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RESEARCH PRODUCTS

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# Fundamental Analysis

## Major events this week (November 28 - December 5)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
14:00 pm		EUR	ECB President Draghi Speech				
23:50 pm		JPY	Retail Trade (YoY)	October	-0.1%	-1.2%	-1.9%
<b>TUESDAY</b>							
13:30 pm		USD	Prelim Gross Domestic Product	Quarter	3.2%	3.0%	2.9%
23:50 pm		JPY	Industrial Production (MoM)	October	0.1%	0.6%	0.2%
<b>WEDNESDAY</b>							
07:00 am		GBP	Bank Stress Test Results				
10:00 am		EUR	Consumer Price Index (YoY)	November	0.6%	0.6%	0.5%
13:15 pm		USD	ADP Non-Farm Employment Change	November	216K	165K	147K
13:30 pm		CAD	Gross Domestic Product	September	0.3%	0.1%	0.2%
<b>THURSDAY</b>							
09:30 am		GBP	Manufacturing PMI	November	53.4		54.3
15:30 pm		USD	Unemployment Claims	November	268K	253K	251K
<b>FRIDAY</b>							
12:30 am		AUD	Retail Sales (MoM)	October			0.6%
09:30 am		GBP	Construction PMI	November			52.6
13:30 pm		CAD	Employment Change	October			43.9K
13:30 pm		USD	Unemployment Rate	November			4.9%

## Key highlights of the week ended November 25

### Canada

Canadian retail sales advanced in September, amid higher auto sales, official data showed on Tuesday. According to Statistics Canada, sales climbed 0.6% to a seasonally adjusted C\$44.38 billion (\$33.08 billion) in the reported month, following August's upwardly revised gain of 0.1%. Furthermore, sales increased 0.6% in volume terms and 2.5% year-over-year. However, even though retail sales increased markedly in September, the figure came in below analysts' expectations for an increase of 0.7%. The September growth was mainly driven by a 2.4% sales rise posted by the motor vehicle and parts dealers subsector. Moreover, a new measure revealed e-commerce accounted for 2.1% of total sales in September on a seasonally adjusted basis, after advancing 2.0% in the previous month. Core retail sales, which exclude sales of automobiles, came in at 0.0%, whereas the prior month's number was revised up to 0.2% from the originally reported reading of 0.0%. Economists anticipated a rise to 0.6% during September.

### US

New orders for US manufactured durable goods rose markedly last month, driven by higher demand for machinery and other equipment, official figures revealed on Wednesday. Overall, new orders for capital goods jumped 4.8% in October, according to the US Department of Commerce. Meanwhile, market analysts anticipated a slight acceleration to 1.2%. The September figure was revised down from -0.1% to -0.3%. Demand for transportation equipment jumped 12% during the reported month, the largest gain since October 2015. Back in September, new orders for transportation equipment climbed 0.4%. Excluding orders tied to transportation, core durable goods orders increased 1.0%, following September's downwardly revised gain of 0.1% and surpassing the 0.2% rise market forecast. The US economy is set to expand at a 3.6% annual pace in the Q3, after growing 2.9% in the previous quarter.

### EU

German business sentiment remained unchanged in November, a private survey revealed on Thursday. The Munich-based Ifo economic institute reported on Thursday that its Business Climate Index came in at 110.4 in the reported month, while September's reading was unchanged at 110.4 in November, after the preceding month's reading was revised down to 110.4 from 110.5. Market analysts anticipated a slight increase to 110.6 points. The November figure suggests that executives remain positive about the country's economic growth, despite the uncertainties hanging over Brexit negotiations and Donald Trump's presidency. Back in October, the Index hit its highest level in more than two and a half years. In the meantime, the Current Assessment Index jumped to 115.6 in November from 115.1 points registered in the prior month, surpassing the 115.0 market forecast.



*“Scratching beneath the surface of the data shows that rising consumer demand and business-to-business spending is helping manufacturing to grow at a robust clip”.*

**GBP** - Rob Dobson, IHS Markit



	<b>Impact</b>
UK manufacturing PMI falls to 53.4 but shows relatively confident sector ahead of leaving EU	High

Confidence in the UK’s manufacturing sector posted a surprise fall in November, as the weak pound exerted pressure on manufacturers buying materials from abroad. The manufacturing purchasing managers’ index fell to 53.4, down 0.8 points since last month, although rates of expansion are still "solid", according to survey compiler IHS Markit. This was the second month of decline in confidence in UK manufacturing, although PMI remained well above the neutral 50 point, indicating that sentiment is still broadly positive.

UK manufacturing PMI dipped below 50 in July as panic over the implications of the vote to leave the European Union took hold, but confidence quickly recovered to pre-referendum levels. However, the one definite effect of the Brexit vote has been the fall in the value of the pound. The recent fall in the Pound has boosted exports, while import prices are seen creeping higher and may in time offset the positive effect of a weaker currency, especially given that export order book growth has already waned markedly from September’s five-and-a-half year high.



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

	01.12 open price	01.12 close price	% change
GBP/USD	1.25064	1.25903	-0.59%
EUR/GBP	0.84659	0.84677	+0.02%
GBP/CAD	1.68013	1.67675	-0.20%
GBP/JPY	143.116	143.563	+0.31%



*“With mortgage rates expected to rise into next year and put added strain on affordability, sales expansion will be contingent on more inventory coming onto the market and continued job gains”.*

**USD** - Lawrence Yun , NAR



	<b>Impact</b>
U.S. Jobless Claims Rose to highest level in 5 months	High

The number of Americans filing for first-time unemployment benefits rose last week to the highest level since the summer, but the trend remained still consistent with a healthy signs of the US job market. According to the report, initial jobless claims rose to 268,000, showing an increase of 17,000 from the previous week's unrevised level of 251,000. Meanwhile, economists had expected jobless claims to reach 253,000 level. The following increase was much bigger than expected, thus jobless claims reached their highest level since hitting 270,000 in the week ended June 25th. Claims have been below 300,000 since early 2015, showing the longest such streak since 1970. Employers' reluctance to part with workers is one sign of a tight labor market.

In the meantime, US manufacturing was stronger than expected in November, since the strong greenback remains a headache for producers in the sector. According to the Institute of Supply Management and Markit Economics, the ISM PMI went up to 53.2 in November (52.5 expected.) Regional data received over the past month suggested improvement in the sector and had pointed to a strong national reading.



FORECASTS		
1 MONTH	3 MONTHS	12 MONTH
		109
	107	
106 105	105	105
102		
	100	100

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

	01.12 open price	01.12 close price	% change
AUD/USD	0.73837	0.7414	+0.41%
USD/CHF	1.01708	1.01027	-0.67%
USD/JPY	114.451	114.067	-0.34%
NZD/USD	0.70824	0.70886	+0.09%

## Major events previous week (November 21-25)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
13:30 pm		CAD	Wholesale Sales (MoM)	November	-1.2%	0.3%	0.8%
16:00 pm		EUR	ECB President Draghi Speech				
<b>TUESDAY</b>							
Tentative		NZD	Retail Sales	Quarter		0.8%	0.6%
13:30 pm		CAD	Core Retail Sales (MoM)	October	0.0%	0.6%	0.2%
<b>WEDNESDAY</b>							
15:30 pm		USD	Core Durable Goods Orders (MoM)	November	1.0%	0.2%	0.1%
<b>THURSDAY</b>							
09:00 am		EUR	German IFO Business Climate	November	110.4	110.6	110.4
11:30 pm		JPY	Tokyo Core CPI (YoY)	November	-0.4%		-0.4%
<b>FRIDAY</b>							
13:30 pm		GBP	Gross Domestic Product Q3	Quarter	0.5%	0.5%	0.5%

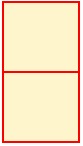
## EXPLANATIONS

### 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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