


















DUKASCOPY
RESEARCH PRODUCTS

15/03/2017



Fundamental Analysis

Major events this week (March 13 - 17)

| Day/Time (GMT) | Flag | Currency | Event | Period | Actual | Forecast | Previous |
|------------------|---|----------|-------------------------------|----------|--------|----------|----------|
| MONDAY | | | | | | | |
| 01:30 pm |  | EUR | ECB President Draghi Speaks | | | | |
| TUESDAY | | | | | | | |
| 10:00 am |  | EUR | German ZEW Economic Sentiment | March | 12.8 | 13.2 | 10.4 |
| 12:30 pm |  | USD | PPI m/m | February | 0.3% | 0.1% | 0.6% |
| 09:45 pm |  | NZD | Current Account | Q4 2016 | -2.34B | -2.43B | -4.89B |
| WEDNESDAY | | | | | | | |
| 09:30 am |  | GBP | Average Earnings Index 3m/y | January | | | 2.6% |
| 12:30 pm |  | USD | CPI m/m | February | | | 0.6% |
| 06:00 pm |  | USD | FOMC Statement | | | | |
| 09:45 pm |  | NZD | GDP q/q | Q4 2016 | | | 1.1% |
| THURSDAY | | | | | | | |
| 00:30 am |  | AUD | Unemployment Rate | February | | | 5.7% |
| Tentative |  | JPY | BOJ Policy Rate | | | -0.10% | -0.10% |
| 08:30 am |  | CHF | Libor Rate | | | -0.75% | -0.75% |
| 12:00 pm |  | GBP | Official Bank Rate | | | 0.25% | 0.25% |
| 12:30 pm |  | USD | Building Permits | February | | | 1.29M |
| FRIDAY | | | | | | | |
| 12:30 pm |  | CAD | Manufacturing Sales m/m | January | | | 2.3% |
| 02:00 pm |  | USD | Prelim UoM Consumer Sentiment | March | | | 96.3 |

Key highlights of the week ended February 24

Euro zone

As analysts expected, the European Central Bank left its monetary policy unchanged at its meeting on Thursday, saying it would continue monitoring inflation. Regarding non-standard monetary policy measures, the Governing Council confirmed that the monthly asset purchases of 80 billion euros would be reduced to 60 billion euros starting from next month. Policymakers also voted to keep the main refinancing rate at 0% and the overnight deposit rate at -0.4%.

United Kingdom

The UK Finance Minister Philip Hammond presented his annual budget statement for the 2017-18 fiscal year on Wednesday. According to the latest projections, the British economy is likely to expand 2% in 2017, compared to a previous estimate of 1.4%. Nevertheless, during the next year economic growth is expected to fall to 1.6% and then climb to 1.7% and 1.9% in 2019 and 2020, respectively. Hammond also said that a return to a 2% growth rate is expected in 2021.

Unites States

The US Department of Labour reported initial jobless claims rose to 243,000 in the week ended March 3, up from the preceding week's record low of 223,000. Meanwhile, market analysts expected claims would climb to 239,000 claims during the reported week. The Bureau of Labor Statistics reported on Friday that nonfarm payrolls rose 235,000 in February, while analysts expected nonfarm employment to climb 196,000 in the reported month. Meanwhile, January's gain of 227,000 was revised up to 238,000.

Canada

The Canadian trade balance remained in the positive territory for the third consecutive month in January, the longest streak since 2014, suggesting the economy regained momentum after the oil price collapse. Statistics Canada reported on Tuesday that the country's trade surplus hit C\$0.8 billion, while analysts expected January's surplus to come in at C\$0.2 billion. The Canadian unemployment rate fell unexpectedly last month, as employment rose more than expected., suggesting that the economy rebounded from the oil price shock and the Alberta wildfires.

Australia

As markets expected, the Reserve Bank of Australia kept its key interest rate unchanged during its March policy meeting on Tuesday, pointing to rising real estate prices and soft inflation. Policymakers voted to leave the cash rate at 1.5%, despite strong performance in the Q4 of 2016.

Japan


The Japanese economy expanded at a stronger than initially reported pace in the last quarter of 2016, due to upward revisions in business spending and business investment. The Cabinet Office reported on Wednesday the economy grew at an annualized pace of 1.2% in the Q4 of 2016, up from the preliminary reading of 1.0%. However, the figure missed analysts' expectations, who anticipated growth at 1.6%.



"[The fact that confidence] only shows a slight upward movement is a reflection of the current uncertainty surrounding future economic development. With regard to the economic situation in Germany, no clear conclusion can be drawn from the most recent economic signals".


- Achim Wambach, ZEW

EUR

| | |
|---|---------------|
|  | Impact |
| German investor confidence improves less than expected in March | High |

Investor sentiment in the Euro zone's largest economy, Germany, improved markedly in March but less than analysts expected, a report released on Tuesday showed. The Mannheim-based Centre for European Economic Research (ZEW) said its German Economic Sentiment Index came in at 12.8 points for March, slightly up from the preceding month's 10.4. However, market analysts anticipated a bigger increase to 13.2 during the reported period. Data also showed the Current Conditions Index climbed to 77.3 from 76.4 points seen in February, falling behind analysts' expectations for a rise to 78.0. The ZEW President Professor Achim Wambach highlighted that risks surrounding the upcoming federal elections and the future of US foreign policy remained high, and, therefore, it was not possible to provide a clear view on the current state of the German economy. In the meantime, the Euro zone ZEW Indicator of Economic Sentiment advanced to 25.6 points in March from the prior month's 17.1, surpassing forecasts for a reading of 19.3. Furthermore, the indicator for the current economic situation in the region came in at 7.4 in March, up from February's 2.8. Any reading above the 0.0-point level reflects general investor optimism. The Euro fell against other major currencies shortly after the release.



|  Trends* | Q1 17 | Q2 17 | Q3 17 |
|---|-------|-------|-------|
| MAX | 1.19 | 1.18 | 1.22 |
| 75% percentile | 1.07 | 1.08 | 1.10 |
| Median | 1.05 | 1.04 | 1.05 |
| 25% percentile | 1.03 | 1.02 | 1.01 |
| MIN | 0.98 | 0.95 | 0.90 |

* the data is based on international banks' forecasts

| | 14.03 open price | 14.03 close price | % change |
|---------|------------------|-------------------|----------|
| EUR/USD | 1.0653 | 1.0604 | -0.46% |
| EUR/GBP | 0.872 | 0.8726 | 0.07% |
| EUR/CHF | 1.0731 | 1.0712 | -0.18% |
| EUR/JPY | 122.4 | 121.69 | -0.58% |



“The annual rate of the PPI index reached the highest level in almost five years in the United States”.

- Matías Salord, FXStreet.com

USD



| | |
|---|---------------|
| | Impact |
| PPI for final demand rises 0.3% in February | High |

The seasonally adjusted Producer Price Index for final demand rose 0.3% in February, the Bureau of Labour Statistics revealed on Tuesday. Over 80% of the increase in final demand Index was associated with 0.4% advance in prices for final demand services. The Index for final demand goods, in contrast, advanced only 0.3%. The surge in final demand services was mainly driven by traveller accommodation services, which increased 4.3%, while the rise in final demand goods was mostly attributable to higher electric power prices, which rallied 1.6%. In general, the price advance for total final demand in February was half of the January rise. With respect to intermediate demand, prices for unprocessed goods plunged 0.2%, while prices for processed goods jumped 0.4% and prices for services climbed 0.5%. Prices of processed goods posted the sixth straight monthly increase, driven by a 0.5% spike in prices for processed materials less foods and energy. In contrast, the surprising fall of prices for unprocessed goods was attributed to a 4.3% drop in the price of unprocessed energy materials. In terms of products, the rise of prices for processed goods was attributable to higher demand for primary basic organic chemicals and higher services prices. The slip of prices for unprocessed goods was triggered by lower natural gas prices, which went 18% down.



| Trends* | Q1 17 | Q2 17 | Q3 17 |
|----------------|-------|-------|-------|
| MAX | 122 | 122 | 125 |
| 75% percentile | 116 | 118 | 118 |
| Median | 114 | 114 | 115 |
| 25% percentile | 110 | 109 | 110 |
| MIN | 98 | 100 | 100 |

* the data is based on international banks' forecasts

| | 14.03 open price | 14.03 close price | % change |
|---------|------------------|-------------------|----------|
| AUD/USD | 0.7572 | 0.7559 | -0.17% |
| USD/CHF | 1.0073 | 1.0102 | 0.29% |
| USD/JPY | 114.88 | 114.75 | -0.11% |
| NZD/USD | 0.6923 | 0.6919 | -0.06% |



“New Zealand earned \$2.0 billion from investment overseas, \$129 million more than in the September quarter. A large portion of this extra income was reinvested back into the overseas subsidiaries, instead of being paid out as dividends”.

NZD

- Daria Kwon, Statistics New Zealand



| | |
|---|---------------|
| | Impact |
| New Zealand reports better -than-expected current account deficit | High |

New Zealand’s current account deficit dropped markedly during the last quarter of 2016 amid stronger tourism and higher reinsurance flows into New Zealand, following the November earthquake, official figures revealed on Tuesday. Statistics New Zealand reported the country’s current account deficit fell to NZ\$2.34 billion in the Q4 of 2016, surpassing analysts’ expectations for a NZ\$2.43 billion deficit. Meanwhile, the preceding quarter’s gap of NZ\$4.89 billion was revised up to NZ\$5.03 billion. On an annual basis, the country’s deficit came in at NZ\$7.112, accounting for 2.7% of GDP, following 3% in the Q3 of 2016. Analysts expected the deficit to account for 2.8% of GDP. Data also showed that the number of tourists coming to New Zealand and the amount of money they spend rose markedly. Thus, service spending climbed to a \$1.2 billion surplus, \$174 million up from the prior quarter. Moreover, Statistics New Zealand said that overseas reinsurance claims, submitted after the November 7.8 magnitude earthquake hit the town of Kaikoura, also boosted fund flows in the country. Analysts suggest that the better-than-expected current account deficit would be highly welcomed by the Reserve Bank of New Zealand that holds a meeting next week. However, markets do not expect the Central bank to raise its key interest rate at the upcoming meeting.















| Trends* | Q1 17 | Q2 17 | Q3 17 |
|----------------|-------|-------|-------|
| MAX | 0.77 | 0.77 | 0.78 |
| 75% percentile | 0.71 | 0.70 | 0.71 |
| Median | 0.69 | 0.69 | 0.68 |
| 25% percentile | 0.68 | 0.67 | 0.66 |
| MIN | 0.63 | 0.61 | 0.59 |

* the data is based on international banks' forecasts

| | 14.03 open price | 14.03 close price | % change |
|---------|------------------|-------------------|----------|
| AUD/NZD | 1.0934 | 1.0925 | -0.08% |
| EUR/NZD | 1.539 | 1.5327 | -0.41% |
| GBP/NZD | 1.7648 | 1.7564 | -0.48% |
| NZD/USD | 0.6923 | 0.6919 | -0.06% |

Major events previous week (March 6 - 10)

| Day/Time (GMT) | Flag | Currency | Event | Period | Actual | Forecast | Previous |
|------------------|---|----------|--------------------------------|-----------|--------|----------|----------|
| MONDAY | | | | | | | |
| 00:30 am |  | AUD | Retail Sales m/m | January | 0.4% | 0.4% | -0.1% |
| TUESDAY | | | | | | | |
| 03:30 am |  | AUD | RBA Cash Rate | | 1.50% | 1.50% | 1.50% |
| 01:30 pm |  | CAD | Trade Balance | January | 0.8B | 0.2B | 0.4B |
| 01:43 pm |  | NZD | GDT Price Index | | -6.3% | | -3.2% |
| 11:50 pm |  | JPY | Final GDP q/q | Q4 2016 | 0.3% | 0.4% | 0.2% |
| WEDNESDAY | | | | | | | |
| 12:30 am |  | GBP | Annual Budget Release | | | | |
| 13:15 pm |  | USD | ADP Non-Farm Employment Change | February | 298K | 184K | 261K |
| THURSDAY | | | | | | | |
| 12:45 am |  | EUR | Minimum Bid Rate | | 0.00% | 0.00% | 0.00% |
| 01:30 pm |  | USD | Unemployment Claims | Last week | 243K | 239K | 223K |
| FRIDAY | | | | | | | |
| 09:30 am |  | GBP | Manufacturing Production m/m | February | -0.9% | -0.6% | 2.2% |
| 01:30 pm |  | USD | Non-Farm Employment Change | February | 235K | 185K | 238K |
| 01:30 pm |  | CAD | Employment Change | February | 15.3K | 0.6K | 48.3K |

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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