















DUKASCOPY
RESEARCH PRODUCTS

08/12/2016



Fundamental Analysis

Major events this week (December 5 - 9)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
09:00 am		EUR	Final Services PMI	November	53.8	54.1	54.1
09:30 am		GBP	Services PMI	November	55.2	54.2	54.5
03:00 pm		USD	ISM Non-Manufacturing PMI	November	57.2	55.3	54.8
TUESDAY							
03:30 am		AUD	RBA Interest Rate Decision		1.5%	1.5%	1.5%
10:00 am		EUR	Gross Domestic Product	Quarter	0.3%	0.3%	0.3%
13:30 pm		CAD	Trade Balance	October	-1.13B		-4.1B
WEDNESDAY							
09:30 am		GBP	Manufacturing Production		-0.9%	0.5%	0.6%
15:00 pm		CAD	BoC Rate Statement				
15:30 pm		USD	Crude Oil Inventories		-2.4M	-1.4M	-0.9M
THURSDAY							
13:30 pm		EUR	ECB Press Conference				
13:30 pm		USD	Unemployment Claims				268K
FRIDAY							
15:00 pm		USD	Prelim UoM Consumer Sentiment				93.8

Key highlights of the week ended December 2

Canada

Canada posted its strongest economic growth in more than 2 years in the third quarter, since a rebound in energy exports helped the economy to rebound strongly from a deep second-quarter contraction, which saw the economy recoil by a revised 1.3%. Meanwhile, the healthy rebound followed a second-quarter decline largely caused by oil-production shutdowns caused by Alberta wildfires and scheduled maintenance at oil sands facilities. Real gross domestic product advanced 0.9% in the third quarter, following a 0.3% decline in the second quarter. Growth in final domestic demand slipped to 0.2%. In the meantime, exports rose 2.2%, making up some ground lost in the second quarter (-3.9%). Growth was driven by a 6.1% increase in the energy sector, following a 5.1% drop in the second quarter as a result of the Fort McMurray wildfires. Exports of goods jumped 2.3%, while services advanced 1%.

US

The number of homes that went under contract inched higher in October, a sign the housing market could be plateauing in the final months of the year. The National Association of Realtors reported that its pending home sales index, which tracks contract signings for previously owned homes, edged up 0.1% from a downwardly revised September reading to a seasonally adjusted 110.0. Sales typically close within a month or two of signing. It is essential to note that while demand for housing is high, supply still continues to weaken across much of the nation and is well below 2015 levels. While homebuilders ramped up production in October, overall construction is still well below historical norms. Builders cite the high costs of land, labor and regulation as barriers to increased volume.

EU

Corporate lending in the Euro zone advanced at the fastest pace since June 2011 in October, while the total amount of currency in circulation fell, official figures showed on Monday. According to the European Central Bank, lending to firms rose 2.1% on a monthly basis in October, the fastest pace in more than five years, following the preceding month's gain of 2.0%. Lending to households climbed 1.8% on an annual basis in the same month, unchanged from the September reading, whereas market analysts anticipated a slight increase to 1.9%. A measure of the money supply in the region, known as M3, grew 4.4% year-over-year in October, down from the prior month's 5.1% and below the 5.0% increase market forecast. The Central bank's policymakers are widely expected to extend their quantitative easing program by six months at their next meeting on December 8. According to the OECD's latest forecasts published on Monday, the Euro zone is set to grow 1.7% in 2016 and 1.6% in 2017, both figures were revised up from the September estimates despite the post-Brexit uncertainties. Moreover, later on the same day, Mario Draghi said in his speech to the European Parliament that the economy managed to overcome major challenges caused by Britain's decision to leave the European Union.



“The UK manufacturing data came much weaker than expectations and this presents a major threat for the economy”.

- Naeem Aslam, Think Markets

GBP



	Impact
British industrial production drops sharply in October	High

British industrial production posted the biggest monthly fall in more than four years in October after the temporary shutdown of the UK’s largest oilfield. According to the Office for National Statistics, industrial output declined 1.3% in the reported month, following September’s drop of 0.4% and falling behind the 0.2% rise market forecast. That was the largest decline since September 2012, when the Buzzard oilfield, the biggest in the UK North Sea, was also closed for lengthy maintenance. On a yearly basis, industrial production decreased 1.1% in October, the largest contraction since August 2013. In the meantime, the country’s manufacturing output declined 0.9% on a monthly basis over the period after rising 0.6% in September, while markets anticipated a slight decrease to 0.2%. Nevertheless, the UK economy has so far performed better than expected since the Brexit vote. According to the Bank of England’s latest forecasts, the economy is set to expand 1.4% in 2017, compared to a 2.2% growth registered in 2016. Moreover, the Central bank forecasts a threefold increase in inflation next year. Currently, the UK inflation rate is 0.9%. After the release, the GBP/USD pair was seen trading below \$1.2600, while the EUR/GBP pair rose above 0.8500.



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

	07.12 open price	07.12 close price	% change
GBP/USD	1.26785	1.26232	-0.44%
EUR/GBP	0.84513	0.85161	+0.76%
GBP/CAD	1.6831	1.67047	-0.76%
GBP/JPY	144.535	143.565	-0.68%




“(Crude inventories saw a) solid drop, despite a rebound in imports, as refining activity increased”.

- Matt Smith, Clipper Data

USD

















	Impact
US job openings remain relatively unchanged in October; Crude oil inventories post 2.4M barrel drop last week	High

The number of job openings was little changed in October, official figures revealed on Wednesday. According to the Bureau of Labor Statistics' JOLTS survey, employers advertised 5.53 million openings, a rate of 3.7%, in the reported month, in line with analysts' expectations. Meanwhile, the September figure was revised up to 5.63 million from the originally reported 5.49 million openings. Hiring dropped to 5.1 million, whereas the number of separations decreased to 3 million. However, the data suggest that hiring is unlikely to rise in the upcoming months. The biggest declined in job openings occurred in professional and business services, which includes accountants and engineers as well as temp workers. The number of job vacancies advanced 2% over the past year, while hiring decreased 2.2%, suggesting that employers face difficulties in finding skilled workers. The following gap and low unemployment rate may force businesses to raise pay to attract workers. Other data released on the same day by the EIA showed crude oil inventories fell 2.4 million barrels in the week ending December 2, whereas analysts expected a fall of 1.4 million barrels, following the preceding week's declined of 0.9 million. After the release, WTI futures fell 1.4% to \$50.20, while Brent crude declined 1% to \$53.38.



Major events previous week (November 28 - December 5)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
14:00 pm		EUR	ECB President Draghi Speech				
23:50 pm		JPY	Retail Trade (YoY)	October	-0.1%	-1.2%	-1.9%
TUESDAY							
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%
WEDNESDAY							
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%
THURSDAY							
09:30 am		GBP	Manufacturing PMI	November	53.4		54.3
15:30 pm		USD	Unemployment Claims	November	268K	253K	251K
FRIDAY							
12:30 am		AUD	Retail Sales (MoM)	October	0.5%	0.3%	0.6%
09:30 am		GBP	Construction PMI	November	52.8	52.3	52.6
13:30 pm		CAD	Employment Change	October	10.7K		43.9K
13:30 pm		USD	Unemployment Rate	November	4.6%		4.9%

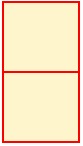
EXPLANATIONS

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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