



**EUR**

11/03/2016



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# Dominant Events of the Period

## Yellow Area

March 4

09:00 - 16:00

- Italy GDP
- US Labor Force Participation Rate, Unemployment Rate, Nonfarm Payrolls, Trade Balance
- Canada Ivey Purchasing Managers Index

## Turquoise Area

March 8

08:00 - 17:30

- Swiss Consumer Price Index
- UK BoE Governor speech
- Canada Housing Starts

## Blue Area

March 9

14:30 - 20:30

- BoC Interest Rate Decision
- RBNZ Interest Rate Decision, Monetary Policy Statement

## Purple Area

March 10

12:00 - 15:30

- EU Interest Rate Decision, ECB Monetary Policy Statement
- US Initial Jobless Claims

EUR Currency Index Change

0.27%

-0.08%

0.48%

1.09%

Max EUR Volatility Index

2.44

1.28

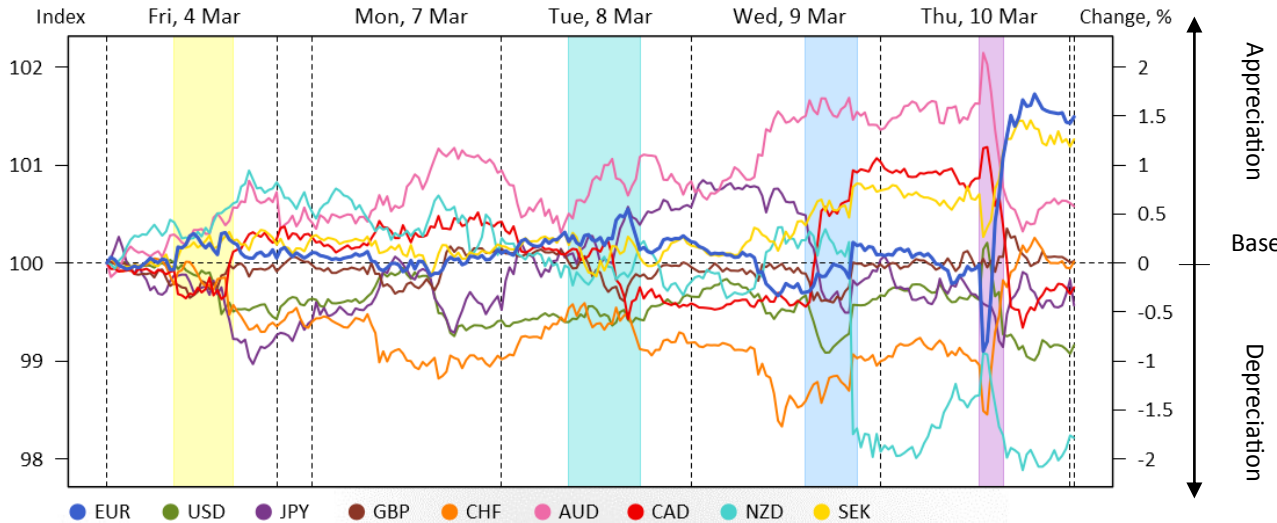
2.18

5.08



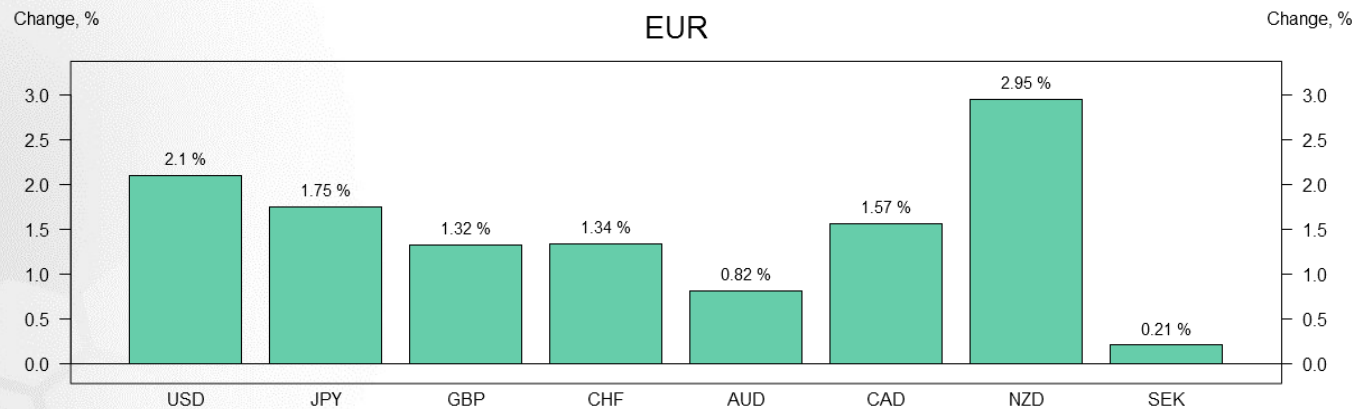
# Relative Currency Strength

Currency Indexes



Index activity picked up in the past trading days, and most notably so for the Euro's gauge that climbed to almost 200 points and finally posted the greatest weekly gain after previous sluggish months. Following the general pattern of the EUR Index during the week, the euro eventually became the best gainer among its counterparts. Similarly to the Euro's measure, the SEK Index had its sharpest surge on Thursday afternoon, jumping from below the baseline to 1.40 points in three hours. Meanwhile, most of the other gauges dipped, with the NZD and the USD Indexes acting as the downside leaders

The Euro enjoyed an uplifting period, sending its index into an upsurge and posting near-to or over 1.5% weekly growth against most of its peers. The rally set off on Wednesday, anxiously awaiting the European Central Bank meeting, where the central bank was expected to loosen monetary policy further. Some combination of a deposit rate cut and an adjustment to the current QE programme were widely expected. Additional fuel came on Thursday, when the shared currency took a wild ride from a 6-week low to a 3-week high on Wednesday, after the European Central Bank (ECB) President Mario Draghi initially overwhelmed markets with another ultra-ambitious wave of stimulus.



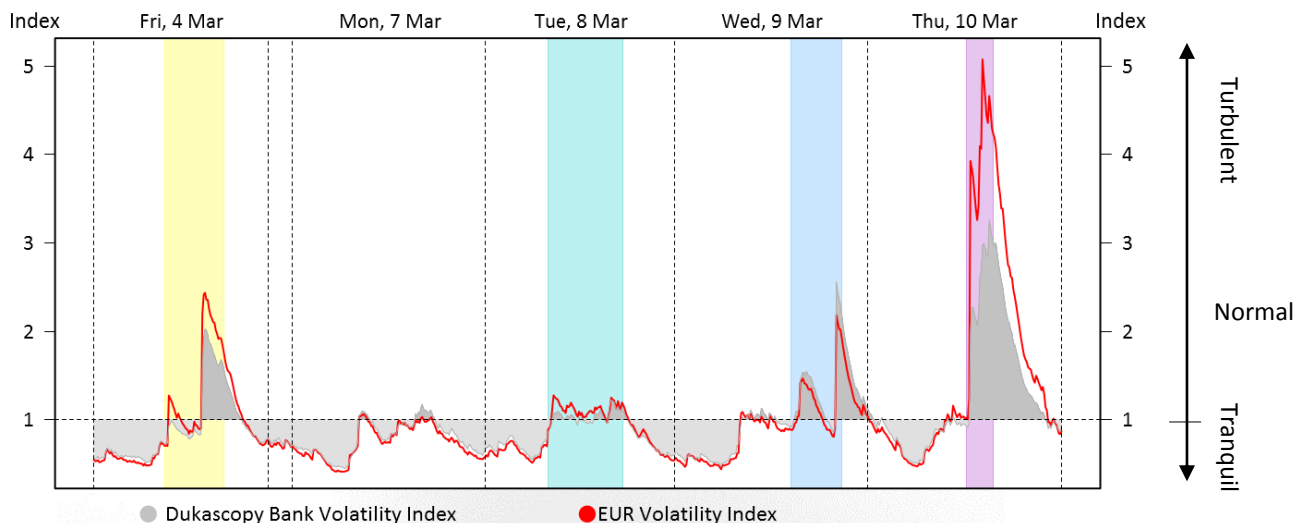
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.49%	-0.84%	-0.43%	0.02%	0.01%	0.58%	-0.25%	-1.79%	1.26%
20	-1.63%	-0.53%	-1.14%	-2.7%	-1.65%	5.15%	4.52%	-0.42%	-0.57%
130	-1.76%	-0.77%	6.3%	-9.13%	-1.58%	5.42%	-1.54%	6.76%	-1.76%
250	5.73%	0.92%	8.53%	-5.2%	2.45%	-1.87%	-4.81%	-8.98%	3.26%



# Volatility

## Volatility



The past five trading days, much like the several previous periods, were tranquil for the observed currencies. The most volatile were USD and JPY composites, both with 37% portion of elevated volatility. The latter strongly reacted to the ECB President decision to cut the deposit rate further into negative territory, from -0.3% to -0.4%, while the main refinancing rate was surprisingly cut as well from 0.05% to 0.00% and the marginal lending facility was lowered by 5 basis points to 0.25%. The Pound's index, in turn, reached the lowest volatility peak among its counterparts. It is worth noting that Thursday's ECB Monetary policy statement induced

The Euro was among the most turbulent currencies, though the volatility increases on the two last days of the period and were associated with ECB decision. The first notable surge of the Euro's volatility index took place on Wednesday, since the single European currency erased all its gains from Tuesday due to lack of drivers on both sides of the Atlantic pushing the euro into a bear market again, while investors were cautious ahead of the ECB meeting. However, the next day, the shared currency re-gained footing on the back of the Draghi's comment that he sees no need for further interest-rate cuts based on current view.

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

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	32	33	37	37	21	51	26	27	33	29

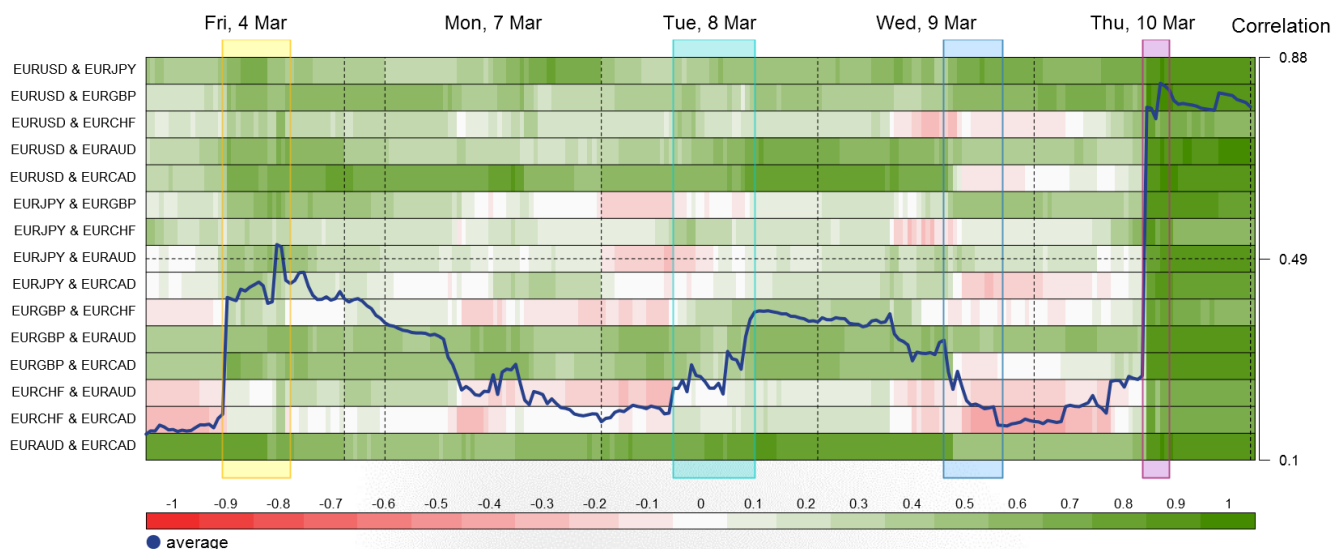
### Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
Max		3.26	5.08	8.77	5.49	4.83	6.74	4.45	4.94	7.82	4.26
Min		0.45	0.41	0.26	0.36	0.26	0.38	0.4	0.28	0.47	0.14
Average		0.97	1.02	1.22	1.08	0.81	1.22	0.97	0.94	1.13	0.87



# Currency Significance

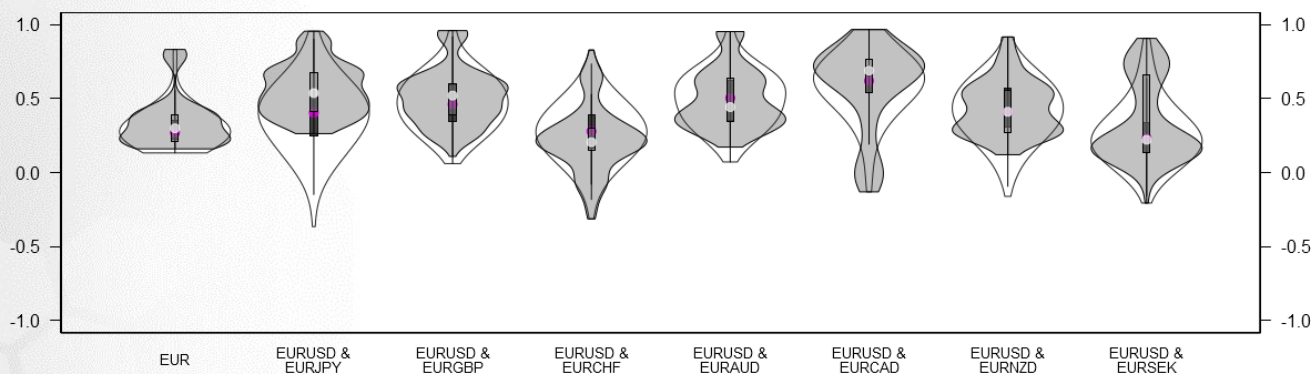
## Correlations



The Euro significance measure had a few ups-and-downs and ranged from 0.2 to 0.88 during the past week. Nevertheless, its final change from the initial value amounted to only 0.13 points. The average values also remained almost unchanged from the past week, with 0.01-0.05 points strengthening of the composite and most of its EUR/USD components. The three components lifted their mean levels. Thus, EUR/USD mean correlations with EUR/GBP, EUR/CAD and EUR/JPY gained 0.50-0.58 points.

The observed week could be divided into two parts: the period of a gradual decline, when the Euro composite reduced to its minimum value of the week, and the period when it showed an upward trend. The fall started from the very beginning of the period, and, despite some attempts to recover, the measure lost about 0.31 points by Tuesday noon. Then came the turning-point, when the composite started to increase. It went through its notable jump on Wednesday, gaining 0.42 points. Later it lost around half of what it gained, but regained the biggest value on Thursday, against the background of the ECB press conference.

## Correlations (5 vs 20 days)

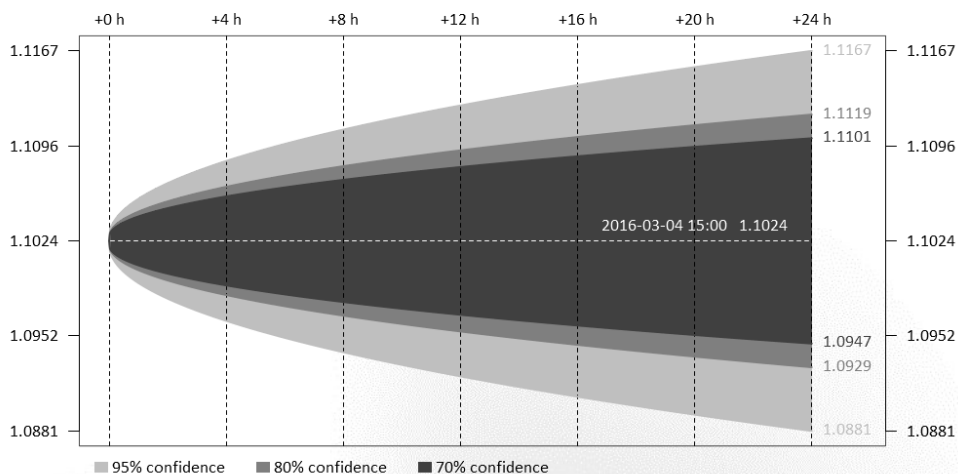


## Mean Correlation Coefficient (with EURUSD)

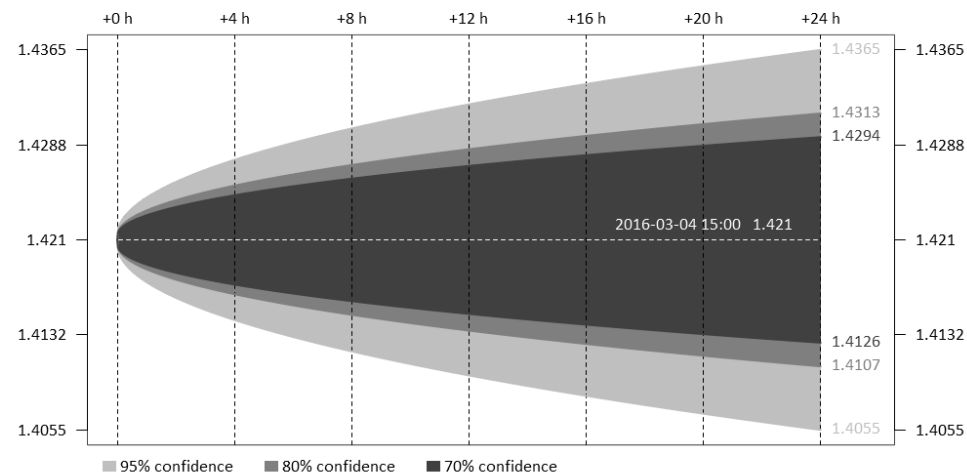
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.34	0.56	0.52	0.22	0.5	0.58	0.44	0.34
20	0.3	0.38	0.47	0.27	0.49	0.6	0.42	0.26
130	0.37	0.57	0.64	0.29	0.54	0.67	0.46	0.26
250	0.39	0.67	0.67	0.34	0.5	0.68	0.43	0.22

# Confidence Intervals for Next 24 Hours

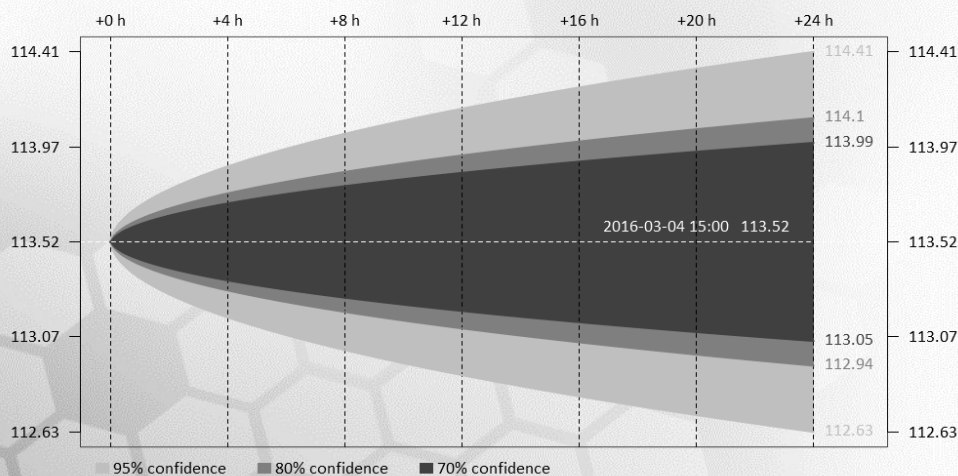
EURUSD Potential Rates



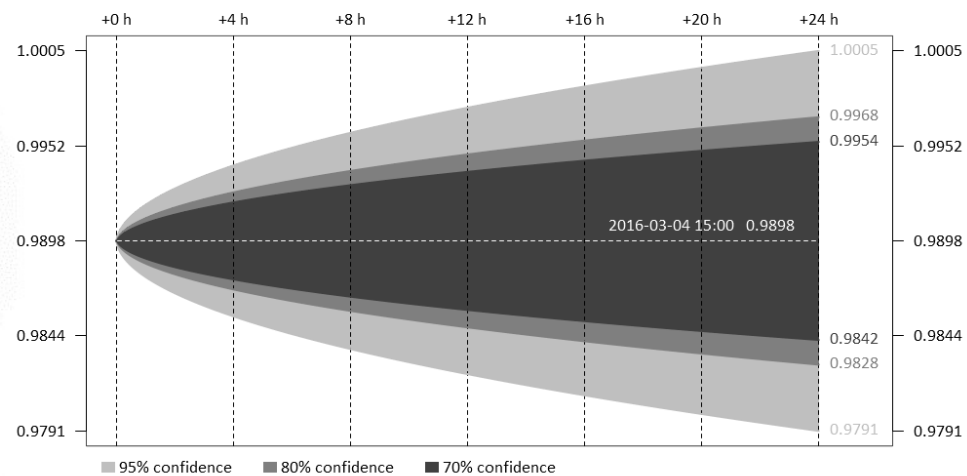
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



# EXPLANATIONS

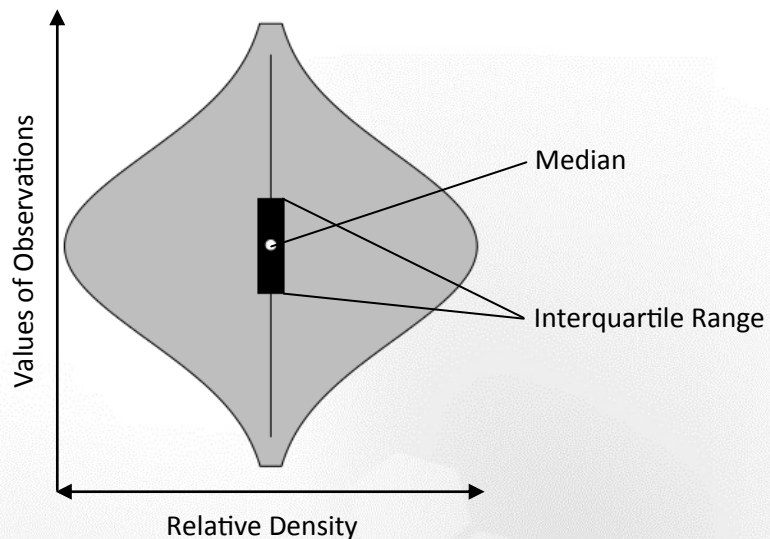
## Violin Plot

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

## Methodologies

Volatility Index

Confidence Interval





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