

















DUKASCOPY
RESEARCH PRODUCTS

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Fundamental Analysis

Major events this week (August 1-5)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
1:00 am		CNY	Manufacturing PMI	July	49.9	50.1	50.0
8:30 am		GBP	Manufacturing PMI	July		49.1	49.1
2:00 pm		USD	ISM Manufacturing PMI	July		53.1	53.2
TUESDAY							
1:30 am		AUD	Trade Balance	July		-2.00B	-2.22B
8:30 am		GBP	Construction PMI	July		44.2	46.0
WEDNESDAY							
1:45 am		CNY	Caixin Services PMI	July		52.9	52.7
8:30 am		GBP	Services PMI	July		47.4	47.4
12:15 pm		USD	ADP Non-Farm Employment Change	July		171K	172K
2:00 pm		USD	ISM Non-Manufacturing PMI	June		56.0	56.5
2:30 pm		USD	Crude Oil Inventories	July 22			1.7M
THURSDAY							
1:30 am		AUD	Retail Sales m/m	July		0.3%	0.2%
11:00 am		GBP	Official Bank Rate	July		0.25%	0.50%
12:30 pm		USD	Unemployment Claims	July		265K	266K
FRIDAY							
1:30 am		AUD	RBA Monetary Policy Statement	July			
12:30 pm		CAD	Unemployment Rate	July		6.9%	6.8%

Key highlights of the week ended July 30

Euro zone

As markets expected, the European Central Bank (ECB) kept its key interest rates on hold on Thursday, but signaled that it is prepared to add more monetary stimulus later in the year. The main refinancing rate was left at 0%, whereas the ECB interest rates on the deposit facility and the marginal lending facility remained unchanged at -0.40% and 0.25%, respectively. The central bank slashed its deposit rate deeper into negative territory in March. In a news conference, Mr. Draghi said the Brexit vote had added to "headwinds" for the Euro zone economy, that include broader geopolitical uncertainty. Mario Draghi, President of the European Central Bank, also confirmed that the monthly asset purchases of 80 billion euros may run beyond the current deadline of March 2017, if necessary. Furthermore, the central bank's President highlighted that the governing council may provide more stimulus at its next meeting in September, as new post-Brexit forecasts for economic growth and inflation will be available by that time. Meanwhile, analysts polled by Reuters slashed their growth forecast for the Euro zone to 1.3% from 1.6%, but left inflation projections unchanged at 1.3%.

Canada

Canada's annual inflation rate remained intact in June, suggesting that the recent uptick in Canada's currency, tied to a rise in crude-oil prices, is now having the reverse effect. According to the report from Statistics Canada, June consumer price inflation CPI rose 0.2% from the previous month, below the 0.1% increase expected and below May's 0.4% rise. Year-on-year, core CPI advanced 2.1%, above forecasts for a 2.0% rise and compared to May's reading of 2.1%.

US

The number of people filing for unemployment benefits in the United States last week rose more than expected, fresh figures from the Department of Labor revealed on Thursday. Initial jobless claims grew by 14,000 to 266,000 in the week ended July 23, compared to the previous week's revised figure of 252,000, while market analysts expected jobless claims to rise by 9,000 to 261,000 in the reported week. Nevertheless, the less volatile and closely watched four-week moving average fell 1,000 to 256,500 in the preceding week, the lowest level since April. Furthermore, this week marked the 73rd consecutive week of initial jobless claims remaining below the 300,000 level, the longest streak since 1973. Meanwhile, the number of people continuing to receive unemployment aid increased by 7,000 to 2.14 million in the week ended July 16, whereas the four-week average of continuing jobless claims dropped to the lowest level since November 2000.

UK

More bad news for a post-Brexit Britain came as the July's flash manufacturing PMI figure fell dramatically against the June figure and missed expectations. This was one of the first PMI readings to have responses taken after the UK voted to leave the European Union on June 23. Markit's Purchasing Managers' Index in manufacturing fell to 49.1 points during the seventh month of the year, down from the 52.1 in June, when it had rebounded from its second-lowest level in the past 15 months and booked a fresh five-month top. Market consensus had been for a 50-point print in July.



“Over the near term, I think it’s just going to be plodding along slow growth in manufacturing. It’s not like we’ve been getting wonderful economic news from around the world”.

USD -Josh Shapiro, Maria Fiorini Ramirez Inc.



	Impact
ISM reports unexpected slowdown in growth of US manufacturing sector	High

US manufacturing activity contracted in July after Britain’s decision to leave the European Union, official data from the Institute for Supply Management (ISM) revealed on Monday. The ISM announced that its Purchasing Managers’ Index (PMI) came in at 52.6 points in the seventh month of the year, compared to last month’s 53.2, its highest one-year result, whereas market analysts anticipated a slight decrease to 53.1 in the reported month. Nevertheless, the Index remained above the 50 level, which indicates expansion in manufacturing. The Index is based on data collected from about 400 manufacturing firms across the United States.

Other data released on Monday showed the US manufacturing sector remained in the expansionary region, as the seasonally adjusted Markit final Manufacturing PMI for the United States equals 52.9 points in the same month, following last month’s 51.3 mark and hitting its highest level since October 2015, when it climbed to 54.1 points. The July flash PMI posted 52.9, while economic desks expected the preliminary reading to come in at 51.5 points.



Trends*	Q3 16	Q4 16	Q1 16
MAX	126	140	130
75% percentile	116	119	119
Median	112	115	115
25% percentile	109	110	111
MIN	95	81	98


* the data is based on international banks’ forecasts

	01.08 open price	01.08 close price	% change
AUD/USD	0.75352	0.75294	-0.70%
USD/CHF	0.96872	0.96813	-0.06%
USD/JPY	102.295	102.384	+0.09%
NZD/USD	0.72055	0.71719	-0.47%



“The downturn was felt across industry, with output scaled back across firms of all sizes and across the consumer, intermediate and investment goods sectors, although exporters did report a boost from the weaker pound. However, the improvement in exports was less marked than previously estimated, blamed in part on sluggish overseas demand”.-Rob Dobson, PMI survey


GBP

	Impact
UK manufacturing PMI sinks in July	High

The activity of manufacturing sector in the UK economy surprised to the downside during the previous month, slipping into the contraction territory, since Brexit-related uncertainty had a great effect on the UK factory sector. The manufacturing sector dropped at the fastest pace in three years as factories were forced to cut jobs due to higher costs and lower demand. According to the latest report conducted by market research group, the UK manufacturing PMI dropped to a seasonally adjusted 48.2 mark in July from a reading of 52.1 in June. Meanwhile, a reading above 50.0 indicates industry expansion, while below, in turn, means contraction. Companies reported uncertainty over the outcome of the 23 June Brexit referendum vote being weighed its performance after a one month. Moreover, job losses in the industry were also running at their second-highest level in more than three years.

In the meantime, news that the slide in manufacturing activity in July was steeper than first thought cemented a view that the Bank of England will cut interest rates this week in order to give a support to business and consumer spending.


















 Trends*	Q3 16	Q4 16	Q1 16
MAX	1.59	1.84	1.63
75% percentile	1.51	1.53	1.53
Median	1.46	1.49	1.49
25% percentile	1.42	1.45	1.43
MIN	1.35	1.23	1.23

* the data is based on international banks' forecasts

	01.08 open price	01.08 close price	% change
GBP/USD	1.32256	1.31743	-0.39%
EUR/GBP	0.84401	0.84686	+0.34%
GBP/CAD	1.09378	1.09262	-0.11%
GBP/JPY	135.304	134.88	-0.31%

Major events of the previous week (July 25-29)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
8:00 pm		EUR	German Ifo Business Climate	July	108.3	107.7	108.7
10:45 pm		NZD	Trade Balance	July	127M	128M	358M
TUESDAY							
2:00 pm		USD	CB Consumer Confidence	July	97.3	95.6	98.0
2:00 pm		USD	New Home Sales	June	592K	560K	551K
WEDNESDAY							
1:30 am		AUD	CPI	July	0.4%	0.4%	-0.2%
8:00 am		EUR	M3 Money Supply	July	5.0%	5.0%	4.9%
8:30 pm		GBP	Prelim GDP	July	0.6%	0.5%	0.4%
12:30 pm		USD	Core Durable Good Orders	June	-0.5%	0.3%	-0.3%
2:30 pm		USD	Crude Oil Inventories	July 22	1.7M	-2.1M	2.3M
6:00 pm		USD	Federal Funds rate		<0.50%	<0.50%	<0.50%
THURSDAY							
All Day		EUR	German Prelim CPI	July	0.3%	0.2%	0.1%
12:30 pm		USD	Unemployment Claims	July	266K	261K	253K
11:50 pm		JPY	Retail Sales	July		-1.2%	-2.1%
FRIDAY							
08:00 am		JPY	Monetary Policy Meeting	July			
01:30 pm		CAD	GDP	July	-0.6%	-0.5%	0.1%

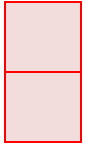
EXPLANATIONS

Chart

- **SMA (55)** – Simple Moving Average of 55 periods
- **SMA (200)** – Simple Moving Average of 200 periods

Forecasts

Third Quartile – separates 25% of the highest forecasts



Second Quartile – the median price based on the projections of the industry

First Quartile – separates 25% of the lowest forecasts



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