















DUKASCOPY
RESEARCH PRODUCTS

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Fundamental Analysis

Major events this week (June 27– July 1)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
06:00 am		EUR	German Retail Sales (MoM)	June			-0.9%
1:30 pm		USD	Goods Trade Balance	May			-57.5B
TUESDAY							
1:30 pm		USD	Final GDP				0.8%
WEDNESDAY							
23:50 pm		JPY	Retail Trade (MoM)	May			0%
All day		EUR	German Prelim CPI (MoM)				
1:30 pm		USD	Personal Spending (MoM)	June			1.0%
THURSDAY							
9:30 am		GBP	Final GDP	Quarter			0.4%
1:30 pm		CAD	GDP (MoM)	June			-0.2%
1:30 pm		USD	Unemployment Claims	June			
FRIDAY							
02:00 am		CNY	Manufacturing PMI	June			50.1
09:30 am		EUR	Manufacturing PMI	June			50.1
3:00 pm		USD	ISM Manufacturing PMI	June			51.3

Key highlights of the week ended June 24

Euro zone

Eurozone's manufacturing sector bounced surprisingly in June on slight support from the global economy, but the counter political uncertainty in the entire euro area has sparked more of a disappointment, driving down overall business growth in the economy. Market flash manufacturing Purchasing Managers' Index PMI rose to 52.6 in June, from 51.5 in May and well above market anticipation of 51.3. However, the Markit Composite PMI index, which combines the manufacturing and services sectors, edged lower to 52.8 from 53.1 in May. This is the worst reading since January 2015. The consensus analyst estimate was 53.1.

US

On the second day of the Federal Reserve Governor's testimony on Wednesday, Janet Yellen stated that a number of risks for the US economy is still present, thus, the Fed is taking a cautious approach to the monetary policy and the interest rate hike this year in general. One of the mentioned risks was the remaining weakness in the labour market, with the bullish trend continuing to slow down, justifying the Fed's decision to postpone June's interest rate hike. Among other reasons mentioned, Janet Yellen said that business investment was low and the energy sector suffered from low oil prices for years. Nevertheless, the long-term expectations for the US economy remain advantageous, despite some arisen factors providing difficulties. Furthermore, the possible interest rate hike in July is now expected to be delayed by most economists, with the next probability shifting to September.

UK

The Bank of England issued a fresh warning that uncertainty about the EU referendum next week threatens knocking Britain's economic growth, pushing the Pound dramatically lower, as well as presents the "largest immediate risk" for global financial markets. If Britons were to opt for exiting the world's largest trading bloc, the adverse effect could severely hamper the global economy, the BoE rate setters said. The officials again reiterated that Brexit could lead to inflation, which would increase largely on the back of a dramatic depreciation of the British currency, while the economic growth and labour market would suffer a blow from falling investments. The Pound has already dropped in the run-up to the vote as opinion polls have shown a lead for the leave vote. However, the central bank said it had contingency measures in place to deal with any fall-out from the referendum result, including the offer of more support to banks and partnerships with other central banks to keep financial stability.




“While the pace of decline has moderated...orders growth remains negative, suggesting continued weakness in business investment”.

- BNP Paribas

USD




 NEWS	Impact
Durable goods orders sink 2.2% in the previous month	High

On Friday the US Durable and Core Durable Goods Orders were released, both failing to meet expectations. The Durable Goods Orders dropped 2.2% in May, while the forecast stood at a 0.5% decline. At the same time, the April's reading was revised down from 3.4% to 3.3%, contributing to the negative effect the actual weak reading had. Furthermore, the Core data, which excludes the transportation sector, also disappointed, having edged lower from 0.5% to -0.3%, compared to the 0.1% forecast. Nevertheless, the main reason of the depressing results was exactly the transportation sector, as it plummeted 5.6% during the previous month. As a result, weakness in these factory orders justify Janet Yellen's concerns of possible economic threats the US might be facing. She stated on her testimony earlier that week that not only falling oil prices, but also weak business investments are an issue for the US economy.

Moreover, due to the relatively poor reading of the US Manufacturing PMI last Thursday, which showed that demand for manufacturing and drilling equipment was lower, the factory orders are unlikely to post significantly better numbers in the next few months. On top of that oil prices plunged even further, amid UK leaving the European Union, creating only more problems not only for the US, but for the global economy overall.



 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

	24.06 open price	24.06 close price	% change
AUD/USD	0.7432	0.7423	+0.06%
USD/CHF	0.9722	0.9734	+0.02%
USD/JPY	101.99	101.79	-0.36%
NZD/USD	0.7086	0.7134	+0.17%




“The German economy remains buoyant. Satisfaction levels with the current business situation were only slightly higher, but the short-term business outlook improved significantly”.

- Ifo Institute

EUR




	Impact
‘Brexit’ fails to drag Ifo German Business Sentiment down	High

According to the Ifo Institute of Economic Research, German business sentiment improved in June, despite all the turmoil caused by the EU referendum in UK. Economists were expecting the reading to disappoint, falling from 107.70 to 107.50, while the actual result was 108.7 points. The German Business Climate is calculated by a number of surveys from different firms and companies in a handful of sectors, such as construction, wholesales, manufacturing, retailing, services, which altogether provide insight on the German economy. The given release is important, as it tends to also provide a preliminary forecast for future economic activity and the economic conditions in the Eurozone overall. Furthermore, the survey consists of approximately seven thousand businesses, which are asked to assess the economic outlook for the upcoming six months. One of the Ifo’s sub survey’s showed that the economic conditions in Germany inched higher to 114.5 points in June, compared to the previous figure of 114.2 points. At the same time, the future prospects index was also calculated, showing a 103.1 point reading in the same month, slightly stronger than the previous number of 101.7 points, still in spite of the turbulence caused by the ‘Brexit’ poll results. Other forecasts, however, suggest the situation is only going to worsen, as the ‘Brexit’ is likely to have a domino effect, causing other ‘ships’ to sink as well.














FORECASTS		
1 MONTH	3 MONTHS	12 MONTHS
	130	130
128		126
124	125	
123		
	122	122

 Trends*	Q3 16	Q4 16	Q1 16
MAX	136	149	144
75% percentile	128	130	130
Median	124	125	126
25% percentile	123	122	122
MIN	106	103	97

* the data is based on international banks' forecasts

	24.06 open price	24.06 close price	% change
EUR/USD	1.1118	1.1043	+0.01%
EUR/GBP	0.8262	0.8228	+0.23%
EUR/CHF	1.0811	1.0749	+0.03%
EUR/JPY	112.65	112.40	-0.35%

Major events of the previous week (June 20-24)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
06:00 am		EUR	German Producer Price Index (MoM)	May	0.4%	0.4%	0.1%
TUESDAY							
1:30 am		AUD	Monetary Policy Meeting Minutes				
10:00 am		EUR	German ZEW Economic Sentiment	June	19.2	5.1	6.4
3:00 pm		USD	Fed Chair Yellen Testifies				
WEDNESDAY							
1:30 pm		CAD	Core Retail Sales (MoM)	May	1.3%	0.7%	-0.3%
3:30 pm		USD	Crude Oil Inventories	June	-0.9M	-1.3M	-0.9M
THURSDAY							
24 h		GBP	EU Referendum				
08:00 am		EUR	Markit Manufacturing PMI	June	52.6	51.5	51.5
13:45 pm		USD	Markit Manufacturing PMI	June	51.4	50.8	50.7
FRIDAY							
09:00 pm		EUR	German IFO Business Climate	June	108.7	107.6	107.7
13:30 pm		USD	Core Durable Goods Orders (MoM)	May	-0.3%	0.0%	0.4%

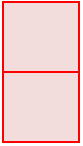
EXPLANATIONS

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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