



EUR

25/03/2016



DUKASCOPY
RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

March 21

07:00 - 18:00

- US Chicago Fed National Activity

Turquoise Area

March 22

07:30 - 16:00

- German Markit PMI, Markit Manufacturing PMI
- EU Markit Manufacturing PMI, Markit Services PMI
- UK Consumer Price Index
- German Economic Sentiment

Blue Area

March 23

07:00 - 18:00

- US New Home Sales

Purple Area

March 24

08:00 - 17:00

- UK Retail Sales
- EU Targeted LTRO
- US Initial Jobless Claims, Durable Goods Orders, Markit PMI Composite

EUR Currency Index Change

-0.07%

-0.22%

0.21%

0.03%

Max EUR Volatility Index

1.01

1.3

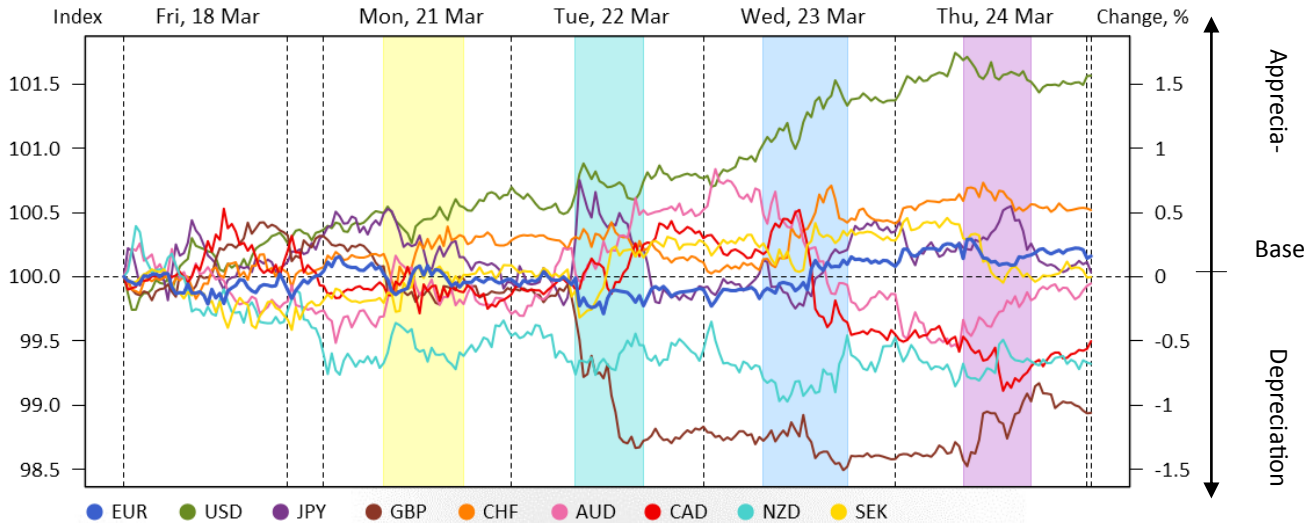
0.97

0.97



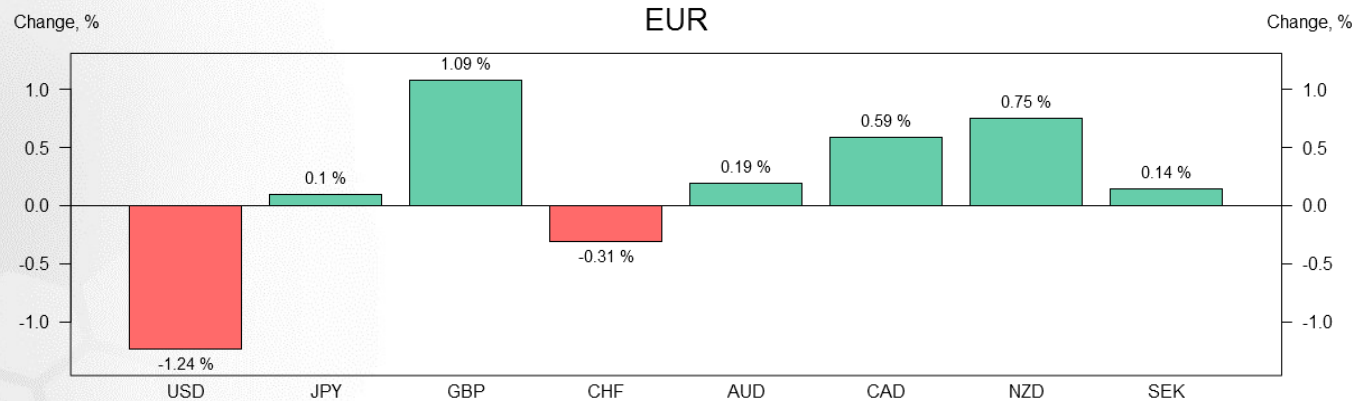
Relative Currency Strength

Currency Indexes



Despite a bunch of fundamental data from Europe, and it was a surprise that the single currency managed to change only by 0.16% compared to its counterparts. Moreover, the most traded currency pair was almost unchanged over the observed period. With almost 63% of opened position being short on EUR/USD and with the single currency being sold in 37% of the time, it was not a surprise that the Euro index remained around the base value in the first half of the week and moved lower closer to Friday. However, the US Dollar index lost around 1.56% even despite lack of economic announcements.

Last week's highlights were on PMI numbers which were released in France and Germany, the two biggest Euro zone economies. The French services PMI rose from 49.2 points to 51.2 points, moving from contraction to expansion, however, the manufacturing numbers, in turn, declined, dropping from 50.2 to 49.6. Meanwhile, Germany's numbers stayed in the expansion zone, as the manufacturing PMI ticked slightly lower to 50.4 from 50.5 and the flash services PMI advanced to 55.5 from previous figure of 55.3.

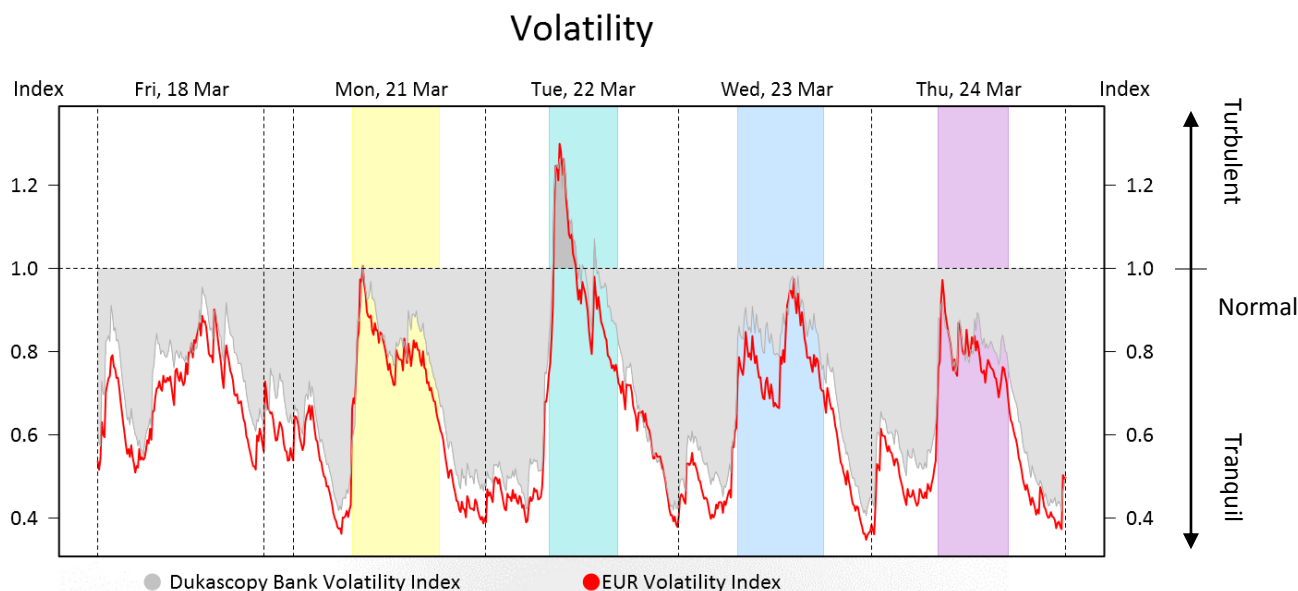


Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.16%	1.56%	0.03%	-1.06%	0.52%	-0.05%	-0.5%	-0.68%	0%
20	-0.03%	-1.49%	-1.45%	-0.07%	0.2%	3.61%	1.01%	-2.54%	0.98%
130	-1.66%	-1.62%	5.6%	-9.26%	-1.48%	6.89%	-1.07%	5.05%	-0.29%
250	4.99%	2.4%	9.06%	-3.12%	0.39%	-2.54%	-3.98%	-12.34%	5.13%



Volatility



Financial markets remained rather calm during the last week, with an average volatility being mostly below the historic values, while elevated market volatility was registered only in 23% of the time. Thus the portions of elevated volatility of the aggregate and EUR were only 3% and 2% respectively. For the most of the components the past week also was rather tranquil, and they spent above the historical level 1% - 18% of the period. The highest results were demonstrated by EUR/CHF and EUR/JPY, the components showed relatively high results, having held above the 1-point level 18% and 16% of the observed week.

Until Tuesday the most traded currency pair's volatility was below the Dukascopy Bank Volatility Index, as markets were driven by lack of economic announcements. On Tuesday the EUR/USD volatility remained under pressure from terrorist attacks in Brussels, but pair managed to bounce from its daily lows due to an upbeat German data contributing to the rise of volatility. A separate report showed the German ZEW index improved to 4.3 points in March, from 1 point in February, but it missed the 5.4 points expected by analysts. The Current Situation Index declined to 50.7 points, from the 52.3 before, while the market had forecast a rise to 53 points.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK	
	3	2	2	16	13	18	5	8	1	15

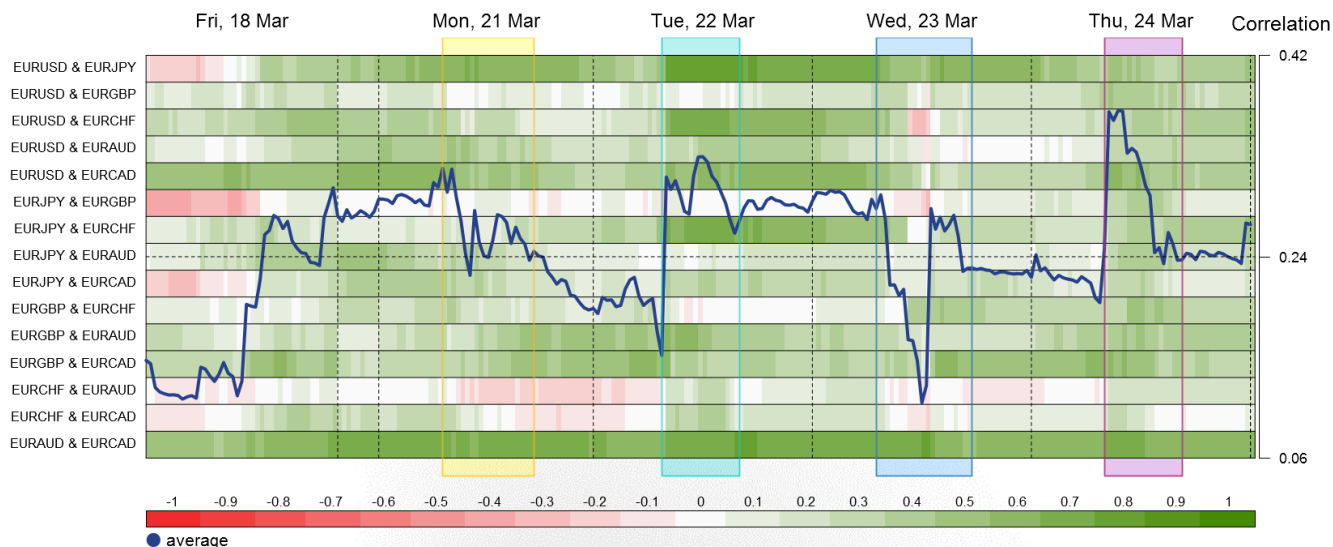
Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.26	1.3	1.2	2.13	1.82	1.56	1.35	1.36	1.17	1.62
Min	0.4	0.35	0.19	0.27	0.2	0.2	0.3	0.27	0.22	0.14
Average	0.7	0.64	0.54	0.72	0.69	0.69	0.69	0.63	0.57	0.64



Currency Significance

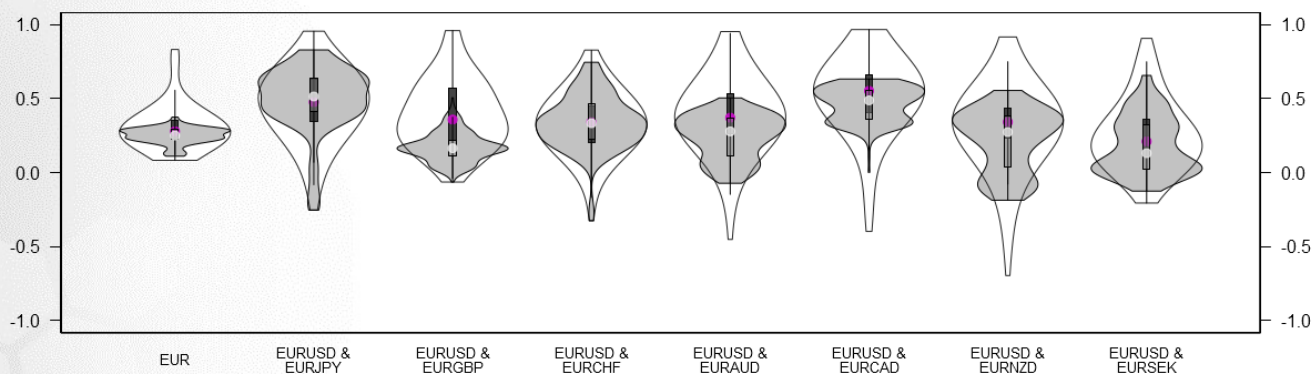
Correlations



For the fourth week in a row the single currency significance measure continued to decrease. Thus in a five trading days the composite has weakened by 0.1 points. However, compared with the previous week the averages of the gauge and its components mostly remained unchanged. The most notable changes were in EUR/GBP correlations with EUR/GBP and EUR/NZD—averages lost 0.22 and lost 0.09 points, respectively. Most of the correlation distributions, have concentrated at the level of averages, almost entirely having lost the upper tail.

Starting the period at the level of 0.13, the Euro composite showed the upward trend from the very beginning of the period, and by the Monday's morning increased up to 0.3 mark. However the rise did not last long, and on Tuesday the gauge dropped to the level of 0.15. The most notable fall of the composite took place on Wednesday. The Euro and Sterling remain the worst performers after events in Brussels. The euro fell under the 1.12 mark handle to hover near its session lows, down 0.30% to 1.1183.

Correlations (5 vs 20 days)

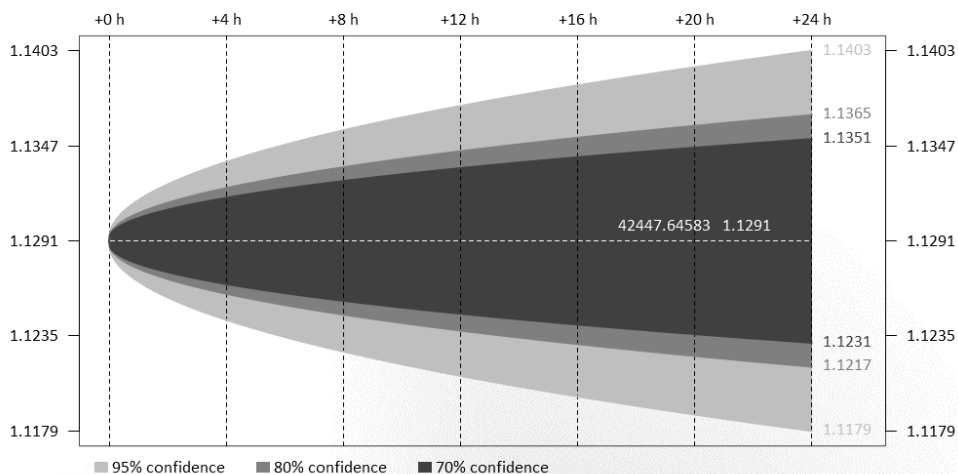


Mean Correlation Coefficient (with EURUSD)

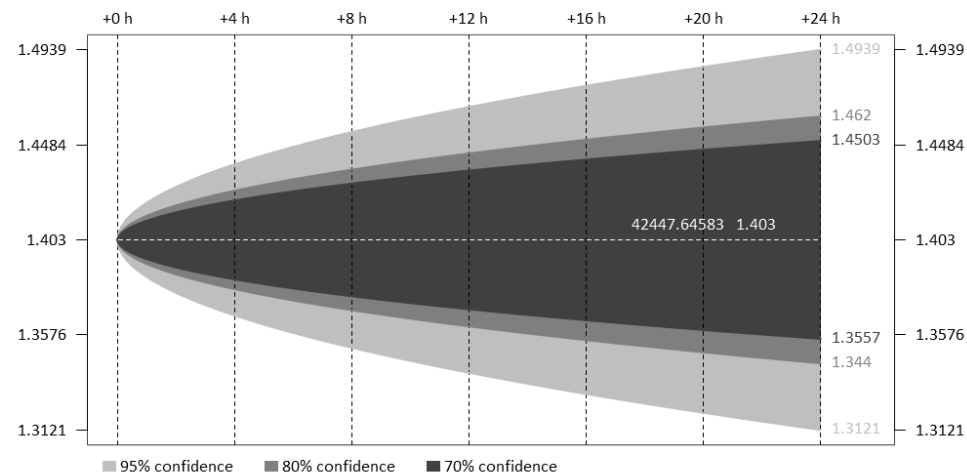
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.25	0.49	0.17	0.34	0.24	0.46	0.22	0.18
20	0.3	0.46	0.39	0.33	0.39	0.52	0.31	0.25
130	0.36	0.56	0.6	0.3	0.52	0.65	0.44	0.26
250	0.39	0.66	0.66	0.34	0.5	0.66	0.43	0.22

Confidence Intervals for Next 24 Hours

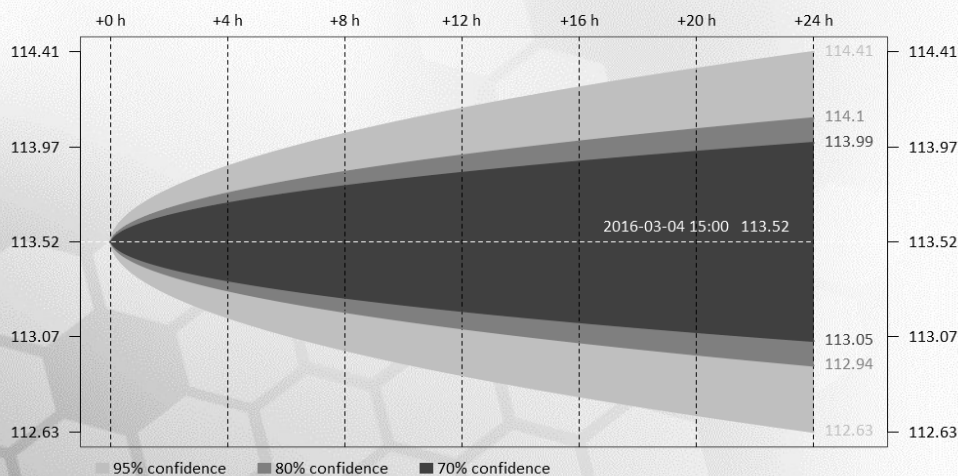
EURUSD Potential Rates



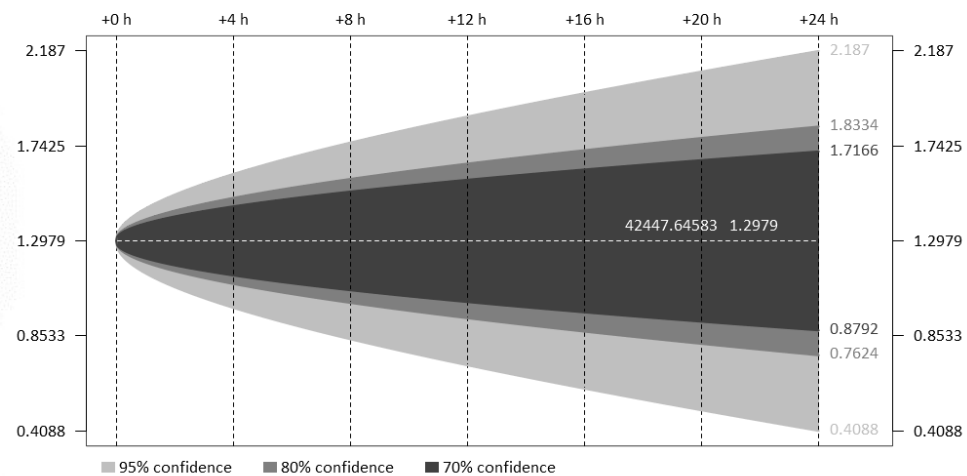
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

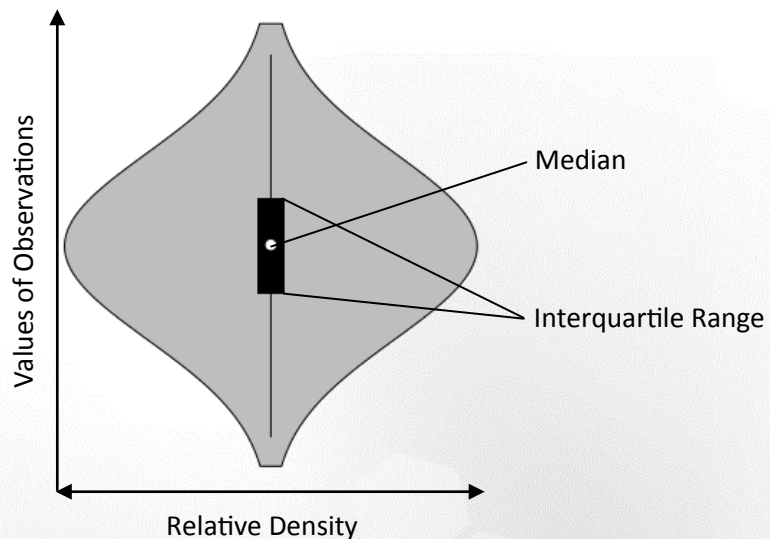
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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