














**DUKASCOPY**  
RESEARCH PRODUCTS

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# Fundamental Analysis

## Major events this week (March 6 - 10)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
00:30 am		AUD	Retail Sales m/m	January	0.4%	0.4%	-0.1%
<b>TUESDAY</b>							
03:30 am		AUD	RBA Cash Rate		1.50%	1.50%	1.50%
01:30 pm		CAD	Trade Balance	January		0.2B	0.9B
11:50 pm		JPY	Final GDP q/q	Q4 2016		0.4%	0.2%
<b>WEDNESDAY</b>							
12:30 am		GBP	Annual Budget Release				
13:15 pm		USD	ADP Non-Farm Employment Change	February		184K	246K
<b>THURSDAY</b>							
12:45 am		EUR	Minimum Bid Rate			0.00%	0.00%
01:30 pm		USD	Unemployment Claims	Last week		239K	223K
<b>FRIDAY</b>							
09:30 am		GBP	Manufacturing Production m/m	February		-0.6%	2.1%
01:30 pm		USD	Non-Farm Employment Change	February		185K	227K
01:30 pm		CAD	Employment Change	February			48.3K

## Key highlights of the week ended February 24

### US

According to the Commerce Department, total durable goods orders spiked 1.8% in the past month compared with a downwardly revised 0.8% reading registered in December. Figures released on Tuesday showed the US economy grew at an annualised pace of 1.9% in the Q4, following a strong 3.5% reading registered in the preceding quarter and falling behind analysts' expectations for a 2.1% rise. The Institute for Supply Management reported its Purchasing Managers' Index for the manufacturing sector advanced to 57.7 points last month, the highest level since December 2014, following the previous month's 56.0 points. Meanwhile, analysts anticipated a mild increase to 56.2. The US Department of Labour reported initial jobless claims dropped to 223,000 during the week ended February 24, the lowest level since March 1973, following the preceding week's downwardly revised 242,000 filings.

### Canada

Statistics Canada reported its headline Consumer Price Index surged 2.1% year-over-year, after rising just 1.5% in December. On a monthly basis, the index jumped 0.9% in January, following the preceding month's 0.2% fall and surpassing analysts' expectations for a 0.3% rise. The Central bank acknowledged that the economy probably expanded at a stronger-than-expected pace in the final quarter of 2016 but left its benchmark rate at a record low of 0.50%, saying that the economy remained below its production capacity and inflation growth was driven mostly by temporary factors. Statistics Canada reported on Thursday that the country's GDP rose at an annualized rate of 2.6% in the Q4 of 2016, surpassing analysts' expectations for a 2% growth rate. Nevertheless, that was slower than the Q3 upwardly revised growth of 3.8%. On a monthly basis, the Canadian economy grew 0.3% in December, following the previous month's upwardly revised expansion of 0.5% and meeting analysts' forecasts.

### Switzerland

The KOF Swiss Economic Institute reported the KOF index added 5.2 points in February, which is strongly above its long-term average, jumping to 107.2 from an upwardly revised reading of 102.0 registered in the preceding month.

### United Kingdom

The British Bankers' Association reported mortgage approvals rose to 44,657 in January, compared with December's 43,581 reading. The reported month's figure was the highest since January a year ago, when mortgage approvals climbed to 45,794. Markit reported its PMI for the UK manufacturing sector dropped to a seasonally adjusted 54.6 points in February, while the preceding month's reading was revised up from 55.7 to 55.9 points. Market analysts anticipated a slighter decrease to 55.6 last month. Markit reported its Purchasing Managers' Index for the country's construction sector climbed to 52.5 in December, following the previous month's 52.2 points and surpassing analysts' expectations for an unchanged reading.



*“Today's RBA statement reveals a central bank pleased with both the improving global backdrop and the transition of the Australian economy to better growth and stronger employment”.*

**AUD** - Scott Haslem, UBS



	<b>Impact</b>
RBA leaves interest rates on hold amid subdued inflation and rising housing prices	High

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 solid growth and strong performance in the last quarter of 2016. Last year, housing demand hit its all-time high across the country despite high prices. Therefore, the decision to leave the rate on hold was driven for the most part by the RBA not wanting to inflame further the housing market. After the release, the Australian Dollar rose slightly against its US counterpart to trade at \$76.17. Back in the Q4 of 2016, the Australian economy expanded 1.1% on a quarterly basis and 2.4% on an annual basis, suggesting better economic growth in 2017. However, the Q4 expansion was mainly driven by household spending financed by drawing down savings, while wage growth remained at record lows. The big question is whether the economy can maintain momentum over a longer period of time with the current unemployment rate of 5.7% and inflation mainly boosted by higher oil prices. The RBA Governor Philip Lowe said the Australian economy benefited a lot from China's strong economic performance, which was supported by higher spending on infrastructure and building construction.














FORECASTS		
Q1 17	Q2 17	Q3 17
		0.75
0.74	0.74	
0.73		
	0.72	0.72
0.71	0.71	
		0.7

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

	06.03 open price	06.03 close price	% change
GBP/USD	86.45	86.32	-0.15%
EUR/GBP	0.759	0.7583	-0.09%
GBP/CAD	1.3974	1.3956	-0.13%
GBP/JPY	1.6197	1.6134	-0.39%

## Major events previous week (February 27 - March 3)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
01:30 pm		USD	Durable Goods m/m	January	1.8%	1.6%	-0.5%
<b>TUESDAY</b>							
08:00 am		CHF	KOF Leading Indicator	February	107.2	102.3	102.0
01:30 pm		USD	Prelim GDP q/q	Q4 2016	1.9%	2.1%	1.9%
<b>WEDNESDAY</b>							
09:30 am		GBP	Manufacturing PMI	February	54.6	55.6	55.9
03:00 pm		CAD	BOC Rate Statement		0.50%	0.50%	0.50%
03:00 pm		USD	ISM Manufacturing PMI	February	57.7	56.2	56.0
<b>THURSDAY</b>							
09:30 am		GBP	Construction PMI	February	52.5	52.2	52.2
01:30 pm		CAD	GDP m/m	December	0.3%	0.3%	0.5%
01:30 pm		USD	Unemployment Claims	Last week	223K	243K	244K
<b>FRIDAY</b>							
09:30 am		GBP	Services PMI	February	53.3	54.2	54.5
03:00 pm		USD	ISM Non-Manufacturing PMI	February	57.6	56.5	56.5

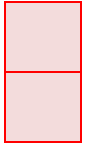
## EXPLANATIONS

### 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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