















DUKASCOPY
RESEARCH PRODUCTS

12/07/2016



Fundamental Analysis

Major events this week (July 11– 15)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
03:00 pm		USD	FOMC Member George Speaks	July			
TUESDAY							
07:00 am		EUR	German Final CPI	June		0.1%	0.1%
Tentative		GBP	Inflation Report Hearings	July			
WEDNESDAY							
03:00 am		CNY	Trade Balance	June			\$49.9B
14:00 pm		CAD	BOC Interest Rate Decision			0.5%	0.5%
THURSDAY							
02:30 am		AUD	Unemployment Rate	July		5.7%	5.8%
12:00 pm		GBP	Official Bank Rate			0.25%	0.50%
01:30 am		USD	Unemployment Claims	July		263K	254K
FRIDAY							
03:00 am		CNY	GDP			6.6%	6.7%
01:00 pm		GBP	BoE Gov Carney Speech				
01:30 pm		CAD	Manufacturing Sales	July			1.0%
01:30 am		USD	Consumer Price Index	July		0.2%	0.2%

Key highlights of the week ended July 8

Euro zone

An important indicator of the euro area's economic health stayed unchanged in June. The 19-country Markit Composite PMI, a forward-looking indicator tracking development in the euro area's manufacturing and services sectors, was unchanged at 53.1 points during the sixth month of the year, same as in May, when it rebounded from a 15-month trough. Meanwhile, conditions in the euro-zone services sector eased as the gauge tracking development in the area booked 52.8 points, down from 53.3 snatched in May. A level below 50.0 signals a deterioration from the previous month, while above 50.0 signals an increase. Among major euro area countries, France was once again the weakest performer, with PMIs pointing to a contraction in economic output. Indicators for Germany, Italy and Spain pointed to solid expansion. Data overall signaled a continued pick-up in employment, with job growth accelerating to a five-year high.

US

The number of Americans filing unemployment benefits unexpectedly plunged last week, to the lowest level since April, giving a hint that labour market started to recover amid a shaky global economy. According to the Labor Department, initial claims for state unemployment benefits lost 16,000 to a seasonally adjusted 254,000 for the week ended July 2. Moreover, following drop left claims close to a 43-year low of 248,000 touched in mid-April. Economists, in turn, had expected jobless claims to reach 270,000 from the 268,000 originally reported for the June. Meanwhile, today, on Friday, the highly anticipated June employment report will show whether job creation remains sluggish or is starting to recover.

UK

June was the worst month in seven years period for the Britain's builders since construction PMI entered a contraction territory, being affected by uncertainty over the results of the EU membership referendum. According to the data, the UK construction PMI index for the previous month was much weaker than expected slipping to 46.0 points, from 51.2 mark previously, and compared with an forecasted figure of 50.5. Moreover, following number was the first reading below 50.0 mark since April 2013 and the weakest level since the middle of 2009 as uncertainty covered the sector. Although, there are strong expectations of a further decline in next month's data. The main reasons for the following decline are the harsh drop in residential building as well as reduction in commercial work for the first time since May 2013. Although, residential construction activity went down at the fastest pace since December 2012. Civil engineering activity, in turn, remained broadly stable.

Canada

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“There is a loss of momentum, that is what the negative numbers show. However, a loss of momentum in terms of the pace of improvement”.

-Janet Louise Yellen

USD



	Impact
Fed's labor market conditions index losses extend again in June	High

The U.S. labour market continued to slow in June but at a more moderate pace as the economy moved closer to full employment, according to an index prepared by the Federal Reserve. The US labour market conditions index registered a 1.9 decline for June from after a revised drop of 3.6 the previous month. This was the sixth successive decline and also a slightly larger than expected decline for the month, maintaining the generally disappointing trend seen for 2016 as a whole. The data could suggest an imminent turning point, but further evidence will be needed to convince markets of a sustained improvement despite the bumper payrolls release last Friday.

The LMCI is a broad composite index of 19 labour-market indicators and it watched closely by the Federal Reserve with Chair Janet Yellen instrumental in setting up the index. The Fed introduced the index in 2014 as a way to measure the labour market's momentum. Moreover, Fed officials have touted the LMCI as a more comprehensive view of the labour market than the one provided by individual data releases from the Department of Labour and other agencies.



FORECASTS

	1 MONTH	3 MONTHS	12 MONTH
		119	119
116	115	115	
112			111
109		110	

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

	08.08 open price	08.08 close price	% change
AUD/CAD	0.7477	0.75711	+1.24%
CAD/CHF	0.97825	0.98318	+0.50%
EUR/CAD	100.771	100.526	-0.24%
USD/CAD	0.72281	0.73061	+1.07%



“The surprise result of the referendum appeared to trigger an immediate drop in food and drink spending, which more than offset some modest sales growth earlier in the month. Hopefully, this will prove to be a short-lived shock and calmer waters lie ahead”.

UK

-IGD



	Impact
UK retail sales went down in June	High

According to the latest economic figures, Britain's retail sales went down last month, meaning that country is facing a lot of challenges following the vote to leave the EU. The British Retail Consortium-KPMG Retail Sales Monitor – market-leading insights tool for retailers, which provides an instant snap shot of industry performance – plunged 0.5% in the 12 months through June following a 0.5% expansion the previous month. The following data diminished for the third consecutive month in June.

Meanwhile, Britain’s retailers still remain open for new businesses. The outcome from the EU referendum vote has not changed their stable willingness of delivering for customers day in, day out or their investment in order to make people’s shopping process as much comfortable as it could be, being inspired by digital and technology. Moreover, despite the harsh plunge in the pound, the time it takes for input price increases to conversion into higher shop prices will depend on a combination of different factors including further changes in the pound, commodity prices and the overall political situation.














FORECASTS		
1 MONTH	3 MONTHS	12 MONTH
	1.53	1.53
1.51	1.49	1.49
1.46	1.45	
1.42		1.43

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

	08.08 open price	08.08 close price	% change
GBP/USD	1.2905	1.29534	+0.37%
EUR/GBP	0.85701	0.85332	-0.43%
GBP/CAD	1.08209	1.08121	-0.08%
GBP/JPY	130.027	131.852	+1.20%

Major events of the previous week (July 4– 8)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
02:30 am		AUD	Building Approvals (MoM)	June	-5.2%	-3.6%	3.3%
09:30 am		GBP	Construction PMI	July	46.0	50.6	51.2
TUESDAY							
02:30 am		AUD	Trade Balance	July	-2.22B	-1.72B	-1.58B
09:30 am		GBP	Services PMI	July	52.3	53.1	53.5
WEDNESDAY							
01:30 pm		CAD	Trade Balance	July	-3.3B	-2.7B	-2.9B
03:00 pm		USD	ISM Non-Manufacturing PMI	July	56.5	53.5	52.9
THURSDAY							
09:30 am		GBP	Manufacturing Production (MoM)	July	-0.5%	-1.4%	2.3%
01:30 am		USD	Unemployment Claims	July	254K	272K	268K
FRIDAY							
09:30 am		GBP	Goods Trade Balance	July	-9.9B	-10.2B	-10.5B
01:30 pm		CAD	Unemployment Rate	July	6.8%	7.0%	6.9%
01:30 am		USD	Unemployment Rate	July	4.9%	4.8%	4.7%

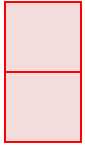
EXPLANATIONS

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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