
















**DUKASCOPY**  
RESEARCH PRODUCTS

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# Fundamental Analysis

## Major events this week (August 8-12)

| Day/Time (GMT)   | Flag  | Currency | Event                          | Period | Actual | Forecast | Previous |
|------------------|---|----------|--------------------------------|--------|--------|----------|----------|
| <b>MONDAY</b>    |   |          |                                |        |        |          |          |
| Tentative        |    | CNY      | Trade Balance                  | August | 343B   | 313B     | 311B     |
| 12:30 pm         |    | CAD      | Building Permits (MoM)         | August |        |          | -1.9%    |
| <b>TUESDAY</b>   |   |          |                                |        |        |          |          |
| 1:30 am          |    | CNY      | CPI (YoY)                      | August |        |          | 1.9%     |
| 8:30 am          |    | GBP      | Manufacturing Production (MoM) | August |        |          | -0.5%    |
| <b>WEDNESDAY</b> |   |          |                                |        |        |          |          |
| 3:05 am          |    | AUD      | RBA Gov Stevens Speaks         |        |        |          |          |
| 2:30 pm          |    | USD      | Crude Oil Inventories          | August |        |          | 1.4M     |
| 9:00 pm          |    | NZD      | Cash Rate                      | August |        | 2.00%    | 2.25%    |
| 2:30 pm          |    | USD      | Crude Oil Inventories          | July   |        |          | 1.671M   |
| <b>THURSDAY</b>  |   |          |                                |        |        |          |          |
| 12:30 pm         |  | USD      | Unemployment Claims            | August |        |          | 269K     |
| 10:45pm          |  | NZD      | Retail Sales (QoQ)             | August |        |          | 0.8%     |
| <b>FRIDAY</b>    |   |          |                                |        |        |          |          |
| 2:00 am          |  | CNY      | Industrial Production (YoY)    | August |        |          | 6.2%     |
| 6:00 am          |  | EUR      | German Prelim CPI (QoQ)        | August |        |          | 0.7%     |
| 12:30 am         |  | USD      | Retail Sales (MoM)             | August |        |          | 6.6%     |

## Key highlights of the week ended August 5

### US

US private companies added more jobs than expected in July, the ADP report revealed on Wednesday. Private sector firms in the United States created 179,000 new job places in the reported month, slightly up from the previous month's upwardly revised reading of 176,000, whereas economic desks anticipated a meagre decrease to 170,000 in the seventh month of the year. Business services contributed 59,000 new jobs in July, whereas financial services firm added 11,000 new jobs in the same month. Furthermore, the trade, transportation, and utilities industry added 29,000 new employees to the US labour market, while manufacturers created 4,000 new jobs in July.

### Australia

The Reserve Bank of Australia cut its interest rate by 25 basis points to an all-time low of 1.50% on Tuesday, amid signs of slowing economy. This is the second easing during this year which is supposed to defend the economy from creeping deflation as well as restrain a too-strong Aussie. Meanwhile, the following decision was widely expected by economists, with 36 out of 47 analysts surveyed by Reuters predicted a rate cut. However, according to the RBA statement, the recent increase of the Australian dollar could "complicate" efforts to adjust the economy. Moreover, the country is trying to readjust the focus from commodity products which play important role in the country's export, since commodities suffered heavily from declining prices and low demand.

### Japan

The Bank of Japan (BoJ) announced an introduction of additional monetary stimulus at the end of its two-day meeting on Friday. The central bank increased its annual purchases of exchange traded funds (ETF) to 6 trillion yen (\$57 billion) from the previous level of 3.3 trillion yen in order to boost inflation and growth, but left its asset-purchase target at 80 trillion yen. Seven out of nine policymakers voted to expand its purchases ETFs. Notably, the BoJ left its key interest rates unchanged at -0.1%, ignoring the administration of Prime Minister Shinzo Abe, who hoped for more aggressive easing measures from the central bank. Japan's central bank adopted negative interest rates in February to reach its 2% inflation target and boost economic growth. Moreover, the central bank stated that the recent Brexit vote, as well as economic slowdown in emerging markets and volatile markets were the main reasons for adopting these measures.

### UK

As markets expected, the Bank of England (BoE) introduced a range of additional monetary policy measures and upgraded its growth and inflation forecasts at its August meeting on Thursday amid Britain's decision to leave the European Union. All nine members of the Monetary Policy Committee voted anonymously to cut the main lending rate to a record low 0.25% from 0.50%. Furthermore, the central bank expanded its quantitative easing (QE) programme to 435 billion pound from 375 billion pound, while markets expected the BoE to leave its QE scheme unchanged. Three of nine policymakers voted unanimously against the decision.



*"The strong increase in labour force participation and drop in unemployment for 3 proxies of low-end services employment—Hispanics, teens, and those with less than a high school diploma—suggest that this was the best month for cheap labour of this expansion".*

**USD**

-Conor Sen, New River Investments



|   |               |
|---|---------------|
|   | <b>Impact</b> |
| US economy creates 255,000 jobs in July but jobless rate remains steady | High          |

The US non-farm sector created more jobs than expected last month, whereas the unemployment rate remained unchanged, fresh data from the Department of Labor showed on Friday. According to the Bureau of Labor Statistics, the US non-farm payrolls (NFP) increased by 255,000 in July, while market analysts expected the sector to add just 181,000 jobs in the reported period. Meanwhile, the preceding month's figure was revised up to 292,000 from the originally reported reading of 287,000. Furthermore, the headline jobless rate came in at 4.9% in July, in line with last month's figure, whereas economic desks pencilled in a slight deceleration to 4.8%. The report also revealed that average hourly earnings rose 0.3% month-over-month on a seasonally adjusted basis in July, following the 0.1% increase registered in June, while economists anticipated the indicator to come in at 0.2% in the reported month.

On a year-over-year basis, average hourly earnings remained steady at 2.6%, meeting analysts' projections. The NFP report provides important insights into the health of the US economy and offers some clues to the path of future rate hikes. Back in 2012, the Federal Reserve set an unemployment target of 6.5%.



| Trends*        | Q3 16 | Q4 16 | Q1 17 |
|----------------|-------|-------|-------|
| 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

|         | 05.08 open price | 05.08 close price | % change |
|---------|------------------|-------------------|----------|
| AUD/USD | 0.76275          | 0.76162           | -0.15%   |
| USD/CHF | 0.9739           | 0.98111           | +0.73%   |
| USD/JPY | 101.198          | 101.785           | +0.58%   |
| NZD/USD | 0.71711          | 0.71366           | -0.48%   |




"All told, the kind of news that will underscore that although Canada and the US didn't have materially different first halves. Momentum heading into the second half favours U.S".

-Avery Shenfeld, Canadian Imperial Bank of Commerce

**CAD**




|     | Impact |
|--|--------|
| Canadian jobless rate rises to 6.9% last month; June trade gap widens to record high | High   |

The number of jobless people actively searching for a job in Canada jumped in the seventh month of the year, official data from Statistics Canada revealed on Friday. According to the report, the Canadian economy lost 31,200 jobs in July, following a loss of 700 positions in the preceding month, while market analysts expected the economy to add 10,200 jobs in the reported month. Furthermore, the headline unemployment rate increased to 6.9% in the same month, compared to June's jobless rate of 6.8%. Although July's acceleration was in line with economists' expectations. In the meantime, the participation rate dropped to 65.4% from 65.5% registered in June. Other data released by Statistics Canada on the same day showed that the country's trade deficit unexpectedly widened in June.

On a seasonally adjusted basis, the Canadian trade gap rose to C\$3.6 billion in the reported period, whereas May's trade deficit was revised up to C\$3.5 billion from the previously reported C\$3.3 billion gap. Economic desks predicted the deficit to shrink to C\$2.6 billion in the sixth month of the year.


















|  Trends* | Q3 16 | Q4 16 | Q1 17 |
|---|-------|-------|-------|
| MAX   | 1.40  | 1.45  | 1.50  |
| 75% percentile  | 1.35  | 1.34  | 1.35  |
| Median  | 1.32  | 1.31  | 1.30  |
| 25% percentile  | 1.28  | 1.26  | 1.27  |
| MIN   | 1.22  | 0.84  | 1.18  |

\* the data is based on international banks' forecasts

|         | 05.08 open price | 05.08 close price | % change |
|---------|------------------|-------------------|----------|
| AUD/CAD | 0.99291          | 1.00346           | +1.05%   |
| CAD/CHF | 0.74802          | 0.74447           | -0.48%   |
| EUR/CAD | 1.44863          | 1.46067           | +0.82%   |
| USD/CAD | 1.30174          | 1.31771           | +1.21%   |

## Major events of the previous week (August 1-5)

| Day/Time (GMT)   | Flag  | Currency | Event                          | Period | Actual | Forecast | Previous |
|------------------|---|----------|--------------------------------|--------|--------|----------|----------|
| <b>MONDAY</b>    |   |          |                                |        |        |          |          |
| 1:00 am          |    | CNY      | Manufacturing PMI              | July   | 49.9   | 50.1     | 50.0     |
| 8:30 am          |    | GBP      | Manufacturing PMI              | July   | 48.2   | 49.1     | 49.1     |
| 2:00 pm          |    | USD      | ISM Manufacturing PMI          | July   | 52.6   | 53.1     | 53.2     |
| <b>TUESDAY</b>   |   |          |                                |        |        |          |          |
| 1:30 am          |    | AUD      | Trade Balance                  | July   | -3.20B | -2.00B   | -2.22B   |
| 8:30 am          |    | GBP      | Construction PMI               | July   | 45.9   | 44.2     | 46.0     |
| <b>WEDNESDAY</b> |   |          |                                |        |        |          |          |
| 1:45 am          |    | CNY      | Caixin Services PMI            | July   | 51.7   | 52.9     | 52.7     |
| 8:30 am          |    | GBP      | Services PMI                   | July   | 47.4   | 47.4     | 47.4     |
| 12:15 pm         |    | USD      | ADP Non-Farm Employment Change | July   | 179K   | 171K     | 172K     |
| 2:00 pm          |   | USD      | ISM Non-Manufacturing PMI      | June   | 55.0   | 56.0     | 56.5     |
| 2:30 pm          |  | USD      | Crude Oil Inventories          | July   | 1.413M | -1.833M  | 1.671M   |
| <b>THURSDAY</b>  |   |          |                                |        |        |          |          |
| 1:30 am          |  | AUD      | Retail Sales m/m               | July   | 0.1%   | 0.3%     | 0.2%     |
| 11:00 am         |  | GBP      | Official Bank Rate             | July   | 0.25%  | 0.25%    | 0.50%    |
| 12:30 pm         |  | USD      | Unemployment Claims            | July   | 269K   | 265K     | 266K     |
| <b>FRIDAY</b>    |   |          |                                |        |        |          |          |
| 1:30 am          |  | AUD      | RBA Monetary Policy Statement  | July   |        |          |          |
| 12:30 pm         |  | CAD      | Unemployment Rate              | July   | 4.9%   | 4.8%     | 4.9%     |

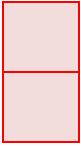
## EXPLANATIONS

### 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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