















DUKASCOPY
RESEARCH PRODUCTS

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Fundamental Analysis

Major events this week (June 27– July 1)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
06:00 am		EUR	Private Loans (YoY)	June	1.6%		1.5%
1:30 pm		USD	Goods Trade Balance	May	-\$61.0B	-\$59.5B	-\$58.0B
TUESDAY							
1:30 pm		USD	Final GDP				0.8%
WEDNESDAY							
23:50 pm		JPY	Retail Trade (MoM)	May			0%
All day		EUR	German Prelim CPI (MoM)				
1:30 pm		USD	Personal Spending (MoM)	June			1.0%
THURSDAY							
9:30 am		GBP	Final GDP	Quarter			0.4%
1:30 pm		CAD	GDP (MoM)	June			-0.2%
1:30 pm		USD	Unemployment Claims	June			
FRIDAY							
02:00 am		CNY	Manufacturing PMI	June			50.1
09:30 am		EUR	Manufacturing PMI	June			50.1
3:00 pm		USD	ISM Manufacturing PMI	June			51.3

Key highlights of the week ended June 24

Euro zone

Eurozone's manufacturing sector bounced surprisingly in June on slight support from the global economy, but the counter political uncertainty in the entire euro area has sparked more of a disappointment, driving down overall business growth in the economy. Market flash manufacturing Purchasing Managers' Index PMI rose to 52.6 in June, from 51.5 in May and well above market anticipation of 51.3. However, the Markit Composite PMI index, which combines the manufacturing and services sectors, edged lower to 52.8 from 53.1 in May. This is the worst reading since January 2015. The consensus analyst estimate was 53.1.

US

On the second day of the Federal Reserve Governor's testimony on Wednesday, Janet Yellen stated that a number of risks for the US economy is still present, thus, the Fed is taking a cautious approach to the monetary policy and the interest rate hike this year in general. One of the mentioned risks was the remaining weakness in the labour market, with the bullish trend continuing to slow down, justifying the Fed's decision to postpone June's interest rate hike. Among other reasons mentioned, Janet Yellen said that business investment was low and the energy sector suffered from low oil prices for years. Nevertheless, the long-term expectations for the US economy remain advantageous, despite some arisen factors providing difficulties. Furthermore, the possible interest rate hike in July is now expected to be delayed by most economists, with the next probability shifting to September.

UK


The Bank of England issued a fresh warning that uncertainty about the EU referendum next week threatens knocking Britain's economic growth, pushing the Pound dramatically lower, as well as presents the "largest immediate risk" for global financial markets. If Britons were to opt for exiting the world's largest trading bloc, the adverse effect could severely hamper the global economy, the BoE rate setters said. The officials again reiterated that Brexit could lead to inflation, which would increase largely on the back of a dramatic depreciation of the British currency, while the economic growth and labour market would suffer a blow from falling investments. The Pound has already dropped in the run-up to the vote as opinion polls have shown a lead for the leave vote. However, the central bank said it had contingency measures in place to deal with any fall-out from the referendum result, including the offer of more support to banks and partnerships with other central banks to keep financial stability.



"The survey data indicate that any rebound in the economy from the weak first quarter was largely confined to April, and that growth has since faded again".

USD -Chris Williamson, Markit




	Impact
U.S. Markit services PMI remains unchanged in June; wider trade deficit	High

Activity in the US services sector remained tepid in June, suggesting that the economy's underlying rate of growth remains lowly and that a rate hike may not be on the cards too soon. In a report, market research group Markit said that its flash services purchasing managers' index remained unchanged at 51.3 in June for the second month, falling short of expectations for a rise to a reading of 51.9. Although it remained above the 50.0 mark that separates contraction from expansion, it was well below the long-run survey average of 55.6.

Meanwhile, an increase in the amount of goods flowing into the US in May likely reduced the extent to which trade will boost economic growth in the second quarter. A separate research showed that the deficit on trade with goods widened to \$60.6 billion in May, compared to a \$59.4 billion gap projected by analysts. Last month's reading follows a \$57.5 billion trade shortfall in April, fresh numbers from the Department of Commerce reported. It turns out that exports were soft in May and imports rose. US exports inched down 0.5% to \$119 billion. Imports increased 1.4% to \$179.6 billion, the highest level so far this year. The rise in in-bound shipments largely reflected greater volumes of industrial supplies and consumer goods.



 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


	28.06 open price	28.06 close price	% change
AUD/USD	0.7432	0.7423	+0.06%
USD/CHF	0.9722	0.9734	+0.02%
USD/JPY	101.99	101.79	-0.36%
NZD/USD	0.7086	0.7134	+0.17%



“The ECB will be fervently hoping that despite the heightened uncertainties facing the Eurozone following the UK’s vote to leave the EU, bank lending to businesses and households will be lifted as its substantial March package of stimulative measures are increasingly enacted and kick in”.

- HIS Global Insight

EUR


	Impact
Loan growth in the Euro zone accelerates	High

According to the European Central Bank, during the previous month the Euro zone money supply growth rose in May as well as the annual increase in loans to households improved. The broad monetary aggregate M3 jumped 4.9% on a yearly pace, following a 4.6% rise seen in April. Moreover, it was expected to reach 4.8%. Also, it is worth to point out, that both announcements rose on a faster-than-expected rate. The annual growth rate of loans to households came in at 1.6% in May, compared with 1.5% in April. Another data revealed that the yearly advance in credit to general government reached up to 11.1% in May, from 10.3% in April. Furthermore, the expansion of credit to the private sector reached 1.3% compared to the 1.1% in April. However, loans to non-financial corporations went up 1.4% after climbing 1.2% in April. Meanwhile, the ECB has launched a raft of policy measures in order to get credit flowing.

In the meantime, the European markets faced another session of heavy losses at the beginning of the current week, being affected the unexpected result of the UK referendum on Thursday and Friday. The possibility that the UK will exit the European Union has left investors on edge. European stock market also was among the weakest performers.














FORECASTS		
1 MONTH	3 MONTHS	12 MONTHS
	130	130
128		126
124	125	
123		
	122	122

 Trends*	Q3 16	Q4 16	Q1 16
MAX	136	149	144
75% percentile	128	130	130
Median	124	125	126
25% percentile	123	122	122
MIN	106	103	97

* the data is based on international banks' forecasts

	28.06 open price	28.06 close price	% change
AUD/USD	1.1118	1.1043	+0.01%
USD/CHF	0.8262	0.8228	+0.23%
USD/JPY	1.0811	1.0749	+0.03%
NZD/USD	112.65	112.40	-0.35%

Major events of the previous week (June 20-24)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
06:00 am		EUR	German Producer Price Index (MoM)	May	0.4%	0.4%	0.1%
TUESDAY							
1:30 am		AUD	Monetary Policy Meeting Minutes				
10:00 am		EUR	German ZEW Economic Sentiment	June	19.2	5.1	6.4
3:00 pm		USD	Fed Chair Yellen Testifies				
WEDNESDAY							
1:30 pm		CAD	Core Retail Sales (MoM)	May	1.3%	0.7%	-0.3%
3:30 pm		USD	Crude Oil Inventories	June	-0.9M	-1.3M	-0.9M
THURSDAY							
24 h		GBP	EU Referendum				
08:00 am		EUR	Markit Manufacturing PMI	June	52.6	51.5	51.5
13:45 pm		USD	Markit Manufacturing PMI	June	51.4	50.8	50.7
FRIDAY							
09:00 pm		EUR	German IFO Business Climate	June	108.7	107.6	107.7
13:30 pm		USD	Core Durable Goods Orders (MoM)	May	-0.3%	0.0%	0.4%

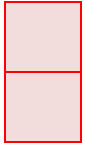
EXPLANATIONS

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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