















DUKASCOPY
RESEARCH PRODUCTS

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Fundamental Analysis

Major events this week (July 18–22)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
01:30 pm		CAD	Foreign Securities Purchases	July	14.73B	15.39B	15.52B
TUESDAY							
02:30 am		AUD	Monetary Policy Meeting Minutes	July			
08:30 am		GBP	Consumer Price Index (YoY)	July	0.5%	0.4%	0.3%
10:00 am		EUR	ZEW Survey-Economic Sentiment	July	-14.7	12.3	20.2
WEDNESDAY							
07:00 am		EUR	German Producer Price Index (YoY)	July	0.4%	0.2%	0.4%
09:30 pm		GBP	Claimant Count Change	July	0.4K	4.1K	12.2K
03:30 pm		USD	Crude Oil Inventories	July	-2.3M	1.3M	-2.5M
THURSDAY							
09:30 am		GBP	Retail Sales (MoM)	July			0.9%
01:30 pm		EUR	ECB Interest Rate Decision	July			0%
01:30 pm		USD	Unemployment Claims	July			254K
FRIDAY							
08:00 am		EUR	Markit Manufacturing PMI	July			52.8
01:30 pm		CAD	Core Retail Sales (MoM)	July			1.3%

Key highlights of the week ended July 15

Euro zone

Euro zone industrial production markedly worsened and even missed estimates in May, giving back almost all of the gains recorded the previous month in a fresh indication that an economic recovery which is now in its fourth year remains modest and vulnerable to new setbacks. According to the European Union's statistical office Eurostat, output in manufacturing, mining and utilities in the 19-nation bloc rose 0.5% year-on-year during the fifth month of the year, down from the 2.0% upturn seen previously. Analysts anticipated a deceleration to 1.4% growth in May.

US

On Friday, the US jobs market was surprised by positive economic data which expanded during the previous month, allaying fears that the economy was exposed for a sustained slowdown after a moderate start of this year. According to the data, the unemployment rate went up to 4.9% from 4.7% May. This could be explained mostly due to the 414,000 people who entered the US labour force, which spurred the labour force participation rate up to 62.7% in June compared to the 62.6% in May. Moreover, according to the data released by the Bureau of Labour Statistics, employers injected 287,000 jobs in June, up sharply from a soft addition of only 11,000 jobs the month before. Although, many analysts forecasted job growth to rebound, they were also highly waiting to see if the gloomy figures from May were repeated, which would be a hint that the economy might be sinking into deeper trouble.

UK

On Thursday, the Bank of England surprised markets by holding interest rates, despite hints from Governor Mark Carney that policy easing could be possible made earlier. Economists had expected a rate cut of 25 points to 0.25%, which would have been the first rate change in seven years. Following assumptions appeared after the Brexit referendum on 23 June, when Britons widely vote to leave the European Union. According to the minutes of the meeting, the Bank's Monetary Policy Committee voted by 8-1 to hold rates, as well as hinting that they "expect monetary policy to be loosened in August". Moreover, the BoE announced in its policy statement that they would give another month to evaluate the Brexit's impact on the economy and probably would raise stimulus measures in August. Currently, the bank's benchmark rate equals 0.5%. Following decision is widely appreciated by economists, since many experts are saying the Bank made the right decision by leaving interest rates unchanged.

China

The world's second-largest economy stabilized at the slowest rate in seven years in the second quarter, putting greater pressure on Beijing to increase stimulus amid softer global conditions. China recorded an annualized 6.7% GDP growth in the June quarter, according to the National Bureau of Statistics, unchanged from the previous quarter but slightly higher than the 6.6% growth rate analysts expected. The Chinese government is targeting for growth of 6.5%-7% this year, but economists are betting GDP growth will slow to the lower end of that range this year.



“The estimates released by the Commission confirm the post-Brexit vote downward confidence trend already seen in Germany on Tuesday when the Mannheim-based ZEW institute said its economic sentiment index sank to -6.8 points in July from 19.2 in June”.
-Francesco Guarascio, Reuters.com

EUR



	Impact
Euro zone consumer confidence falls in July after Brexit vote	High

Euro zone and European Union consumer confidence fell markedly in July, the European Commission reported releasing its monthly indicator, in a new sign of weaker morale after the 23 June British vote to leave the European Union. The European Commission's flash estimate showed that the mood of shoppers in the currency bloc decreased by 0.7 points to minus 7.9 in July from an upwardly revised minus 7.2 in June. That was lower than the minus 7.3 points estimated by markets. The marked drop in July follows a slight fall in June and two consecutive rises in April and May. Meanwhile, the figures for the European Union as a whole showed a much worse drop of 1.8 points to -7.6, a level not seen in two years. The indicator for the bloc as a whole is now below the Euro zone indicator for the first time in years.

A lot of economists believe that if this trend continues, the decline in confidence threatens to weaken the bloc's already modest economic recovery. Propelled by a gradual decline in unemployment and lower energy prices, growth has been driven by rising consumer spending over recent quarters, while demand for exports has been slowing



Trends*	Q3 16	Q4 16	Q1 16
MAX	1.18	1.43	1.20
75% percentile	1.14	1.14	1.14
Median	1.10	1.10	1.10
25% percentile	1.08	1.07	1.07
MIN	0.99	0.95	0.95

* the data is based on international banks' forecasts

	21.10 open price	21.10 close price	% change
EUR/USD	1.10132	1.10284	+0.14%
EUR/GBP	0.83372	0.83387	+0.02%
EUR/CHF	1.0874	1.08632	-0.10%
EUR/JPY	117.679	118.094	+0.35%



“Support from policymakers in the near-term should help the economy avert a deep recession and prevent the labour market from deteriorating too much over the next couple of years while the economy slows”.

GBP -Paul Hollingsworth, Capital Economics



	Impact
UK unemployment rate fell to decade low before Brexit referendum; earnings rise in May	High

The unemployment rate in the UK fell to its lowest level in more than a decade in May, a sign the labor market continued to strengthen in the run-up to Britain’s referendum on membership of the European Union, while average weekly earnings edged up in the same month. The unemployment rate in the UK came in at 4.9% in the fifth month of the year, unaffected by the Brexit fears before the referendum. The unemployment rate in the UK measured on a three months moving average basis, therefore, fell below the level of the natural, or non-inflationary, unemployment level of 5.0% estimated by the Bank of England. Meanwhile, the number of people in work rose to another record high, reaching 31.7 million. Initial jobless claims showed slightly worsening labor market conditions in the UK during the Brexit month, as the index revealed 400 new people claimed unemployment benefits in June. In the meantime, a separate report showed that the claimant count ticked up by 400 between May and June, but more strikingly, the April-May rise was revised up to 12,200 from an originally reported fall of 400.

The Office for National Statistics also reported that average weekly earnings registered a rise of 2.2% excluding bonuses in May, while the indicator advanced 2.3% including bonuses in the same month.















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

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

	21.10 open price	21.10 close price	% change
GBP/USD	1.32074	1.32243	+0.13%
EUR/GBP	0.83372	0.83388	+0.02%
GBP/CAD	1.7235	1.72502	+0.09%
GBP/JPY	141.127	141.606	+0.34%

Major events of the previous 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%	0.1%
Tentative		GBP	Inflation Report Hearings	July			
WEDNESDAY							
03:00 am		CNY	Trade Balance	June	311B	320B	325B
14:00 pm		CAD	BOC Interest Rate Decision		0.5%	0.5%	0.5%
THURSDAY							
02:30 am		AUD	Unemployment Rate	July	5.8%	5.7%	5.8%
12:00 pm		GBP	Official Bank Rate		0.5%	0.25%	0.50%
12:30 pm		USD	Unemployment Claims	July	254K	263K	254K
FRIDAY							
03:00 am		CNY	GDP (YoY)	Quarterly	6.7%	6.6%	6.7%
01:00 pm		GBP	BoE Gov Carney Speech				
01:30 pm		CAD	Manufacturing Sales	July	-1.0%		1.0%
01:30 am		USD	Consumer Price Index	July	0.2%	0.2%	0.2%

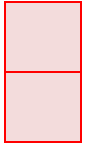
EXPLANATIONS

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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