



EUR

18/03/2016



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

March 11

07:30 - 19:00

- Germany Consumer Price Index, Wholesale Price Index
- US Import Price Index, Export Price Index
- Canadian Unemployment Rate, Participation Rate

Turquoise Area

March 15

07:30 - 19:30

- US Retail Sales

Blue Area

March 16

17:00 - 23:30

- FED Interest Decision, FOMC Economic Projections
- RBNZ Interest Rate Decision, Monetary Policy Statement
- New Zealand GDP

Purple Area

March 17

07:30 - 18:00

- SNB Interest Rate Decision
- EU Trade Balance, Consumer Price Index
- BoE Interest rate Decision, Bank of England Minutes
- US Initial Jobless Claims, Philadelphia Fed Manufacturing Survey

EUR Currency Index Change

-0.42%

0.09%

0.06%

0.08%

Max EUR Volatility Index

1.28

1.17

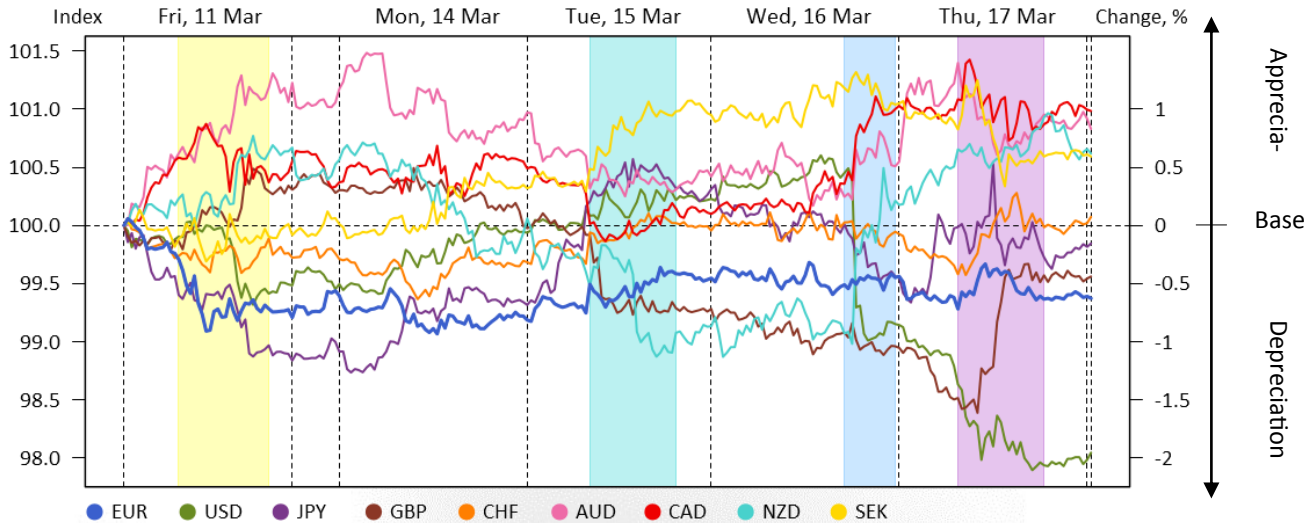
1.85

1.66



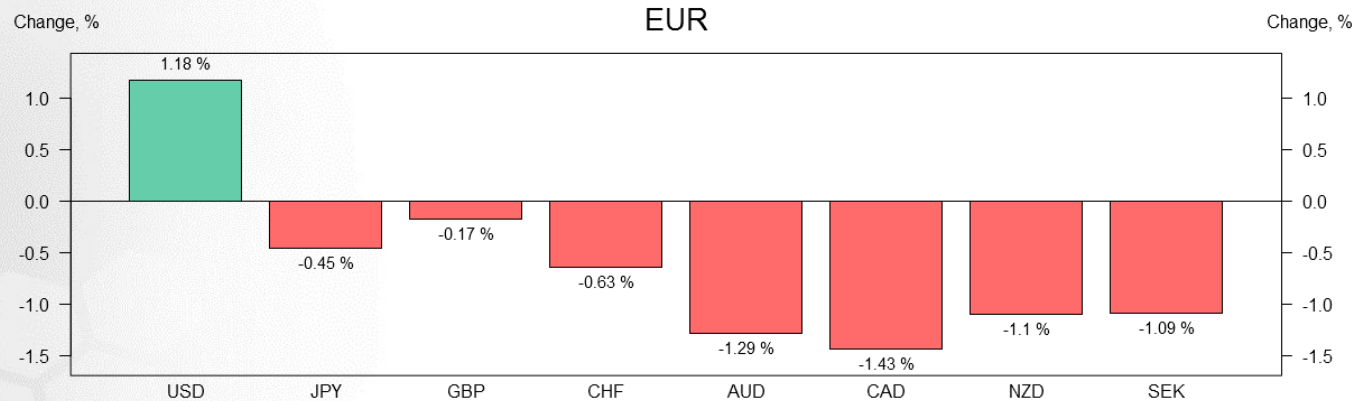
Relative Currency Strength

Currency Indexes



The past week was quite successful for the Australian Dollar. The Aussie Currency Index was ranging around the base line during almost the whole period, however, on Thursday, the currency managed to reach its 9-month high, boosted by higher oil prices, positive domestic macro data and downgraded US Federal Reserve outlook. The latest Fed's decision to scale back its rate hike forecasts, while keeping the target range for federal funds unchanged at 0.25%-0.50%. The currency index was only outperformed by Canadian Dollar index which ended the period with the first best result of 0.98%.

The Pound, in turn, has significantly depreciated compared with the previous week, and even became one the worst performer for the four days of the past week. Sterling deepened its losses after UK Chancellor of the Exchequer George Osborne presented a radically cut forecast for the UK's economic growth. Osborne added that the government now expects growth in 2016 of 2%, down from the last prediction of 2.4%. The forecast for 2017 was also slashed from 2.5% to 2.2%. Additional pressure was added by renewed fears of the possible UK exit from the European Union. Even though the polls are usually very close, each result favoring a Brexit hurts the pound.



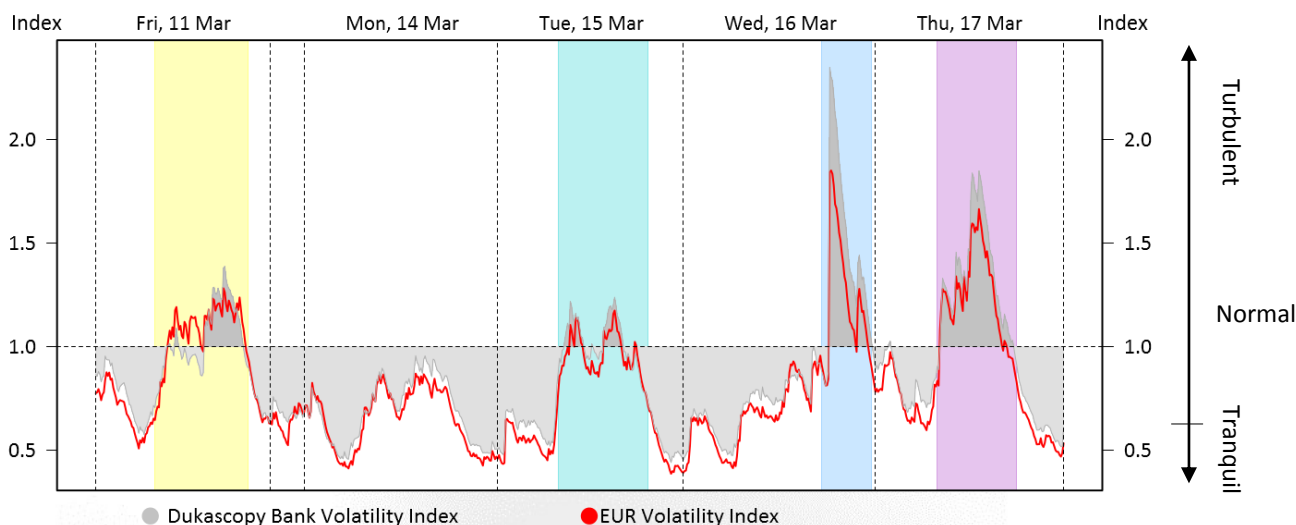
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.63%	-1.95%	-0.15%	-0.44%	0.07%	0.83%	0.98%	0.62%	0.59%
20	-1.11%	-3.32%	-1.59%	-1.91%	-0.41%	5.04%	3.46%	0.27%	0.33%
130	-1.94%	-1.45%	6.82%	-9.28%	-2.12%	5.16%	-0.53%	6.76%	-1.2%
250	5.46%	-1.83%	7.8%	-4.02%	2.55%	-1.55%	-3.65%	-9.45%	4.69%



Volatility

Volatility



The period was notably lacking turbulence, as most elevated volatility portions stood below 1.0 mark. However, some indexes managed to lift its average to at least 2 points. The Euro was amongst the volatile currencies, with only Yen, Krona and Frank surpassing it in stability. Meanwhile, the Canadian dollar and the feebish pound were the least tranquil, their over turbulence percentage at 20 and average volatility at 0.79. Additionally, the Greenback and the New Zealand Dollar reached the highest volatility peaks, both a little over 3.00 points. The dollar's index spiked on Wednesday as traders digested a set of new macro updates from the US, namely upbeat core CPI.

Wednesday's upsurge of the single European currency was by all accords the most turbulent event of the period, as it pushed all observed volatility indexes above the 1.5 point line and caused the greatest spike of the composite measure. The Euro was among the currencies that suffered the sharp decline at the Greenback's move, and so its volatility measure jumped to the week's highest level. The Federal Reserve left the Fed funds rate unchanged at 0.5% at its March meeting, as was widely expected by market participants. In addition, the Fed cited global economic developments as a possible risk for the US economy.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
	21	22	28	17	25	22	21	20	35

Volatility Index (for the observed period)

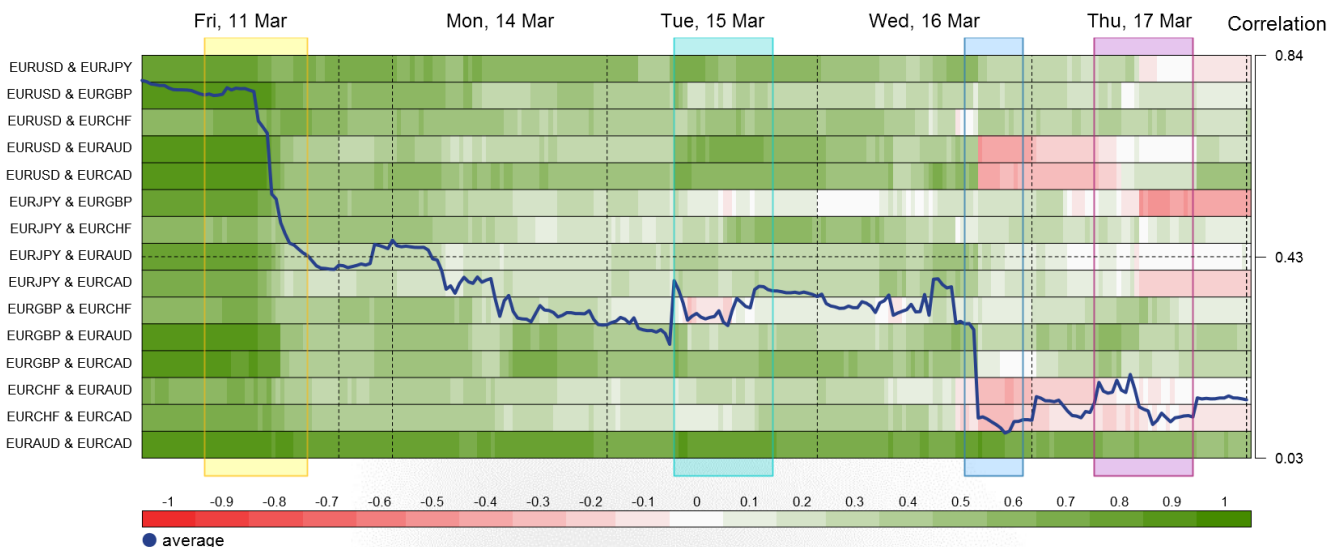
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	2.35	1.85	3.74	2.81	2.3	2.08	1.62	2.07	3.12	2.8
Min	0.44	0.39	0.19	0.27	0.26	0.27	0.34	0.3	0.42	0.26
Average	0.85	0.8	0.76	0.83	0.74	0.78	0.81	0.76	0.82	0.88



Currency Significance

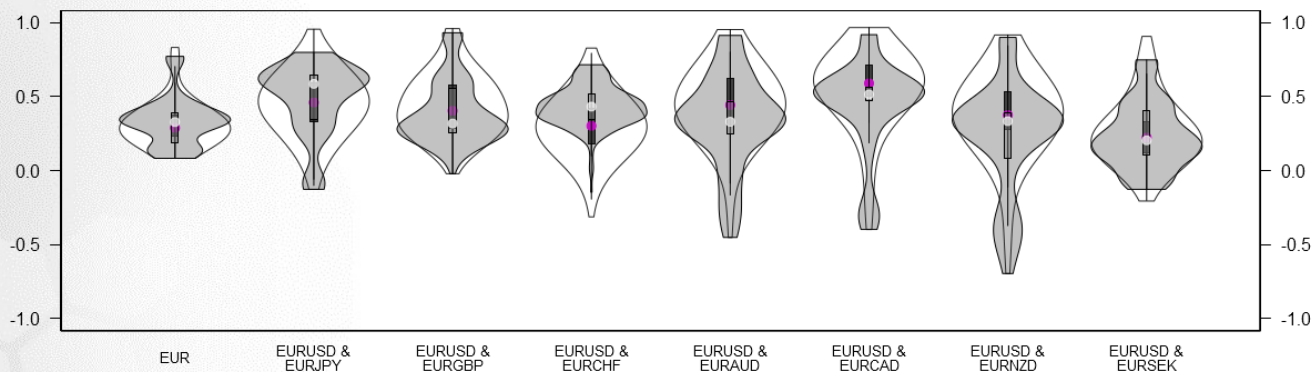
Correlations

The single currency's significance measure was showing a strong downward trend during the past week. However, the movement was smooth, but the composite still had a few ups-and-downs and ranged from 0.15 to 0.80 points. Nonetheless, averages of the composite and its EUR/USD components were almost in row with the previous week's values. The most notable changes occurred in EUR/USD correlations with EUR/CHF (-0.13 points).



The Euro measure started the period with a sharp fall which was seen on Friday during the EU session and was spotted trading at daily lows below 0.43, having retested the 1.12 mark earlier in the day. In the previous session, the European Central Bank cut the deposit rate further into negative territory. Moreover, the QE programme was expanded by 20 billion euro to 80 billion euro monthly and the ECB announced four new targeted Long Term Refinancing Operations with a four year maturity. The euro plummeted around 150 pips after the new measures were announced. The end of the week Euro also finished on the weak note amid a set of reliable US data.

Correlations (5 vs 20 days)

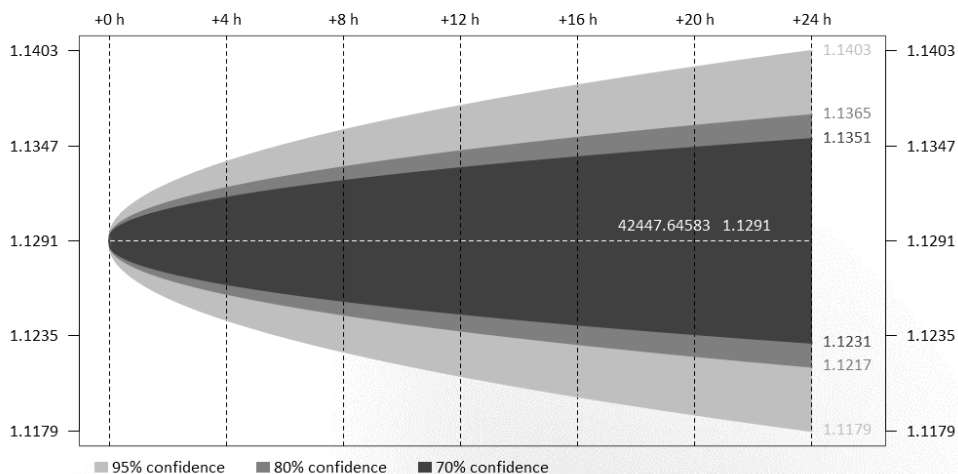


Mean Correlation Coefficient (with EURUSD)

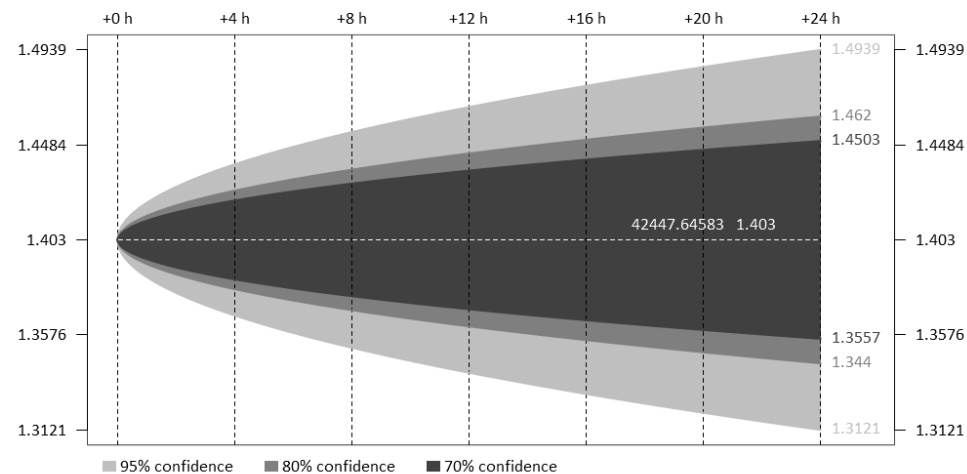
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.34	0.48	0.4	0.43	0.33	0.43	0.22	0.23
20	0.31	0.45	0.44	0.3	0.45	0.56	0.38	0.26
130	0.37	0.56	0.62	0.3	0.53	0.66	0.45	0.26
250	0.39	0.67	0.67	0.34	0.5	0.67	0.43	0.22

Confidence Intervals for Next 24 Hours

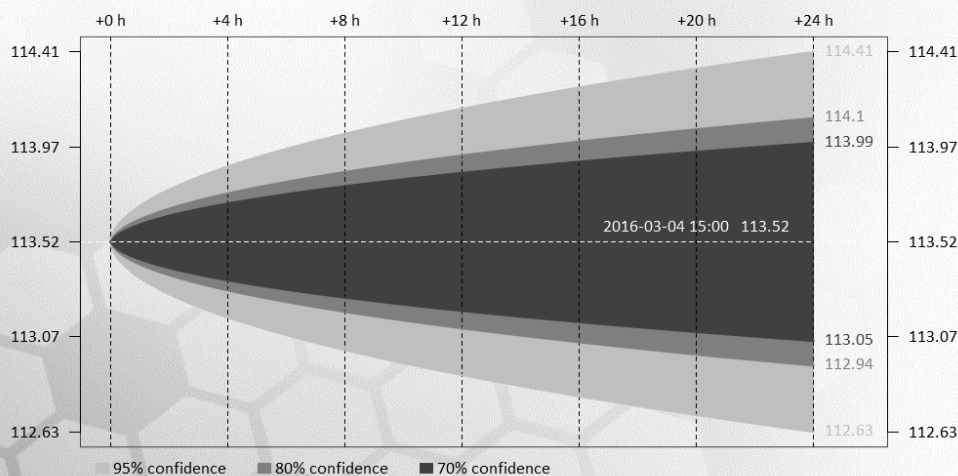
EURUSD Potential Rates



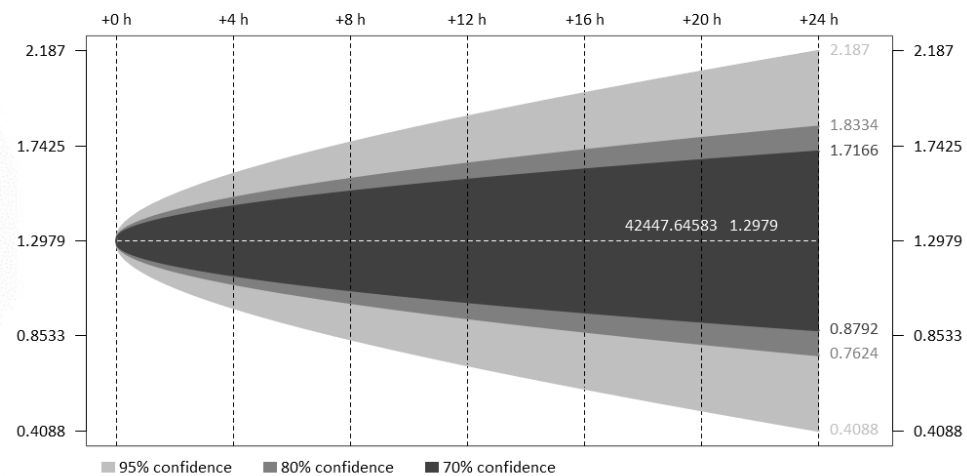
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

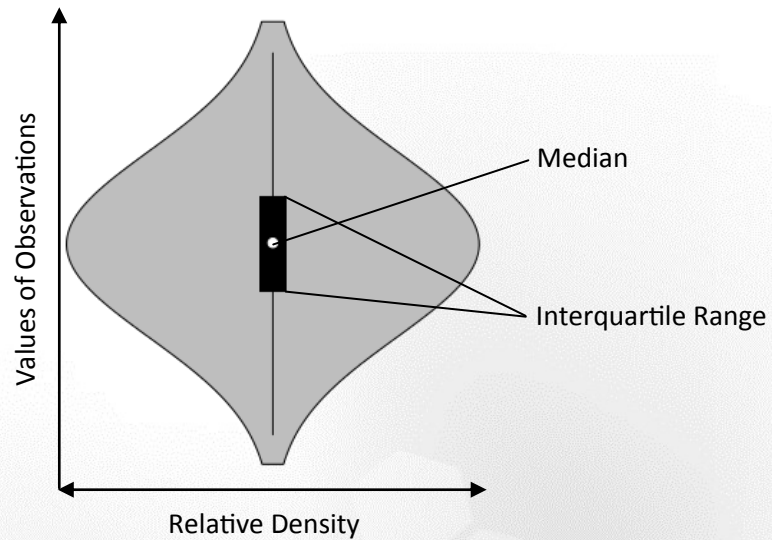
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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