



**EUR**

30/10/2015



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# Dominant Events of the Period

## Yellow Area

October 23

07:00 - 15:00

- German, EMU Flash Markit PMI
- PBoC Interest Rate Decision
- Canadian CPI
- US Flash Markit Manufacturing PMI

## Turquoise Area

October 26

07:30 - 15:30

- German IFO Survey
- US New Home Sales

## Blue Area

October 27

12:00 - 17:00

- US Durable Goods Orders, Flash Markit Services PMI and PMI Composite, Consumer Confidence

## Purple Area

October 28

00:00 - 18:30

- Australian CPI
- German Gfk Consumer Confidence Survey
- Riksbank Interest Rate Decision
- Fed's Interest rate Decision, Monetary Policy Statement

## Orange Area

October 29

08:00 - 19:00

- Swedish Retail Sales
- German Unemployment Rate
- UK Consumer Credit, Mortgage Approvals
- US Jobless Claims, GDP Estimate, Pending Home Sales
- German Flash CPI

! Currency Index Change

-0.22%

0.12%

-0.07%

-0.46%

0.25%

Max EUR Volatility Index

2.32

1.36

1.29

3.24

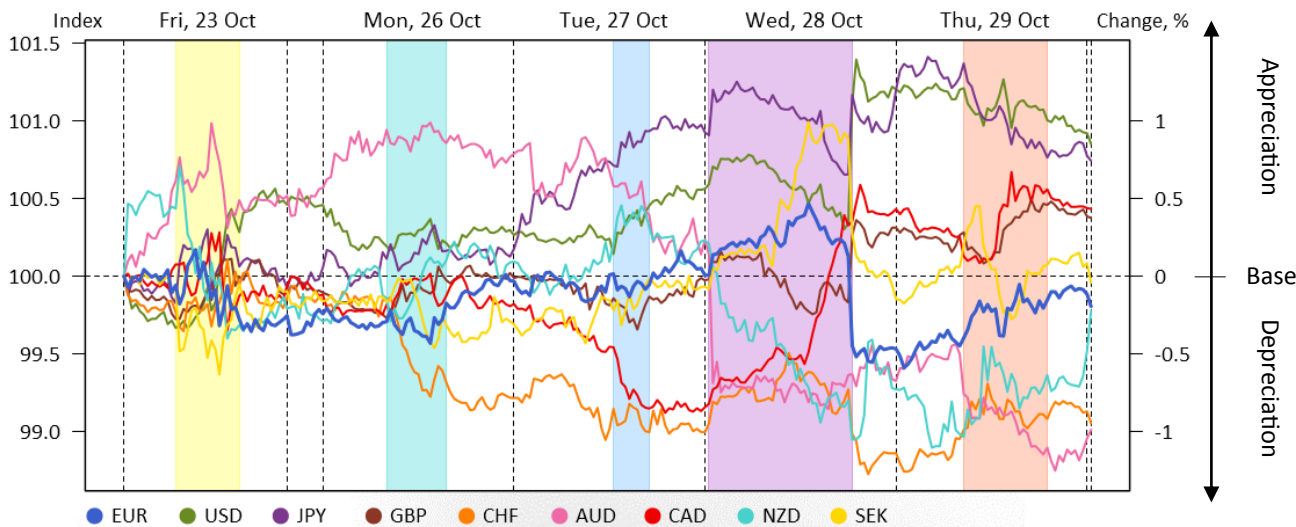
1.54





# Relative Currency Strength

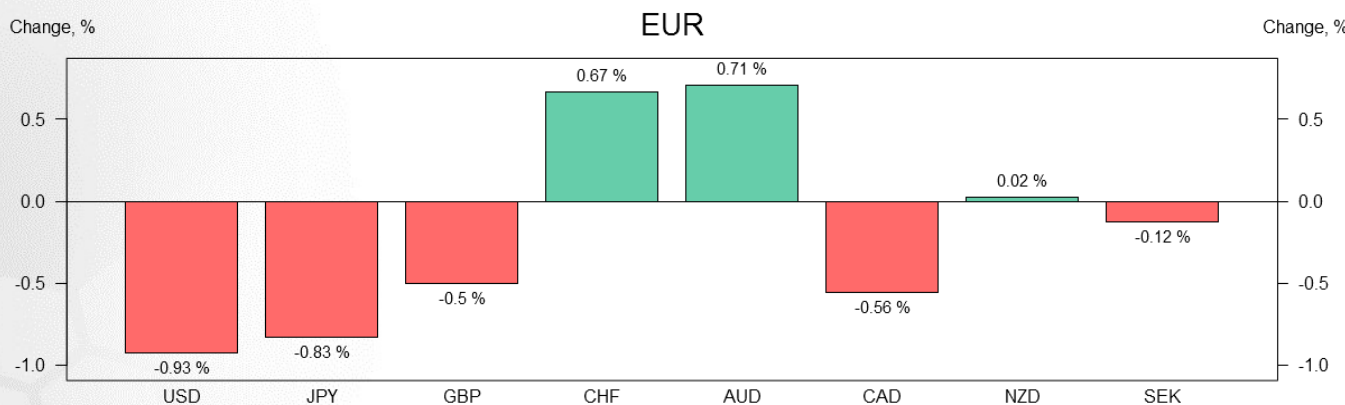
## Currency Indexes



The past trading week was rich for the sharp moves of the indexes, but saw little directional evolution as the gauges barely broke out of the 99.0-101.0 points tunnel. The most dynamic day of the period was Wednesday, when all the observed currencies displayed strong reactions to economic events. The day started with the release of weaker-than-expected CPI in Australia fueling expectations for another rate cut, and the AUD Index tumbled 0.8 points, losing its place in the appreciation area. Next up was the Riksbank, and as the regulator announced an increase of its QE program and its readiness to cut rates and intervene into the market, the krona rallied, nearly

breaching the 101.0 mark. The main market-moving event of the day and the period, however, was the release of the Fed's statement. As the market saw the regulator hinting to a December rate hike, the dollar surged, sending its index above the 101.0 level and sending its peers into different directions.

The EUR Index was one of the gauges that went down with the word from the Fed, ending up 0.5 points below the baseline. The measure was racing to recover throughout Thursday, getting some support from the German data, but failed to cross back into the appreciation area, finishing the period with a 0.2% weekly loss. The single currency itself managed to post gains only against the franc and its Pacific counterparts.

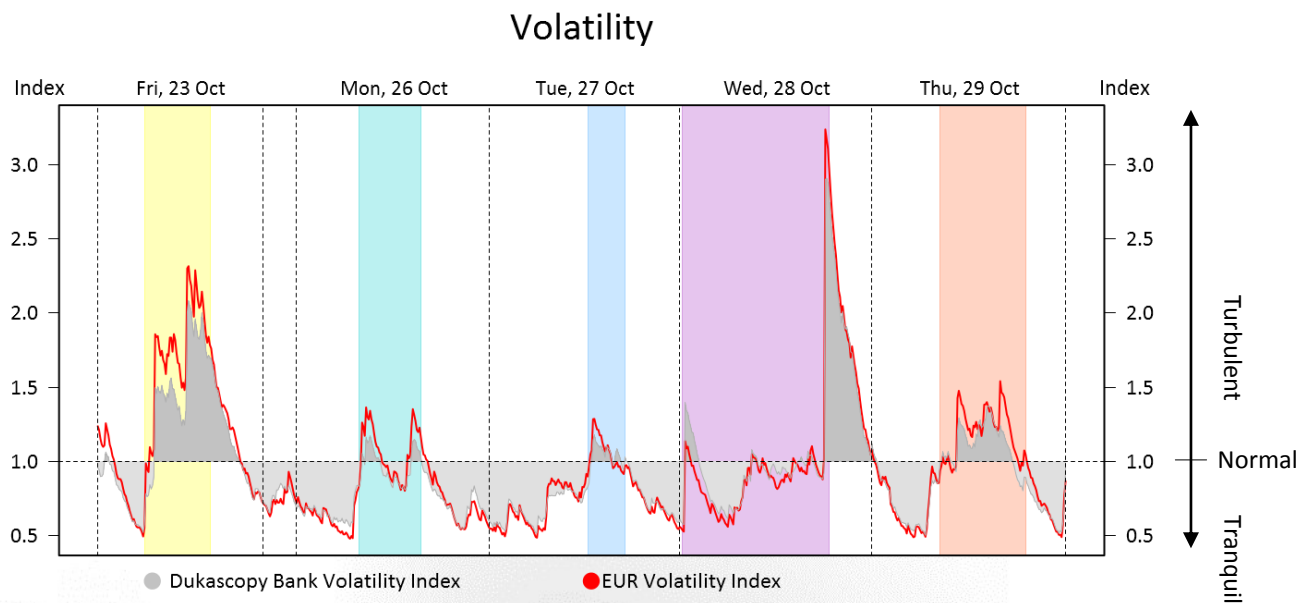


## Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.19%	0.85%	0.74%	0.37%	-0.95%	-0.99%	0.43%	-0.23%	-0.04%
20	-2.3%	-0.25%	-1.15%	1%	-1.46%	0.77%	0.48%	5.93%	-2.27%
130	3.32%	4.43%	4.1%	6.19%	-1.59%	-6.78%	-4.78%	-7.65%	2.9%
250	-3.37%	12.28%	0.54%	7.6%	8.37%	-11.52%	-5.79%	-4.07%	-4.05%



# Volatility



After a relatively calm previous week, the Euro's elevated volatility portion shifted up from 18% to 32% in the past five trading days. Moreover, the measure of all observed currencies ranged from 26% to 32%. The only exception was the Swedish krona, which spent more than 40% above the historical level. The Riksbank's monetary policy announcement and the increase of the Swedish retail sales forced the krona's turbulence gauge to jump to 1.79 and 1.38 points, respectively. However, the most notable surge of the krona's index, as well as the ones of the most of its peers, happened after the release of Fed's statement.

The past period was marked by two notable spikes of the Euro's volatility. On Friday, the single currency's index jumped to the 1.86 mark right after the strong Euro zone PMI numbers came out. A few hours later, Canadian CPI and Chinese interest rate decision pushed volatility up, and the Euro's index reached 2.32 points. There were also slight rises on Monday and Tuesday, caused by the German IFO data and the UK GDP. The highest peak of the Euro's volatility, though, was reached on Wednesday. The Euro was strongly affected by the Fed's announcement and the Greenback's surge, causing its index to jump to 5.29. After that, the German employment data and CPI managed the EUR index to rise on Thursday, but the peaks barely reached above the 1.50 level.

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

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
30	32	42	38	35	48	30	33	25	46

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

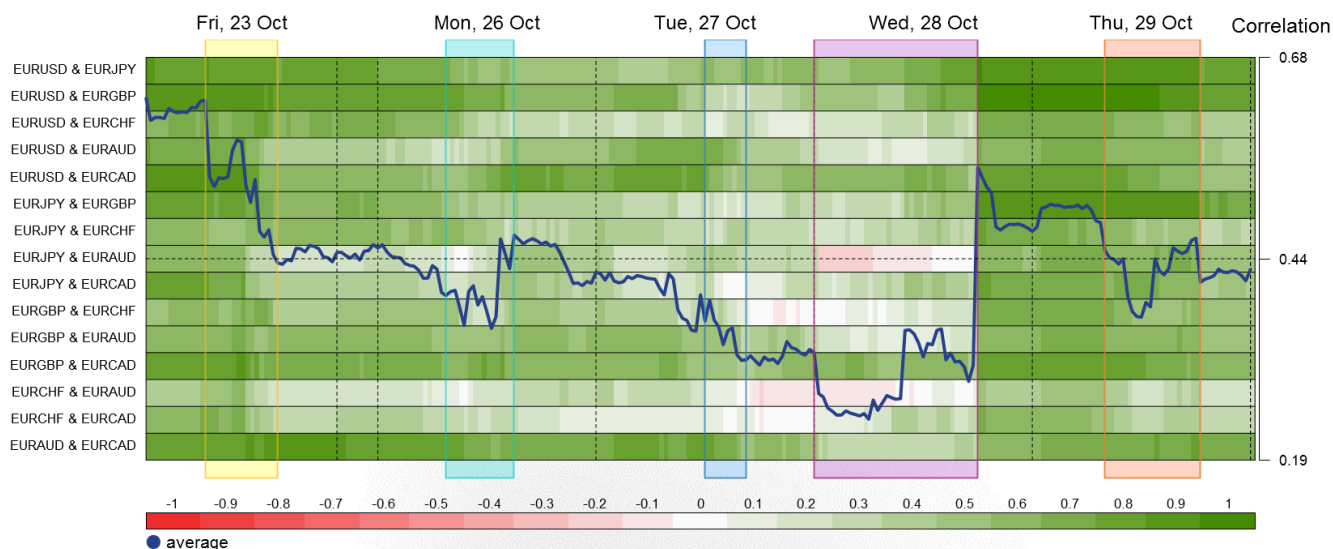
	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	2.91	3.24	7.9	5.24	5.45	5.06	3.36	2.81	2.97	2.09
Min	0.5	0.48	0.35	0.42	0.24	0.34	0.46	0.34	0.39	0.17
Average	0.94	0.97	1.07	1.03	0.94	1.03	0.94	0.92	0.9	0.98





# Currency Significance

## Correlations

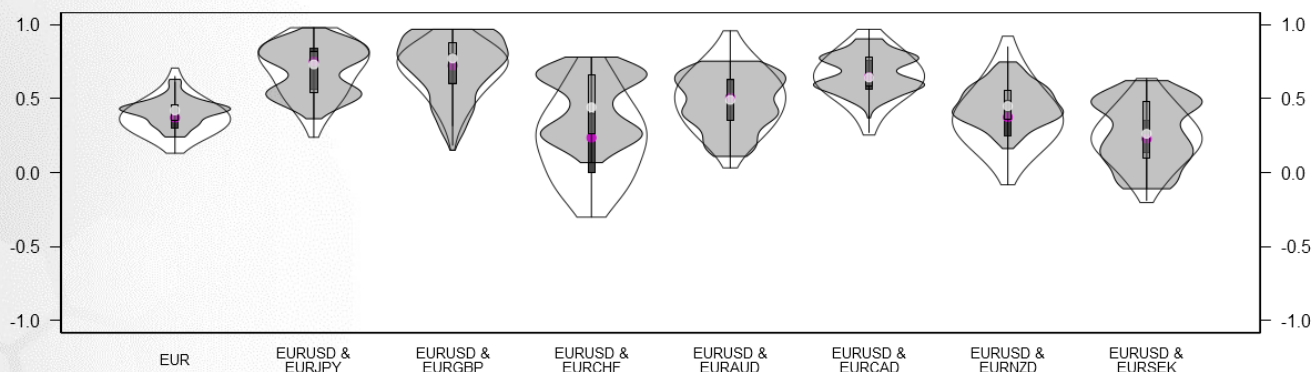


With the head start from Mario Draghi's press conference on October 22, the Euro's correlation composite spent most of the period above its monthly average, shifting its distribution to the higher levels. Among the EUR/USD components, the strengthening was observed in the pair's bonds with EUR/CHF and EUR/NZD, with the former raising its average to 0.46 from 0.15 in the previous period. Meanwhile, the Kiwi's gauge signaled the strongest correlations, its composite posting an average of 0.64. The Aussie's and the krona's measures were close behind with the

means of 0.59 and 0.53, respectively.

The Euro's composite started off on the period's high, still under the effect of the ECB's press conference and the single currency's plunge. As the European session opened on Friday, however, the composite started to slide down, reaching its low of 0.25 by Wednesday noon. The measure returned above the 0.5 level later the same day, again prompted by the Euro's tumble. As the Fed released its statement with some hawkish notes, the Greenback surged and the single currency dropped, causing the period's sharpest spike of the Euro's composite. Later the measure lost some of the points, but still held above the 0.4 mark till the end of the period.

## Correlations (5 vs 20 days)



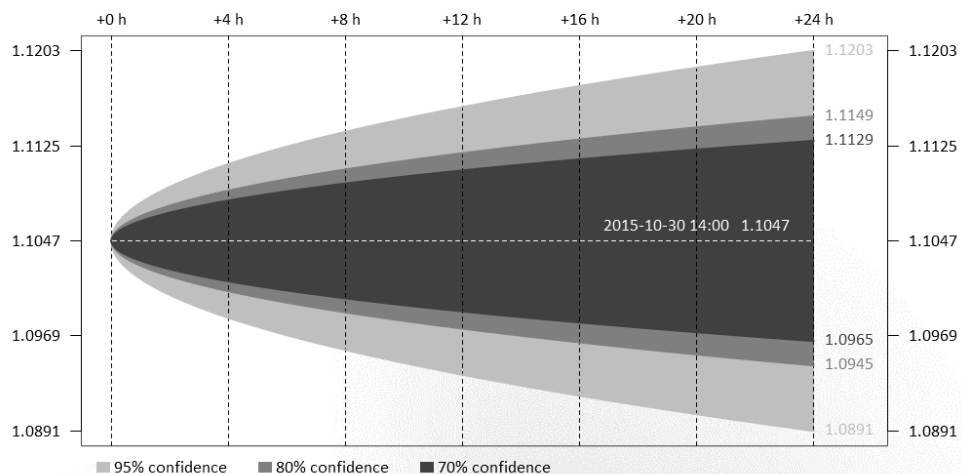
## Mean Correlation Coefficient (with EURUSD)

Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.41	0.69	0.72	0.46	0.48	0.67	0.46	0.27
20	0.38	0.7	0.69	0.23	0.49	0.65	0.39	0.24
130	0.4	0.73	0.72	0.34	0.49	0.68	0.43	0.2
250	0.36	0.64	0.67	0.27	0.41	0.64	0.35	0.17

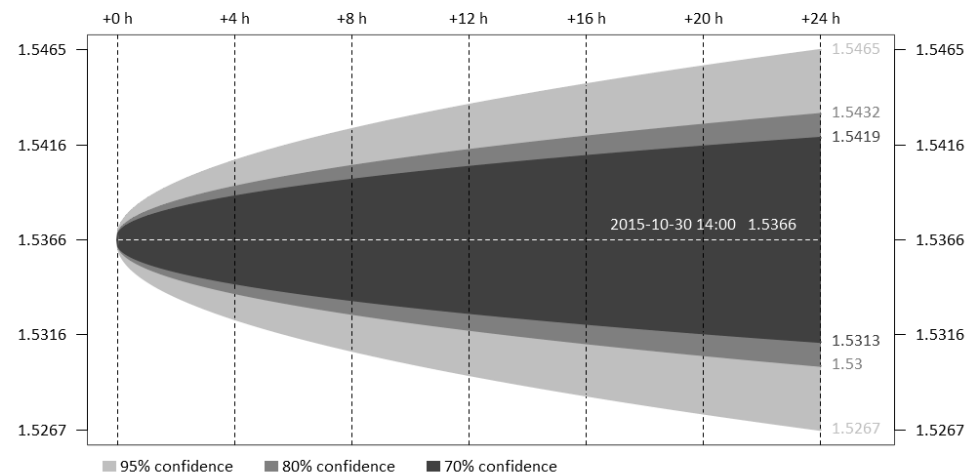
Friday, October 30, 2015  
15:30 GMT

# Confidence Intervals for Next 24 Hours

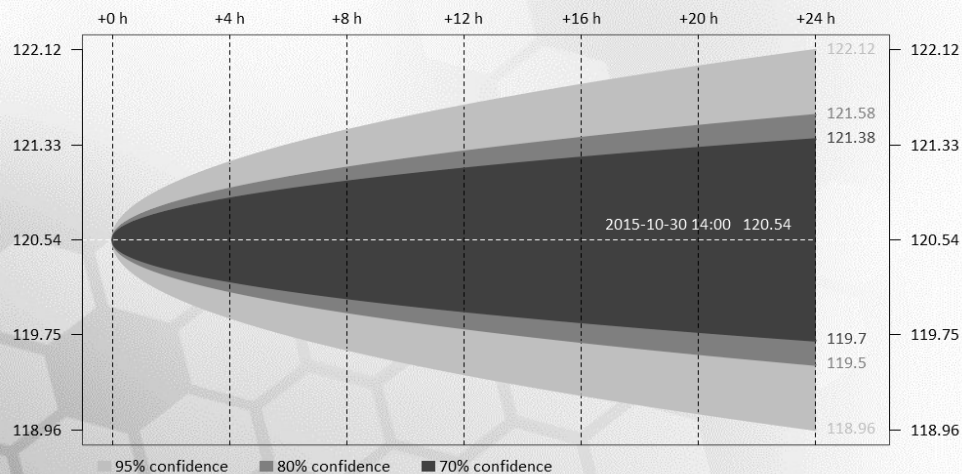
EURUSD Potential Rates



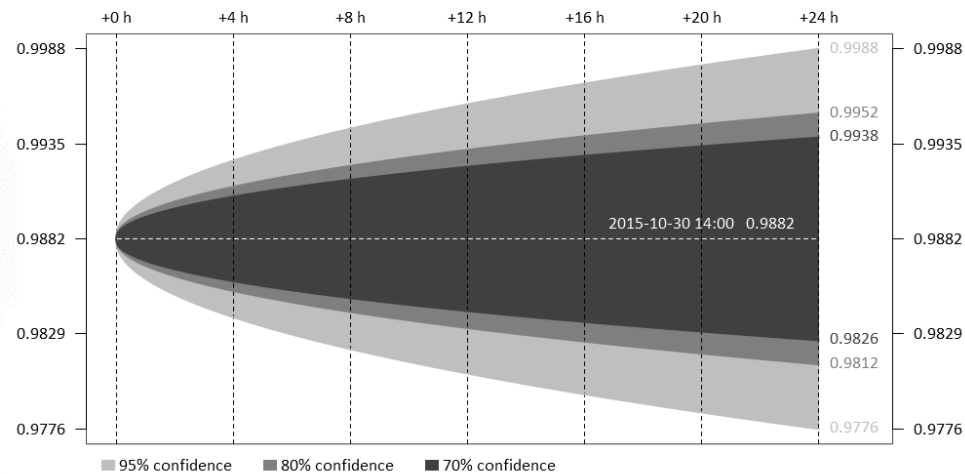
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates





## EXPLANATIONS

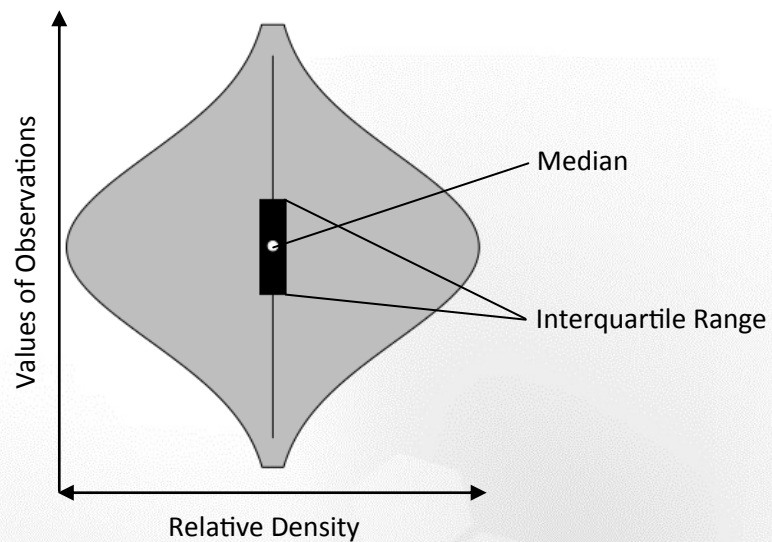
### Violin Plot

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

### Methodologies

Volatility Index

Confidence Interval





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