



EUR

13/05/2016



DUKASCOPY
RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

May 6

09:00 - 18:00

- *US Labor Force Participation Rate, Unemployment Rate, Nonfarm Payrolls*
- *Canadian Unemployment Rate, Participation Rate*

Turquoise Area

May 9

08:00 - 22:30

- *Canadian Housing Starts*
- *US Labor Market Conditions*

Blue Area

May 10

09:30 - 16:00

- *German Imports, Exports, Trade Balance*

Purple Area

May 11

14:00 - 17:00

- *UK Industrial Production, Manufacturing Production*

Orange Area

May 12

08:30 - 17:00

- *EU Industrial Production*
- *BoE Interest Rate Decision, Asset Purchase Facility, Minutes, Governor Speech*
- *US Initial Jobless claims, Export Price Index, Import Price Index*

EUR Currency Index Change

0.07%	0.17%	0.04%	-0.18%	-0.21%
-------	-------	-------	--------	--------

Max EUR Volatility Index

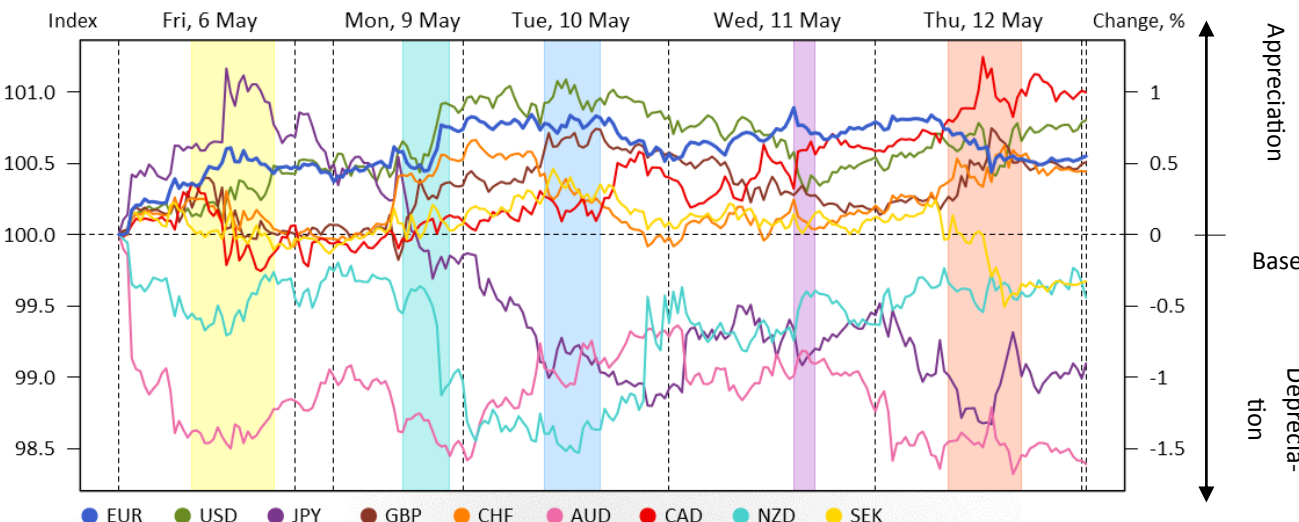
1.7	1.32	1.15	1.17	1.2
-----	------	------	------	-----



Relative Currency Strength

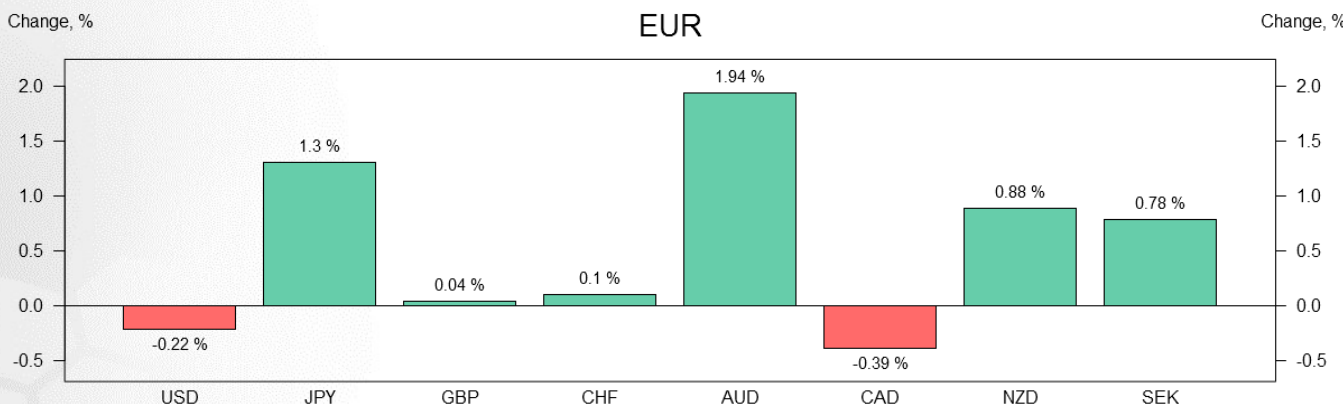
Currency Indexes

Euro was one of the best performers last week. It came virtually in pair with Great Britain Pound and Swiss Franc and was surpassed only by the greenback. All of the other currency indices lagged at least 0.3% behind the Euro. From the very beginning Euro index showed strong commitment to be among the best performers in the period. It ended Friday 0.5% above the base adding additional 0.35% on Monday. However, apart from top performers there were also several weak currencies, namely commodity currencies (Australian dollar, New Zealand dollar, Japanese yen). Meanwhile, the monthly change indicates that the Euro index only



gained slightly more than half a percent over those values.

Overall the period was calm in terms of economic announcements, however, still, the single European currency managed to post impressive results. Nevertheless, on Thursday, the Euro went down, erasing most of its recent gains, since government bond yields remained in range-bound trade. The Euro index still remained above the base (opening) value being there for the rest of the period and managed to climb to the highest level in the period—0.94% above the base value on Wednesday.

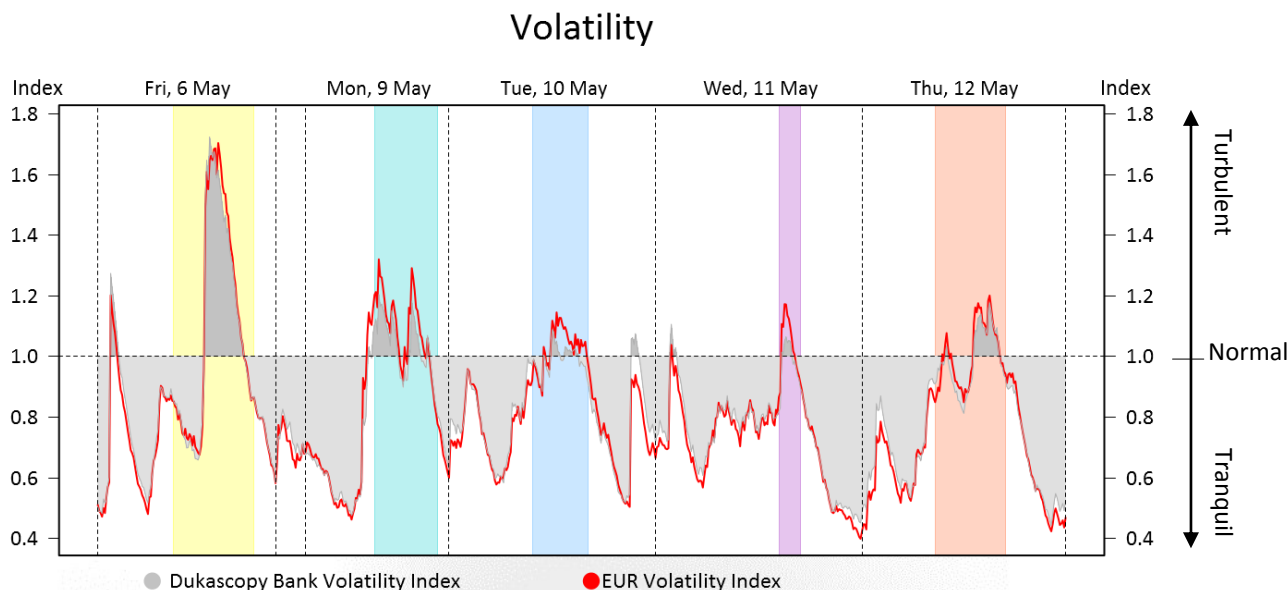


Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.55%	0.8%	-0.9%	0.51%	0.44%	-1.61%	1%	-0.44%	-0.33%
20	1.52%	0.38%	0.74%	2.94%	-0.06%	-5.39%	0.44%	-0.34%	-0.17%
130	2.06%	-3.56%	9.15%	-9.36%	-0.37%	-0.95%	0%	0.85%	2.28%
250	4.52%	3.09%	13.66%	-6.14%	-2.01%	-7.03%	-4.57%	-6.39%	4.87%



Volatility



Levels of volatility remained rather moderate. Elevated volatility above the usual (long term value; 1.0 in the index scale) is being observed in 23%, or more, of the time in a clear majority of the cases (market and individual currency pairs). In addition, average volatility is at 80 to 100% of the long term level. Highlight of the period, in terms of volatility, as anticipated, was observed on Friday. We saw 2 peaks in market volatility (1.75 and 1.35 times higher than the usual level). First one is attributable to the announcement that the US economy created less jobs than expected in April.

The second one, no surprise, took place due to the EU economic data. In the Euro zone, sentiment among investors improved, but concerns over the outlook for the global economy continued to weigh. The investor sentiment index went up reaching 6.2 from 5.7 in April, compared to expectations for a reading of 6.1. Moreover, a separate report showed that German factory orders advanced by a 1.9% in March, showing the largest increase since June, boosted by strong foreign demand. Other noticeable peaks in volatility took place on Wednesday (1.08 times higher than usual) and on Thursday (1.2 times higher than usual).

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
18	20	22	5	27	37	19	29	30	26

Volatility Index (for the observed period)

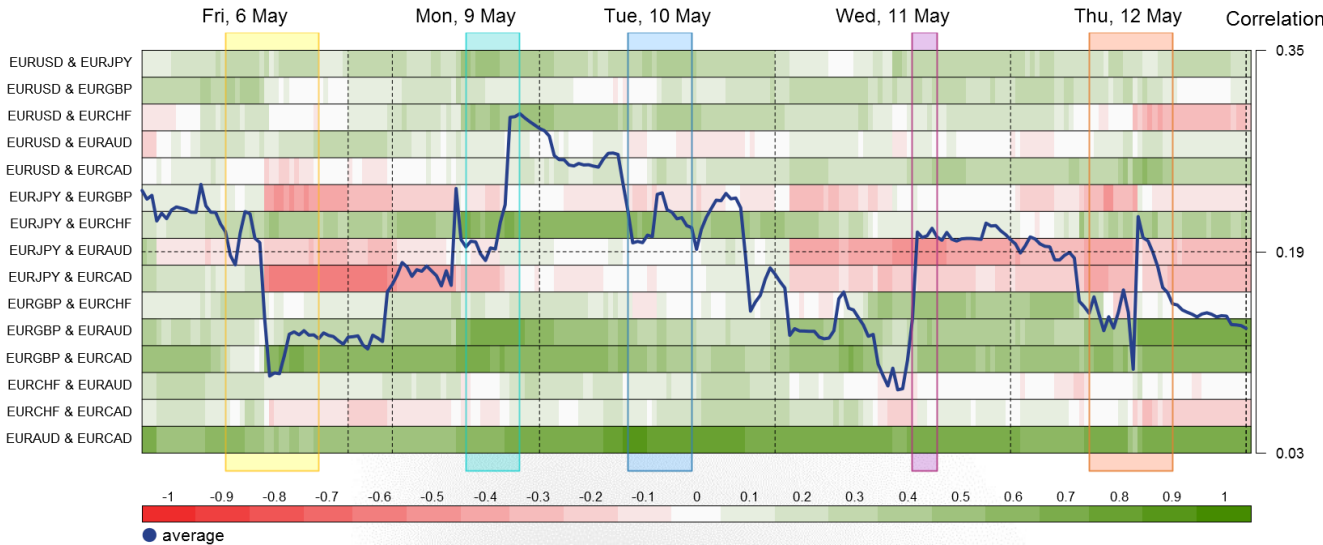
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.72	1.7	1.98	1.23	2.4	2.97	2.66	3.02	3.06	1.83
Min	0.44	0.4	0.23	0.26	0.24	0.25	0.32	0.28	0.36	0.22
Average	0.81	0.81	0.78	0.62	0.83	0.97	0.81	0.88	0.93	0.76



Currency Significance

Correlations

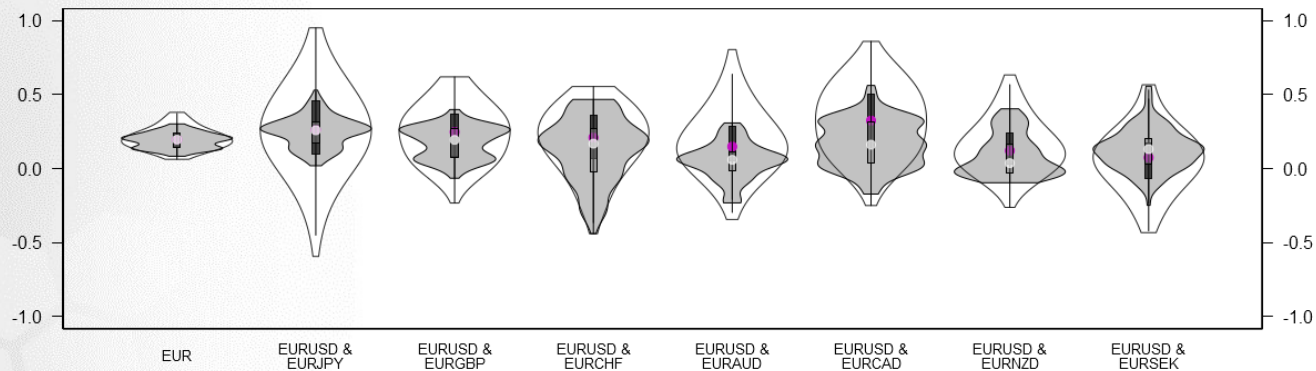
Putting aside the Monday's peak, the Euro significance measure held on its usual feeble levels with an average of 0.2 points. For the third consecutive period, abnormally frequent negative values appeared in many EUR/USD components, with heavy lower tails of correlation distributions especially pronounced in combinations with EUR/JPY, EUR/CHF, and EUR/SEK. However, the EUR/USD-EUR/AUD component was notable for weakening of its unusual negative bond, as its average shifted to 0.05 from the previous readings



of 0.18 and to an even sharper contrast with the historical values. Another anomaly was the EUR/USD-EUR/NZD component that lifted its average 0.09 points above historical levels.

The Euro significance measure kept above its counterparts for the whole period save for the Monday's surge. Then, as the single currency slumped against its peers, the composite jumped from 0.11 to 0.28 and for a brief moment stood second after the dollar gauge. But already on Wednesday it plunged back to 0.08, as the pound's measure took the lead amongst the economic data releases.

Correlations (5 vs 20 days)

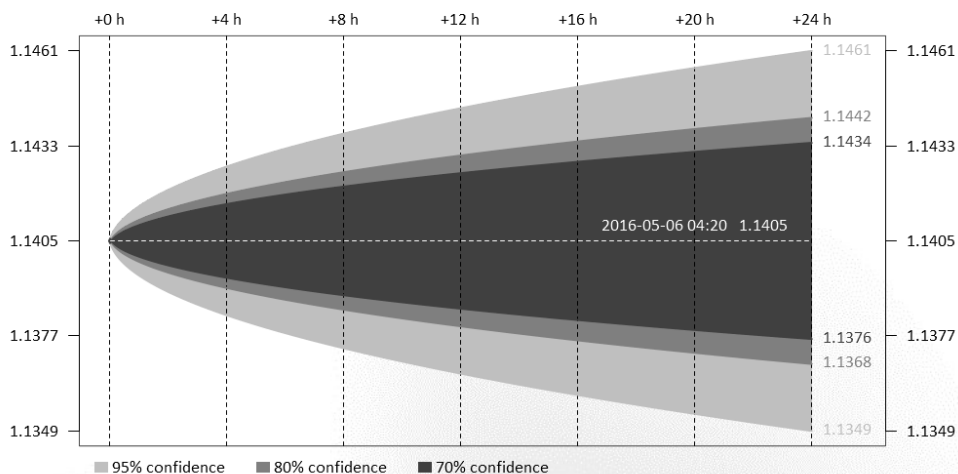


Mean Correlation Coefficient (with EURUSD)

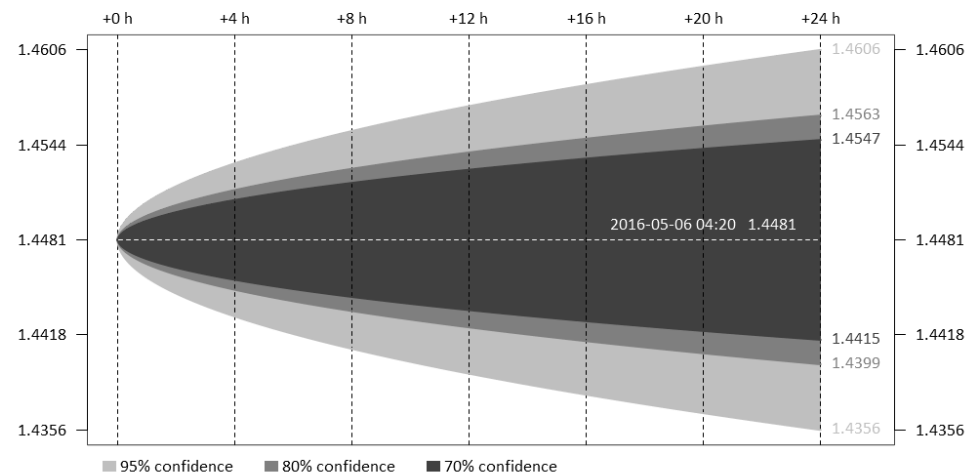
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.19	0.25	0.18	0.13	0.05	0.17	0.09	0.13
20	0.2	0.26	0.24	0.19	0.18	0.32	0.15	0.06
130	0.32	0.46	0.48	0.28	0.44	0.57	0.38	0.24
250	0.36	0.59	0.6	0.32	0.46	0.62	0.4	0.22

Confidence Intervals for Next 24 Hours

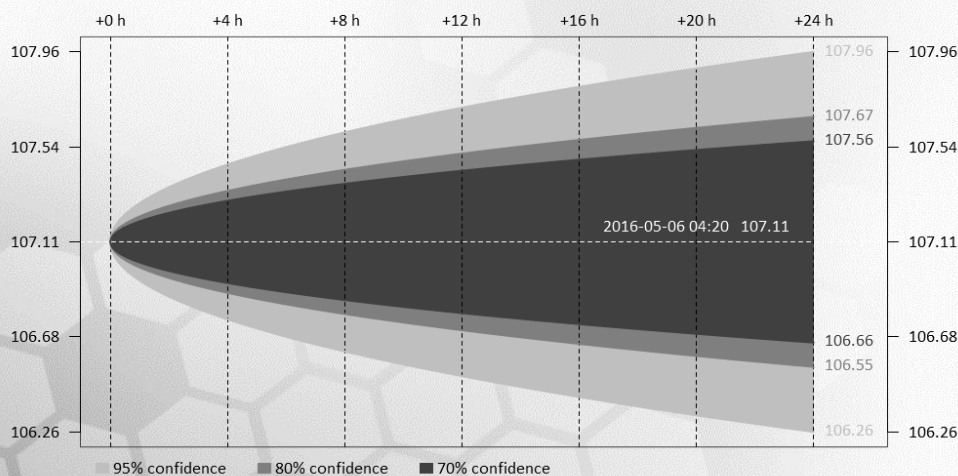
EURUSD Potential Rates



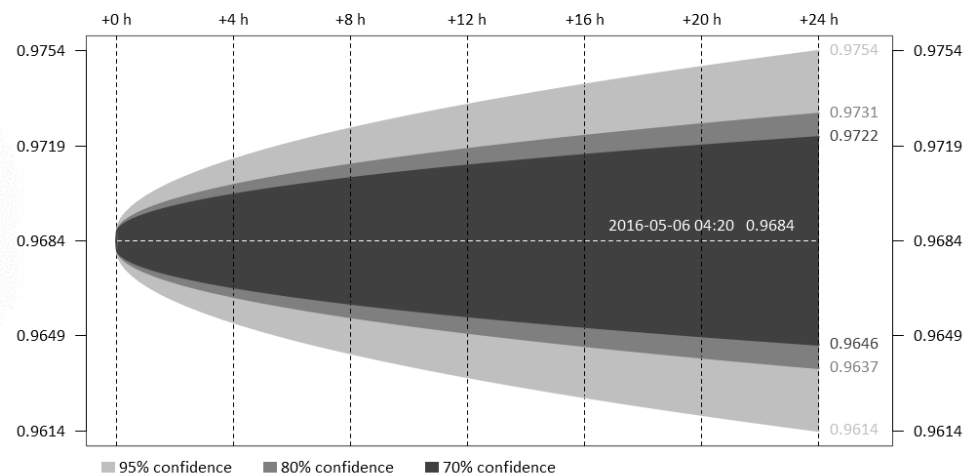
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

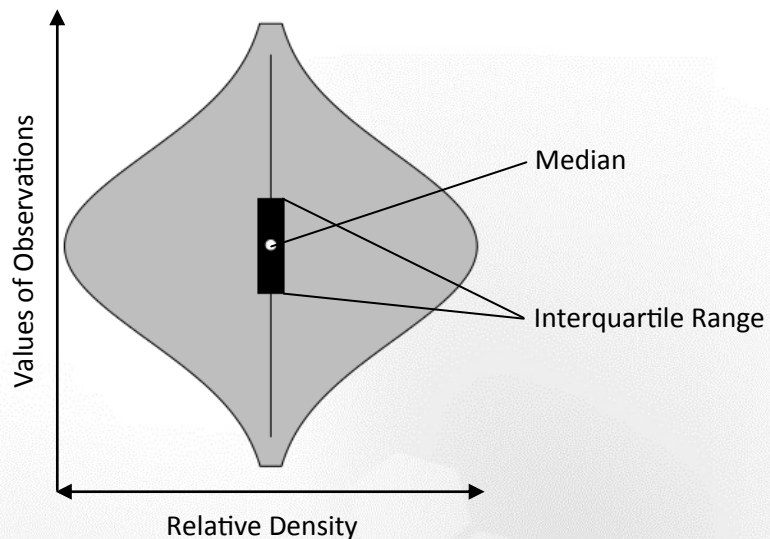
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





Newest releases and archive:

- Fundamental Analysis
- Technical Analysis
- Press Review
- Market Research
- Expert Commentary
- Dukascopy Sentiment Index
- Trade Pattern Ideas
- Global Stock Market Review
- Commodity Overview
- Economic Research
- Quarterly Report
- Aggregate Technical Indicator

Additional information:

- Dukascopy Group Home Page
- Market News & Research
- FXSpider
- Live Webinars
- Dukascopy TV
- Daily Pivot Point Levels
- Economic Calendar
- Daily Highs/Lows
- SWFX Sentiment Index
- Movers & Shakers FX
- Forex Calculators
- Currency Converter
- Currency Index
- CoT Charts

Social networks:



Disclaimer

Everything in this article, including opinions and figures, is provided for informational purposes only and may not be interpreted as financial advice or solicitation of products. Dukascopy group assume no responsibility for the completeness or the accuracy of any data contained in this article. Financial figures indicated in this article have not been verified by the Dukascopy group. Views, opinions and analyses are those of the author of the article, and are not endorsed by the Dukascopy group.

Dukascopy group waive any and all warranties, express or implied, regarding, but without limitation to, warranties of the merchantability or the fitness for a particular purpose, with respect to all information in this article. Dukascopy group shall under no circumstances be responsible for any direct, indirect, consequential, contingent or any other damages sustained in connection with the use of this article.