



EUR

06/05/2016



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

April 29

11:30 - 18:30

- *EU GDP, Unemployment Rate, Consumer Price Index*
- *US Personal Income, Personal Spending*

Turquoise Area

May 2

13:30 - 16:00

- *US Markit Manufacturing PMI, ISM Prices Paid, Construction Spending*
- *ECB President Draghi Speech*

Blue Area

May 3

04:00 - 17:00

- *RBA Rate Statement, Interest Rate Decision*
- *UK Markit Manufacturing PMI*
- *BoC Governor Speech*

Purple Area

May 4

12:00 - 16:30

- *US Employment Change, Trade Balance, Markit Services PMI, Factory Orders*

Orange Area

May 5

12:30 - 16:00

- *US Initial Jobless Claims*

EUR Currency Index Change

| | | | | |
|-------|-------|-------|-------|--------|
| 0.51% | 0.18% | 0.88% | 0.27% | -0.04% |
|-------|-------|-------|-------|--------|

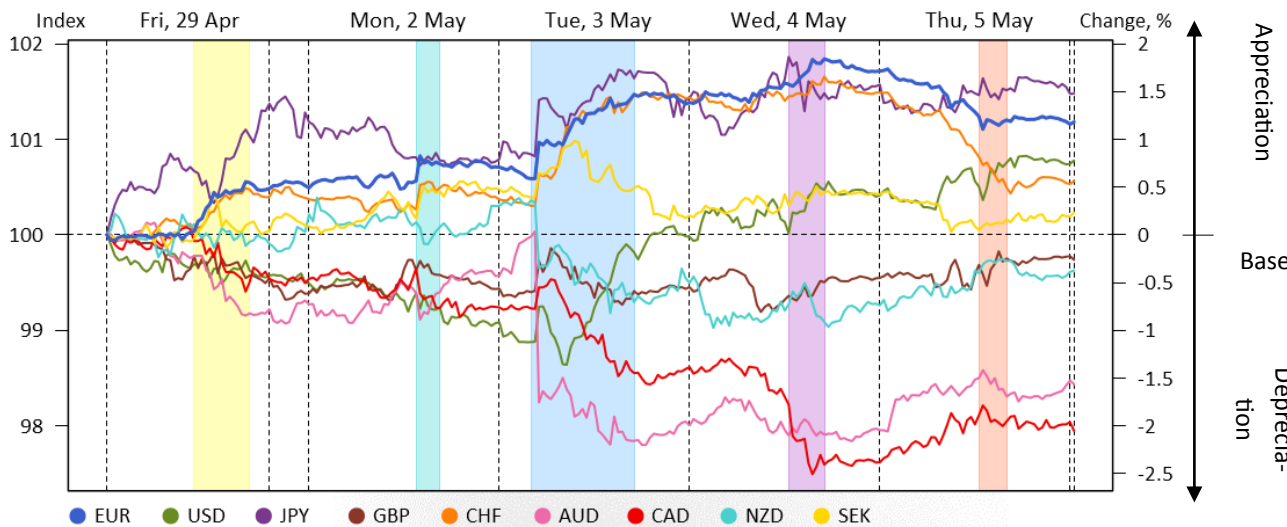
Max EUR Volatility Index

| | | | | |
|------|------|------|------|-----|
| 1.55 | 1.54 | 2.19 | 1.49 | 1.1 |
|------|------|------|------|-----|



Relative Currency Strength

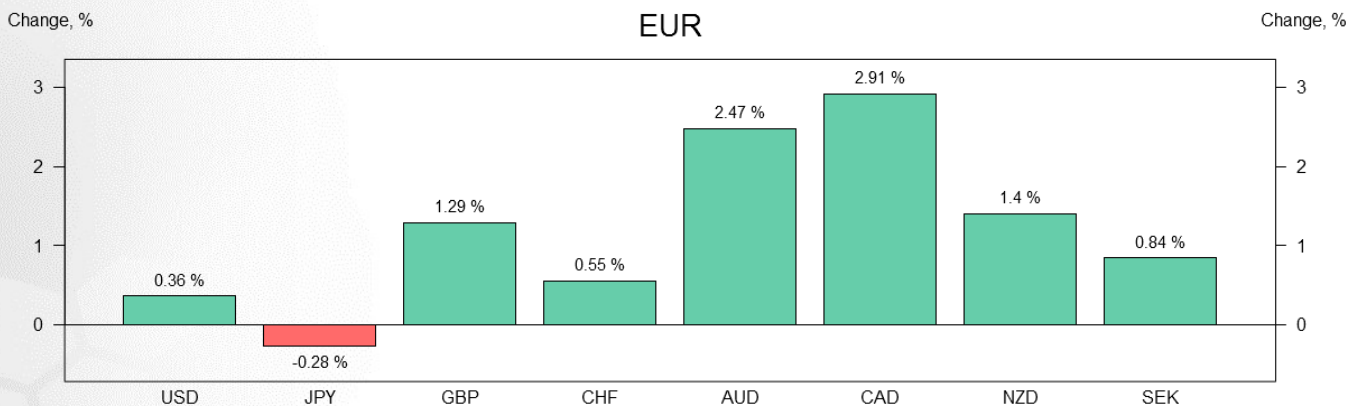
Currency Indexes



The past five days were positive for Euro, and its currency index remained in a range of 100-101.87 throughout the period. Friday was calm for almost all observed currencies, and the Euro index experienced a slight increase against its peers as the macro calendar unveiled mostly disappointed economic updates, namely the final University of Michigan confidence survey and the Chicago PMI in April. Also, Tuesday was marked by the strong divergence among currencies, namely commodity currencies as well as pound dropped sharply due to lower oil prices as well as economic data.

Another indices, in turn, managed to obtain strong gains. The best performer was yen, since the index jumped to an 18-month high extending gains on persistent doubts that the Bank of Japan will intervene to stem a dramatic rise that has undermined attempts to reflate the world's third-biggest economy. The end of the period was uneventful for all of the indices except Dollar.

In overall, the most major movements on the currency market were the 2.05% plunge of the Canadian Dollar and the 1.48% surge of Yen.



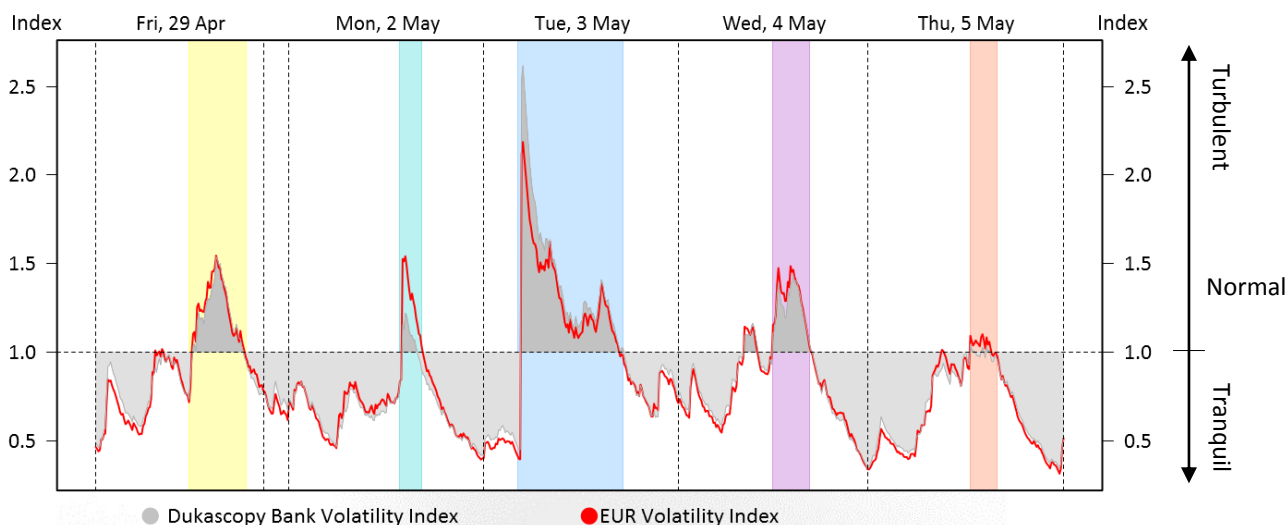
Currency Index Change

| Days | EUR | USD | JPY | GBP | CHF | AUD | CAD | NZD | SEK |
|------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| 5 | 1.18% | 0.78% | 1.48% | -0.26% | 0.57% | -1.57% | -2.05% | -0.37% | 0.23% |
| 20 | -0.47% | -0.78% | 0.59% | 2.6% | -2.18% | -1.85% | 1.26% | 0.92% | 0.09% |
| 130 | 1.15% | -3.9% | 9.77% | -8.69% | -1.05% | 0.84% | -1.44% | 0.65% | 2.92% |
| 250 | 3.87% | 1.73% | 14.18% | -3.51% | -3.14% | -5.11% | -5.46% | -7.76% | 5.12% |



Volatility

Volatility



The past week, as opposite to the previous one with its high portion of elevated volatility, was quite calm, and the percent of the exceeded EUR/USD volatility index came back to its usual level. The same tranquility was observed in all the other observed currency pairs, marking the period as a generally calm one. It is also supported by the maximal values of the volatility indices, which were not distinctive and held on their usual levels of about 2-3 except for EUR/AUD since the pair's volatility soared 8.24 mark.

By the beginning of the period the EUR/USD started to increase since the dollar fell to eight-month lows, as markets continued to digest policy decisions by the Bank of Japan and the Federal Reserve. Moreover, investors were awaited the release of US economic reports later in the day. However, in the middle of the period, the EUR retreated from its 9-month highs being affected by the European Commission which announced warnings of stagnant EU economic growth due to persistently low inflation. Reaction to this release was the first meaningful surge of the volatility happened on Wednesday.

Elevated Volatility (% of the observed period)

| Market | EUR | EURUSD | EURJPY | EURGBP | EURCHF | EURAUD | EURCAD | EURNZD | EURSEK |
|--------|-----|--------|--------|--------|--------|--------|--------|--------|--------|
| 25 | 26 | 43 | 9 | 31 | 44 | 23 | 32 | 20 | 32 |

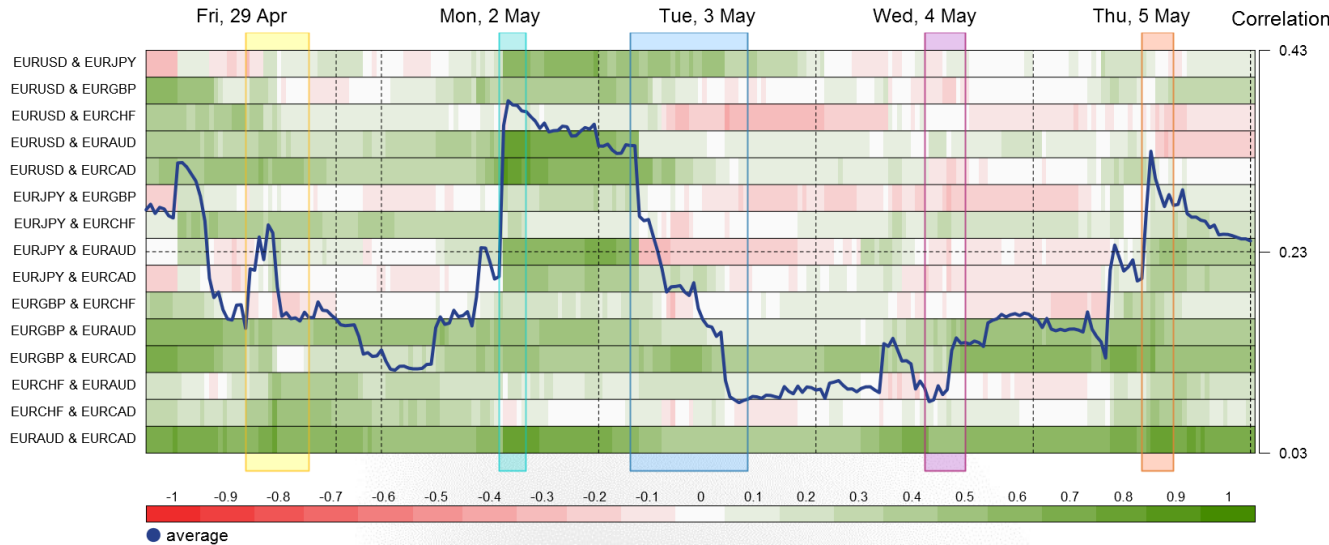
Volatility Index (for the observed period)

| | Market | EUR | EURUSD | EURJPY | EURGBP | EURCHF | EURAUD | EURCAD | EURNZD | EURSEK |
|---------|--------|------|--------|--------|--------|--------|--------|--------|--------|--------|
| Max | 2.62 | 2.19 | 2.92 | 1.87 | 1.91 | 2.53 | 8.24 | 2.09 | 2.85 | 2.54 |
| Min | 0.34 | 0.31 | 0.25 | 0.17 | 0.22 | 0.2 | 0.32 | 0.22 | 0.31 | 0.2 |
| Average | 0.84 | 0.83 | 0.97 | 0.67 | 0.8 | 0.94 | 0.94 | 0.82 | 0.81 | 0.89 |



Currency Significance

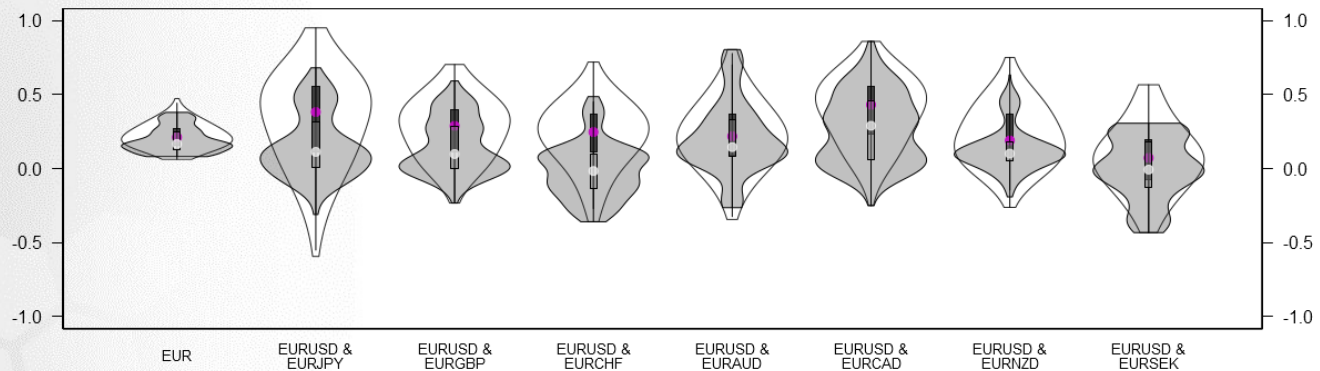
Correlations



The currency significance measure spent most of the period on a feebly negative level, mostly fueled by the correlations between EUR/USD and the Euro crosses with JPY, AUD, CAD, CHF, and GBP. The European crosses, in turn, showed little to no synchronicity in their movements. Their correlations ranged from strongly positive to strongly negative, with little impact to the overall picture. That being said, the general tint of the relationships between the currency pairs during the period offered no revelations, as all values were well in their average historical limits.

The period's highest peak of the single currency significance was reached in the green area on Monday. Surging above 1.15 for the first time since the August flash crash on Monday due to soft monthly manufacturing data in the US which pushed the dollar to fresh 8-month lows. The currency pair traded in a broad range between 1.1448 and 1.1536, before settling at 1.1530, up or 0.59% on the session. Over the last month, the euro has gained more than 0.22% against its American counterpart. Afterwards the significance measure began gradually decreasing, closing the period at just above 0.05—the same level it started from.

Correlations (5 vs 20 days)

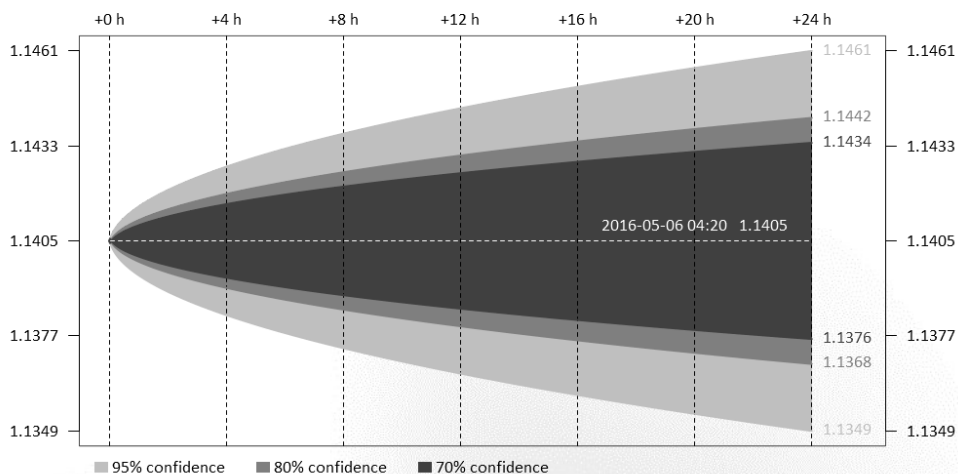


Mean Correlation Coefficient (with EURUSD)

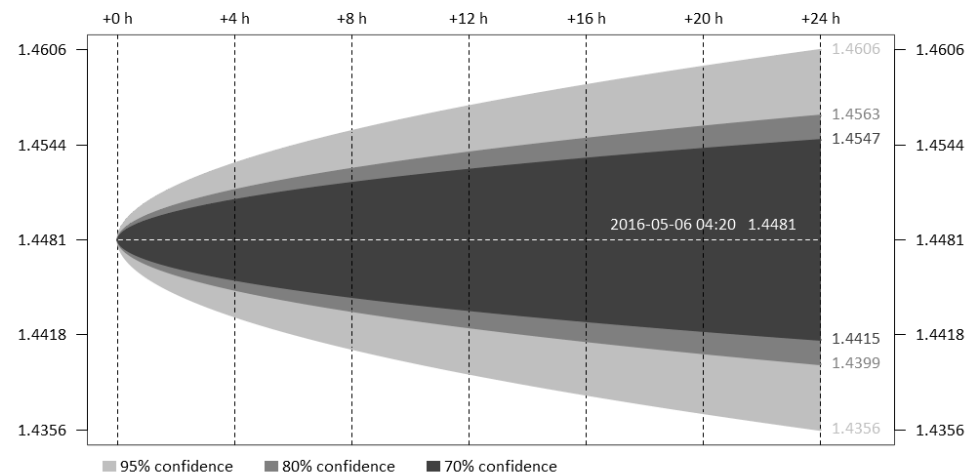
| Days | EUR | EURJPY | EURGBP | EURCHF | EURAUD | EURCAD | EURNZD | EURSEK |
|------|------|--------|--------|--------|--------|--------|--------|--------|
| 5 | 0.19 | 0.15 | 0.15 | -0.01 | 0.21 | 0.26 | 0.13 | 0 |
| 20 | 0.22 | 0.32 | 0.27 | 0.22 | 0.22 | 0.39 | 0.22 | 0.07 |
| 130 | 0.33 | 0.48 | 0.5 | 0.3 | 0.45 | 0.59 | 0.38 | 0.24 |
| 250 | 0.36 | 0.6 | 0.61 | 0.32 | 0.47 | 0.63 | 0.4 | 0.22 |

Confidence Intervals for Next 24 Hours

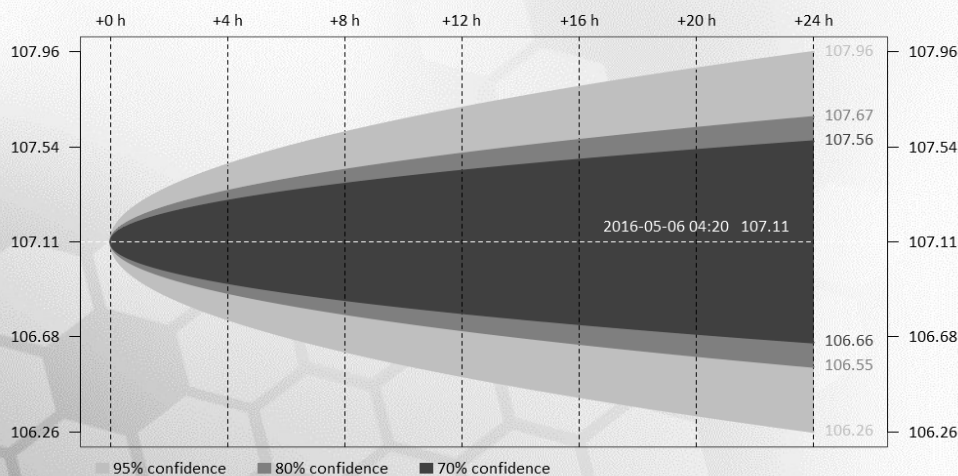
EURUSD Potential Rates



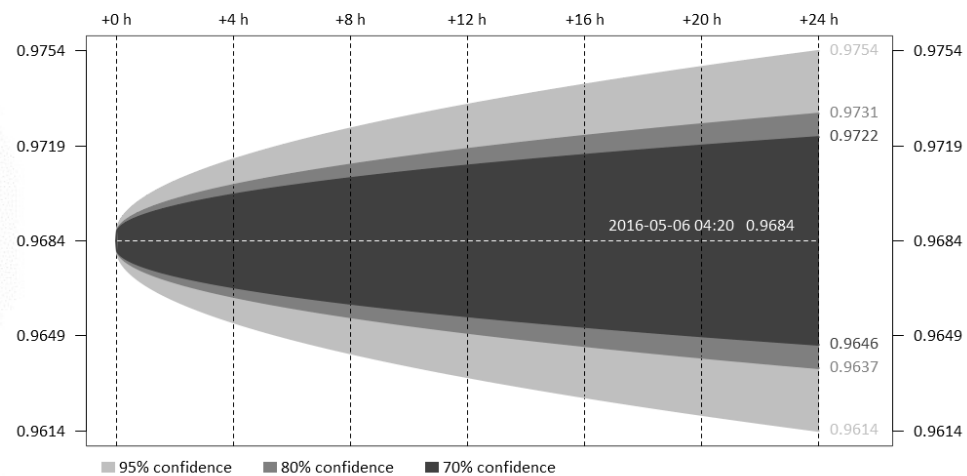
GBPUSD Potential Rates



USDJPY Potential Rates



USDCHF Potential Rates



EXPLANATIONS

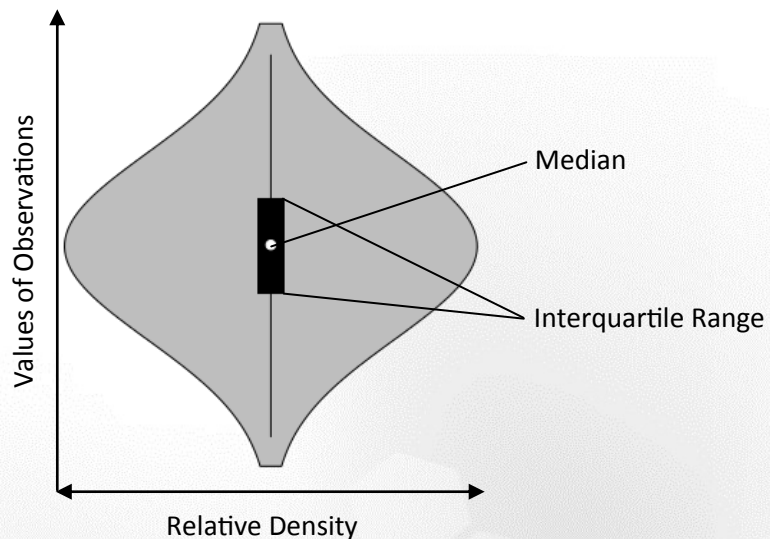
Violin Plot

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

Methodologies

Volatility Index

Confidence Interval





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