



**EUR**

05/02/2016



**DUKASCOPY**  
RESEARCH PRODUCTS



**Market Research**





# Dominant Events of the Period

## Yellow Area

January 29

03:00 - 16:30

- *BoJ Monetary Policy Statement, Interest Rate Decision, Press Conference*
- *German Retail Sales*
- *EU Consumer Price Index*
- *US GDP, Personal Consumption Expenditures*

## Turquoise Area

February 1

09:30 - 16:20

- *UK Markit Manufacturing Index, Consumer Credit, Mortgage Approvals*
- *US Personal Spending, Core Personal Consumption Expenditure, Personal Income*
- *ECB President Speech*

## Blue Area

February 2

03:30 - 16:00

- *RBA Rate Statement, Interest Rate Decision*
- *German Unemployment Change, Unemployment Rate*
- *EU Unemployment Rate*

## Purple Area

February 3

09:30 - 19:30

- *UK Markit Services PMI*
- *US Markit Services PMI, ADP Employment Change*

## Orange Area

February 4

07:30 - 16:30

- *ECB President Draghi Speech*
- *BoE Interest Rate Decision, Minutes, Governor Carney Speech*
- *US Initial Jobless Claims, Factory Orders*

EUR Currency Index Change

-0.21%	0.02%	0.28%	0.39%	0.42%
--------	-------	-------	-------	-------

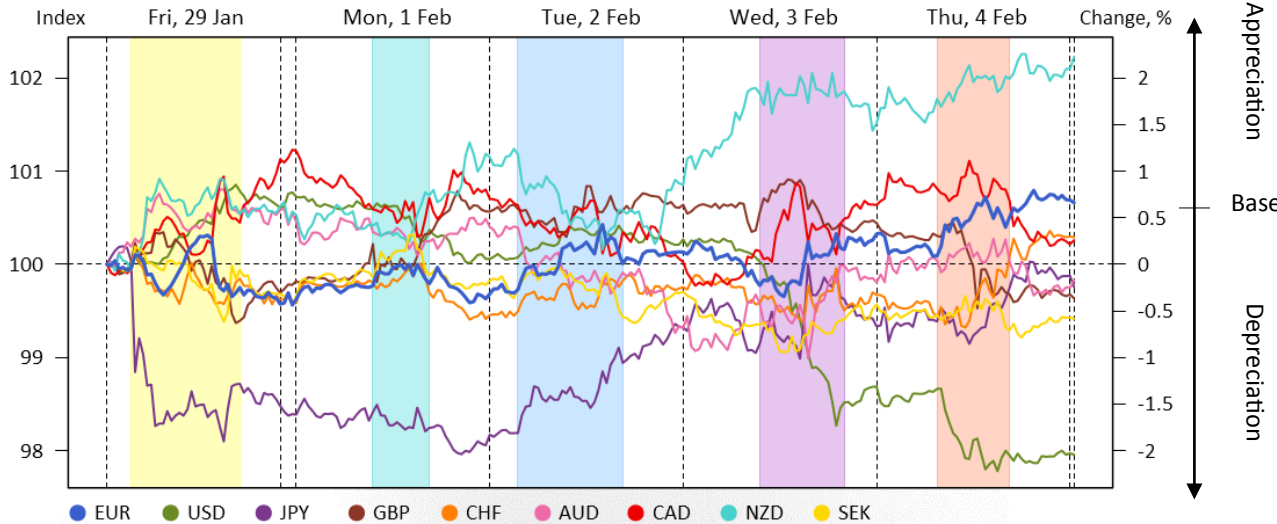
Max EUR Volatility Index

1.98	1.21	1.29	2.01	1.4
------	------	------	------	-----



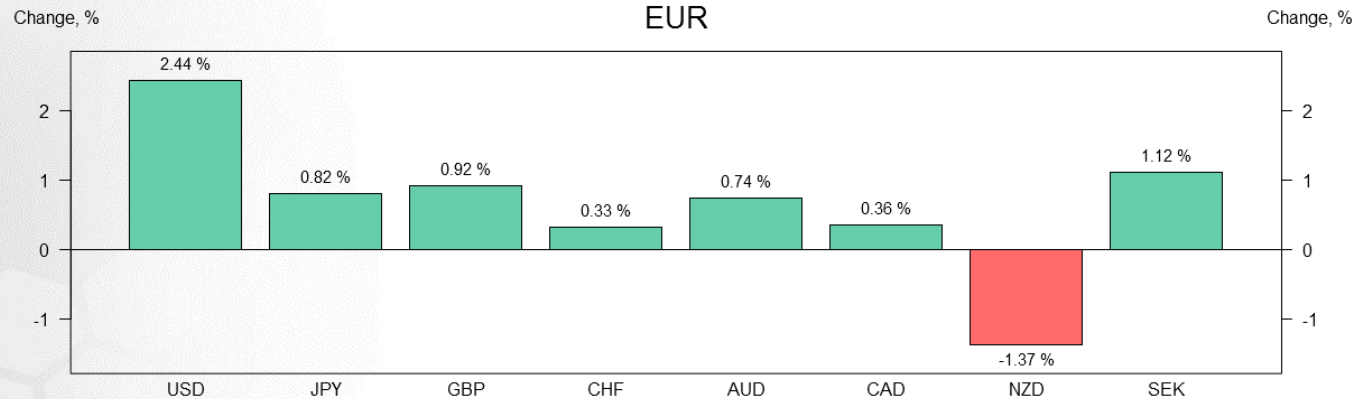
# Relative Currency Strength

## Currency Indexes



The period, which put most of the observed indexes either on or above the baseline, resulted in a 0.6% gain for the EUR Index, making it the week's second best performer. The only peer to advance above the Euro's measure was the New Zealand dollar gauge, which was spurred by the unemployment figures which managed to come in much better than expected, rebound in oil prices and also, due to the central bank attempts to delay expectations of the further easing. On the other side of the baseline, the Greenback became the main loser and posted a 2.04% weekly plunge, greatly affected by the weak data on factory orders for December which dropped the most in a year.

The EUR Index started the period with a calm downside movement, amid batch of manufacturing indices from the Euro zone, which did not have any significant effect on the pair. The gauge stayed around the baseline over the weekend and for most of Wednesday, before entering its sharpest rise on Thursday, after an aggressive correction of the Dollar. The deteriorating period started with the services PMI, which declined from 53.7, while ISM's non-manufacturing gauge, in turn, slipped to 53.5, both missing economists' expectations. Taking into account, that services sector retains the largest part of the US economy, these results were met with selling of the Greenback.



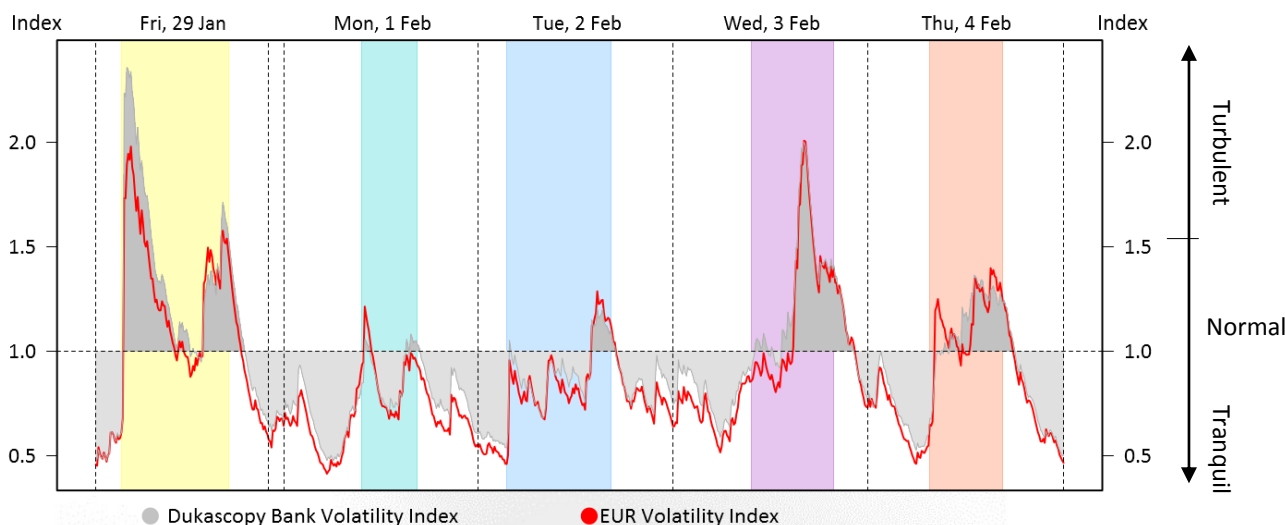
### Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.66%	-2.04%	-0.24%	-0.37%	0.29%	-0.17%	0.26%	2.23%	-0.58%
20	1.86%	-1.23%	-0.01%	-1.76%	-0.95%	0.94%	1.46%	0.09%	-0.14%
130	2.6%	-0.06%	7.27%	-6.61%	-1.31%	-2.9%	-5.62%	2.81%	4.71%
250	3.45%	4.91%	5.21%	0.32%	-3.21%	-3.52%	-5.18%	-5.22%	3.33%



# Volatility

## Volatility



In a terms of the elevated volatility, the market and the Euro were much more volatile compared to the previous week tendency. Thus, the portions of elevated volatility of the aggregate and EUR were 32% and 27%, respectively. For the most of the components the observed period was quite turbulent. The major gainers were EUR/CHF, EUR/JPY and EUR/SEK. The highest peaks of the market and EUR volatility indexes even managed to reach 2 points. Among the components, EUR/USD, EUR/CHF and EUR/SEK managed to overcome the 2-point level. Meanwhile, the most outstanding jump was demonstrated by EUR/JPY, which skyrocketed above the 11-point level.

The period has started with the quite volatile day for the both the market and the single currency. On Monday, the Euro volatility was driven by rising oil prices, while Euro zone inflation data offered no surprise and had little impact on the currency. Moreover, the Euro slipped 100 pips after the US data supported the Greenback with a surprising increase in the US personal consumption expenditure and a growing Chicago PMI. Wednesday's peak of the EUR volatility, in turn, was caused by the US labor and services data. The ADP employment report from January moderated to 193,000 from 267,000 but still maintained a solid pace of employment growth.

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

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
32	27	26	39	35	58	17	24	23	36

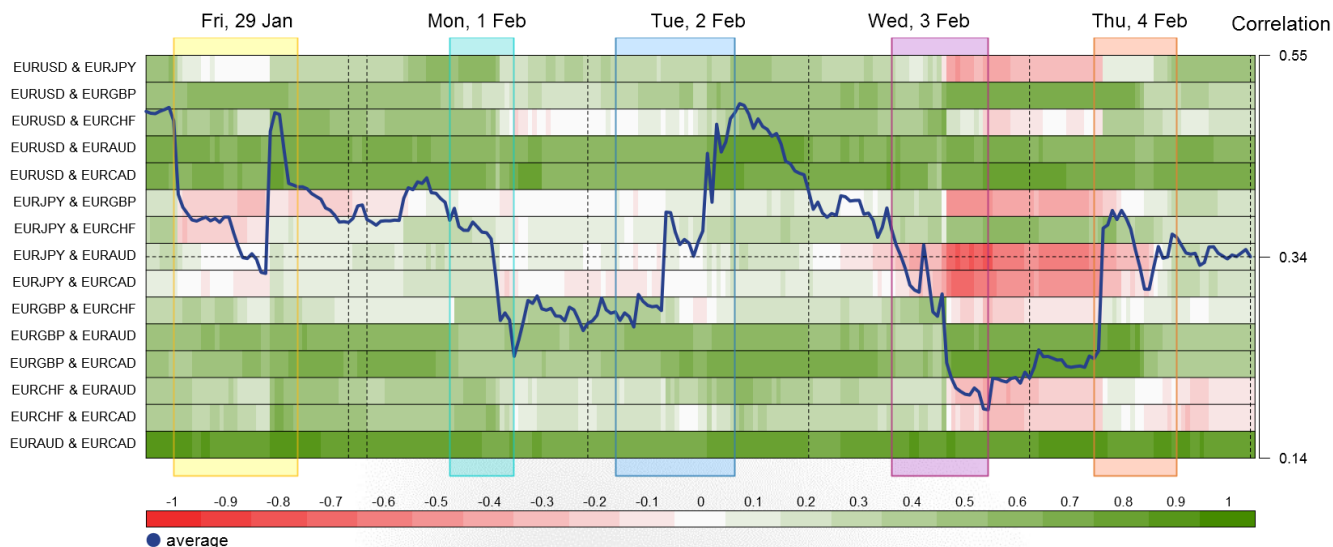
### Volatility Index (for the observed period)

	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	2.36	2.01	2.54	11.46	2.38	2.98	1.7	2.63	1.86	3
Min	0.48	0.41	0.28	0.4	0.34	0.3	0.32	0.32	0.37	0.2
Average	0.94	0.89	0.89	1.21	0.86	1.17	0.76	0.84	0.83	0.9



# Currency Significance

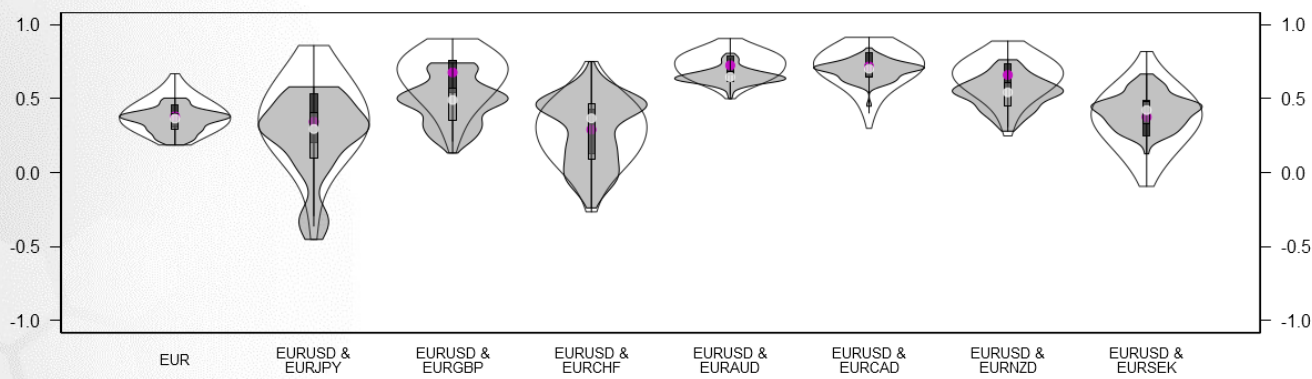
## Correlations



The period was marked by an increase in the average values of all observed correlation pairs. The less noticeable strengthening was observed in the bonds between EUR/USD and the Asia-Pacific currencies. Changes of the average EUR/USD correlations with EUR/JPY were minimal, even though the dynamics of the component was rather animate. It held at the level of 0.51, as the Yen was on the back foot after the Bank of Japan unexpectedly decided to cut its benchmark rate into the negative territory.

On Monday, against the background of the BoJ and US economic releases and announcements, the Euro significance measure started to drop gradually and by the end of the next day reached about 0.25 points. Then followed a one-day period of the sharp rise of the composite, but by Wednesday evening it slipped again to a 0.17 mark – the minimum level of the period, since markets adopted the idea of a slower rate hike. The next day, the measure started to recover again. On Thursday, the single European currency significance measure jumped to the level of 0.38, gaining about 0.21 points, and ended the period at the level of 0.34.

## Correlations (5 vs 20 days)

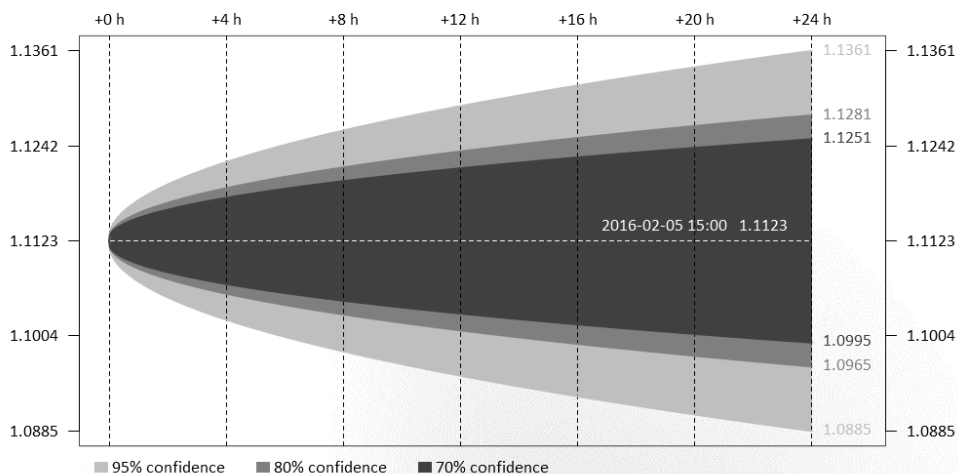


## Mean Correlation Coefficient (with EURUSD)

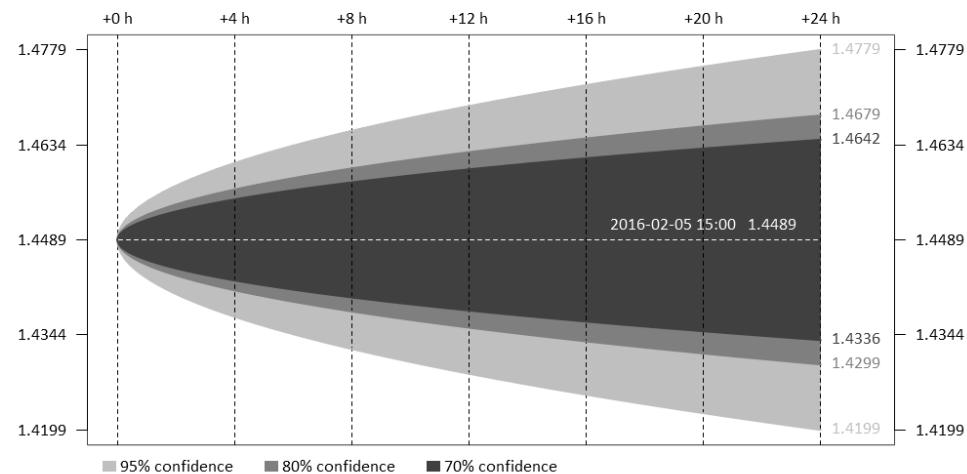
Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.35	0.23	0.48	0.28	0.65	0.69	0.53	0.41
20	0.38	0.36	0.64	0.27	0.72	0.71	0.64	0.37
130	0.39	0.61	0.7	0.32	0.54	0.68	0.46	0.23
250	0.4	0.7	0.69	0.35	0.49	0.67	0.43	0.2

# Confidence Intervals for Next 24 Hours

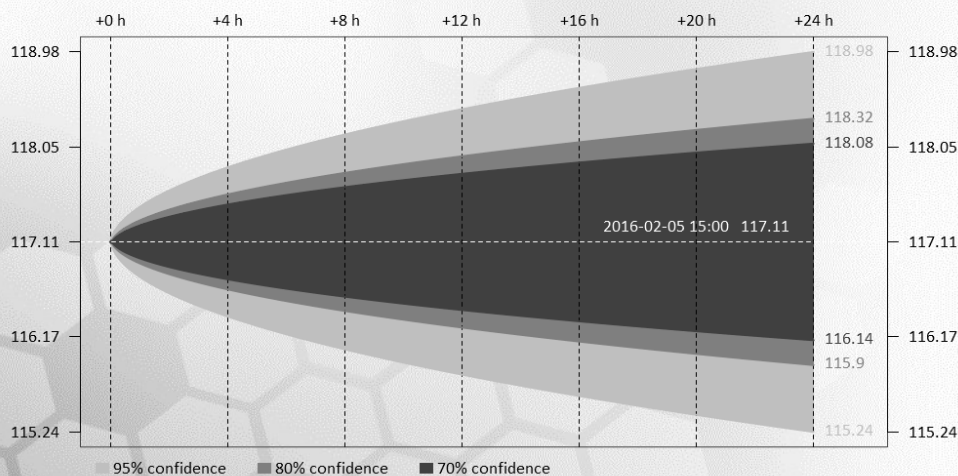
EURUSD Potential Rates



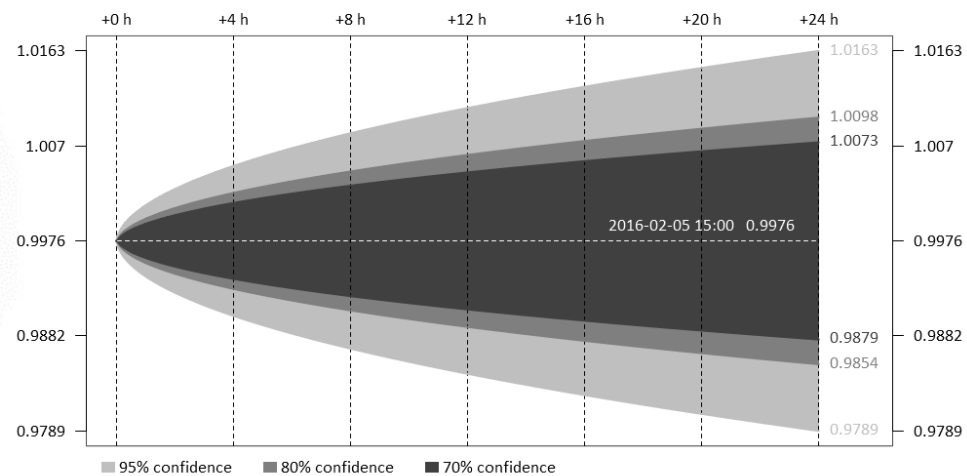
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



# EXPLANATIONS

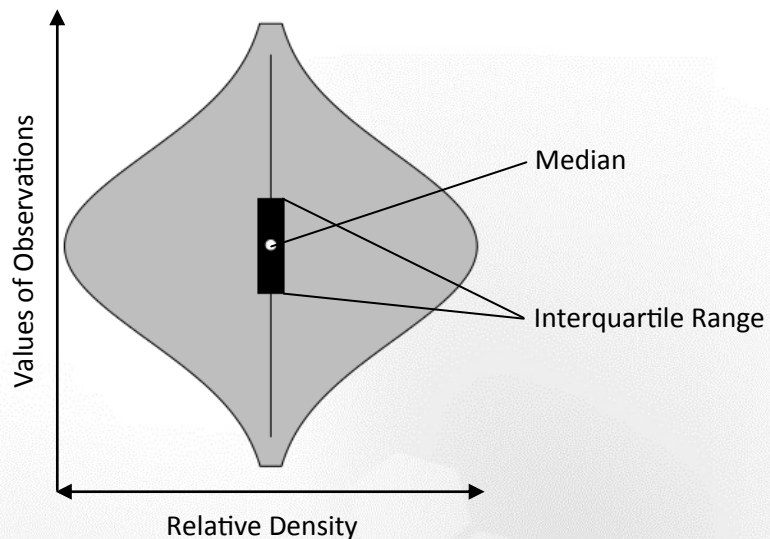
## Violin Plot

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.