



**EUR**

08/04/2016



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**Market Research**



Friday, April 08, 2016

15:30 GMT

## Dominant Events of the Period

### Yellow Area

April 1

08:00 - 14:30

- German Markit Manufacturing PMI
- UK Markit Manufacturing PMI
- US Nonfarm Payrolls, Unemployment Rate, ISM Manufacturing PMI

### Turquoise Area

April 4

08:30 - 14:00

- UK PMI Construction
- EU Unemployment Rate, Producer Price Index

### Blue Area

April 5

01:30 - 14:00

- Australian Trade Balance, Export, Import RBA Interest Rate Decision
- EU Markit PMI Composite, Markit Services PMI

### Purple Area

April 6

07:00 - 18:00

- EU Non-Monetary policy EXB meeting
- US FOMC minutes

### Orange Area

April 7

00:30 - 21:00

- BoJ Governor Speech
- ECB Monetary Policy Meeting, ECB President Speech
- Fed's Yellen Speech

EUR Currency Index Change

0.09%	0.03%	0.22%	0.12%	0.06%
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Max EUR Volatility Index

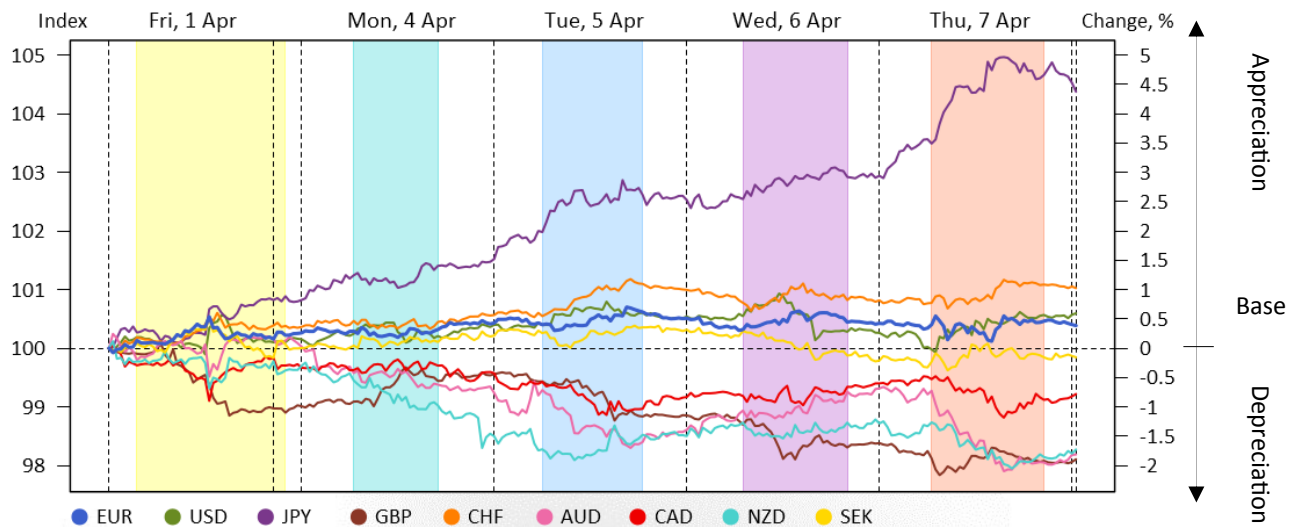
2.29	1.11	1.54	1.54	2.02
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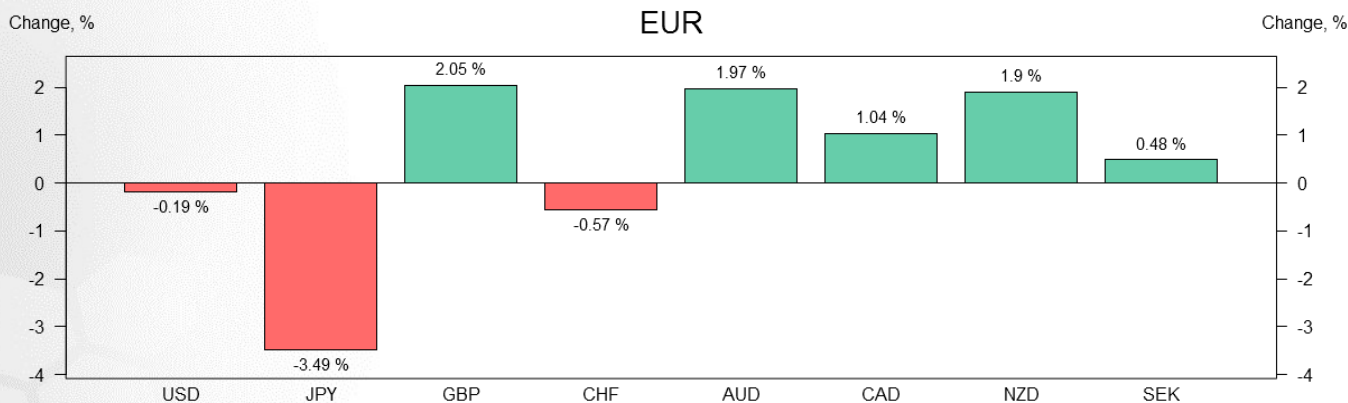
# Relative Currency Strength

## Currency Indexes



The EUR Index continued to go narrow during the first days of spring, finishing on the position of last best performer. The index to fare better was the Japanese Yen measure, which held on a steady uptrend since Monday and took its conclusive advance on Thursday, hitting a fresh 17-month high. The Yen was positively affected by Japanese Prime Minister Shinzo Abe announcement, that countries should avoid weakening their currencies with arbitrary intervention as well as by dovish Fed's statements. On the other side of the baseline, the Pound remained the leader as Brexit concerns overshadow the return of risk sentiment after oil prices bounced back from one-month lows.

The Euro entered the new week seemingly aiming to correct last week's significant gains which resulted in a five-month high. On Monday, the single European currency went down on bad economic news that the producer price indices missed estimates. The monthly change shrank from -1.1% to -0.7% and the yearly print deteriorated further to -4.2% from -3.0%. However, Dovish Fed minutes and the high probability that more rate hikes will be delayed until the second part of 2016 weakened the dollar thus, giving strong support to the Euro currency. Overall, the Euro index was fluctuating around 0.5 mark during the whole observed period.

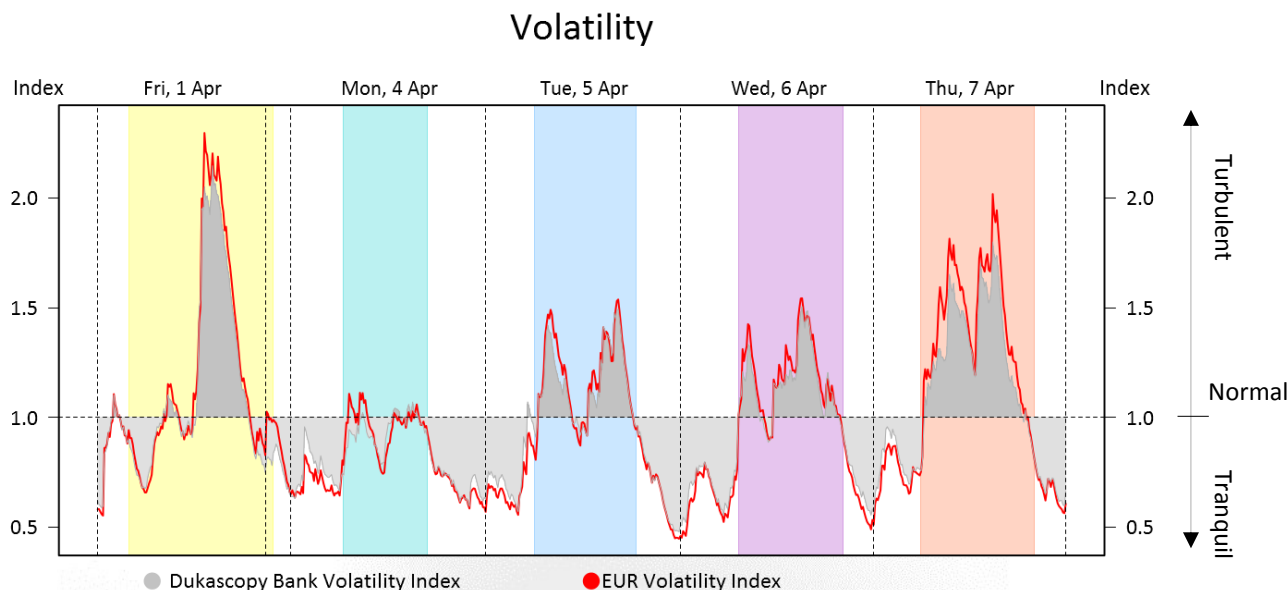


## Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.38%	0.59%	4.37%	-1.89%	1.02%	-1.81%	-0.78%	-1.73%	-0.16%
20	0.3%	-1.52%	3.03%	-3.38%	1.7%	-1.17%	-0.46%	0.03%	1.05%
130	-0.41%	-0.43%	10.94%	-9.83%	0.01%	2.28%	-2.46%	0.83%	-0.41%
250	5.48%	0.1%	11.46%	-5.91%	1.05%	-1.86%	-5.56%	-11.46%	6.71%



# Volatility



The past five trading days, compared to the several previous periods, were volatile for the observed currencies. The most volatile were JPY and GBP composites, both with almost 50% portion of elevated volatility. The yen extended its winning streak and rose to the highest level since October 31 2014 highs due to increased risk sentiment as well as impressive domestic wage data. The sterling strongly reacted to the advanced oil prices which bounced higher, after touching one-month lows, on the back of a 4.6 million barrel draw in the latest API data, showing the biggest draw since the beginning of the year. Eventually, market gained 2.15 points spike of the overall index.

The Euro was among the most turbulent currencies, though the volatility increases on the two first days of the period were associated with PMI announcements. Meanwhile, the French manufacturing PMI slipped to 49.6 from 50.2, while the German advanced to 50.7 from 50.5 booked in February. The Euro zone's manufacturing PMI swelled to 51.6 from 51.2 previously. The Euro closed the observed period on a calm note following the German current account for February which ameliorated notably and printed 20 billion euro, up from 14.3 billion euro in January. The trade balance also accelerated to 20.3 billion euro from €13.6 billion euro previously.

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

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
38	40	37	52	50	28	45	46	26	33

**Volatility Index (for the observed period)**

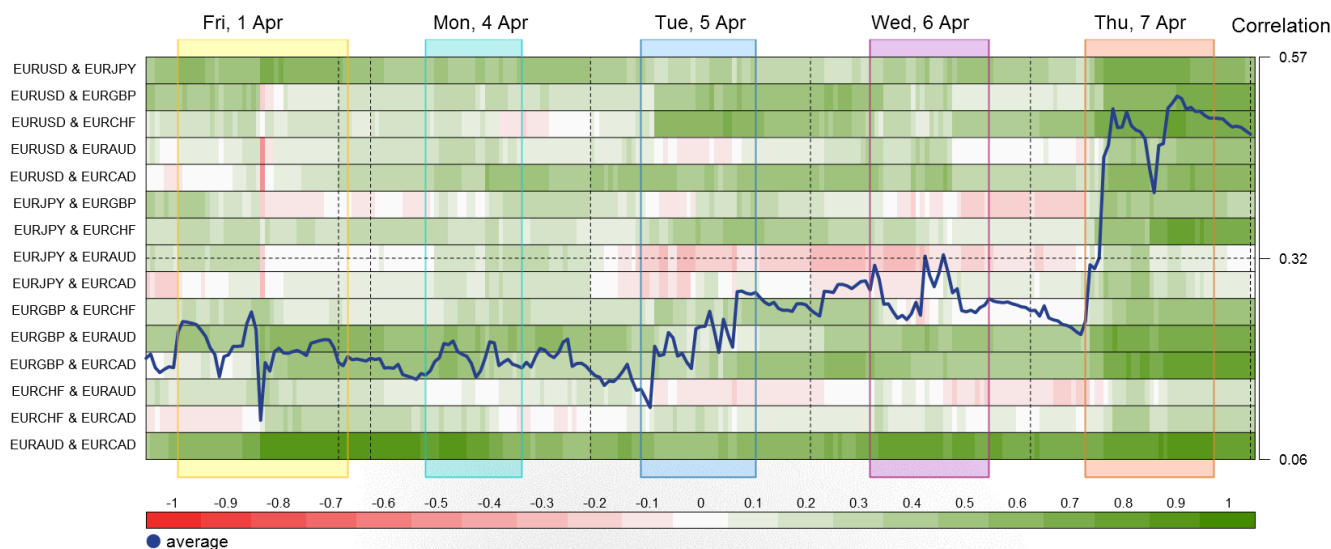
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	2.15	2.29	2.76	2.75	2.29	3.24	2.73	3.45	2.14	2.05
Min	0.48	0.45	0.31	0.41	0.3	0.24	0.4	0.39	0.36	0.17
Average	0.97	0.99	0.99	1.11	1.02	0.83	1.06	1.08	0.89	0.87





# Currency Significance

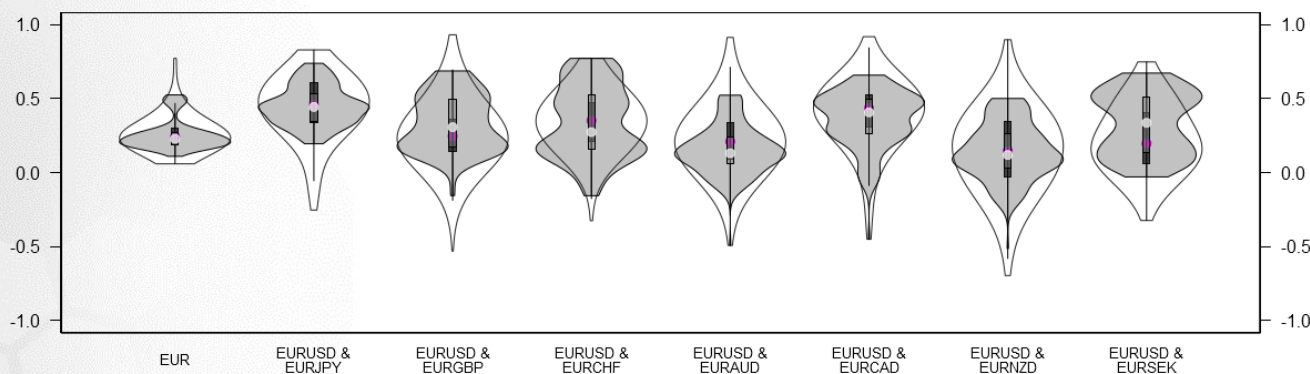
## Correlations



The Euro significance measure had a few ups-and-downs and ranged from 0.09 to 0.55 during the observed period. Moreover, its final change from the initial value amounted to 0.30 points, showing a pure positive tendency. The average values in turn remained almost unchanged from the past week. Some of the components lifted their mean levels. In terms of long-term values, current averages of almost all observed correlations shifted up, pulling the overall Euro significance with them.

The observed week could be defined as the period of gradual increase when it showed an upward trend. From the very beginning of the period, the euro did not show any attempts to recover, and was soaring around 0.21 points by Tuesday noon. Then came the turning-point, when the composite started to increase. It went through its most notable jump on Thursday, gaining 0.30 points and surging to the maximum value of the week. Nevertheless, there is a slight doubts whether the Euro might continue heading higher, but the overall trend is purely bullish.

## Correlations (5 vs 20 days)



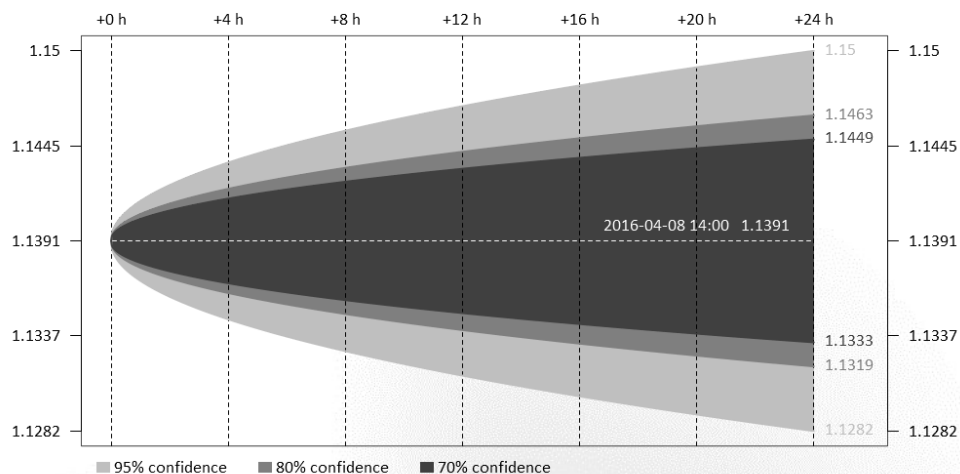
## Mean Correlation Coefficient (with EURUSD)

Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.26	0.45	0.33	0.34	0.16	0.36	0.14	0.33
20	0.26	0.44	0.26	0.35	0.22	0.39	0.14	0.22
130	0.35	0.54	0.57	0.31	0.49	0.62	0.41	0.26
250	0.38	0.64	0.64	0.34	0.49	0.65	0.42	0.23

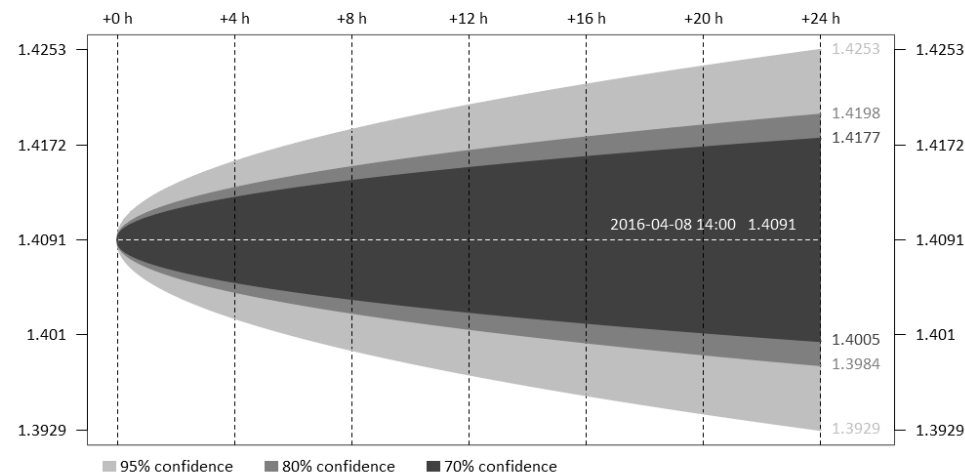
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# Confidence Intervals for Next 24 Hours

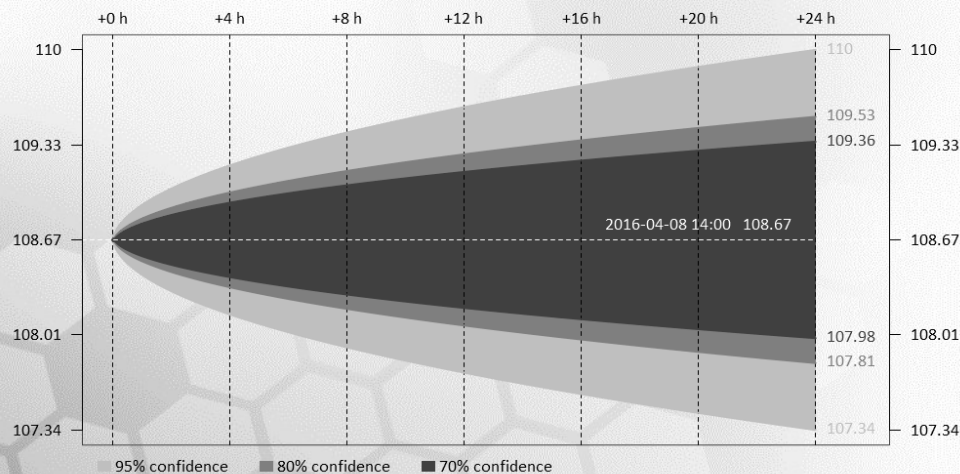
EURUSD Potential Rates



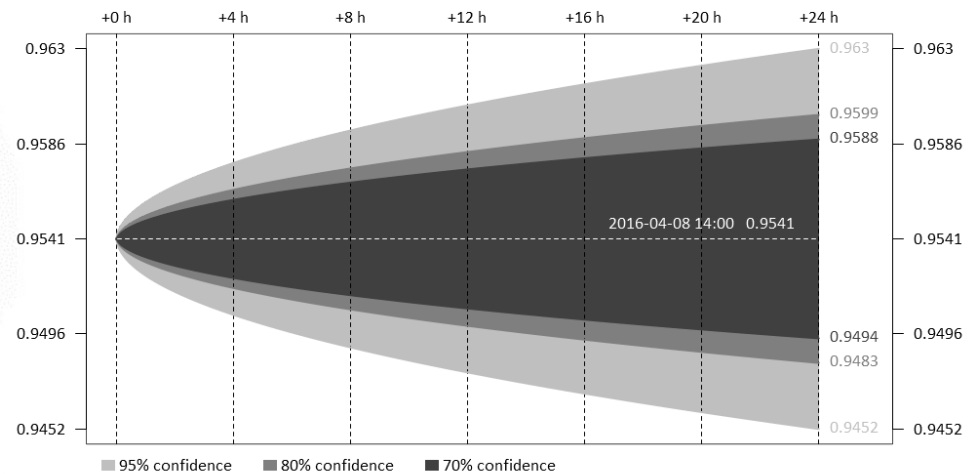
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



## EXPLANATIONS

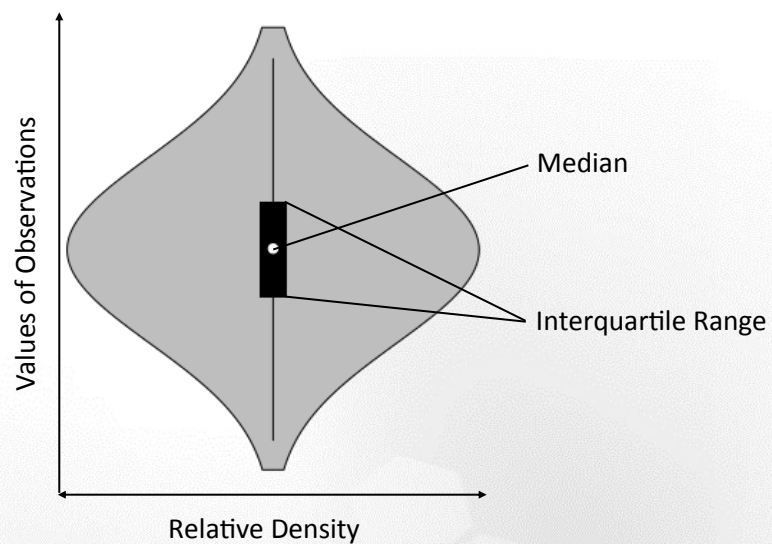
### Violin Plot

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

### Methodologies

Volatility Index

Confidence Interval







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