















**DUKASCOPY**  
RESEARCH PRODUCTS

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# Fundamental Analysis

## Major events this week (July 11– 15)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
03:00 pm		AUD	FOMC Member George Speaks	July			
<b>TUESDAY</b>							
07:00 am		EUR	German Final CPI	June		0.1%	0.1%
Tentative		GBP	Inflation Report Hearings	July			
<b>WEDNESDAY</b>							
03:00 am		CNY	Trade Balance	June			\$49.9B
14:00 pm		CAD	BOC Interest Rate Decision			0.5%	0.5%
<b>THURSDAY</b>							
02:30 am		AUD	Unemployment Rate	July		5.7%	5.8%
12:00 pm		GBP	Official Bank Rate			0.25%	0.50%
01:30 am		USD	Unemployment Claims	July		263K	254K
<b>FRIDAY</b>							
03:00 am		CNY	GDP			6.6%	6.7%
01:00 pm		GBP	BoE Gov Carney Speech				
01:30 pm		CAD	Manufacturing Sales	July			1.0%
01:30 am		USD	Consumer Price Index	July		0.2%	0.2%

## Key highlights of the week ended July 8

### Euro zone

An important indicator of the euro area's economic health stayed unchanged in June. The 19-country Markit Composite PMI, a forward-looking indicator tracking development in the euro area's manufacturing and services sectors, was unchanged at 53.1 points during the sixth month of the year, same as in May, when it rebounded from a 15-month trough. Meanwhile, conditions in the euro-zone services sector eased as the gauge tracking development in the area booked 52.8 points, down from 53.3 snatched in May. A level below 50.0 signals a deterioration from the previous month, while above 50.0 signals an increase. Among major euro area countries, France was once again the weakest performer, with PMIs pointing to a contraction in economic output. Indicators for Germany, Italy and Spain pointed to solid expansion. Data overall signaled a continued pick-up in employment, with job growth accelerating to a five-year high.

### US

The number of Americans filing unemployment benefits unexpectedly plunged last week, to the lowest level since April, giving a hint that labour market started to recover amid a shaky global economy. According to the Labor Department, initial claims for state unemployment benefits lost 16,000 to a seasonally adjusted 254,000 for the week ended July 2. Moreover, following drop left claims close to a 43-year low of 248,000 touched in mid-April. Economists, in turn, had expected jobless claims to reach 270,000 from the 268,000 originally reported for the June. Meanwhile, today, on Friday, the highly anticipated June employment report will show whether job creation remains sluggish or is starting to recover.

### UK

June was the worst month in seven years period for the Britain's builders since construction PMI entered a contraction territory, being affected by uncertainty over the results of the EU membership referendum. According to the data, the UK construction PMI index for the previous month was much weaker than expected slipping to 46.0 points, from 51.2 mark previously, and compared with an forecasted figure of 50.5. Moreover, following number was the first reading below 50.0 mark since April 2013 and the weakest level since the middle of 2009 as uncertainty covered the sector. Although, there are strong expectations of a further decline in next month's data. The main reasons for the following decline are the harsh drop in residential building as well as reduction in commercial work for the first time since May 2013. Although, residential construction activity went down at the fastest pace since December 2012. Civil engineering activity, in turn, remained broadly stable.

### Canada

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**"The Federal Reserve remains unlikely to raise interest rates when it meets later this month. Fed officials had already signaled they would not raise rates at the meeting after May's weak report and amid the "Brexit" fallout".**

**USD**

*-George Washington University*



	<b>Impact</b>
US creates 287,000 jobs in June; Unemployment rate slipped to 4.9%	<b>High</b>

On Friday, the US jobs market was surprised by positive economic data which expanded during the previous month, allaying fears that the economy was exposed for a sustained slowdown after a moderate start of this year. According to the data, the unemployment rate went up to 4.9% from 4.7% May. This could be explained mostly due to the 414,000 people who entered the US labour force, which spurred the labour force participation rate up to 62.7% in June compared to the 62.6% in May. Moreover, according to the data released by the Bureau of Labour Statistics, employers injected 287,000 jobs in June, up sharply from a soft addition of only 11,000 jobs the month before. Although, many analysts forecasted job growth to rebound, they were also highly waiting to see if the gloomy figures from May were repeated, which would be a hint that the economy might be sinking into deeper trouble.

In the meantime, May jobs report is only one report, as well as June's jobs report is just one report. Therefore, it is not enough in order to get a better sense of how these reports will affect the Fed's outlook for monetary policy.



**FORECASTS**

1 MONTH	3 MONTHS	12 MONTH
	119	119
116	115	115
112		111
109	110	

Trends*	Q3 16	Q4 16	Q1 16
MAX	126	140	130
75% percentile	116	119	119
Median	112	115	115
25% percentile	109	110	111
MIN	95	81	98

\* the data is based on international banks' forecasts

	08.08 open price	08.08 close price	% change
AUD/USD	0.7477	0.75711	+1.24%
USD/CHF	0.97825	0.98318	+0.50%
USD/JPY	100.771	100.526	-0.24%
NZD/USD	0.72281	0.73061	+1.07%



**UK** *“Along with healthy retail sales in May and April, and much improved industrial production overall in May/April, the trade data suggest that UK GDP growth could actually have improved in the second quarter despite the heightened uncertainty over the EU membership referendum and likely markedly weaker activity in June”. -IHS Global Insight*



	<b>Impact</b>
UK total trade deficit in goods and services widens	High

The UK's total trade deficit in goods and services widened in May to £2.3bn in May; however, was not as bad as the £3.6bn forecasts made by economists. The following tendency could be explained by deteriorating export versus the import, as the pound has depreciated. Meanwhile, exports dropped 4.4% on a monthly basis while imports slipped down 3.5%. Focusing on visible trade in goods, the Office for National Statistics calculated that the UK's trade deficit for May contracts and equaling to £9.88bn from the £10.53bn in April, better than the £10.70bn forecast. Moreover, for the three-month period March to May, exports advanced 3.2% compared to the three months to February, which was markedly above the 1.1% increase in imports in the same period.

In the meantime, sterling has continued to stabilise, but failed to make any notable gains after less than expected decline of 0.5% in industrial production, since many expected the fall to be in the region of 1%. Concerning politics, the race towards the next prime minister is now narrowed to the final two, namely current home secretary—Theresa May and energy secretary, Andrea Leadsome, who was a major campaigner to leave the EU. The decision will be made by the Conservative Party's 150,000 members.



FORECASTS		
1 MONTH	3 MONTHS	12 MONTH
	1.53	1.53
1.51	1.49	1.49
1.46	1.45	1.43
1.42		

Trends*	Q3 16	Q4 16	Q1 16
MAX	1.59	1.84	1.63
75% percentile	1.51	1.53	1.53
Median	1.46	1.49	1.49
25% percentile	1.42	1.45	1.43
MIN	1.35	1.23	1.23

\* the data is based on international banks' forecasts

	08.08 open price	08.08 close price	% change
GBP/USD	1.2905	1.29534	+0.37%
EUR/GBP	0.85701	0.85332	-0.43%
GBP/CAD	1.08209	1.08121	-0.08%
GBP/JPY	130.027	131.852	+1.20%





**“Looking ahead to the second half of the year, it’s pretty tough to see the job market making much significant headway — given the clouds that are surrounding the global outlook, whether it’s Brexit, or Italian banks or the upcoming U.S. federal election”.**

**-BMO Capital Markets**

**CAD**



	<b>Impact</b>
Canada lost 700 jobs in June; unemployment rate slipped to 6.8%	High

Canada's job market turned in another disappointing performance in June, taking into account absence of net new positions added and only one province showing any significant job growth. On Friday released data showed that Canada’s unemployment rate went down during the previous month while the underlying details of the jobs report offered a gloomy economic picture since fewer people searched for work amid a sharp shift to part-time positions. Canada lost a net 700 jobs in June while the national unemployment rate plunged to 6.8%, Statistics Canada said Friday. Moreover, expectations were for a gain of 5,000 jobs and a slight increase in the jobless rate, to 7.0% from 6.9%, according to economists at Royal Bank of Canada. Overall, the drop was largely provoked due to the fact that fewer people were looking for work as more and more baby boomers move into retirement. The participation rate, in turn, dropped last month to 65.5% from 65.7%.

Nevertheless, on a positive note, service sector jobs continued to expand in June. They rose by 45,500 net positions, showing the biggest increases in accommodation and food services as well as information and culture.














Trends*	Q3 16	Q4 16	Q1 16
MAX	1.40	1.45	1.50
75% percentile	1.35	1.34	1.35
Median	1.32	1.31	1.30
25% percentile	1.28	1.26	1.27
MIN	1.22	0.84	1.18

\* the data is based on international banks' forecasts

	08.08 open price	08.08 close price	% change
AUD/CAD	0.98646	0.98694	+0.05%
CAD/CHF	0.85704	0.85473	-0.23%
EUR/CAD	1.08209	1.08121	-0.08%
USD/CAD	130.437	130.516	+0.06%

## Major events of the previous week (July 4– 8)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
02:30 am		AUD	Building Approvals (MoM)	June	-5.2%	-3.6%	3.3%
09:30 am		GBP	Construction PMI	July	46.0	50.6	51.2
<b>TUESDAY</b>							
02:30 am		AUD	Trade Balance	July	-2.22B	-1.72B	-1.58B
09:30 am		GBP	Services PMI	July	52.3	53.1	53.5
<b>WEDNESDAY</b>							
01:30 pm		CAD	Trade Balance	July	-3.3B	-2.7B	-2.9B
03:00 pm		USD	ISM Non-Manufacturing PMI	July	56.5	53.5	52.9
<b>THURSDAY</b>							
09:30 am		GBP	Manufacturing Production (MoM)	July	-0.5%	-1.4%	2.3%
01:30 am		USD	Unemployment Claims	July	254K	272K	268K
<b>FRIDAY</b>							
09:30 am		GBP	Goods Trade Balance	July	-9.9B	-10.2B	-10.5B
01:30 pm		CAD	Unemployment Rate	July	6.8%	7.0%	6.9%
01:30 am		USD	Unemployment Rate	July	4.9%	4.8%	4.7%

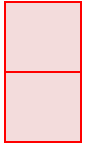
## EXPLANATIONS

### 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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