













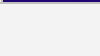


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RESEARCH PRODUCTS

24/03/2017



Fundamental Analysis

Major events this week (March 20 - 24)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
01:30 pm		CAD	Wholesale Sales m/m	January	3.3%	0.3%	0.3%
TUESDAY							
01:30 am		AUD	Monetary Policy Meeting Minutes				
10:30 am		GBP	CPI y/y	February	2.3%	2.1%	1.8%
01:30 pm		CAD	Core Retail Sales m/m	January	1.7%	1.3%	-0.5%
Tentative		NZD	GDT Price Index		1.7%	-6.0%	-6.3%
WEDNESDAY							
03:30 pm		USD	Crude Oil Inventories	Last week	5.0M	1.9M	-0.2M
09:00 pm		NZD	Official Cash Rate		1.75%	1.75%	1.75%
THURSDAY							
10:30 am		GBP	Retail Sales m/m	February	1.4%	0.4%	-0.5%
01:30 pm		USD	Unemployment Claims	Last week	258K	240K	241K
10:45 pm		NZD	Trade Balance	February	-18M	160M	-285M
FRIDAY							
10:00 am		EUR	Flash Services PMI	March		55.4	55.5
01:30 pm		CAD	CPI m/m	February			0.9%
01:30 pm		USD	Core Durable Goods Orders m/m	February		0.5%	0.0%

Key highlights of the week ended February 24

Euro zone

The European Central Bank Mario Draghi did not provide any news in terms of monetary policy during his speech on Monday. Back on Friday, sources close to the ECB, reported that policymakers discussed the possibility of raising interest rates before the end of asset purchases but the discussion was brief and light. 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.

United Kingdom

The Office for National Statistics reported on Wednesday that the claimant count fell 11,300 to 734,700, the lowest level since May 1975, last month, following January's downwardly revised decline of 41,400 and surpassing analysts' expectations for a rise of 3,200. The ONS also reported that the unemployment rate dropped to 4.7%, the lowest since the summer of 1975, in three months to January, amid a 31,000 decline in the number of unemployed people. 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.

Unites States

Central bank lifted its overnight interest rate by 25 basis points to a range of 0.75% to 1.00%. This was the necessary step to get the Bank's monetary policy back to a normal footing. 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. US industrial production was unchanged last month, while market analysts anticipated an increase, official figures revealed on Friday.

New Zealand

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. In the last quarter of 2016, New Zealand's GDP rose 0.4%, state officials reported on Wednesday. The growth was lower than experts estimated. Moreover, it was the weakest quarterly expansion since the June 2015 quarter.

Australia

The seasonally adjusted number of employed people fell 9.7% in February, the Australian Bureau of Statistics reported on Wednesday. Among them, full-time employment soared to 8,158,900 but part-time jobs dropped to 3,840,000. Accordingly, the seasonally adjusted unemployment rate unexpectedly gained 0.2% compared to January, which is higher than experts estimated.



“Retailers continue to be squeezed by rising cost pressures on the one hand, and intense competition on the other, which will limit their ability to raise prices.”

- Anna Leach, CBI

GBP



	Impact
Retail sales rebound sharply in February but fail to offset previous declines	High

UK retail sales posted the largest drop in almost seven years in the three-month period to February amid higher fuel prices that put pressure on household budgets. Nevertheless, the Office for National Statistics reported on Thursday that British retail sales advanced 1.4% last month, following the preceding month's fall of 0.5% and surpassing analysts' expectations for a 0.4% rise. Despite a stronger-than-expected rebound, in the three months to February sales dropped 1.4%, compared to a 0.5% decline seen in the three-month period to January. That marked the biggest fall since March 2010. On an annual basis, sales were up 3.7%, whereas analysts anticipated a 2.6% increase after a 1.0% gain registered in January. Earlier this week, the ONS reported consumer prices jumped 2.3%, the highest in more than three years, while inflation used for calculation retail sales growth advanced 2.8%, the highest since March 2012. The ONS also noted that higher inflation, mainly driven by the weak Pound, started hurting consumers' pockets. Consumer spending is closely followed by the Bank of England, as it accounts for nearly two-thirds of UK output. On Thursday, one of the largest apparel retailers in Britain Next said it was "extremely cautious" about prospects for the year ahead after it reported a 4% annual profit decline.



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

	23.03 open price	23.03 close price	% change
GBP/USD	1.2485	1.2521	0.29%
EUR/GBP	0.8648	0.8612	-0.42%
GBP/CAD	1.664	1.6716	0.45%
GBP/JPY	138.79	138.91	0.09%



“The advance seasonally adjusted insured unemployment rate was 1.4 percent for the week ending March 11, a decrease of 0.1 percentage point from the previous week’s unrevised rate.”

USD - US Department of Labour



	Impact
US jobless claims rise to seven-week high	High

The number of Americans filing for unemployment benefits rose more than expected last week, hitting the highest level over the past seven weeks, official figures revealed on Thursday. The US Department of Labour reported initial jobless claims rose by 15,000 to a total of 258,000 in the week ended March 17, up from the preceding week’s upwardly revised reading of 243,000. In the meantime, market analysts expected unemployment claims to hit 240,000 during the reported week. Nevertheless, even despite the uptick in last week’s claims, US labour market remained solid, with employers being slow to dismiss workers, as it becomes rather difficult to fill vacancies with experienced employees. The February figure marked the 80th consecutive week of claims below 300,000, which is widely considered as a healthy jobs market.

Apart from that, Thursday’s report also featured yearly alterations for previously reported initial and continuing claims, with the latter benchmark dropping 39,000 to settle at 2M over the week ended March 10, while the unemployment rate among those eligible for jobless benefits managed to decline to 1.4% from the 1.5% reading registered previously.



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

	23.03 open price	23.03 close price	% change
AUD/USD	0.7678	0.7628	-0.66%
USD/CHF	0.9914	0.9934	0.20%
USD/JPY	111.17	110.93	-0.22%
NZD/USD	0.7044	0.7029	-0.21%



“Exports of dairy, meat, and fruit were up, but other primary produce exports, including fish, wool, and casein, were down compared with the same month of the previous year.”

NZD - Daria Kwon, International Trade Statistics



	Impact
New Zealand shows largest annual trade deficit since 2009	High

The annual trade deficit in New Zealand hit a record of \$3.8B in the year ended February 2017, appearing to be the largest since April 2009, Stats NZ reported on Thursday. Goods exports plunged 5.5% compared with the same month of the previous year. The greatest fall of \$269M was recorded among ships, boats and floating structures due to the export of drilling platform. Excluding drilling platform, goods exports gained 0.9% mostly because of the solid sales of milk powder, butter and cheese, which soared 5.6%, or \$55M. Meat and edible offal gained 4.4%, while exports of fruits and crude oil surged \$28M and \$6M accordingly.

The import of consumption goods slipped 8.7%. However, it was offset by a 7.0% and a 5.7% increase in intermediate and capital goods imports. As a result, total goods imports nudged 4.0%. The increase was mainly driven by the spike in crude oil imports. Excluding oil, imports of intermediate goods rose only 0.8%, while total imports advanced 1.4%.

















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

	23.03 open price	23.03 close price	% change
AUD/NZD	1.0899	1.0852	-0.43%
EUR/NZD	1.5329	1.5343	0.09%
GBP/NZD	1.7725	1.7815	0.51%
NZD/USD	0.7044	0.7029	-0.21%

Major events previous 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	0.6%		2.1%
02:00 pm		USD	Prelim UoM Consumer Sentiment	March	97.6	97.1	96.3

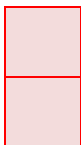
EXPLANATIONS

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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