

















DUKASCOPY
RESEARCH PRODUCTS

19/05/2017



Fundamental Analysis

Major events this week (May 15 - 19)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
00:00 am		NZD	Retail Sales q/q	Q1 2017	1.5%	1.1%	0.6%
12:30 pm		USD	Empire State Manufacturing Index	May	-1.0	7.2	5.2
07:00 pm		GBP	Prime Minister May Speaks				
TUESDAY							
01:30 am		AUD	Monetary Policy Meeting Minutes				
08:30 am		GBP	CPI y/y	April	2.7%	2.6%	2.3%
12:30 pm		USD	Building Permits	April	1.23M	1.27M	1.27M
Tentative		NZD	GDT Price Index		3.2%		3.6%
WEDNESDAY							
08:30 am		GBP	Average Earnings Index 3m/y	Q1 2017	2.4%	2.4%	2.3%
12:30 pm		CAD	Manufacturing Sales m/m	March	1.0%	1.1%	-0.2%
02:30 pm		USD	Crude Oil Inventories	Last week	-1.8M	-2.5M	-5.2M
THURSDAY							
01:30 am		AUD	Unemployment Rate	April	5.7%	5.9%	5.9%
08:30 am		GBP	Retail Sales m/m	April	2.3%	1.2%	-1.8%
12:30 pm		USD	Unemployment Claims	Last week	232K	240K	236K
FRIDAY							
12:30 pm		CAD	CPI m/m	April		0.5%	0.2%

Key highlights of the week ended May 12

United Kingdom

A monthly report released by IHS Markit showed that change of house prices in the UK did not justify analysts' expectations. While majority of experts anticipated an increase of 0.1% in April, the revealed data showed the opposite result. Despite the minor fluctuations, UK house prices, in general, remained unchanged for the last three months. At its latest policy meeting, the Bank of England's Monetary Policy Committee voted by a majority of 7-1 to leave the bank rate at 0.25%, with Kristin Forbes being the only one favouring an immediate hike in rates on the back of an uptick in pipeline inflation pressures that, in her opinion, has pushed the CPI to somewhat uncomfortable levels. Overall, the "no move" came as no surprise, as the vast majority of economists were not expecting to see any change in the monetary policy.

United States

The US unemployment rate dropped unexpectedly last month, as companies created more jobs than expected. The Department of Labour reported that US firms added 211K jobs to the economy in April, following the preceding month's revised down increase of 79K jobs and surpassing analysts' expectations for a 194K gain. The number of job openings in the US rose in March, according to the JOLTS monthly report. Data from the US Bureau of Labour Statistics released on Tuesday showed that the US job openings increased to 5.74M over the course of March, following the previous month's downwardly revised figure of 5.68M. The US Import Price Index managed to post a larger-than-expected gain over the course of April, official data revealed on Wednesday. The US Bureau of Labour Statistics reported that the price index for US imports tacked on 0.5% in April, following the upwardly revised 0.1% uptick registered in the preceding month and beating analysts' expectations for a 0.2% increase. The seasonally adjusted Producer Price Index for final demand rose more than expected in April, official data showed on Thursday. According to the Bureau of Labour Statistics, US producer prices rose 0.5% for the month of April, following the preceding month's 0.1% decline and surpassing analysts' expectations for a 0.2% hike. Consumer prices in the United States advanced last month but less than analysts expected. The Labour Department reported on Friday that its CPI rose 0.2% in April, following the preceding month's drop of 0.3% but missing expectations for a 0.3% gain. Furthermore, the so-called core inflation rate climbed 0.1% last month, compared to the previous month's fall of 0.1%, whereas analysts anticipated an increase of 0.2%.

Canada

Canadian employment growth fell unexpectedly last month, whereas the unemployment rate hit its lowest level in nearly nine years. Statistics Canada reported on Friday that the Canadian economy created 3.2K jobs in April, following the preceding month's climb of 19.4K and falling behind analysts' expectations for a 20.0K job gain. The value of dwelling permits issued by Canadian municipalities slid for the second straight month, government data revealed on Tuesday. The report released by Statistics Canada showed building permits in Canada dropped 5.8% to a total of \$7.0B over the month of March, following the downwardly revised 2.8% plunge registered in February and falling well behind the 4.2% gain eyed by most of the economists.




GBP

"Today's data doesn't change the underlying story, where the squeeze in household incomes is starting to weigh on consumer activity."

— James Smith, ING Bank NV




	Impact
British retail sales post surprise jump of 2.3% in April	Medium

UK retail sales rebounded markedly last month despite the post-Brexit sharp fall in the value of the Pound. The Office for National Statistics reported on Thursday that retail sales surged 2.3% in April, following the preceding month's upwardly revised fall of 1.4% and topping expectations for a 1.2% increase. The unexpected climb suggested that consumer spending also rebounded in April and would support economic growth in the second quarter. Last month's gain was mainly driven by the good weather that boosted demand for hardware and household goods. In volume terms, sales advanced 4.0% on an annual basis in April, compared to the prior month's increase of 2.0%. Meanwhile, market analysts expected sales volumes to rise 2.1% in the reported month. After the release, the Sterling rose above \$1.30 for the first time since September 2016 and hit \$1.3028 for a short time. Excluding automobiles, sales rose 2% on a monthly basis in April. Despite April's stronger than expected performance, retail sales are set to drop again in the upcoming months due to surging inflation.



FORECASTS		
Q1 17	Q2 17	Q3 17
		1.28
	1.26	
1.25		1.24
1.22	1.22	
1.2	1.2	
		1.18

 Trends*	Q1 17	Q2 17	Q3 17
MAX	1.84	1.32	1.62
75% percentile	1.25	1.26	1.28
Median	1.22	1.22	1.24
25% percentile	1.20	1.20	1.18
MIN	1.07	1.03	1.02

* the data is based on international banks' forecasts

	18.05 open price	18.05 close price	% change
GBP/USD	1.2969	1.2940	-0.22%
EUR/GBP	0.8604	0.8581	-0.27%
GBP/CAD	1.7640	1.7601	-0.22%
GBP/JPY	143.74	144.28	0.37%



USD

"The details were ... consistent with the recent pickup in manufacturing output in the industrial production report being sustained."

— Jim O'Sullivan, High Frequency Economics



	Impact
Initial jobless claims drop for third consecutive week; Philly Fed jumps to 38.8 points	Medium

The number of Americans filing for unemployment benefits dropped unexpectedly last month, official figures revealed on Thursday. The US Department of Labour reported that initial jobless claims fell to 232K in the week ending May 12, following the preceding week's 236K and posting the third consecutive decline. In the meantime, analysts held expectations for an increase to 240K. Claims remained below the 300K level for 115 straight weeks, the longest stretch since 1973. The number of continuous claims fell 22K to 1.90M during the week ended May 5, the lowest since November 1988. Back in April, US private companies created 211K jobs, roughly meeting analysts' expectations. Other data released on Thursday showed that manufacturing activity in Philadelphia jumped to 38.8 points in May, up from the preceding month's 22.0, whereas analysts anticipated a slight decrease to 19.9. More than half of market participants expect the Federal Reserve to raise rates next month. However, uncertainties tied to the US President Donald Trump and Russia may lower significantly the chances of a June rate hike.













FORECASTS		
Q1 17	Q2 17	Q3 17
	118	118
116		
		115
114	114	
		110
	109	

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

	18.05 open price	18.05 close price	% change
AUD/USD	0.7432	0.7419	-0.18%
USD/CHF	0.9789	0.9800	0.11%
USD/JPY	110.82	111.49	0.60%
NZD/USD	0.6942	0.6900	-0.61%

Major events previous week (May 8 - 12)

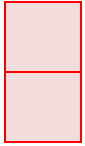
Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
06:00 am		EUR	Germany Factory Orders m/m	March	1.0%	0.7%	3.5%
07:30 am		GBP	Halifax HPI m/m	April	-0.1%	0.1%	0.0%
TUESDAY							
01:30 am		AUD	Retail Sales m/m	March	-0.1%	0.3%	-0.2%
12:30 pm		CAD	Building Permits m/m	March	-5.8%	4.2%	-2.8%
02:00 pm		USD	JOLTS Job Openings	March	5.74M	5.67M	5.68M
WEDNESDAY							
12:30 pm		USD	Import Prices m/m	April	0.5%	0.2%	0.1%
09:00 pm		NZD	RBNZ Rate Statement				
THURSDAY							
11:00 am		GBP	Monetary Policy Summary				
12:30 pm		USD	PPI m/m	April	0.5%	0.2%	-0.1%
FRIDAY							
12:30 pm		USD	CPI m/m	April	0.2%	0.3%	-0.3%

EXPLANATIONS

Chart

- **SMA (55)** – Simple Moving Average of 55 periods
- **SMA (200)** – Simple Moving Average of 200 periods

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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