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RESEARCH PRODUCTS



# Fundamental Analysis

## Major events this week (January 2 - 6)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
08:30 am		GBP	Halifax HPI m/m	December	1.7%	0.3%	0.6%
03:30 pm		CAD	BOC Business Outlook Survey				
<b>TUESDAY</b>							
01:30 pm		CAD	Building Permits m/m	November	-0.1%	2.4%	10.5%
03:00 pm		USD	JOLTS Job Openings	December	5.52M	5.59M	5.53M
<b>WEDNESDAY</b>							
09:30 am		GBP	Manufacturing Production m/m	December		0.6%	-0.9%
03:30 pm		USD	Crude Oil Inventories	Last week			-7.1M
<b>THURSDAY</b>							
01:30 pm		CAD	NHPI m/m	November		0.3%	0.4%
01:30 pm		USD	Unemployment Claims	Last week		265K	235K
<b>FRIDAY</b>							
09:30 am		GBP	BOE Credit Conditions Survey				10.7K
01:30 pm		USD	Retail Sales m/m	December		0.5%	0.1%

## Key highlights of the week ended January 6

### European Union

Manufacturing activity in the Euro zone rose markedly in the last month of 2016, a private survey showed on Monday. IHS Markit reported its final Purchasing Managers' Index for the region's manufacturing sector advanced to 54.9 points in December, unchanged from the preliminary reading and up from November's 53.7. Moreover, consumer prices increased rapidly in the Euro zone last month, official figures revealed on Wednesday. According to Eurostat, the Consumer Price Index came in at 1.1% year-over-year in December, after rising 0.6% in the preceding month. This was the strongest rate since 2013 and the first time the index remained above 1.0% for over 36 months. The Core CPI, which kept the overall inflation rate lower in 2016, advanced from 0.8% to 0.9% and topped economists' expectations for an unchanged reading.

### US

Growth in the US economy's manufacturing sector improved more than expected last month, official figures revealed on Tuesday. The Institute of Supply Management reported its Purchasing Managers' Index advanced to 54.7 in December, surpassing analysts' expectations for 53.7 points. Meanwhile, the number of Americans filing for first-time unemployment benefits declined to a eight-week low, official figures revealed on Thursday. However, the following drop in claims was almost certainly exaggerated due to the Christmas holiday. According to the US Department of Labor, national jobless claims declined 28,000, to 235,000, during the week ending December 30, reaching their lowest level since the middle of November. Even though initial jobless claims reached their eight-week lows, the economy created just 156,000 new jobs during December, down from November's revised gain of 204,000 and below analysts' forecasts. Meanwhile, the unemployment advanced to 4.7% in December from November's 4.6%, however, the rise was mainly driven by the fact that more people entered the labour market during the reported period.

### UK


Manufacturing activity in the United Kingdom climbed to 56.1 in December, compared to the preceding month's 53.6. That was the highest reading in 30 months. Market analysts anticipated a slight decrease to 53.3 during the reported period amid the country's decision to leave the European Union. Furthermore, UK construction activity advanced at the fastest pace in nine months in December, supported by a rise in house building, a survey revealed on Wednesday. Markit/CIPS said its Construction PMI for Britain increased unexpectedly to 54.2 points during the reported period. This was its highest rate since March, while market analysts anticipated expected the Index to remain unchanged at the preceding month's reading of 52.8. The latest surveys for the construction and manufacturing industries suggest that the British economy gained momentum by the end of 2016.



*"The pace of labor market improvement is ebbing".*  
-Michael Gregory, BMO Capital Markets

## USD

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	Impact
Job openings decrease slightly in November; Wholesale inventories post biggest rise since 2014 in November	High

The number of job openings in the United States was little changed in November, according to the latest data released on Tuesday. The Bureau of Labor Statistics reported monthly job openings dropped to 5.52 million during the reported month, missing analysts expectations' of 5.59 million. Meanwhile, October's level was revised down to 5.45 million from 5.53 million. The JOLTS report is closely followed by the Federal Reserve Chair Janet Yellen. Jobs in local government, excluding education, climbed to more than 32,000, whereas private job openings overshoot government hires by 48,000. Over the month, hires and separations were also little changed at 5.2 million and 5.0 million, respectively, while the layoffs and discharges rate remained unchanged at 1.1% during the eleventh month of the year.

Other data released Tuesday showed US wholesale inventories rose to a seasonally adjusted annual rate of 1.0% in November from 0.9% in the previous month. This marked the largest increase since November 2014.





*"The increase in real residential building permits suggest residential construction has room to run over the coming months".*

*-Krishen Rangasamy, National Bank Financial*

## CAD












	Impact
Canadian building permits fall 0.1% in November while housing starts jump 10.6% in December	High

Canadian building permits dropped unexpectedly in November, official figures revealed on Tuesday. According to Statistics Canada, the value of building permits issued in the reported month fell 0.1%, following the preceding month's upwardly revised gain of 10.5%, revised from the originally reported increase of 8.7%, while market analysts anticipated a rise of 2.4% in November. Lower construction intentions for both single- and multi-family dwellings were mostly responsible for the reported decrease. Data showed residential building permits declined 1.6% in the eleventh month of the year, while non-residential permits advanced 3.0% during the same period amid higher construction plans for institutional buildings.

Separately, Statistics Canada reported Canadian housing starts jumped 10.6% to a seasonally adjusted annual pace of 207,041 units in the last month of 2016, compared to November's upwardly revised 187,273 unit-pace. The increase caught markets by surprise, as they expected housing starts to climb at a rate of 195,000 units during December. Canadian home construction is widely expected to slow in the upcoming months due to the 15% foreign buyers' tax on Vancouver properties, which came into effect in August 2016, and new mortgages rules.



## Major events previous week (January 2 - 6)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
09:00 pm		EUR	Markit Manufacturing PMI	December	54.9	54.9	54.9
<b>TUESDAY</b>							
09:30 am		GBP	Manufacturing PMI	December	56.1	53.3	53.4
15:00 pm		USD	ISM Manufacturing PMI	December	54.7	53.7	53.2
<b>WEDNESDAY</b>							
09:30 am		GBP	Construction PMI	December	54.2	52.8	52.8
10:00 am		EUR	CPI Flash Estimate	December	1.1%	1.0%	0.6%
<b>THURSDAY</b>							
09:30 am		GBP	Services PMI	December	56.2	54.8	55.2
13:30 pm		USD	Unemployment Claims	December	235K	262K	265K
<b>FRIDAY</b>							
13:30 pm		CAD	Employment Change	December	53.7K	-5.1K	10.7K
13:30 pm		USD	Unemployment Rate	December	4.7%	4.7%	4.6%

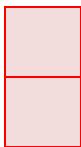
## EXPLANATIONS

### 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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