


















DUKASCOPY
RESEARCH PRODUCTS

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Fundamental Analysis

Major events this week (August 1-5)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
1:00 am		CNY	Manufacturing PMI	July	49.9	50.1	50.0
8:30 am		GBP	Manufacturing PMI	July	48.2	49.1	49.1
2:00 pm		USD	ISM Manufacturing PMI	July	52.6	53.1	53.2
TUESDAY							
1:30 am		AUD	Trade Balance	July	-3.20B	-2.00B	-2.22B
8:30 am		GBP	Construction PMI	July	45.9	44.2	46.0
WEDNESDAY							
1:45 am		CNY	Caixin Services PMI	July	51.7	52.9	52.7
8:30 am		GBP	Services PMI	July		47.4	47.4
12:15 pm		USD	ADP Non-Farm Employment Change	July		171K	172K
2:00 pm		USD	ISM Non-Manufacturing PMI	June		56.0	56.5
2:30 pm		USD	Crude Oil Inventories	July			1.7M
THURSDAY							
1:30 am		AUD	Retail Sales m/m	July		0.3%	0.2%
11:00 am		GBP	Official Bank Rate	July		0.25%	0.50%
12:30 pm		USD	Unemployment Claims	July		265K	266K
FRIDAY							
1:30 am		AUD	RBA Monetary Policy Statement	July			
12:30 pm		CAD	Unemployment Rate	July		6.9%	6.8%

Key highlights of the week ended July 30

Euro zone

As markets expected, the European Central Bank (ECB) kept its key interest rates on hold on Thursday, but signaled that it is prepared to add more monetary stimulus later in the year. The main refinancing rate was left at 0%, whereas the ECB interest rates on the deposit facility and the marginal lending facility remained unchanged at -0.40% and 0.25%, respectively. The central bank slashed its deposit rate deeper into negative territory in March. In a news conference, Mr. Draghi said the Brexit vote had added to "headwinds" for the Euro zone economy, that include broader geopolitical uncertainty. Mario Draghi, President of the European Central Bank, also confirmed that the monthly asset purchases of 80 billion euros may run beyond the current deadline of March 2017, if necessary. Furthermore, the central bank's President highlighted that the governing council may provide more stimulus at its next meeting in September, as new post-Brexit forecasts for economic growth and inflation will be available by that time. Meanwhile, analysts polled by Reuters slashed their growth forecast for the Euro zone to 1.3% from 1.6%, but left inflation projections unchanged at 1.3%.

Canada

Canada's annual inflation rate remained intact in June, suggesting that the recent uptick in Canada's currency, tied to a rise in crude-oil prices, is now having the reverse effect. According to the report from Statistics Canada, June consumer price inflation CPI rose 0.2% from the previous month, below the 0.1% increase expected and below May's 0.4% rise. Year-on-year, core CPI advanced 2.1%, above forecasts for a 2.0% rise and compared to May's reading of 2.1%.

US

The number of people filing for unemployment benefits in the United States last week rose more than expected, fresh figures from the Department of Labor revealed on Thursday. Initial jobless claims grew by 14,000 to 266,000 in the week ended July 23, compared to the previous week's revised figure of 252,000, while market analysts expected jobless claims to rise by 9,000 to 261,000 in the reported week. Nevertheless, the less volatile and closely watched four-week moving average fell 1,000 to 256,500 in the preceding week, the lowest level since April. Furthermore, this week marked the 73rd consecutive week of initial jobless claims remaining below the 300,000 level, the longest streak since 1973. Meanwhile, the number of people continuing to receive unemployment aid increased by 7,000 to 2.14 million in the week ended July 16, whereas the four-week average of continuing jobless claims dropped to the lowest level since November 2000.

UK

More bad news for a post-Brexit Britain came as the July's flash manufacturing PMI figure fell dramatically against the June figure and missed expectations. This was one of the first PMI readings to have responses taken after the UK voted to leave the European Union on June 23. Markit's Purchasing Managers' Index in manufacturing fell to 49.1 points during the seventh month of the year, down from the 52.1 in June, when it had rebounded from its second-lowest level in the past 15 months and booked a fresh five-month top. Market consensus had been for a 50-point print in July.




“Some sort of action (from the BoE) seems to be entirely warranted. The (PMIs are) quite important, actually one of the first bits of hard information that things have started to turn down as opposed to more general optimism-type measures”.

GBP

-Charlie Bean, Bank of England




	Impact
UK construction PMI went down after Brexit vote	High

Britain's construction PMI index faced its steepest downturn in seven years in July, suggesting that output in the construction industry dropped considerably, since the economy is at risk of recession after June's Brexit vote. According to the PMI survey, the Markit purchasing managers' index for the sector slipped to 45.9 during the last month, down slightly from June's reading and below 50, which indicates contraction. Economists, in turn had expected the index to reach around 43.8 mark in July. This report follows Monday's survey which released a sharp downturn in factory activity. Today, or on Wednesday, the PMI survey for the services industry will be also published. However, there were also some positive points such as the fact that the negative numbers in construction output was little-changed from June's seven-year low. Moreover some reports showed that demand patterns had been more resilient than forecasted despite the gloomy business outlook.

Immediately after the release of the report, Pound strengthened notably. The GBP/USD was trading at 1.3215 from around 1.3197 ahead of the release of the data.



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

	02.08 open price	02.08 close price	% change
GBP/USD	1.3174	1.33533	+1.34%
EUR/GBP	0.84697	0.84023	-0.80%
GBP/CAD	1.09378	1.09262	-0.11%
GBP/JPY	134.885	134.719	-0.12%



“With the inflation numbers so low and the risk that if they didn't cut that the Aussie dollar would have been 76-77 (U.S. cents) by now, they felt they probably had to act”.

AUD -Shane Oliver, AMP Capital Investors




	Impact
Australia cuts rates to historic lows	High

The Reserve Bank of Australia cut its interest rate by 25 basis points to an all-time low of 1.50% on Tuesday, amid signs of slowing economy. This is the second easing during this year which is supposed to defend the economy from creeping deflation as well as restrain a too-strong Aussie. Meanwhile, the following decision was widely expected by economists, with 36 out of 47 analysts surveyed by Reuters predicted a rate cut. However, according to the RBA statement, the recent increase of the Australian dollar could "complicate" efforts to adjust the economy. Moreover, the country is trying to readjust the focus from commodity products which play important role in the country's export, since commodities suffered heavily from declining prices and low demand.

In the meantime, the Australian dollar plunged as much as \$0.7495 due to the stated above decision, compared with \$0.7544 just before the RBA released its statement. Nevertheless, it managed to recover quickly trading around \$0.7545. Concerning economic data, building approvals slipped 2.9% on a monthly basis. In addition, Australia's trade deficit equals \$2.4 billion, following figure is much wider than analysts' expectations. Moreover, the exports went down 1% in June from May, while the value of imports, reached 2.0%.


















 Trends*	Q3 16	Q4 16	Q1 16
MAX	0.81	0.83	0.80
75% percentile	0.73	0.74	0.75
Median	0.72	0.72	0.72
25% percentile	0.70	0.70	0.70
MIN	0.65	0.62	0.58

* the data is based on international banks' forecasts

	02.08 open price	02.08 close price	% change
AUD/JPY	77.146	76.748	-0.52%
AUD/USD	0.75354	0.76072	+0.94%
EUR/AUD	1.48025	1.46841	-0.45%
GBP/AUD	0.72055	0.71719	-0.47%

Major events of the previous week (July 25-29)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
8:00 pm		EUR	German Ifo Business Climate	July	108.3	107.7	108.7
10:45 pm		NZD	Trade Balance	July	127M	128M	358M
TUESDAY							
2:00 pm		USD	CB Consumer Confidence	July	97.3	95.6	98.0
2:00 pm		USD	New Home Sales	June	592K	560K	551K
WEDNESDAY							
1:30 am		AUD	CPI	July	0.4%	0.4%	-0.2%
8:00 am		EUR	M3 Money Supply	July	5.0%	5.0%	4.9%
8:30 pm		GBP	Prelim GDP	July	0.6%	0.5%	0.4%
12:30 pm		USD	Core Durable Good Orders	June	-0.5%	0.3%	-0.3%
2:30 pm		USD	Crude Oil Inventories	July 22	1.7M	-2.1M	2.3M
6:00 pm		USD	Federal Funds rate		<0.50%	<0.50%	<0.50%
THURSDAY							
All Day		EUR	German Prelim CPI	July	0.3%	0.2%	0.1%
12:30 pm		USD	Unemployment Claims	July	266K	261K	253K
11:50 pm		JPY	Retail Sales	July		-1.2%	-2.1%
FRIDAY							
08:00 am		JPY	Monetary Policy Meeting	July			
01:30 pm		CAD	GDP	July	-0.6%	-0.5%	0.1%

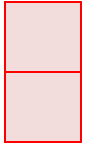
EXPLANATIONS

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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