


















DUKASCOPY
RESEARCH PRODUCTS

03/11/2016



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	52.6	51.9	52.3
14:30 pm		USD	Crude Oil Inventories	October	14.420M		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.



"We have increasing production from Libya and Nigeria helping to create more surplus. Also, all OPEC members are producing as much as they can to have a high base line to negotiate from at the OPEC meeting".

USD - Bjarne Schieldrop, SEB



	Impact
US crude settles down after a biggest build on record	High

As data released yesterday, US crude oil stockpiles advanced more than 14 million barrels during the previous week, showing the largest weekly build since the US Energy Department started keeping records back to 1982. As data suggests, West Texas Intermediate crude prices drop 1.13% with the report's release, stabilizing at \$46.33. Brent prices, in turn, went down 1.42% at \$47.92. Nevertheless, oil had rallied earlier on Wednesday on a sliding dollar, and after Colonial Pipeline had to shut down its main pipeline for a second time in as many months following an explosion. Overall, oil prices tumbled around 3% yesterday after a record weekly build in US crude stocks added to worries of all-time highs in OPEC production.

In the meantime, the deal in Doha fell apart as OPEC's biggest producer Saudi Arabia would not accept Iran's position that it is their sovereign right to increase output. The general purpose of the most recent meeting was to finalize details of supply cuts and how cartel members and non-members led by the Russia will share the cuts. Although, the non-OPEC members including Azerbaijan, Brazil, Kazakhstan, Mexico, Oman and Russia together produce 21% of global supply or around 19.6 million barrels each day.



FORECASTS		
Q4 16	Q1 17	Q2 17
	110	110
108		107
105	105	
102		
	101	101

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

	02.11 open price	02.11 close price	% change
AUD/USD	0.76525	0.76565	+0.05%
USD/CHF	0.97532	0.97253	-0.29%
USD/JPY	104.153	103.273	-0.85%
NZD/USD	0.71834	0.72807	+1.34%



“We expect input prices to rise significantly in 2017 which will put financial pressure on an industry just about managing on squeezed margins and fixed-price contracts”.

GBP - Paul Trigg, Euler Hermes



	Impact
UK construction sector remains in expansion mode in October	High

UK construction industry grew at its fastest pace in six months in October despite the post-Brexit uncertainty, official data revealed on Wednesday. Markit/CIPS said its Construction Purchasing Managers' Index for Britain jumped unexpectedly to 52.6 points last month, up from September's 52.3 points, while market analysts anticipated a slight deceleration to 51.9 in October. Any reading above the 50 point-level indicates an expansion in the construction sector. Overall, even though these numbers were better than expected, the outlook for the British construction sector remains weak amid declining new orders and rising costs. Back in June, the Construction PMI slipped into contractionary territory following the UK's vote to leave the European Union, falling to 46.0 from May's 51.2 points, the lowest level since the global financial crisis. The weak Sterling is expected to force the Bank of England to revise upwards its inflation forecasts during the November policy meeting on Thursday, but it is not expected to cut interest rates further. After the release, the British Pound rose slightly against other major currencies, trading at 1.12263 against the US Dollar, 127.07 against the Japanese Yen and 0.9036 against the Euro by on the London Stock Exchange.















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

	02.11 open price	02.11 close price	% change
GBP/USD	1.22418	1.2294	+0.42%
EUR/GBP	0.90279	0.90158	-0.13%
GBP/CAD	1.63916	1.64743	+0.50%
GBP/JPY	127.505	127.074	-0.34%

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%

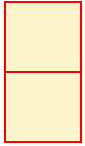
EXPLANATIONS

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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