



EUR

27/05/2016



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

May 20

07:00 - 15:00

- EU G7 Meeting
- German Consumer Price Index
- Canada Consumer Price Index

Turquoise Area

May 23

07:00 - 15:00

- German Markit Manufacturing PMI
- EU Markit Manufacturing PMI
- US Markit Manufacturing PMI

Blue Area

May 24

07:00 - 13:00

- UK Public Sector Net Borrowing, Inflation Report
- ZEW Survey Economic Sentiment
- German ZEW Survey Economic Sentiment
- EU Financial Stability

Purple Area

May 25

14:00 - 17:00

- BoC Rate Statement

Orange Area

May 26

06:30 - 16:30

- Swiss Industrial Production
- UK GDP
- US Initial Jobless Claims, Durable Goods orders, Pending Home Sales

EUR Currency Index Change

0.1%

0%

-0.57%

0.06%

-0.03%

Max EUR Volatility Index

1.26

1.14

1.31

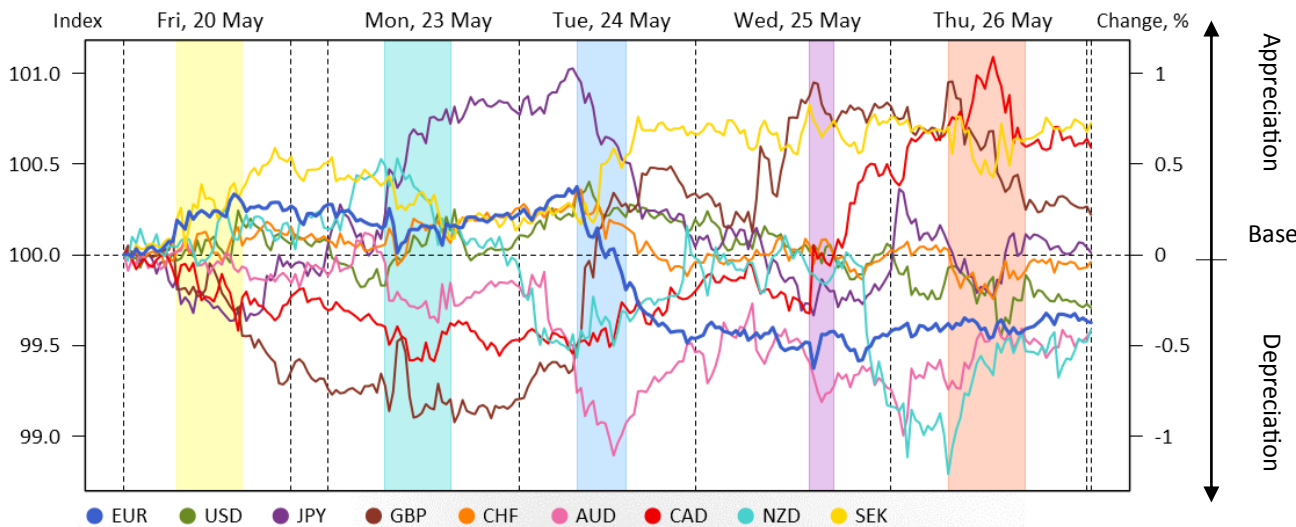
1.38

1.24



Relative Currency Strength

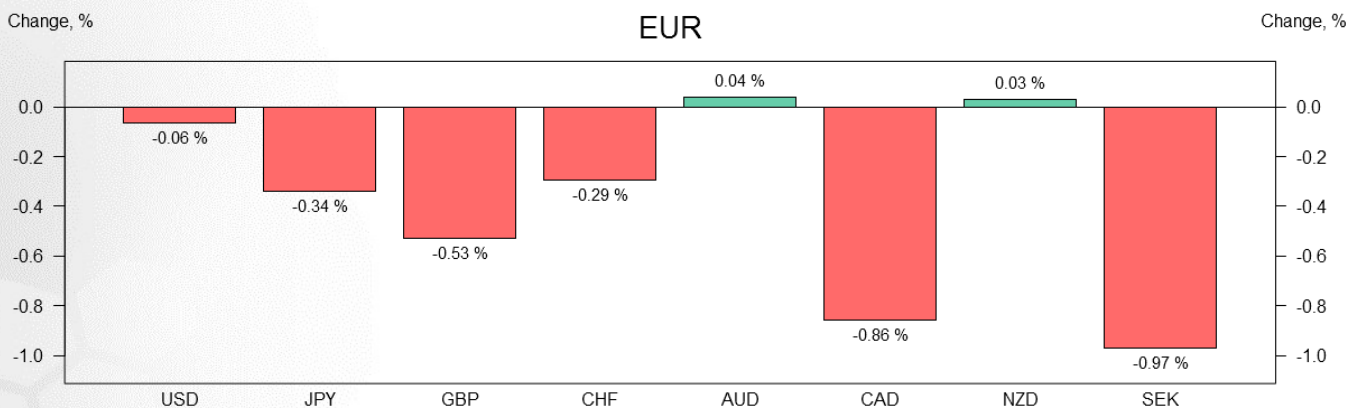
Currency Indexes



Most of the observed currencies started the past week with a negative movement and kept to it until the middle of the period. The situation changed on Tuesday, when losers slowly began to move up, while gainers posted a negative movement. The exceptions were the Krona and Dollar, which were above the base level throughout the whole period. Some currencies, including the single European currency, dropped just after the German first quarter GDP announcement, which came out at 0.7%, while the yearly change slowed from 2.1% to 1.3%. Moreover, the economic sentiment for May moderated from 11.2 to 6.4.

In the meantime, the Loonie jumped from 99.7 to 101 in the sharpest surge of the week. All currencies finished the period close in a absolutely different levels affected by Banks' statement as well as economic announcements.

The Australian Dollar was the worst performer of the week, as it fell down to 89.8 right after the RBA Governor Glenn Stevens speech at the Trans-Tasman Business Circle briefing in Sydney, about the current inflation target. Governor Stevens backed the actual 2% - 3% preferred inflation range, in contrast to some economists calling for a lower target due to recent financial market imbalances.

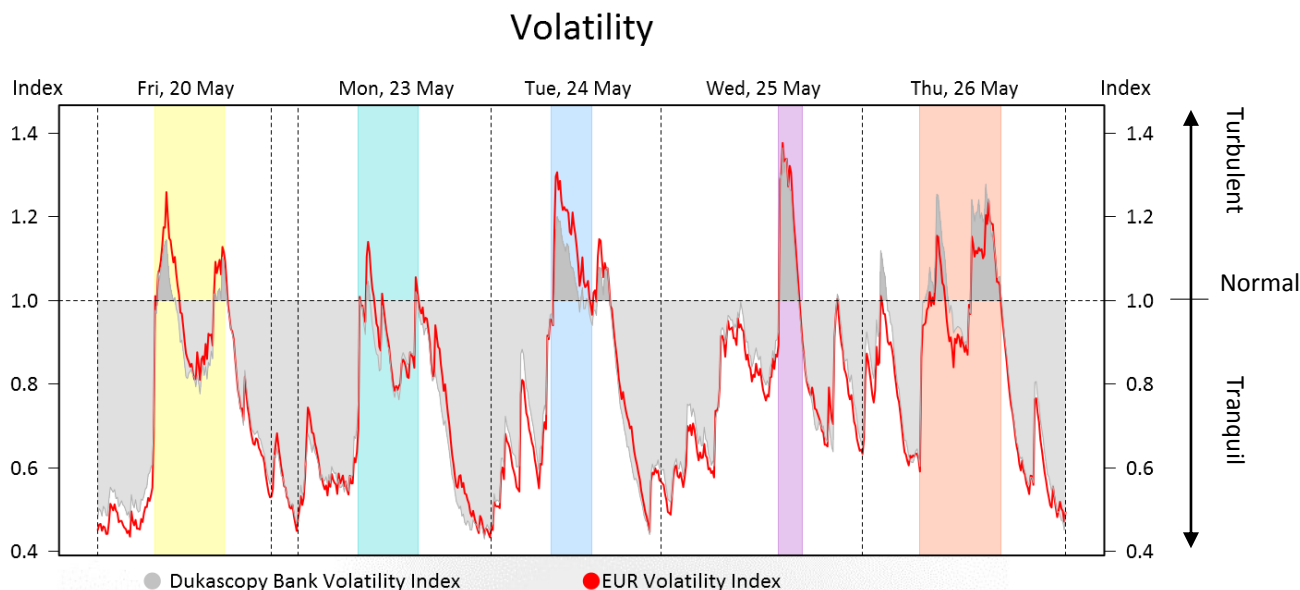


Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.37%	-0.29%	0.01%	0.22%	-0.04%	-0.42%	0.59%	-0.41%	0.73%
20	0.74%	2.81%	0.16%	3.07%	-0.19%	-3.82%	-1.29%	-0.91%	-0.5%
130	2.39%	-3.32%	8.38%	-6.49%	0.41%	-3.33%	-0.65%	-0.19%	2.48%
250	4.42%	1.3%	14.18%	-4.17%	-2.95%	-6.5%	-3.61%	-6.56%	3.9%



Volatility



The period was marked by moderate volatility, with both market and the most traded currency pair's volatility indices demonstrating close-to-average values. The same situation was observed in other major currency pairs. The most influential event of the week was the G7 meeting, since all the pairs showed maximal volatility of the week against the background of this event. Friday and Monday both were rather tranquil in terms of market reaction to news. Germany's and Canada's Consumer index did not cause noticeable turbulence on the market. Tuesday morning, on the other hand, was full of news reflected in pairs' volatility.

German investor confidence declined for the first time in three months in a sign that the Euro zone's number one economy is set to slow after growing at its strongest pace in two years. The next day, on Wednesday, the German business confidence improved more than expected in May, hitting its highest level in five months, and supporting optimism that Euro zone's biggest economy will extend its surprisingly strong start to the year into the second quarter. The period ended with relatively quiet day without any strong market fluctuations.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
17	17	14	8	40	33	6	19	25	34

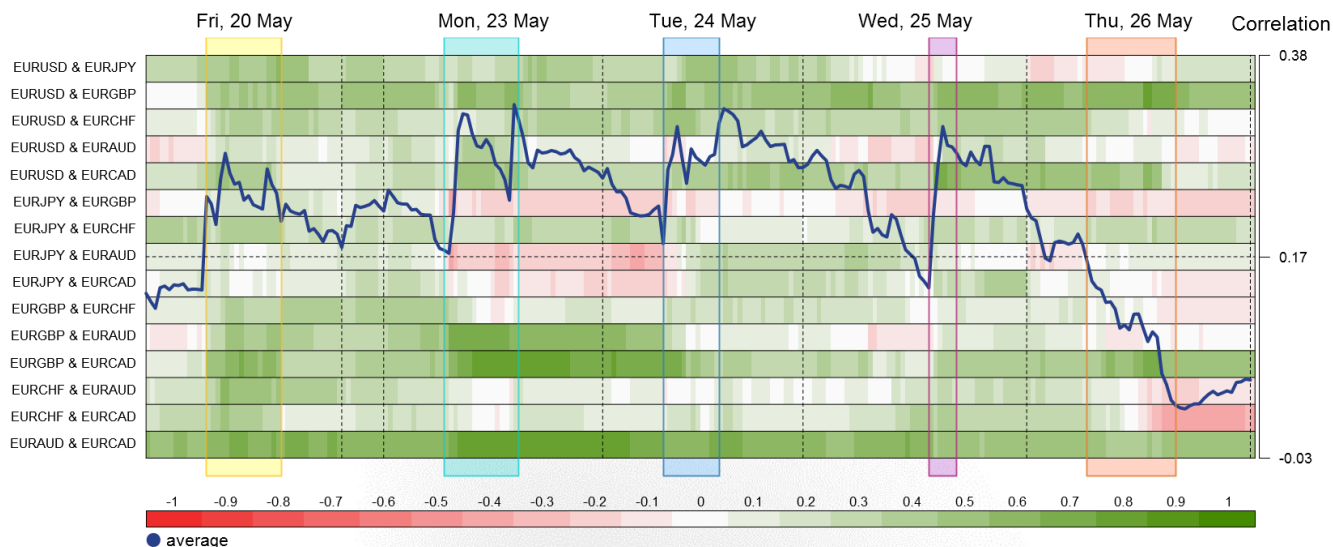
Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.37	1.38	1.88	1.62	2.6	1.8	1.51	3.26	2.18	2.62
Min	0.43	0.43	0.31	0.31	0.23	0.35	0.27	0.28	0.34	0.17
Average	0.78	0.78	0.71	0.72	0.94	0.86	0.63	0.79	0.85	0.89



Currency Significance

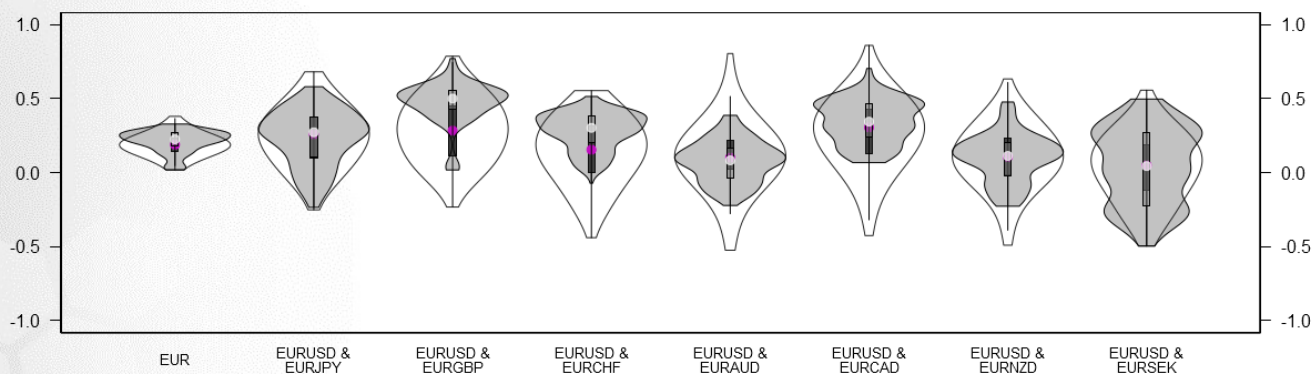
Correlations



The Euro significance measure remained changeable and moderate, but nevertheless stood somewhat superior to the previous period's picture. The components cut their lower tails shorter and shifted closer to higher levels, with most mean correlations strengthening both over previous and longer-term values. The most remarkable changes occurred in EUR/USD correlations with EUR/CAD, whose average values rested well 0.1 for the past month, but now reached above 0.4.

In the past week, similarly as in the previous period, the Euro significance measure went through two phases: the one of moderate strength and the one of feebleness. The composite moved above the significance threshold of 0.31 for the first three days of the period, jumping to its maximum after the publication of the German Ifo survey showed that business sentiment in Europe's largest economy improved in May. That was, however, the end of the strength phase, and the next reference level was 0.17. Weak, but not negligible, the significance measure managed to hold the mark almost during the whole observed period, but gave in on Thursday and finished the period almost at zero level.

Correlations (5 vs 20 days)

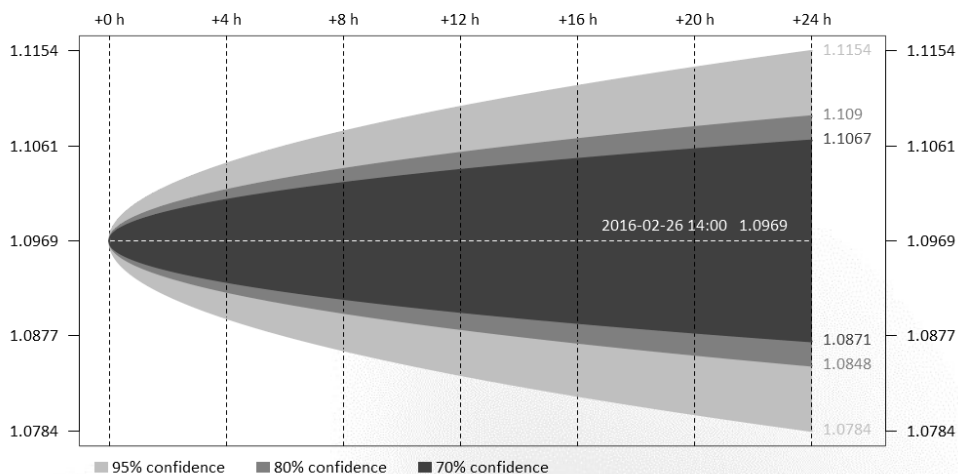


Mean Correlation Coefficient (with EURUSD)

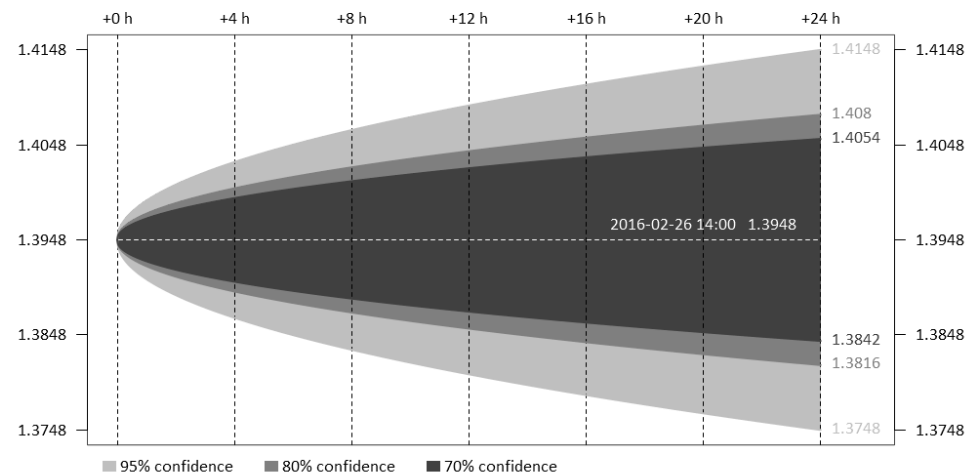
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.21	0.23	0.47	0.28	0.08	0.35	0.1	0.04
20	0.19	0.24	0.28	0.15	0.1	0.26	0.1	0.03
130	0.3	0.42	0.46	0.26	0.41	0.54	0.36	0.22
250	0.35	0.57	0.59	0.32	0.44	0.6	0.38	0.21

Confidence Intervals for Next 24 Hours

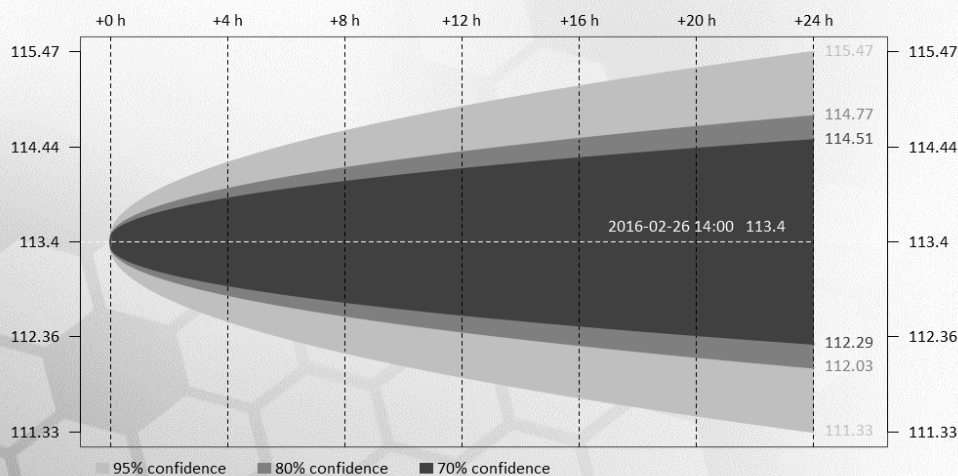
EURUSD Potential Rates



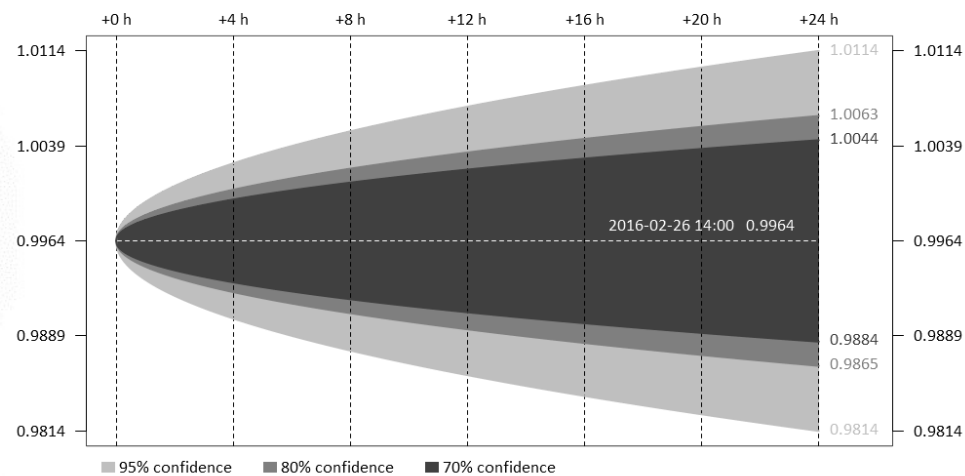
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

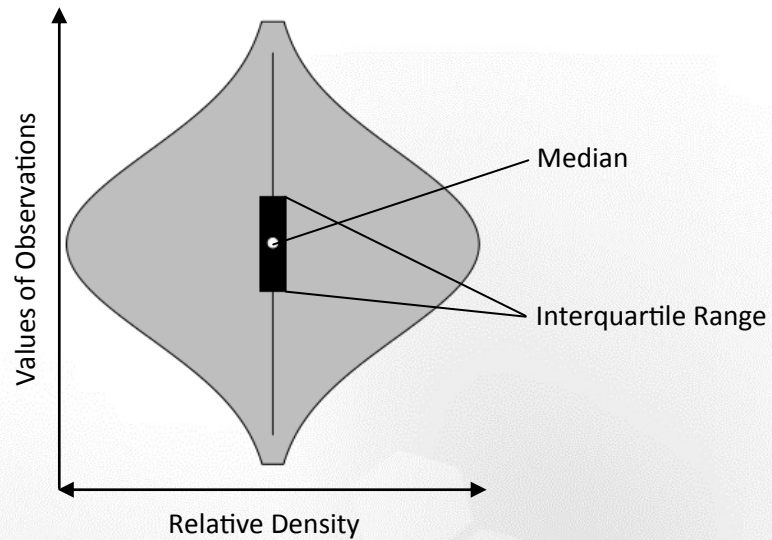
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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