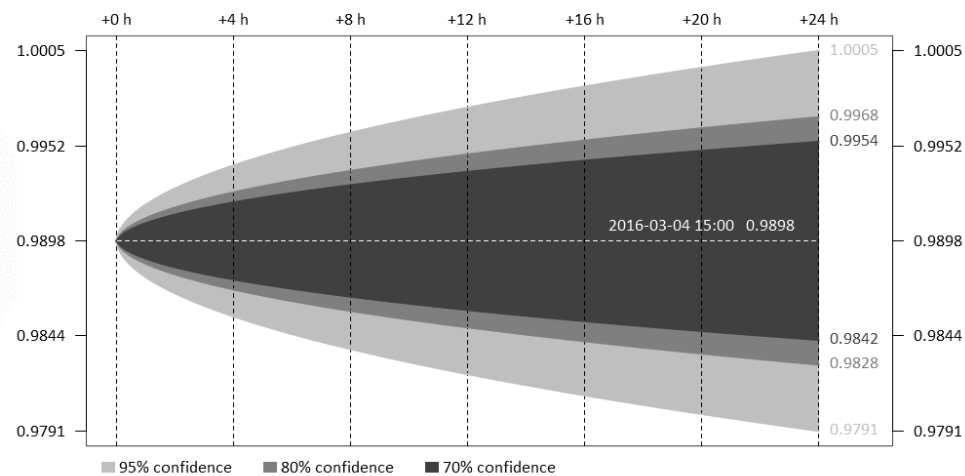
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



# EXPLANATIONS

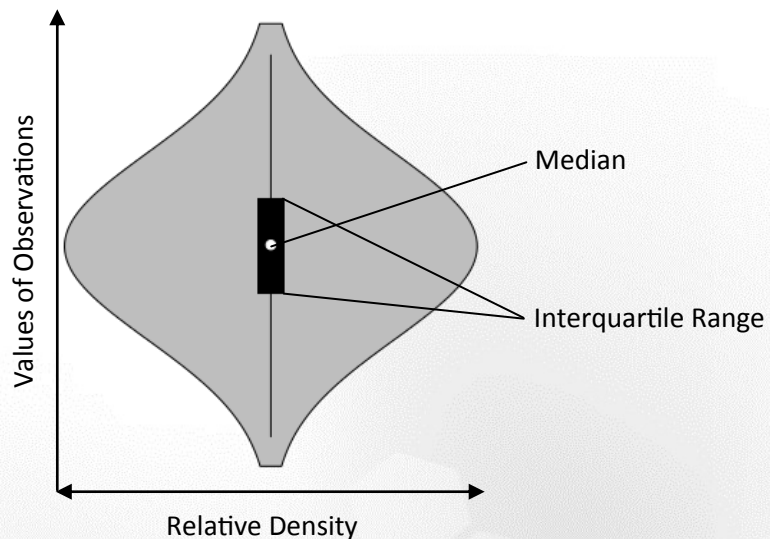
## Violin Plot

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

## Methodologies

Volatility Index

Confidence Interval





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