
















DUKASCOPY
RESEARCH PRODUCTS

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Fundamental Analysis

Major events this week (May 1 - 5)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
02:00 pm		USD	ISM Manufacturing PMI	April		56.6	57.2
TUESDAY							
04:30 am		AUD	RBA Rate Statement				
08:30 am		GBP	Manufacturing PMI	April		54.0	54.2
10:45 pm		NZD	Unemployment Rate	Q1 2017		5.1%	5.2%
WEDNESDAY							
08:30 am		GBP	Construction PMI	April		52.1	52.2
12:15 pm		USD	ADP Non-Farm Employment Change	April		178K	263K
THURSDAY							
01:30 am		AUD	Trade Balance	March		3.33B	3.57B
08:30 am		GBP	Services PMI	April		54.6	55.0
12:30 pm		CAD	Trade Balance	March		0.3B	-1.0B
12:30 pm		USD	Unemployment Claims	Last week		246K	257K
FRIDAY							
03:00 am		NZD	Inflation Expectations q/q	Q2 2017			1.9%
12:30 pm		CAD	Employment Change	April		20.0K	19.4K
12:30 pm		USD	Non-Farm Employment Change	April		194K	98K

Key highlights of the week ended April 28

Euro zone

Services and manufacturing activity in the Euro zone rose more than expected in April, suggesting that the region's economy started the Q2 of 2017 with solid growth. HIS Markit reported on Friday that its Flash Purchasing Managers' Index for the Euro zone's manufacturing sector came in at 56.8, following March's final reading of 56.2 and surpassing analysts' expectations for 56.1. The mood of German companies improved unexpectedly in April, as the Ifo German Business Climate Index surged to 112.9, while experts expected that it would remain unchanged. Thus, the released figure hit a new record high in about six years, updating the previous month's record. Positive sentiment was registered in all four major sectors. As markets expected, the European Central Bank left its monetary policy unchanged at its meeting on Thursday as inflation remained below its 2% target.

United Kingdom

According to the ONS, sales in the retail sector dropped 1.8% on a seasonally-adjusted basis, while analysts anticipated only a 0.3% decrease. Similarly, on a quarterly basis, retail sales lost 1.4%, which was the first negative contribution to GDP growth since the Q4 of 2013. The Office for National Statistics Reported on Friday that the economy grew 0.3% in the Q1 of 2017, compared to a 0.7% growth pace posted in the final quarter of 2016. Meanwhile, market analysts expected the economy to expand at a 0.4% rate in the reported quarter.

United States

The Conference Board Consumer Confidence Index dropped more than experts estimated. In April, it lost 3.8% and reached 120.3, thus, marking the first decline since January. The fall was mainly attributable to the less optimistic view of business conditions and the labour market in the upcoming six months. The US Department of Commerce reported that orders for durable goods in March soared only 0.7%, following the previous month's increase of 1.8%. Excluding transportation items, orders for core durable goods plunged 0.2%, while analysts anticipated 0.4% growth. The US economy expanded at its weakest pace since the Q1 of 2014 in the three-month period to March, as consumer spending barely rose; however, a rise in business investment and improving pay growth held out hopes that the economy would regain momentum in the upcoming quarters. The Department of Commerce reported on Friday that the economy grew at a 0.7% annual pace in the Q1, following the preceding quarter's 2.1% and falling behind expectations for a 1.3% climb.

Canada

Statistics Canada reported on Friday that the annual inflation rate declined to 1.6%, down from April's 2.0%. Meanwhile, market analysts anticipated a gain of 1.8%. On a monthly basis, consumer prices rose 0.2% in March, unchanged from the preceding month, whereas analysts expected a climb of 0.4% during the reported period. Canadian wholesale trade fell less than expected during the second month of the year amid lower sales of household goods and food. Statistics Canada reported on Monday that wholesale sales dropped 0.2% on a seasonally adjusted basis in February to C\$58.86B (\$43.58B), following the preceding month's downwardly revised gain of 3.0%. However, that came in above analysts' forecasts of a 1.0% decline. In February, the amount of sales in the retail sector plunged 0.6% to C\$47.8B (\$35.1B) after a 2.3% spike in January. Negative growth was recorded in five out of 11 key sectors that represented 67% of the total retail sales. The largest contribution to the February drop was made by the gasoline stations sector, where sales tumbled 3.6% and marked the first decline in three months. Statistics Canada reported on Friday that GDP growth was flat in the second month of the year, following January's surge of 0.6% and falling behind market analysts' expectations for a 0.1% gain.



"This weakness is likely to be blamed on Brexit. That is probably fair."
- Alan Clarke, Scotiabank

GBP



	Impact
British economy expands at slower than expected pace in Q1 of 2017	High

The British economy expanded at a slower than expected pace in the three-month period to March, as consumers began feeling the impact of rising inflation amid the sharp fall in the value of the Pound. The Office for National Statistics Reported on Friday that the economy grew 0.3% in the Q1 of 2017, compared to a 0.7% growth pace posted in the final quarter of 2016. Meanwhile, market analysts expected the economy to expand at a 0.4% rate in the reported quarter. Friday's data confirmed an economic slowdown driven by the country's decision to leave the European Union. Some analysts suggested that the upcoming UK General Election also added to economic weakness. Therefore, according to their forecasts, the British economy is set to expand 0.2% in the Q2 of 2017. Since Britain's decision to withdraw from the EU inflation rose to 2.3% and many analysts expect it to reach 3% in the upcoming months. On an annual basis, the economy expanded 2.1%, up from a 1.9% pace registered in the Q4. That marked the strongest pace of growth since the Q2 of 2015. Both Bank of England and IMF expect the economy to grow 2.0% this year, while the majority of analysts see weaker growth this year. The services sector, which account for 70% of GDP, grew 0.3% in the Q1, the weakest since 2015.



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

	28.04 open price	28.04 close price	% change
GBP/USD	1.2905	1.2951	0.36%
EUR/GBP	0.8427	0.8415	-0.14%
GBP/CAD	1.7592	1.7683	0.51%
GBP/JPY	143.57	144.46	0.62%




"It is a soft month in an otherwise solid quarter. Some moderation was expected after the torrid pace of growth in January."

- Derek Holt, Scotiabank


CAD



	Impact
Canadian economic growth remains flat in February	High

Canada's economic growth remained flat in February as growth in the services sector was offset by weakness in the goods sector. Statistics Canada reported on Friday that GDP growth was flat in the second month of the year, following January's surge of 0.6% and falling behind market analysts' expectations for a 0.1% gain. Data showed that the service-providing industries climbed 0.2% in February, with the largest gains registered in the real estate and rental and leasing sector, as well as the finance and insurance sector. However, the 0.2% rise was offset by a 0.3% decline posted by the goods-producing industries, with manufacturing, mining, quarrying and oil and gas extraction contributing the most to the following drop. Back in 2015, the Bank of Canada cut its key interest rates twice amid the strong downside risks. However, the Bank predicted Q1 annualised growth to hit 3.8%. In the meantime, Statistics Canada reported that thanks to January's gain of 0.6% annualised economic growth would likely come in at 4.2% in the Q1 of 2017 even if economic growth remains flat in March. However, even if Q1 GDP growth meets Statistics Canada's projections the Central bank will probably remain on hold amid the high degree of uncertainty coming from the US and low capacity utilisation.



 Trends*	Q1 17	Q2 17	Q3 17
MAX	1.42	1.45	1.45
75% percentile	1.37	1.38	1.40
Median	1.35	1.36	1.36
25% percentile	1.32	1.32	1.31
MIN	0.84	1.22	1.20

* the data is based on international banks' forecasts

	28.04 open price	28.04 close price	% change
AUD/CAD	1.0175	1.0225	0.49%
CAD/CHF	0.7291	0.7287	-0.05%
EUR/CAD	1.4823	1.4876	0.36%
USD/CAD	1.3633	1.3655	0.16%



“There is enough reason to doubt the growth slowdown for the Fed to stay the course on tightening, especially with a bigger-than-expected pop in employment costs.”
- Chris Low, FTN Financial

USD



	Impact
US economy grows at slowest pace since 2014	High

The US economy expanded at its weakest pace since the Q1 of 2014 in the three-month period to March, as consumer spending barely rose; however, a rise in business investment and improving pay growth held out hopes that the economy would regain momentum in the upcoming quarters. The Department of Commerce reported on Friday that the economy grew at a 0.7% annual pace in the Q1, following the preceding quarter's 2.1% and falling behind expectations for a 1.3% climb. The March quarter growth raised doubts over the Trump administration's ability to boost GDP growth and deliver economic reforms. Consumer spending, the largest contributor to US economic growth, advanced just 0.3%, the weakest since 2009. The Q1 economic slowdown was partially driven by the unusually warm weather, high volatility in inventories and the strong US Dollar. However, Friday's data showed a pickup in both wage and business investment growth. Therefore, analysts suggest that economic growth will likely rebound in the upcoming months. Moreover, the report showed a jump in inflation that would probably please the Federal Reserve and force it to raise rates at a quicker than expected pace. The next interest rate hike is largely expected to come in June.















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

	28.04 open price	28.04 close price	% change
AUD/USD	0.7465	0.7488	0.31%
USD/CHF	0.9941	0.995	0.09%
USD/JPY	111.26	111.52	0.23%
NZD/USD	0.6877	0.6867	-0.15%

Major events previous week (April 24 - 28)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
08:00 am		EUR	German Ifo Business Climate	April	112.9	112.4	112.4
12:30 pm		CAD	Wholesale Sales m/m	February	-0.2%	-1.0%	3.0%
TUESDAY							
02:00 pm		USD	CB Consumer Confidence	April	120.3	123.7	124.9
WEDNESDAY							
01:30 am		AUD	CPI q/q	March	0.5%	0.6%	0.5%
01:30 pm		CAD	Core Retail Sales m/m	February	-0.1%	-0.2%	2.3%
02:30 pm		USD	Crude Oil Inventories	Last week	-3.6M	-1.1M	-1.0M
THURSDAY							
03:50 am		JPY	Monetary Policy Statement				
11:45 am		EUR	Minimum Bid Rate		0.00%	0.00%	0.00%
12:30 pm		USD	Core Durable Goods Orders m/m	March	-0.2%	0.4%	0.5%
FRIDAY							
08:30 am		GBP	Prelim GDP q/q	Q1 2017	0.3%	0.4%	0.7%
12:30 pm		CAD	GDP m/m	February	0.0%	0.1%	0.6%
12:30 pm		USD	Advance GDP q/q	Q1 2017	0.7%	1.3%	2.1%

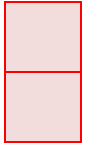
EXPLANATIONS

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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