















DUKASCOPY
RESEARCH PRODUCTS

09/12/2016



Fundamental Analysis

Major events this week (December 5 - 9)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
09:00 am		EUR	Final Services PMI	November	53.8	54.1	54.1
09:30 am		GBP	Services PMI	November	55.2	54.2	54.5
03:00 pm		USD	ISM Non-Manufacturing PMI	November	57.2	55.3	54.8
TUESDAY							
03:30 am		AUD	RBA Interest Rate Decision		1.5%	1.5%	1.5%
10:00 am		EUR	Gross Domestic Product	Quarter	0.3%	0.3%	0.3%
13:30 pm		CAD	Trade Balance	October	-1.13B		-4.1B
WEDNESDAY							
09:30 am		GBP	Manufacturing Production		-0.9%	0.5%	0.6%
15:00 pm		CAD	BoC Rate Statement				
15:30 pm		USD	Crude Oil Inventories		-2.4M	-1.4M	-0.9M
THURSDAY							
13:30 pm		EUR	ECB Press Conference				
13:30 pm		USD	Unemployment Claims		258K		268K
FRIDAY							
15:00 pm		USD	Prelim UoM Consumer Sentiment				93.8

Key highlights of the week ended December 2

Canada

Canada posted its strongest economic growth in more than 2 years in the third quarter, since a rebound in energy exports helped the economy to rebound strongly from a deep second-quarter contraction, which saw the economy recoil by a revised 1.3%. Meanwhile, the healthy rebound followed a second-quarter decline largely caused by oil-production shutdowns caused by Alberta wildfires and scheduled maintenance at oil sands facilities. Real gross domestic product advanced 0.9% in the third quarter, following a 0.3% decline in the second quarter. Growth in final domestic demand slipped to 0.2%. In the meantime, exports rose 2.2%, making up some ground lost in the second quarter (-3.9%). Growth was driven by a 6.1% increase in the energy sector, following a 5.1% drop in the second quarter as a result of the Fort McMurray wildfires. Exports of goods jumped 2.3%, while services advanced 1%.

US

The number of homes that went under contract inched higher in October, a sign the housing market could be plateauing in the final months of the year. The National Association of Realtors reported that its pending home sales index, which tracks contract signings for previously owned homes, edged up 0.1% from a downwardly revised September reading to a seasonally adjusted 110.0. Sales typically close within a month or two of signing. It is essential to note that while demand for housing is high, supply still continues to weaken across much of the nation and is well below 2015 levels. While homebuilders ramped up production in October, overall construction is still well below historical norms. Builders cite the high costs of land, labor and regulation as barriers to increased volume.

EU

Corporate lending in the Euro zone advanced at the fastest pace since June 2011 in October, while the total amount of currency in circulation fell, official figures showed on Monday. According to the European Central Bank, lending to firms rose 2.1% on a monthly basis in October, the fastest pace in more than five years, following the preceding month's gain of 2.0%. Lending to households climbed 1.8% on an annual basis in the same month, unchanged from the September reading, whereas market analysts anticipated a slight increase to 1.9%. A measure of the money supply in the region, known as M3, grew 4.4% year-over-year in October, down from the prior month's 5.1% and below the 5.0% increase market forecast. The Central bank's policymakers are widely expected to extend their quantitative easing program by six months at their next meeting on December 8. According to the OECD's latest forecasts published on Monday, the Euro zone is set to grow 1.7% in 2016 and 1.6% in 2017, both figures were revised up from the September estimates despite the post-Brexit uncertainties. Moreover, later on the same day, Mario Draghi said in his speech to the European Parliament that the economy managed to overcome major challenges caused by Britain's decision to leave the European Union.



“The extra QE, even with tapering, easily surpasses the combined GDPs of Greece and Portugal. This is more, not less, QE”.

- Neil Williams, Hermes Asset Management

EUR



	Impact
ECB extends QE but lowers purchase rate to 60 billion euros	High

The Euro zone’s bond markets tumbled shortly, while the Euro moved markedly higher after the European Central Bank signalled on Thursday that it would begin to cut back the stimulus program starting from April 2017. The ECB said it would lower its 80 billion euros monthly asset purchases to 60 million euros but prolong the QE asset buys until December next year., pointing to low inflation that, according to the latest forecasts, was projected to achieve only 1.7% in 2019. In the meantime, market analysts expected the Central bank to leave its asset purchases at the current levels for 6 more months. The Bank bought 1.4 billion euros in bonds since the start of the QE program. The ECB kept its inflation forecast unchanged at 0.2% for 2016 but revised it slightly up to 1.3% and 1.5% for 2017 and 2018, respectively. The Bank also left its benchmark and deposit rate at 0.0% and -0.4% , respectively, in line with economists’ expectations. Overall, the Euro zone’s recovery remained solid despite Britain’s decision to leave the European Union and Donald Trump’s surprise victory in the US presidential elections. After the announcement, the Euro initially jumped to 1.0875 against the US Dollar but failed to hold the momentum, falling back to 1.0753.



Trends*	Q4 16	Q1 17	Q2 17
MAX	1.43	1.19	1.20
75% percentile	1.11	1.12	1.13
Median	1.09	1.09	1.09
25% percentile	1.07	1.07	1.06
MIN	0.97	0.96	0.95

* the data is based on international banks’ forecasts

	08.12 open price	08.12 close price	% change
EUR/USD	1.07529	1.06128	-1.32%
EUR/GBP	0.85165	0.84339	-0.98%
EUR/CHF	1.08302	1.0787	-0.40%
EUR/JPY	122.29	121.037	-1.01%



“Continuing claims also fell in the vast majority of states, indicating a healthy national labor market. On the whole, today’s report is supportive of further improvement in labor market conditions this year”.

USD - Blerina Uruci, Barclays



	Impact
Initial jobless claims fall in line with forecasts last week	High

The number of Americans filing for unemployment benefits dropped from five-week highs last week, official figures revealed on Thursday. According to the US Department of Labor, initial jobless claims fell to 258,000 in the week ending December 2 after rising to 268,000 in the preceding week. That was in line with analysts’ projections. Initial claims remained below the 300,000 level for the 92nd straight week, the longest streak since 1973. Meanwhile, the four-week moving average of claims, which is considered a better measure of labor market trends, advanced 1,000 to 252,500 in the reported period. Many economists believe the US economy is at or near full employment, with the unemployment rate at 4.6%. Thursday’s report also showed that the number of so-called continuing claims decreased 79,000 to 2.01 million during the week ended November 26, while their four-week moving average dropped 9,5000 to 2.03 million. The Federal Reserve is widely expected to raise its key interest rate by 25 basis points at its two-day policy meeting next week. The last time the Fed increased its benchmark overnight rate was in December last year, when the rate was increased from 0.25% to 0.5%. After the release, the US Dollar rose against other major currencies.

















Trends*	Q4 16	Q1 17	Q2 17
MAX	140	121	120
75% percentile	108	110	110
Median	105	105	107
25% percentile	102	101	101
MIN	81	95	92

* the data is based on international banks’ forecasts

	08.12 open price	08.12 close price	% change
AUD/USD	0.74798	0.74629	-0.23%
USD/CHF	1.00627	1.01615	+0.97%
USD/JPY	113.737	114.025	+0.25%
NZD/USD	0.71635	0.71717	+0.11%

Major events previous week (November 28 - December 5)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
14:00 pm		EUR	ECB President Draghi Speech				
23:50 pm		JPY	Retail Trade (YoY)	October	-0.1%	-1.2%	-1.9%
TUESDAY							
13:30 pm		USD	Prelim Gross Domestic Product	Quarter	3.2%	3.0%	2.9%
23:50 pm		JPY	Industrial Production (MoM)	October	0.1%	0.6%	0.2%
WEDNESDAY							
07:00 am		GBP	Bank Stress Test Results				
10:00 am		EUR	Consumer Price Index (YoY)	November	0.6%	0.6%	0.5%
13:15 pm		USD	ADP Non-Farm Employment Change	November	216K	165K	147K
13:30 pm		CAD	Gross Domestic Product	September	0.3%	0.1%	0.2%
THURSDAY							
09:30 am		GBP	Manufacturing PMI	November	53.4		54.3
15:30 pm		USD	Unemployment Claims	November	268K	253K	251K
FRIDAY							
12:30 am		AUD	Retail Sales (MoM)	October	0.5%	0.3%	0.6%
09:30 am		GBP	Construction PMI	November	52.8	52.3	52.6
13:30 pm		CAD	Employment Change	October	10.7K		43.9K
13:30 pm		USD	Unemployment Rate	November	4.6%		4.9%

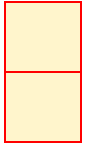
EXPLANATIONS

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



Newest releases and archive:

- Fundamental Analysis
- Technical Analysis
- Press Review
- Market Research
- Expert Commentary
- Dukascopy Sentiment Index
- Trade Pattern Ideas
- Global Stock Market Review
- Commodity Overview
- Economic Research
- Quarterly Report
- Aggregate Technical Indicator

Additional information:

- Dukascopy Group Home Page
- Market News & Research
- FXSpider
- Live Webinars
- Dukascopy TV
- Daily Pivot Point Levels
- Economic Calendar
- Daily Highs/Lows
- SWFX Sentiment Index
- Movers & Shakers FX
- Forex Calculators
- Currency Converter
- Currency Index
- CoT Charts

Social networks:



Disclaimer

Everything in this article, including opinions and figures, is provided for informational purposes only and may not be interpreted as financial advice or solicitation of products. Dukascopy group assume no responsibility for the completeness or the accuracy of any data contained in this article. Financial figures indicated in this article have not been verified by the Dukascopy group. Views, opinions and analyses are those of the author of the article, and are not endorsed by the Dukascopy group.

Dukascopy group waive any and all warranties, express or implied, regarding, but without limitation to, warranties of the merchantability or the fitness for a particular purpose, with respect to all information in this article. Dukascopy group shall under no circumstances be responsible for any direct, indirect, consequential, contingent or any other damages sustained in connection with the use of this article.