



**EUR**

20/05/2016



**DUKASCOPY**  
RESEARCH PRODUCTS



**Market Research**





# Dominant Events of the Period

## Yellow Area

May 13

07:30 - 16:00

- Italy Gross Domestic Product
- EU Gross Domestic Product
- US Retail Sales

## Turquoise Area

May 17

02:00 - 16:00

- RBNZ Inflation Expectations
- Japanese Industrial Production
- UK PPI Core Output, Producer Price Index, Consumer Price Index
- EU Trade Balance
- US Building Permits, Housing Starts, Consumer Price Index

## Blue Area

May 18

12:00 - 21:00

- FOMC Minutes

## Purple Area

May 19

07:30 - 17:00

- UK Retail Sales
- ECB Monetary Policy Meeting
- Chicago Fed National Activity Index, Initial Jobless Claims

EUR Currency Index Change

-0.1%

0.01%

-0.16%

-0.01%

Max EUR Volatility Index

1.21

1.17

1.39

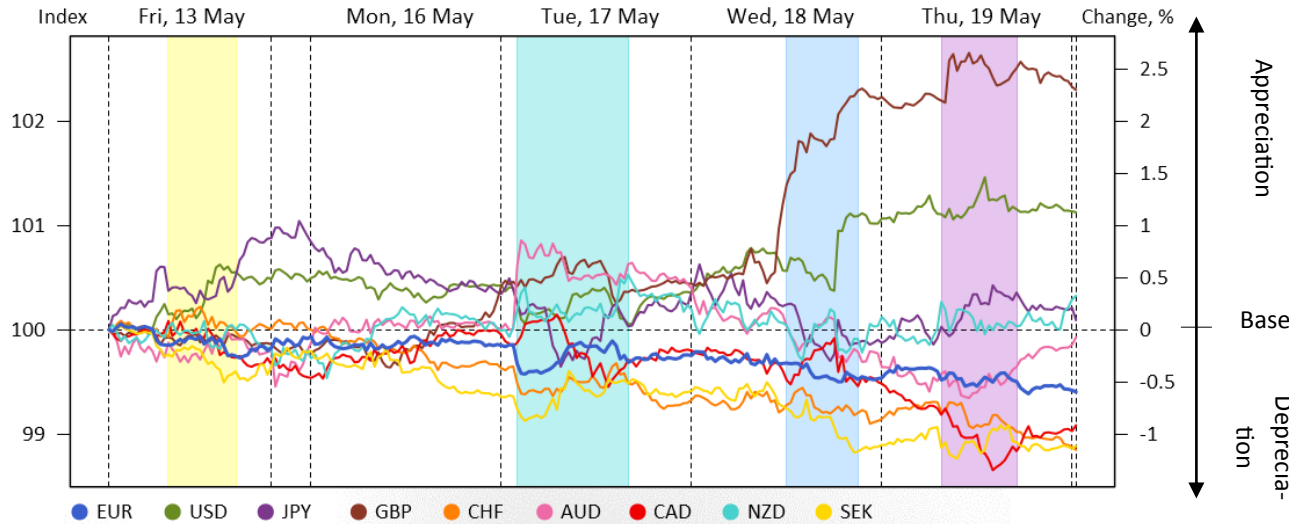
1.16





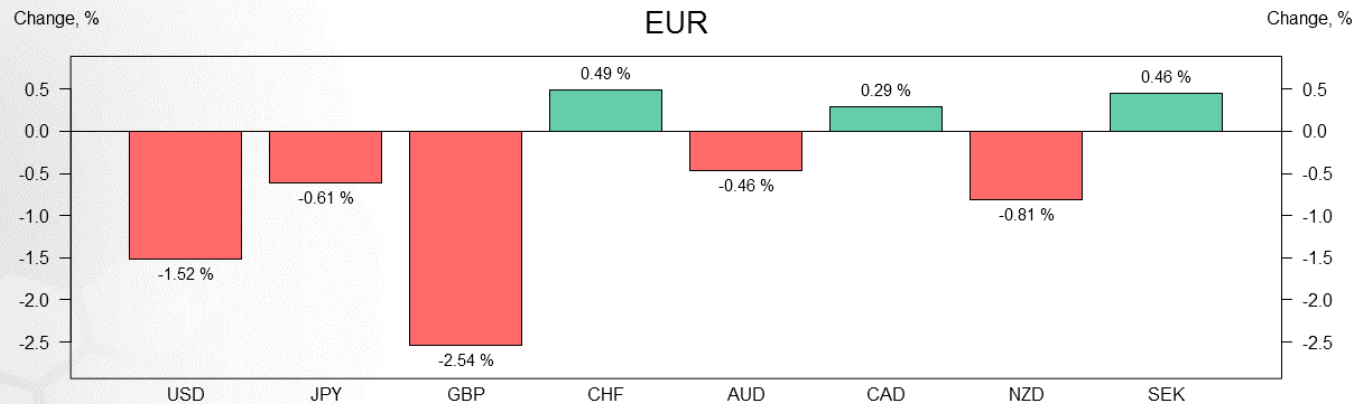
# Relative Currency Strength

## Currency Indexes



Compared to the period ending on May 13, the EUR Index showed a similar result of close to no change over the five trading days, albeit spent considerably more time below the baseline. The index long-term changes remained unsettled, as monthly progress exceeded zero after the previous reading of  $-0.59$ , while yearly decrease deepened from  $-0.01$  to  $-0.67$ . The Euro depreciated against five out of nine observed peers, most notably the pound and the dollar, which gained more than 1% and 2% over the single currency. The only currency to lose as much against the Euro was the Krona that tumbled down at the end of the period.

The EUR Index went through another period of abrupt, largely trendless movements that generally make it hard to single out fundamentals-related responses. The US currency extended its advance against its European rival in the middle of the observed period after the minutes from the Federal Reserve's (Fed) latest meeting opened the door to a rate hike in June. The EUR Index lost around 0.3% on Wednesday and 0.5% on Thursday. As long as the second quarter US GDP looks firm and the jobs and inflation readings show further improvement, most officials at the Fed would be content with raising the target for the Federal Funds rate at the June 14-15 meeting.

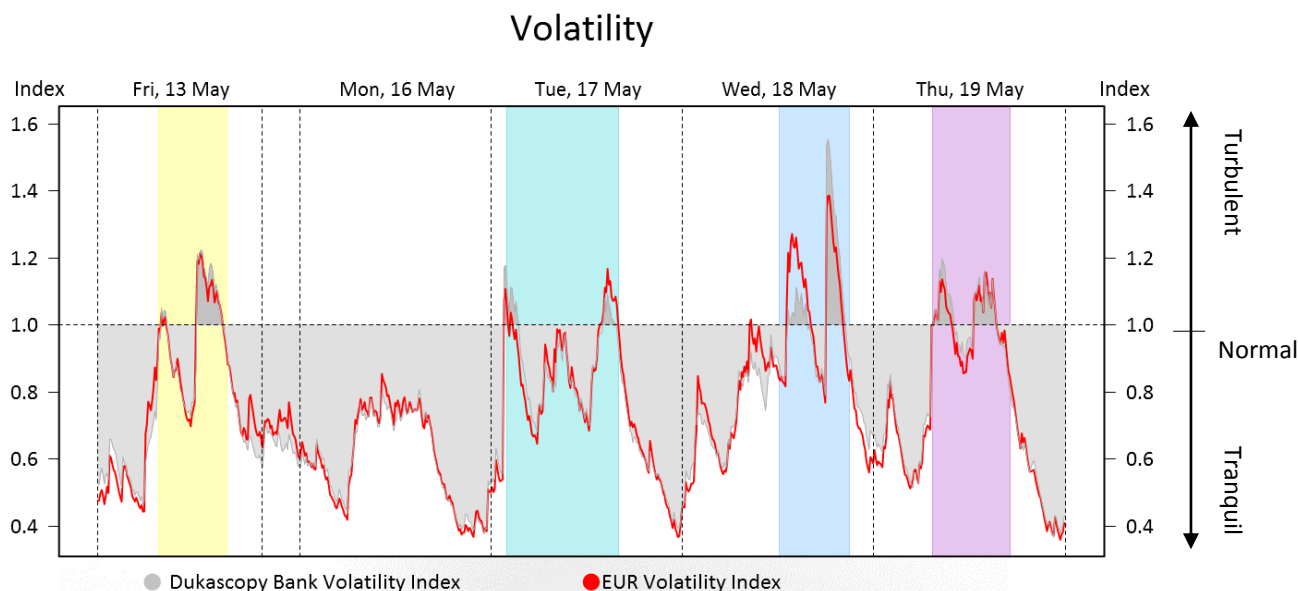


### Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.6%	1.13%	0.09%	2.3%	-1.15%	-0.07%	-0.91%	0.33%	-1.12%
20	0.92%	1.88%	2.14%	4.08%	0%	-5.98%	-1.41%	-0.69%	-1%
130	2.44%	-2.78%	9.16%	-7.71%	-0.13%	-2.37%	-0.87%	0.47%	1.76%
250	3.87%	3.19%	13.69%	-3.59%	-3.02%	-6.9%	-4.29%	-6.2%	3.21%



# Volatility



With the turbulence of the previous week's events almost out of the sample, volatility notably subsided in the past period, and both peak highs and portions of over turbulence generally decreased. The Euro with its 24% of elevated volatility was the second calmest currency after the Swedish krona, and one of three currencies that ended up with their average volatility index values below one. In terms of volatility index levels, the past period was quite tranquil one for the single currency since late March. The EUR Volatility Index spent almost the whole period below the turbulence gauge of the market, exceeding it only with the currency's dips against its peers.

On all other occasions the Euro volatility measure followed the events from other regions and kept around 0.8 points below the market's index. May 18 was the most turbulent day of the period, with overall volatility fuelled first by the pound's rise on Polls showing the UK nudging toward remaining in the EU. Meanwhile, the currency fell 8% in the past six months amid economic uncertainty for the country. The Dollar caused another volatility surge on Wednesday, after the minutes from the Federal Reserve's latest meeting opened the door to a rate hike in June.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
15	15	19	2	36	40	11	23	15	24

Volatility Index (for the observed period)

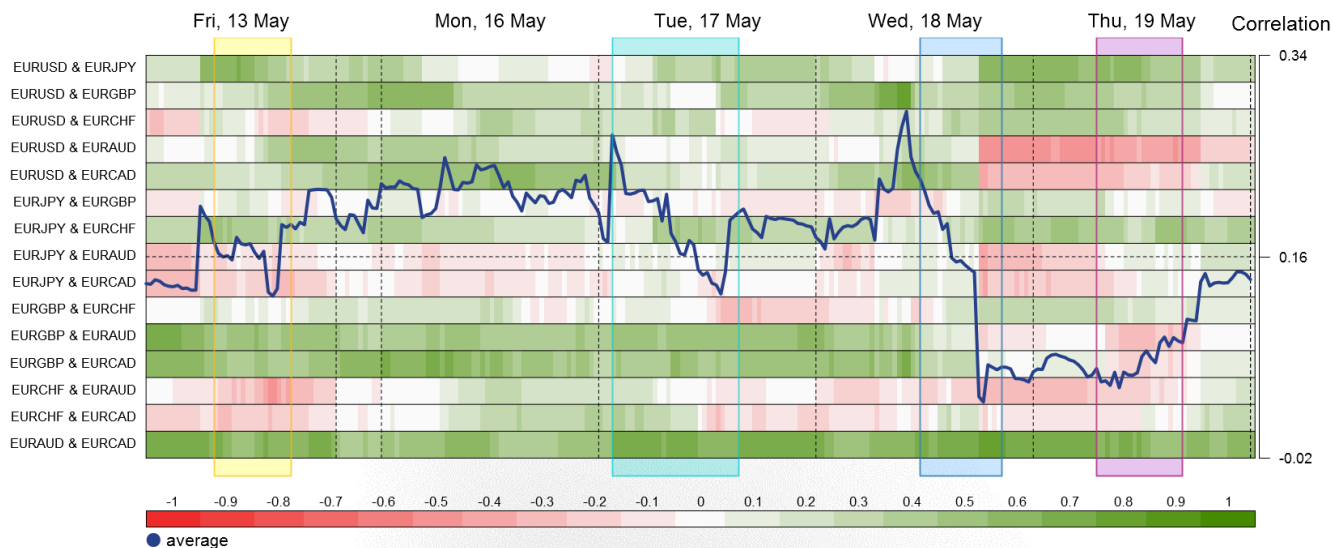
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.55	1.39	3.48	1.14	2.5	1.91	2.84	1.74	1.81	1.52
Min	0.37	0.36	0.25	0.19	0.27	0.32	0.23	0.28	0.26	0.14
Average	0.75	0.75	0.79	0.56	0.91	0.93	0.72	0.79	0.77	0.74





# Currency Significance

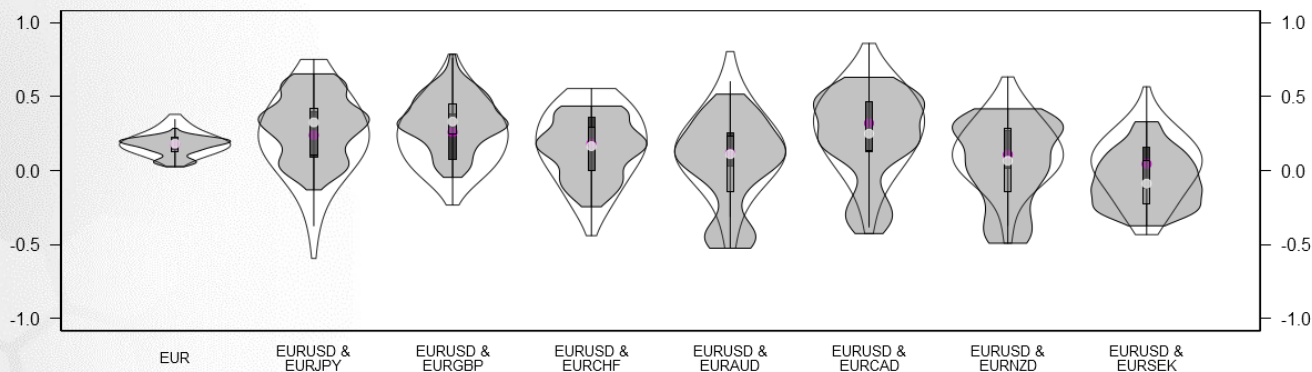
## Correlations



The single currency's significance measure was showing a mixed trend during the past week. However, the movement was smooth, but the composite still had a few ups-and-downs and ranged from 0.10 to 0.28 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/SEK (-0.08 points).

The Euro measure started the period with a strong increase which was seen on Friday during the EU session and was spotted trading at daily lows below 0.21, having retested the 0.28 mark earlier in the day. The euro plummeted around 150 pips after the US data on Friday. Data showed that initial jobless claims improved from 294,000 to 278,000, while continuing claims also wend down to 2,152K from the revised 2,165K booked in the previous week. Moreover, the Philly Fed manufacturing for May slightly decreased from -1.6 to -1.8. These data will be followed by leading indicators for April, which is forecast to improve month-on-month.

## Correlations (5 vs 20 days)

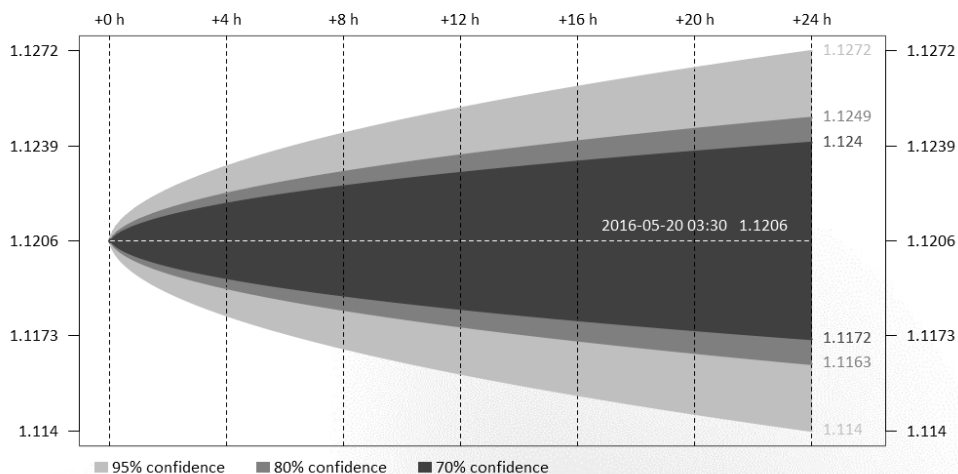


## Mean Correlation Coefficient (with EURUSD)

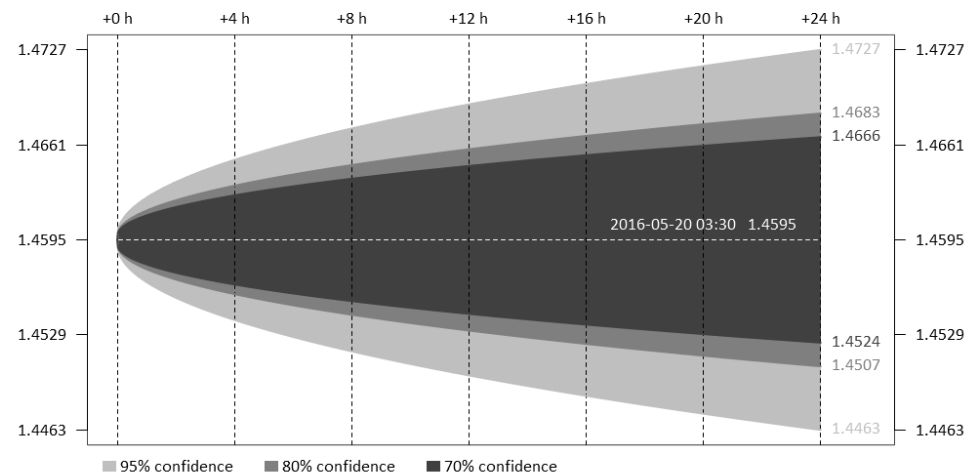
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.16	0.3	0.34	0.15	0.04	0.22	0.04	-0.06
20	0.19	0.23	0.25	0.17	0.13	0.28	0.12	0.02
130	0.31	0.44	0.46	0.27	0.42	0.54	0.36	0.22
250	0.36	0.58	0.6	0.32	0.45	0.61	0.39	0.21

# Confidence Intervals for Next 24 Hours

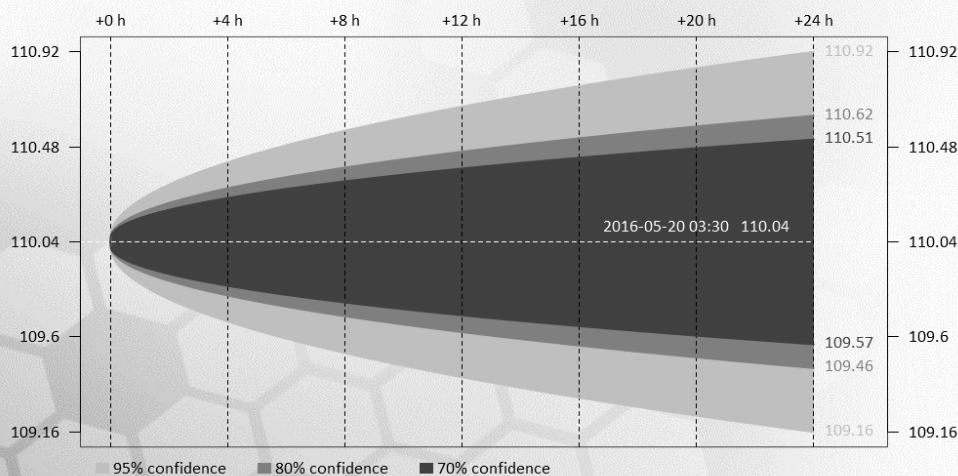
EURUSD Potential Rates



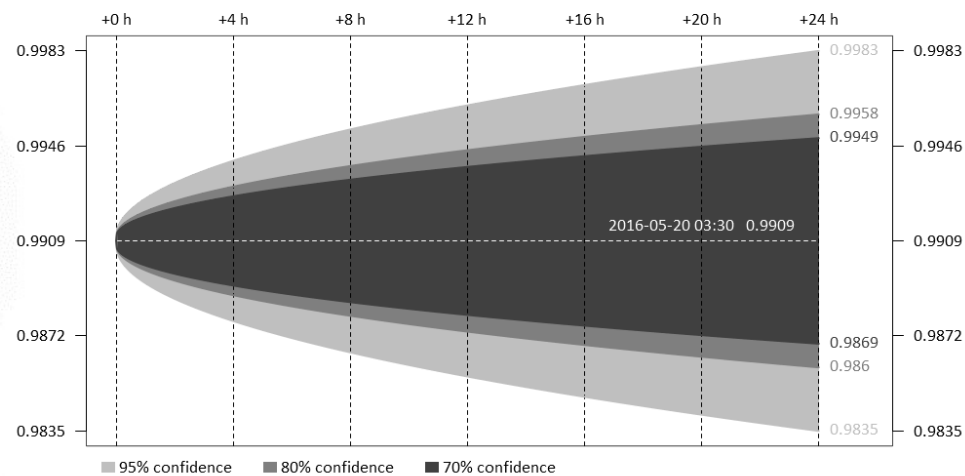
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



# EXPLANATIONS

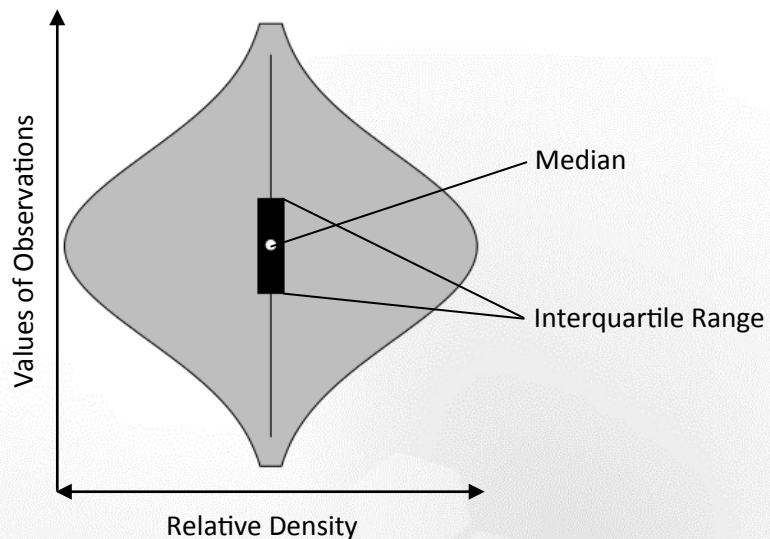
## Violin Plot

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.