

















DUKASCOPY
RESEARCH PRODUCTS

17/03/2017



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	2.2%	2.4%	2.6%
06:00 pm		USD	FOMC Statement				
09:45 pm		NZD	GDP q/q	Q4 2016	0.4%	0.7%	0.8%%
THURSDAY							
00:30 am		AUD	Unemployment Rate	February	5.9%	5.7%	5.7%
02:55 am		JPY	BOJ Policy Rate		-0.10%	-0.10%	-0.10%
08:30 am		CHF	Libor Rate		-0.75%	-0.75%	-0.75%
12:00 pm		GBP	Official Bank Rate		0.25%	0.25%	0.25%
12:30 pm		USD	Building Permits	February	1.21M	1.26M	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%.



"2018 seems that it may be the year for the SNB to start normalizing policy".

- Nadia Gharbi, Pictet & Cie

CHF



	Impact
Swiss National Bank leaves rates on hold amid overvalued currency	High

As expected, the Swiss National Bank left its interest rates at historic lows at its monetary policy meeting on Thursday. To avoid further appreciation of the Swiss Franc, policymakers kept the deposit rate at -0.75%, in line with market forecasts. Moreover, the Central bank said it would intervene in the foreign exchange market if necessary, pointing to the "significantly overvalued" Franc. However, The Swiss Franc traded little changed against the Euro this year but rose around 1.9% against the US Dollar. The Swiss Franc is highly expected to strengthen sharply against most rivals in the near future amid a high-risk aversion environment created by significant uncertainties coming from the upcoming European elections, Donald Trump's trade policies and Britain's exit from the European Union. Earlier this week, The Prime Minister of the Netherlands Mark Rutte lost to its populist rival Geert Wilders during the parliamentary vote. His loss sent shockwaves across Europe, thus adding further uncertainties. In a statement, the SNB also pointed to improving inflation and revised up its 2017 inflation forecast to 0.3%, up from its December estimate of 0.1%. The pace of economic growth in Switzerland is likely to accelerate this year, according to the latest KOF Economic Barometer and PMI.





"The BoE sounds 'less dovish' rather than the expected 'less hawkish'. Interesting".

- Mike van Dulken, Accendo Markets

GBP



	Impact
Bank of England leaves monetary policy unchanged	High

The Bank of England left its monetary policy unchanged at its March meeting on Thursday. Eight of nine policymakers voted to keep the key interest rate at the record low level of 0.25%. Kristin Forbes, who is due to leave the BoE in June, cast the sole vote in favour of raising interest rates to 0.50%, adding that she was feeling uncomfortable keeping interest rates on hold. According to her, the post-Brexit economic slowdown has not materialised yet. Analysts suggest that the key policy rate will remain unchanged until the Brexit situation becomes clearer. All of the BoE's officials voted anonymously to maintain the asset-buying plan at 435 billion pounds, as markets expected. At the meeting, policymakers stated that slow wage growth and rising inflation, driven by the sharp fall in the value of the Pound, started to put downward pressure on British consumers. Earlier this week, the ONS reported that wage growth fell to 2.2% during the three-month period to January. This drop called into question the BoE's 2017 wage growth forecast of 3%. The BoE also said that it could tolerate a quicker pace of price rises, following a decade of below-target inflation. After the release, the Pound rose to 1.1518 against the Euro and 1.2363 against the US Dollar.






"Builders are buoyed by President Trump's actions on regulatory reform, particularly his recent executive order to rescind or revise the waters of the U.S. rule that impacts permitting".

USD - Granger MacDonald, NAHB













”

	Impact
Housing construction accelerates; Applications for unemployment benefits drop; Philly Fed Index falls	High

The number of Americans who filed for unemployment insurance last week decreased to 241,000, a survey from the Labor Department revealed on Thursday, following the preceding week's 243,000 filings. Meanwhile, market analysts anticipated a slight rise to 245,000 during the reported period. The number of new residential building permits issued in February fell 6.2%, the Census Bureau revealed on Thursday. Nevertheless, housing construction advanced 3% and was mainly driven by one-family house applications, whose growth hit a record since September 2007. The spike in construction was mainly attributable to the robust job market and healthier finances. Yet, high mortgage costs and increasing real estate prices remain an issue for potential home buyers. Overall, the situation in the home-building industry remains positive, as the housing market index reached a 12-year high. The diffusion index fell to 32.8 in March, the Philadelphia Fed reported on Thursday. Nonetheless, it remained positive for eight consecutive months. The difference between firms who reported an increase in activity against decrease was 33%. Similarly, the difference between firms reported a rise in employment against unemployment was 17%. So, in general, regional manufacturers maintained optimism.



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

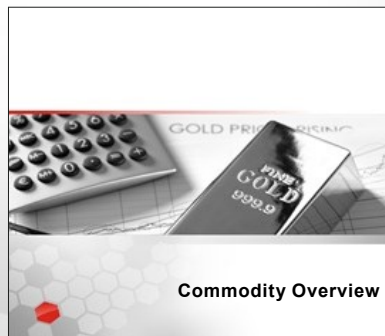
Forecasts

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



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.