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RESEARCH PRODUCTS

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# Fundamental Analysis

## Major events this week (April 17 - 21)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
06:15 am		JPY	BOJ Gov Kuroda Speaks				
12:30 pm		USD	Empire State Manufacturing Index	April	5.2	15.2	16.4
<b>TUESDAY</b>							
01:30 am		AUD	Monetary Policy Meeting Minutes				
12:30 pm		USD	Building Permits	March	1.26M	1.25M	1.22M
Tentative		NZD	GDT Price Index		3.1%		1.6%
<b>WEDNESDAY</b>							
09:00 am		EUR	Final CPI y/y	March	1.5%	1.5%	1.5%
02:30 pm		USD	Crude Oil Inventories	Last week	-1.0M	-1.0M	-2.2M
<b>THURSDAY</b>							
10:45 am		NZD	CPI q/q	Q1 2017	1.0%	0.8%	0.4%
12:30 pm		USD	Philly Fed Manufacturing Index	March		25.6	32.8
04:30 pm		GBP	BOE Gov Carney Speaks				
<b>FRIDAY</b>							
08:00 am		EUR	Flash Services PMI	April		56.0	56.0
08:30 am		GBP	Retail Sales m/m	March		-0.3%	1.4%
12:30 pm		CAD	CPI m/m	March		0.4%	0.2%

## Key highlights of the week ended April 14

### Euro zone

The Mannheim-based ZEW Institute reported on Tuesday that its Economic Sentiment Index jumped to 19.5, the highest level since August 2015, from 12.8 points seen in March, while analysts anticipated a slight increase to 13.2. Despite Trump's latest border tax threats, the German car industry reported that it started the year with solid growth.

### United Kingdom

The Office for National Statistics reported on Tuesday consumer prices rose 2.3% on an annualised basis last month, while market analysts anticipated a 2.2% increase. The Office for National Statistics reported that wage growth adjusted for inflation climbed just 0.2% in the three-month period to February. Including bonuses, average hourly earnings advanced 2.3%, unchanged from the prior period, whereas analysts anticipated a 2.1% gain. Pay growth is closely followed by the Bank of England, as it is tied to consumer spending, which account for more than 60% of the UK economy.

### United States

The Federal Reserve Chair Janet Yellen suggested that the economy would continue developing at a modest pace. Thus, the Fed's main objective should be to sustain the achieved result, i.e. full employment, and stabilize inflation around 1.75%-2%. According to the Job Openings and Labor Turnover survey published by the Labour Department, job openings advanced 2.1% to a seasonally adjusted 5.7M during the reported period, following the preceding month's 5.6M and surpassing market analysts' expectations for a decrease to 5.59M. The Energy Information Administration reported on Wednesday that US crude stocks fell 2.2M barrels in the week ended April 7, following the preceding week's gain of 1.6M barrels. In the meantime, market analysts anticipated a slighter drop of 700,000 barrels during the reported period. US producer prices dropped unexpectedly last month due to the lower cost of services and energy products. The Labour Department reported on Thursday that its Producer Price Index dropped 0.1% in March, following the preceding month's gain of 0.3% and falling behind analysts' expectations for a 0.0% reading. That marked the first decline since August 2016. US consumer prices fell unexpectedly last month, marking the first decline in more than a year, official figures revealed on Friday. The Labour Department reported its CPI dropped 0.3% in March, following the preceding month's gain of 0.1%, while the so-called core CPI, which excludes volatile items, fell 0.1% in the reported month, following February's 0.2% increase.

### Canada

As markets expected, the Bank of Canada left its monetary policy unchanged at its meeting on Wednesday amid strong economic performance. The BoC Governor Stephen Poloz said that the Bank would maintain its neutral stance despite an upward revision to economic growth forecasts for this year. Canadian manufacturing sales dropped less than expected in February after rising for three straight months. Statistics Canada reported on Thursday that sales dropped 0.2% in the reported month, following January's downwardly revised gain of 0.1%. Meanwhile, market analysts anticipated a bigger fall of 0.4% in February.



*"...We have not yet seen sufficient evidence to materially alter our assessment of the inflation outlook – which remains conditional on a very substantial degree of monetary accommodation. Hence a reassessment of the current monetary policy stance is not warranted at this stage."*

**EUR**

- Mario Draghi, European Central Bank



	<b>Impact</b>
Euro zone inflation growth slows in March in line with forecasts	High

Consumer inflation in the Euro zone rose in line with analysts' expectations last month, official figures revealed on Wednesday. Eurostat reported that its Final Consumer Price Index came in at 1.5%, compared to the preceding month's gain of 2.0%. However, the March figure came in line with forecasts. Back in February, the headline inflation rate hit the European Central Bank's target, raising expectations of a major change in the Bank's monetary policy. Nevertheless, following the February release, the ECB President Mario Draghi noted that inflation was in large part boosted by rising oil prices, while core inflation growth remained subdued. Wednesday's data confirmed Mario Draghi's outlook and lowered the possibility of the ECB tightening its monetary policy. The Bank's QE programme is set to run until December. Policymakers turned their attention to the upcoming elections in France and the region's largest economy, Germany, which continued boosting uncertainty in the region. Therefore, analysts do not expect the ECB to act until the presidential race ends. The first round of the French presidential election will be held on April 23. Latest opinion polls showed that Emmanuel Macron and Marine le Pen would likely make it to the final round.



Trends*	Q1 17	Q2 17	Q3 17
MAX	1.19	1.18	1.22
75% percentile	1.07	1.08	1.10
Median	1.05	1.04	1.05
25% percentile	1.03	1.02	1.01
MIN	0.98	0.95	0.90

\* the data is based on international banks' forecasts

	19.04 open price	19.04 close price	% change
EUR/USD	1.0731	1.0711	-0.19%
EUR/GBP	0.8354	0.8383	0.35%
EUR/CHF	1.0689	1.0692	0.03%
EUR/JPY	116.33	116.60	0.23%



*"A build to gasoline inventories is tilted a little bearish, although a build of 2.5 million barrels on the Gulf Coast was in response to higher refining activity."*

- Matt Smith, ClipperData

**USD**



	<b>Impact</b>
US crude oil inventories post 1.0M-barrel drop last week	High

US crude oil inventories dropped last week, whereas gasoline stocks rose unexpectedly, the Energy Information Administration reported on Wednesday. According to the EIA, US crude stocks fell 1.0M barrels in the week ended April 14, following the preceding week's decline of 2.2M barrels and meeting market analysts' expectations. Nevertheless, gasoline inventories climbed 1.5M barrels, falling behind a 1.9M-barrel fall forecast. Unusually high gasoline stockpiles raised concerns and sent the gasoline price 0.6% lower to \$1.0701. The price of oil also dropped following the release. West Texas Intermediate futures fell to \$52.24 per barrel, whereas Brent futures slipped to \$54.75 per barrel. Refineries added 241,000 barrels per day in crude oil production, with the Gulf Coast contributing the most to the increase. Thus, the utilisation rate advanced 1.9% last week. Crude inventories at the Cushing, Oklahoma, dropped 778,000 barrels. Data also showed that distillate stockpiles that include heating oil and diesel decreased 2M barrels, compared to a 1M-barrel decline forecast. The EIA highlighted that distillate inventories hit their lowest levels since November 2015. Yesterday, the OPEC reported that it would meet with non-OPEC countries at its next conference on May 25 to discuss further oil production cuts.



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

	19.04 open price	19.04 close price	% change
AUD/USD	0.7560	0.7497	-0.84%
USD/CHF	0.9963	0.9983	0.20%
USD/JPY	108.43	108.87	0.40%
NZD/USD	0.7044	0.7003	-0.59%




*“The core reading is still low and the trimmed mean is creeping back into the target band but it's still on the lower end. Inflation is still pretty soft by historical standards. For us, the RBNZ will probably just remain on the sidelines from here.”*

**NZD**


- Tom Kennedy, JP Morgan



	<b>Impact</b>
New Zealand inflation rises at stronger than expect rate in Q1 of 2017	High

Inflation growth in New Zealand hit its five-year high in the three-month period to March, surprising markets. Statistics New Zealand reported on Thursday that inflation rose at an annualised 2.2% rate in the Q1 of 2017, the highest level in five years. Thus, the inflation rate hit the mid-point of the Reserve Bank of New Zealand’s inflationary target range of 1-3% for the first time in more than a year. On a quarterly basis, the Consumer Price Index climbed 1% in the March quarter, while market analysts anticipated a slighter increase of 0.8%. Therefore, annual inflation growth surpassed analysts’ expectations for a 2.0% rise. Following the release, the New Zealand Dollar rose from 0.7000 to 0.7042 against its US counterpart. The Q1 inflation acceleration was in large part driven by higher oil and food prices and a tax hike on alcohol and tobacco. The housing market also provided a significant boost to inflation in the reported quarter. Nevertheless, New Zealand’s Central bank is unlikely to change its monetary policy despite stronger-than-expected inflation data. The Bank’s interest rates are also expected to remain unchanged at record lows of 1.75%. Excluding volatile items, such as petrol, alcohol and cigarettes, annual inflation climbed just 1.5% but remained within the Bank’s target range.














 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

	19.04 open price	19.04 close price	% change
AUD/NZD	1.0734	1.0705	-0.27%
EUR/NZD	1.5238	1.5296	0.38%
GBP/NZD	1.8232	1.8245	0.07%
NZD/USD	0.7044	0.7003	-0.59%

## Major events previous week (April 10 - 14)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
08:10 pm		USD	Fed Chair Yellen Speaks				
<b>TUESDAY</b>							
08:30 am		GBP	CPI y/y	March	2.3%	2.2%	2.3%
09:00 am		EUR	German ZEW Economic Sentiment	April	19.5	13.2	12.8
02:00 pm		USD	JOLTS Job Openings	February	5.74M	5.59M	5.63M
<b>WEDNESDAY</b>							
08:30 am		GBP	Average Earnings Index 3m/y	February	2.3%	2.1%	2.3%
02:00 pm		CAD	Overnight Rate		0.50%	0.50%	0.50%
02:30 pm		USD	Crude Oil Inventories	Last week	-2.2M	-0.7M	1.6M
<b>THURSDAY</b>							
01:30 am		AUD	Employment Change	March	60.9K	20.3K	2.8K
12:30 pm		CAD	Manufacturing Sales m/m	February	-0.2%	-0.4%	0.1%
12:30 pm		USD	PPI m/m	March	-0.1%	0.0%	0.3%
<b>FRIDAY</b>							
12:30 pm		USD	CPI m/m	March	-0.3%	0.0%	0.1%

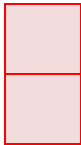
# EXPLANATIONS

### 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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