













DUKASCOPY
RESEARCH PRODUCTS

09/01/2017



Fundamental Analysis

Major events this week (January 2 - 6)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
08:30 am		GBP	Halifax HPI m/m	December			0.2%
03:30 pm		CAD	BOC Business Outlook Survey				
TUESDAY							
01:30 pm		CAD	Building Permits m/m	November		2.4%	8.7%
03:00 pm		USD	JOLTS Job Openings	December		5.59M	5.53M
WEDNESDAY							
09:30 am		GBP	Manufacturing Production m/m	December		0.6%	-0.9%
03:30 pm		USD	Crude Oil Inventories	Last week			-7.1M
THURSDAY							
01:30 pm		CAD	NHPI m/m	November		0.3%	0.4%
01:30 pm		USD	Unemployment Claims	Last week		265K	235K
FRIDAY							
09:30 am		GBP	BOE Credit Conditions Survey				10.7K
01:30 pm		USD	Retail Sales m/m	December		0.5%	0.1%

Key highlights of the week ended December 30

European Union

Manufacturing activity in the Euro zone rose markedly in the last month of 2016, a private survey showed on Monday. IHS Markit reported its final Purchasing Managers' Index for the region's manufacturing sector advanced to 54.9 points in December, unchanged from the preliminary reading and up from November's 53.7. Moreover, consumer prices increased rapidly in the Euro zone last month, official figures revealed on Wednesday. According to Eurostat, the Consumer Price Index came in at 1.1% year-over-year in December, after rising 0.6% in the preceding month. This was the strongest rate since 2013 and the first time the index remained above 1.0% for over 36 months. The Core CPI, which kept the overall inflation rate lower in 2016, advanced from 0.8% to 0.9% and topped economists' expectations for an unchanged reading.

US

Growth in the US economy's manufacturing sector improved more than expected last month, official figures revealed on Tuesday. The Institute of Supply Management reported its Purchasing Managers' Index advanced to 54.7 in December, surpassing analysts' expectations for 53.7 points. Meanwhile, the number of Americans filing for first-time unemployment benefits declined to a eight-week low, official figures revealed on Thursday. However, the following drop in claims was almost certainly exaggerated due to the Christmas holiday. According to the US Department of Labor, national jobless claims declined 28,000, to 235,000, during the week ending December 30, reaching their lowest level since the middle of November. Even though initial jobless claims reached their eight-week lows, the economy created just 156,000 new jobs during December, down from November's revised gain of 204,000 and below analysts' forecasts. Meanwhile, the unemployment advanced to 4.7% in December from November's 4.6%, however, the rise was mainly driven by the fact that more people entered the labour market during the reported period.

UK

Manufacturing activity in the United Kingdom climbed to 56.1 in December, compared to the preceding month's 53.6. That was the highest reading in 30 months. Market analysts anticipated a slight decrease to 53.3 during the reported period amid the country's decision to leave the European Union. Furthermore, UK construction activity advanced at the fastest pace in nine months in December, supported by a rise in house building, a survey revealed on Wednesday. Markit/CIPS said its Construction PMI for Britain increased unexpectedly to 54.2 points during the reported period. This was its highest rate since March, while market analysts anticipated expected the Index to remain unchanged at the preceding month's reading of 52.8. The latest surveys for the construction and manufacturing industries suggest that the British economy gained momentum by the end of 2016.



“The economy is probably close to full employment. We’re clearly seeing evidence that wage pressures are starting to build”.

-Jim O'Sullivan, High Frequency Economics

USD



	Impact
US unemployment rate rises to 4.7% while nonfarm payrolls increase 156,000 in December	High

The US economy created less jobs than expected in the last month of 2016, disappointing markets. The US unemployment rate rose in line with analysts' expectations from 4.6% to 4.7%, while the participation rate climbed from 62.6% to 62.7%. The report also showed US nonfarm payrolls advanced 156,000, while markets anticipated a gain of 177,000, following the previous month's increase of 178,000. Official data published by the Bureau of Labor Statistics showed manufacturing employment advanced 17,000 in December, despite small decreases in two previous months. In the meantime, there was also a slight fall in construction jobs and decline of over 15,000 in temporary help-services jobs. Nevertheless, government employment increased 12,000. In the meantime, the BLS said the Average Earnings Index jumped 0.4%, compared to a 0.1% decrease in November, which boosted the annual rate from 2.5% to 2.9%, the strongest gain since June 2009. Despite mixed economic indicators, the data is likely to maintain confidence in the job market and analysts' expectations for the Federal Reserve's rate hikes in 2017.

After the report, the US Dollar strengthened immediately. The EUR/USD pair dropped to 1.0550, while the USD/JPY held steady at 116.50.



FORECASTS

1 MONTH	3 MONTHS	12 MONTH
	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


	09.01 open price	09.01 close price	% change
AUD/USD	0.7295	0.73091	+0.19%
USD/CHF	1.01686	1.01853	+0.16%
USD/JPY	117.015	117.426	+0.35%
NZD/USD	0.69605	0.6958	-0.04%



“This is very hard to square with the incoming data on real activity, however, with the decline in October monthly GDP suggesting that fourth-quarter GDP growth was around 1% annualized. If both are correct, that must mean Canada is experiencing a big slump in productivity”.

-Paul Ashworth, Capital Economics


CAD

	Impact
Canadian labor market strengthens in December	High

Canadian economy created 53,700 new jobs in December, following the prior months' gain of 10,700 and surpassing the 5,000 decline forecast, official figures revealed on Friday. The data also showed the unemployment rate rose from 6.8% to 6.9% last month, in line with analysts' expectations as more people entered the labor market. According to Statistics Canada, full-time jobs rose 81,000, while part-time positions declined 27,000. For all of 2016, full-time employment advanced 0.4%, while part-time jobs advanced 4.5%. Overall, the Canadian economy created 214,000 new jobs during the past year, the biggest gain since 2012. Furthermore, the goods-producing sector saw a gain of 1,700 jobs in the last month of 2016, however, there was a yearly decline. Manufacturing jobs slid 3.1% over the last year despite a December increase. The services sector created 50,000 new positions, with the biggest gains registered in the technical, scientific and professional sectors. Employment growth is expected to boost economic confidence in the upcoming months.

After the release, the Canadian Dollar rose against other major currencies, trading at 1.3200 against the US Dollar and 1.3950 against the Euro.












 Trends*	Q1 17	Q2 17	Q3 17
MAX	1.42	1.45	1.45
75% percentile	1.37	1.38	1.40
Median	1.35	1.36	1.36
25% percentile	1.32	1.32	1.31
MIN	0.84	1.22	1.20

* the data is based on international banks' forecasts

	09.01 open price	09.01 close price	% change
AUD/CAD	0.96621	0.96965	+0.35%
CAD/CHF	0.76728	0.76778	+0.07%
EUR/CAD	1.39442	1.39702	+0.19%
USD/CAD	1.32459	1.32616	+0.12%

Major events previous week (January 2 - 6)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
09:00 pm		EUR	Markit Manufacturing PMI	December	54.9	54.9	54.9
TUESDAY							
09:30 am		GBP	Manufacturing PMI	December	56.1	53.3	53.4
15:00 pm		USD	ISM Manufacturing PMI	December	54.7	53.7	53.2
WEDNESDAY							
09:30 am		GBP	Construction PMI	December	54.2	52.8	52.8
10:00 am		EUR	CPI Flash Estimate	December	1.1%	1.0%	0.6%
THURSDAY							
09:30 am		GBP	Services PMI	December	56.2	54.8	55.2
13:30 pm		USD	Unemployment Claims	December	235K	262K	265K
FRIDAY							
13:30 pm		CAD	Employment Change	December	53.7K	-5.1K	10.7K
13:30 pm		USD	Unemployment Rate	December	4.7%	4.7%	4.6%

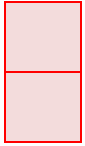
EXPLANATIONS

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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