


















DUKASCOPY
RESEARCH PRODUCTS

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Fundamental Analysis

Major events this week (October 31-November 4)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
10:00 am		EUR	Gross Domestic Product (YoY)	Quarter	0.3%	0.3%	0.3%
12:30 pm		USD	Personal Spending (MoM)	September	0.5%	0.4%	-0.1%
TUESDAY							
8:00 am		CNY	Caixin Manufacturing PMI	October	51.2	50.2	50.1
02:55 am		JPY	BOJ Interest Rate Decision	October	-0.1%	-0.1%	-0.1%
09:30 am		GBP	Manufacturing PMI	October	54.3	54.6	55.4
12:30 pm		CAD	Gross Domestic Product	October	0.2%	0.2%	0.5%
14:00 pm		USD	ISM Manufacturing PMI	October	51.9	51.8	51.5
21:45 pm		NZD	GDT Price Index	October	11.4%		1.4%
WEDNESDAY							
09:30 am		GBP	Construction PMI	October			52.3
14:30 pm		USD	Crude Oil Inventories	October			0.6M
THURSDAY							
12:00 pm		GBP	Official Bank Rate	October		0.25%	0.25%
12:30 pm		USD	Unemployment Claims	October			258K
FRIDAY							
10:00 am		EUR	Producer Price Index (MoM)	September			-0.2%
12:30 pm		USD	Unemployment Rate	October			5%
12:30 pm		CAD	Employment Change	October			67.2K

Key highlights of the week ended November 4

UK

The British economy expanded more than expected in the Q3 despite the Brexit vote, official figures revealed on Thursday. According to the UK Office for National Statistics, the economy grew 0.5% during the July-September period, compared to the preceding quarter's 0.7% growth pace, while market analysts expected the UK's Gross Domestic Product to advance 0.3% in the reported quarter. The Bank of England is now likely to leave its benchmark rate unchanged when it meets next week. After the stronger than expected data release, the British Pound hit its one-week high against the Greenback, trading at \$1.2266. Furthermore, British 10-year government bond yields jumped to their highest level since the EU referendum. The Q3 growth was mainly driven by the services industry, which in its turn was helped by the film and television sector as the latest films in the Bourne and Star Trek series were released in July along with other blockbusters. On an annual basis, the economy grew 2.3%, the highest growth rate the UK experienced in more than a year.

US

American consumers were more pessimistic about the path of the economy in October, according to latest survey results published on Tuesday. The Conference Board's Consumer Confidence Index dropped unexpectedly to 98.6 points in October, following the prior month's 104.1, the best level since 2007, while market analysts anticipated a milder decrease to 101.5 during the reported period. The Present Situation Index fell to 120.6 from 127.9 in the tenth month of the year, while the Expectations Index dropped to 83.9 from 87.2 registered last month. Furthermore, the share of respondents expecting more jobs in the upcoming months declined to 13.1% from September's 15.7%, whereas the percentage of those expecting incomes to rise remained unchanged at 17.5% in October. Nevertheless, the share of respondents expecting fewer jobs fell to 17.0% from 18.1% seen in September, as well the percentage of those expecting incomes to drop to 9.8% from the previous month's 10.4%.

EU

Rising prices as well as strengthening employment outlook pushed the single currency area's two main economic sectors – services and manufacturing – flash purchasing managers' index to a 10-month high, influenced by strong growth in Germany. According to the data released, the flash Eurozone PMI manufacturing index strengthened to 53.3 for October from 52.6 the previous month. The following number was the strongest reading for 30 months and above expectations of a 52.7 reading. Moreover, the services-sector data also outperformed forecasts with an advance to a nine-month high at 53.5 from 52.2, while the composite output index strengthened to a ten-month high. The release followed strong PMIs from Germany and mixed data from France where the composite PMI declined as the services gauge went down. Overall, the figures marked an improvement from the September data, when Germany had been hit by services sector weakness and a French manufacturing downturn continued.



“The latest data were not especially strong, but suggest that the manufacturing sector is starting to pick up some momentum following a weak run through most of the year so far”.

USD - Daniel Silver, J.P. Morgan Chase & Co.



	Impact
US manufacturing activity rises slightly in October	High

US manufacturing activity grew for the second consecutive month in October, official data showed on Tuesday. The Institute for Supply Management said its Manufacturing Purchasing Managers' Index jumped to 51.9 points in October, following the preceding month's reading of 51.5 and surpassing the 51.8 market forecast. The October growth was mainly driven by a rise in production and hiring. Any reading above the 50 point level 50 indicates an expansion in the manufacturing sector, which accounts for about 12% of the US economy. Meanwhile, the Production Index rose 1.8% to 54.6 points, while the New Orders Index dropped to 52.1 from the previous month's 55.1 and the Employment Index increased 3.2% to 52.9 during the reported period. The Export Orders Index rose slightly to 52.5 from the prior month's figure of 52. Analysts widely expect manufacturing activity to pick up in the Q4. The US manufacturing sector was hit by the strong US Dollar between June 2014 and December 2015, as the appreciation of the Greenback hampered US exports. The Federal Reserve began a two-day policy meeting on Tuesday and it is unlikely to raise interest rates at this meeting ahead of the presidential election on November 8. However, analysts widely anticipate a December rate hike.



Trends*	Q4 16	Q1 17	Q2 17
MAX	1.43	1.19	1.20
75% percentile	1.11	1.12	1.13
Median	1.09	1.09	1.09
25% percentile	1.07	1.07	1.06
MIN	0.97	0.96	0.95

* the data is based on international banks' forecasts

	01.11 open price	01.11 close price	% change
AUD/USD	0.76084	0.76518	+0.57%
USD/CHF	0.98848	0.97532	-1.35%
USD/JPY	104.824	104.155	-0.64%
NZD/USD	0.71506	0.71834	+0.46%



“We continue to expect manufactures to struggle to capitalize on the weak pound in the near term, given the usual delays involved in finding new business, renegotiating contracts and investing in extra capacity”.

GBP - Samuel Tombs, Pantheon Macroeconomics



	Impact
UK manufacturing activity slows in October but remains in expansion	High

Manufacturing activity in the United Kingdom remained strong but grew at a slightly slower pace last month, a private survey revealed on Tuesday. Markit/CIPS said its Purchasing Managers' Index declined to 54.3 in October, compared to the preceding month's upwardly revised 55.5 points, the highest reading in more than two years. Meanwhile, market analysts anticipated a slighter drop to 54.6 during the reported period. The British economy has performed better than expected so far despite the country's decision to leave the European Union, showing no signs of a widely expected immediate slowdown. Therefore, the Bank of England is unlikely to cut interest rates at its November meeting on Thursday. The October PMI was mainly supported by a combination of higher exports, which were boosted by the fall in the British Pound, and strong domestic demand. However, export growth during the reported month was weaker than in September. Furthermore, Markit said that inflationary pressures caused by the weaker Pound were starting to be felt by companies, as import prices grew at their fastest pace in over 25 years in October. The Central bank is widely expected to revise upwards its forecast for inflation amid the drop in the Sterling.



FORECASTS		
Q4 16	Q1 17	Q2 17
1.32		
1.29	1.31	1.31
	1.28	1.28
1.25	1.25	1.25

Trends*	Q4 16	Q1 17	Q2 17
MAX	1.84	1.55	1.45
75% percentile	1.32	1.31	1.31
Median	1.29	1.28	1.28
25% percentile	1.25	1.25	1.25
MIN	1.17	1.12	1.07

* the data is based on international banks' forecasts

	01.11 open price	01.11 close price	% change
GBP/USD	1.22447	1.22422	-0.02%
EUR/GBP	0.89674	0.9028	+0.67%
GBP/CAD	1.64056	1.63905	-0.09%
GBP/JPY	128.257	127.502	-0.59%



“After the wildfire-led pullback in economic activity in May, and the subsequent rebound in June and July, it looks like things are effectively back to 'normal' for the Canadian economy”.

CAD - Brian DePratto, TD Economics



	Impact
Canadian economy expands 0.2% in August in line with forecasts	High

The Canadian economy expanded for the third consecutive month in August, official figures showed on Tuesday. According to Statistics Canada, the economy grew 0.2% to \$1.25 trillion month-over-month in August, following July's downwardly revised 0.4% growth. However, the August reading matched market expectations. On an annual basis, Canada's GDP increased 1.3%, also in line with projections. The 0.2% expansion was mainly driven by the mining, quarrying, oil and gas extraction, utilities, manufacturing and construction sectors. Manufacturing output advanced 0.3% and 0.4% on a monthly and yearly basis, respectively, whereas construction rose 0.5% month-over-month but fell 3.4% year-over-year. The country's service sector output remained unchanged on a monthly basis, growing 2.2% in annual terms. The public sector posted a 0.1% monthly increase and jumped 2.3% compared with the same month of the previous year. Oil and gas extraction advanced 0.9%. Excluding oil and gas, mining rose 2.0% on a monthly basis amid a 14% rise in potash exports. The data is unlikely to cause forecasters to sharply reassess their policy expectations. After the release, the Loonie rose against the Greenback to C\$1.3370 from 1.3380, also helped by higher oil prices.















Trends*	Q4 16	Q1 17	Q2 17
MAX	1.40	1.40	1.45
75% percentile	1.34	1.33	1.35
Median	1.31	1.31	1.30
25% percentile	1.28	1.28	1.27
MIN	0.84	1.20	1.17

* the data is based on international banks' forecasts

	01.11 open price	01.11 close price	% change
AUD/CAD	1.01975	1.02439	+0.45
CAD/CHF	0.73693	0.72838	-1.17%
EUR/CAD	1.47219	1.48007	+0.53%
USD/CAD	1.34081	1.33889	-0.14%

Major events previous week (October 24 - 28)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
8:00 am		EUR	Markit Manufacturing PMI	October	53.3	52.6	52.6
12:30 pm		CAD	Wholesale Sales (MoM)	October	0.8%	0.2%	0.3%
13:45 pm		USD	Markit Manufacturing PMI	October	53.2	51.6	51.5
TUESDAY							
8:00 am		EUR	German Ifo Business Climate	October	110.5	109.6	109.5
14:00 pm		USD	Consumer Confidence	October	98.6	101.5	104.1
14:35 pm		GBP	BoE Governor Carney Speaks				
WEDNESDAY							
12:30 am		AUD	Consumer Price Index (YoY) (Q3)	September	1.3%	1.1%	1%
14:30 pm		USD	Crude Oil Inventories	October	-0.553M		-5.2M
21:45 pm		NZD	Trade Balance	October	-1.436M		-1.265M
THURSDAY							
8:30 am		GBP	Prelim GDP	Quarter	0.5%	0.3%	0.7%
12:30 pm		USD	Unemployment Claims	October	258K	261K	260K
FRIDAY							
12:30 pm		USD	Gross Domestic Product	Quarter	2.9%	2.5%	1.4%

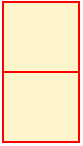
EXPLANATIONS

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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