



**EUR**

31/07/2015



**DUKASCOPY**  
RESEARCH PRODUCTS



**Market Research**





# Dominant Events of the Period

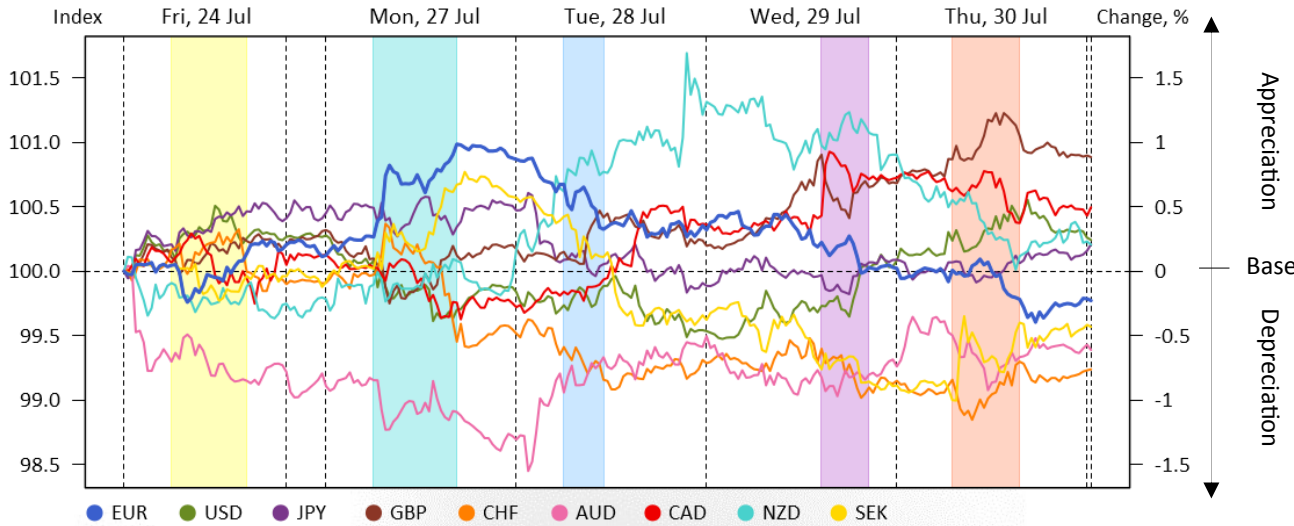
Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
July 24	July 27	July 28	July 29	July 30
06:30 - 16:00	06:00 - 16:30	06:00 - 11:00	14:00 - 20:30	07:00 - 15:30
<ul style="list-style-type: none"> <li>German, Euro zone Flash PMI</li> <li>Swedish Trade Balance</li> <li>US Flash Manufacturing PMI, New Home Sales</li> </ul>	<ul style="list-style-type: none"> <li>German IFO Business Climate, Current Assessment, Expectations</li> <li>Euro zone M3 Money Supply</li> <li>US Durable Goods Orders</li> </ul>	<ul style="list-style-type: none"> <li>UK GDP</li> </ul>	<ul style="list-style-type: none"> <li>US Pending Home Sales</li> <li>Fed Monetary Policy Statement, Interest Rate Decision</li> </ul>	<ul style="list-style-type: none"> <li>Swiss KOF Leading Indicator</li> <li>German Unemployment Rate, Unemployment Change, CPI</li> <li>US GDP Price Index, GDP Annualized, Goods Trade Balance</li> </ul>

EUR Currency Index Change	0.09%	0.72%	-0.35%	-0.19%	-0.23%
Max EUR Volatility Index	1.42	1.5	1.16	1.32	1.23



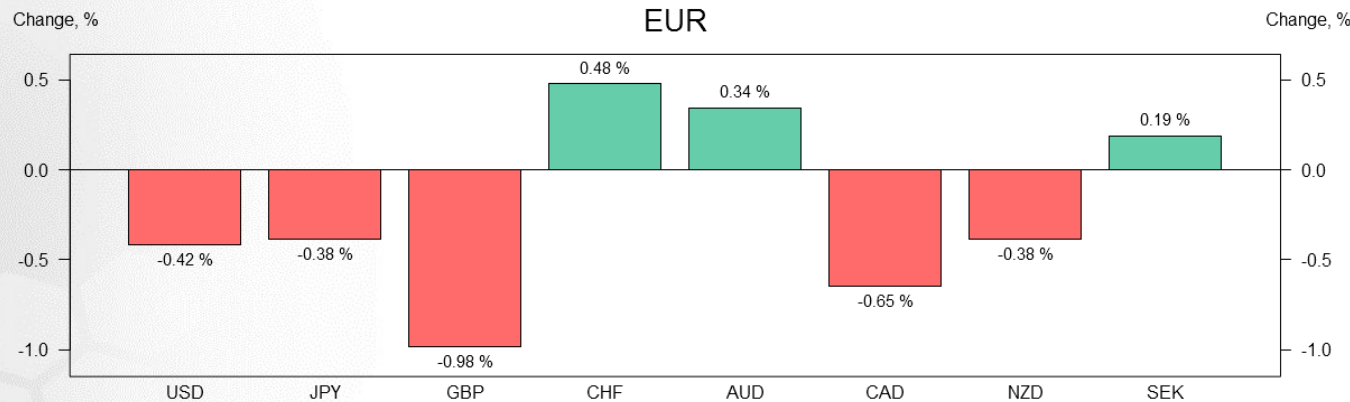
# Relative Currency Strength

## Currency Indexes



The Euro index was rather stable past week, and even spent the most of the time above the baseline. However on the last day after the disappointing German employment data and CPI the index fell below the historical level and ended the period with the 0.23% loss. The pound, which showed the upward trend since the release of the UK GDP on Tuesday, on the contrary, began to grow stronger against the background of the German news and became the leader of the period (+0.89%). The much less fortunate Swedish krona, the Aussie and the Swiss franc, which formed the top 3 losers and dropped by 0.43, 0.61 and 0.76 points respectively.

The observed period could be divided into two parts for the single currency. The lowering of the German Markit PMI on Friday managed the index to fall down, nonetheless then the Euro started to rise. The unexpectedly high German IFO data as well as the increase of the three months' Euro zone M3 money supply pushed the Euro index to the maximum value of the period and it gained 0.99%. Then followed the period of decrease, which lasted till the end of the week. The decline of the Euro in the next two days mostly was caused by the UK and US economic news. Particularly the US Fed monetary policy statement on Wednesday led to the reducing of the index to the baseline. As was mentioned above, on Thursday after unexpectedly high German unemployment change, the Euro dropped to the week's minimum value.



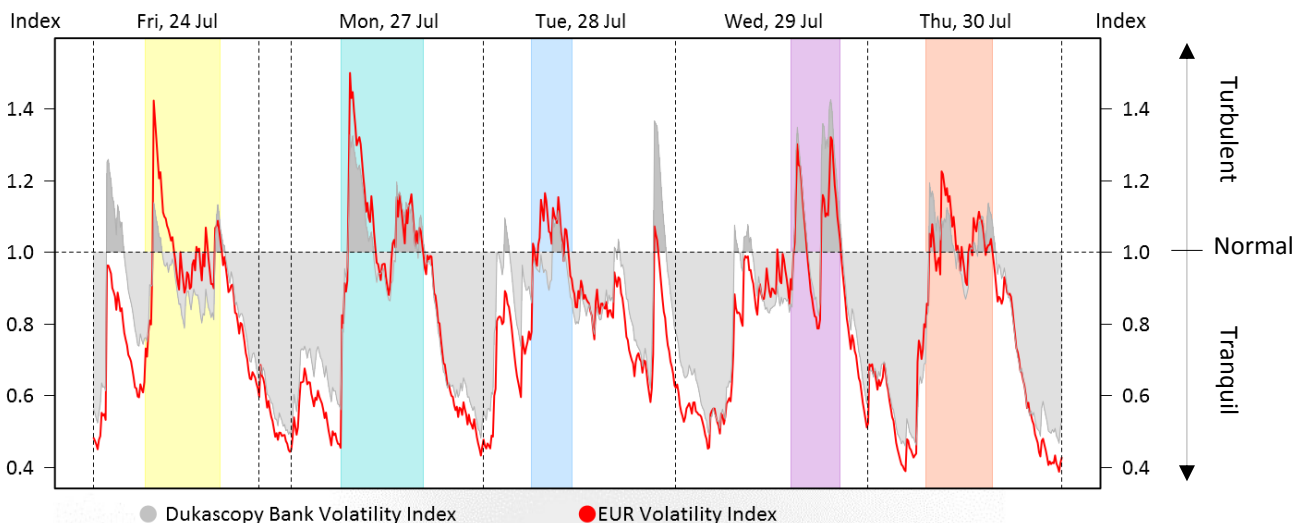
### Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.23%	0.24%	0.21%	0.89%	-0.76%	-0.61%	0.5%	0.21%	-0.43%
20	0.22%	1.7%	1.19%	1.68%	-1.06%	-2.16%	-1.85%	0.49%	-0.58%
130	0.13%	3.7%	-2.12%	8.31%	-0.45%	-3.71%	0.55%	-7.35%	-0.03%
250	-4.9%	17.88%	-3.2%	8.8%	10.74%	-9.73%	-1.83%	-10.36%	-7.42%



# Volatility

## Volatility



▲ Turbulent  
1.0 Normal  
▼ Tranquil

After the severe decline of the volatility last week, the overall level of the elevated volatility has slightly recovered during the observed period. Thus the market and the aggregate Euro index have spent more than 20% of the time above the historical level. However the most turbulent currencies of the period were the Swiss franc, the Aussie and the Greenback. Portions of elevated volatility of these indexes were 30%, 29% and 27% respectively. USD and AUD had also the highest peaks among the peer currencies behind only the Kiwi, which surged to the 3.15 mark at the time of the RBNZ Governor Wheeler speech. Spikes of the single currency volatility as well as the DC Volatility Index were much lower, only 1.5 and 1.43 respectively.

The first peak of the market volatility took place on Friday early morning, when the Chinese economic news pushed the Pacific currencies volatility up. The growth of the Euro volatility was slightly weaker, and EUR could not reach the 1-point level. However a few hour later, the EUR Volatility Index surged to 1.42 right after the German and Euro zone manufacturing PMI came out. The highest peak of the Euro volatility was observed on Monday and was caused by the German IFO data report. The rest of the period the Euro mostly followed peer currency movements. The exception was the small spike on Thursday, when the German unemployment data managed the Euro to surge to the 1.22 level.

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

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
23	22	26	8	30	29	33	29	24	29

### Volatility Index (for the observed period)

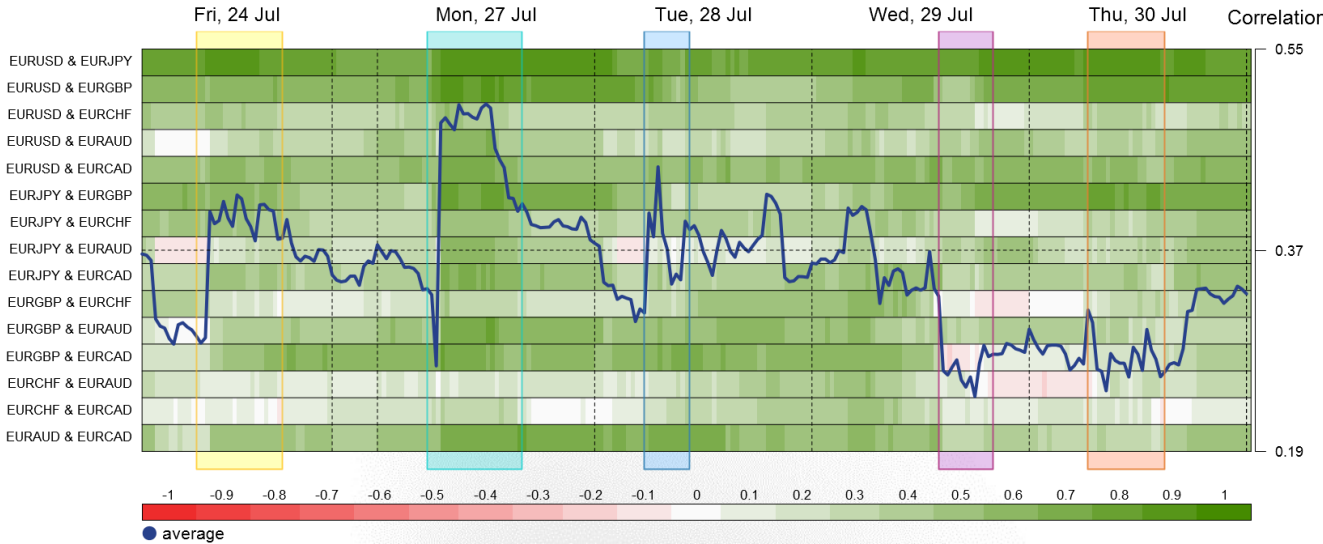
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.43	1.5	2.26	1.51	2.32	2.07	2.8	1.65	2.99	3.62
Min	0.46	0.39	0.27	0.16	0.28	0.3	0.29	0.27	0.3	0.09
Average	0.84	0.8	0.8	0.63	0.79	0.82	0.92	0.8	0.87	0.8



# Currency Significance

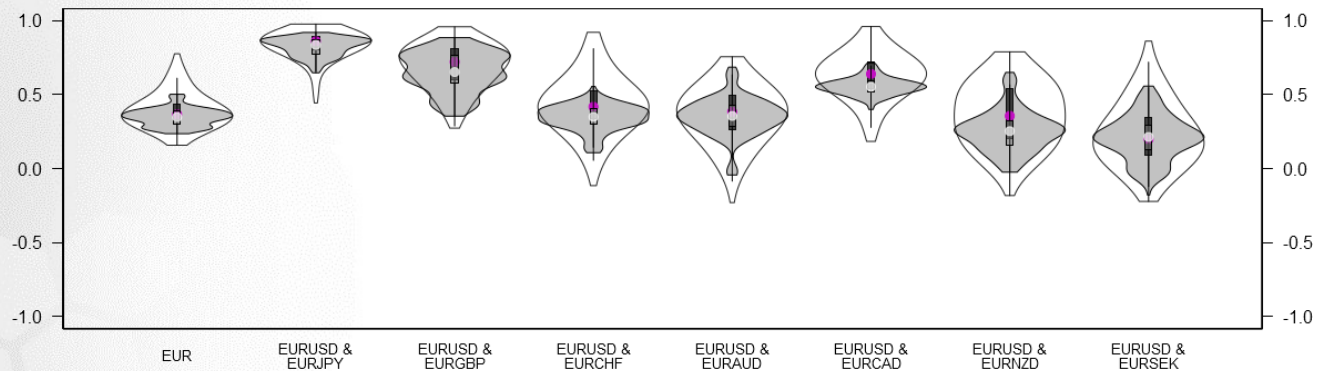
## Correlations

Despite the fact, that the past period was quite unstable for the Euro significance measure, and it ranged of 0.23 to 0.5, the average values of the aggregate and the EUR/USD components stayed almost unchanged compared with the previous week. Thus the most notable changes was observed in EUR/USD correlations with EUR/AUD, which gained 0.14 points. The largest weakening, in turn, was in bond between EUR/USD and EUR/CHF—the component lost 0.1 point. Compared with the long-term values, the composite and all observed component have slightly lowered. However the decline did not exceeded the 0.11 points.



The measure started the period with the fall caused by the lowering of the Chinese manufacturing PMI. The composite lost 0.08 points and reduced up to the 0.28 level. However the German and the Euro area PMI reports furthered the strengthening of the Euro significant measure, and it has reached the 0.42 mark. Then the measure began to weaken again and after the weekend dropped to 0.26. The raise of the German IFO data made the gauge to jump to the maximum value of the period. The increase did not last long, and right after the unexpectedly high US durable good orders release the composite has gradually declined. Despite a few attempts to recover, on Wednesday the measure has decreased to the minimum level and held there till Thursday's evening. Afterwards the measure started to rise and ended the week at the 0.33 level.

## Correlations (5 vs 20 days)

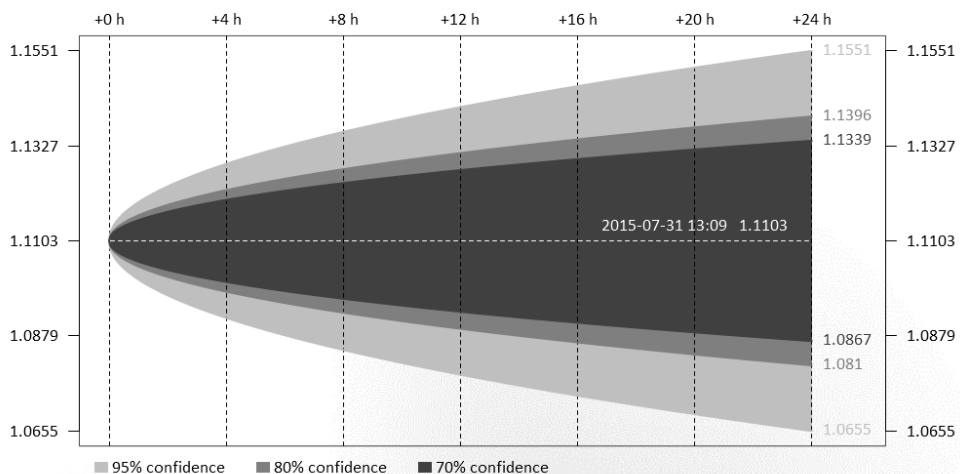


## Mean Correlation Coefficient (with EURUSD)

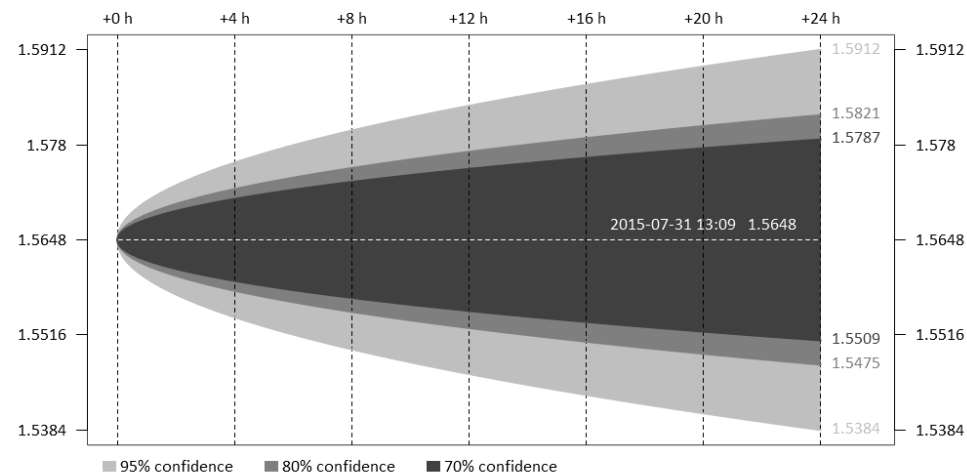
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.35	0.82	0.65	0.34	0.35	0.56	0.25	0.21
20	0.39	0.84	0.69	0.43	0.37	0.63	0.36	0.23
130	0.41	0.79	0.7	0.39	0.43	0.66	0.39	0.18
250	0.33	0.58	0.63	0.18	0.34	0.59	0.26	0.14

# Confidence Intervals for Next 24 Hours

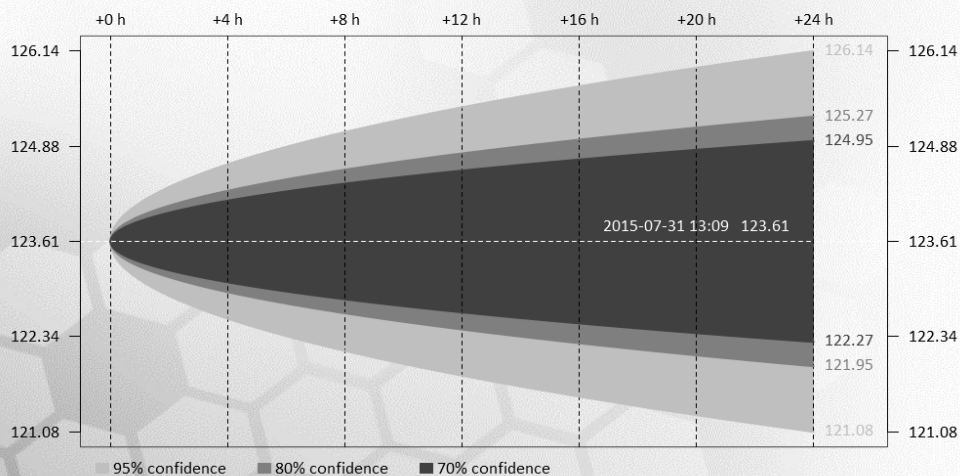
EURUSD Potential Rates



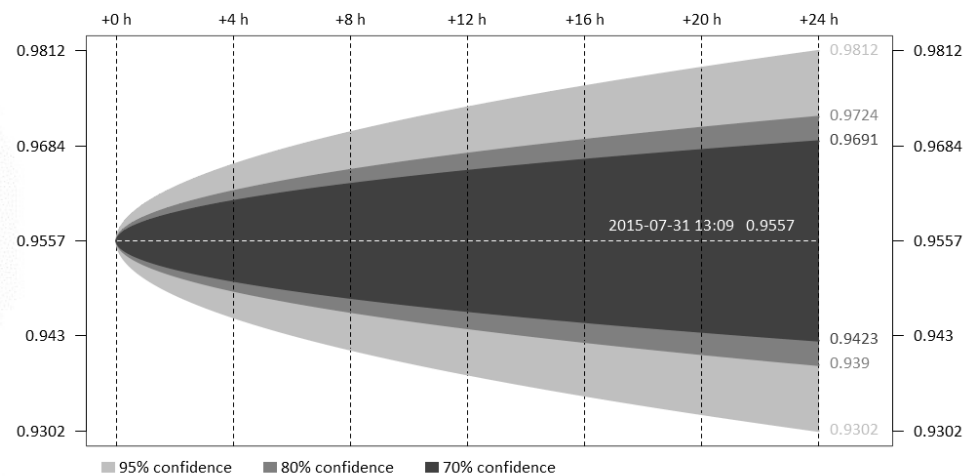
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



# EXPLANATIONS

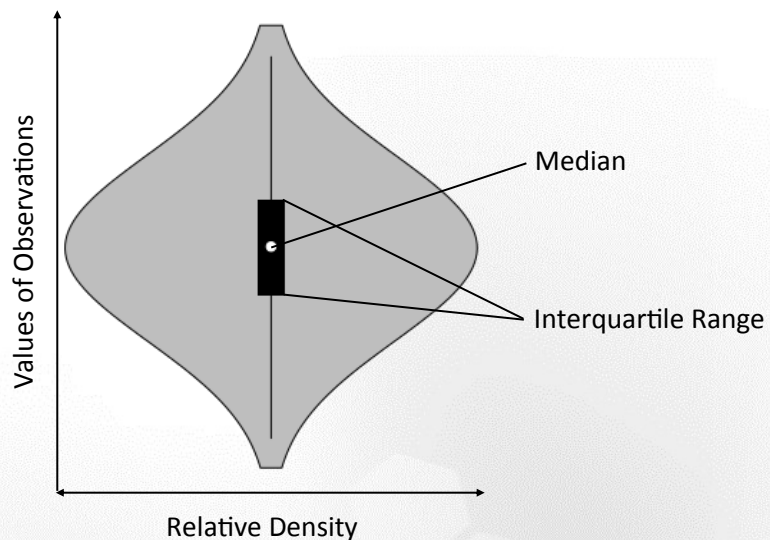
## Violin Plot

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.