












DUKASCOPY
RESEARCH PRODUCTS

10/07/2017



Fundamental Analysis

Major events this week (July 10 - 14)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
08:30 am		EUR	Sentix Investor Confidence	July			28.4
TUESDAY							
01:30 am		AUD	NAB Business Confidence				7
12:15 pm		CAD	Housing Starts	June			195K
02:00 pm		USD	JOLTS Job Openings	May			6.04M
WEDNESDAY							
08:30 am		GBP	Claimant Count Change	June			7.3K
02:00 pm		CAD	BOC Rate Statement				
02:00 pm		USD	Fed Chair Yellen Testifies				
THURSDAY							
12:15 pm		USD	PPI m/m	June			0.0%
FRIDAY							
12:30 pm		USD	CPI m/m	June			-0.1%

Key highlights of the week ended July 7

United States

The US private sector created less than expected jobs last month, suggesting that job creation started to cool after strong gains registered earlier. The ADP National Employment Report released on Thursday showed companies added 158K new jobs to the economy in June, following the preceding month's downwardly revised figure of 230K and surpassing analysts' expectations for an 185K increase. Though, the official Labour Department's report showed that the country's private sector added 222K jobs last month, surpassing market expectations for a modest increase of around 175K in June. Meanwhile, May's figure was revised up to 152K from 138K registered previously. The US non-farm payrolls increase, the second largest within this year, was supported by strong gains in government, healthcare, restaurants as well as business and professional services sectors, the Labour Department revealed. Notwithstanding job growth acceleration, the unemployment rate was slightly higher, at 4.4%, suggesting that more people were left without job.

United Kingdom

Manufacturing activity in Britain slowed unexpectedly last month, a private survey showed on Monday. Markit report showed that its PMI for the UK manufacturing sector came in at 54.3 points in June, falling to a three-month low from a downwardly-revised figure of 56.3 in the preceding month. However, analysts expected a smaller decline to 56.4 for the month from May's originally reported 56.7. Growth of the country's manufacturing output slowed as businesses showed smaller increases in demand for new domestic orders, while export orders marked the weakest pace of growth in five months. Though, some economists expect the UK economy to show stronger growth in the Q2 with stronger competitiveness boosted by the weak Sterling. However, export orders are set to put downward pressures on further economic expansion.

Canada

Canada's trade deficit widened almost two times fueled by gains in aircraft imports. Statistics Canada reported that the country's trade gap came in at C\$1.1B in May, up from the preceding month's downwardly revised deficit of C\$0.6B. However, the reading missed market projections for a C\$0.5B trade deficit for the month. The trade balance report showed that the total value of exports posted a 1.3% monthly increase to C\$48.7, while imports rose 1.3% to C\$49.8 in May. Separate report showed on Friday that the Canadian economy created 45.3K jobs in June, following the preceding month's 54.5K gain and surpassing analysts' expectations for an 11.5K increase. The report showed that employment growth was mainly supported by faster part-time job creation, with 37.1K positions added last month, compared with an 8K rise in full time jobs. Meanwhile, the unemployment rate dropped to 6.5%, while analysts expected to see an unchanged reading of 6.6%.

New Zealand

Dairy product prices fell for the second consecutive time at the latest auction held on Tuesday in New Zealand, official data showed. The GDT Price Index dropped 0.4%, following a 0.8% decrease registered at the preceding auction, with an average selling price of \$3,303 per tonne. During the Tuesday auction, some 28,574 tonnes of dairy products were sold, compared with 21,171 sold previously. The price of skimmed milk powder fell 4.5% to \$2,090 per tonne, the price of anhydrous milk fat dropped 3.5% to \$6,596 per tonne. On the other hand, lactose gave up 3.3%, falling to \$839 per tonne, while prices of cheddar retreated 3.2% to \$4,051 per tonne. Moreover, the price of rennet casein fell 2.7% to \$6,133, whereas butter prices showed a slight decline of 0.1% to \$5,775. Though, the price of butter was still more than two times higher since June 2016. Some experts suggested that it was too early to expect dairy product prices to resume the downside trend. Some 127 out of 165 bidders won, with the majority of buyers coming from the Middle East and North Asia.



GBP

*"This morning's data paint a rather bleak picture for the U.K. economy and underline the challenges lying ahead."
— Kay Daniel Neufeld, Centre for Economics and Business Research.*



	Impact
British manufacturing production fell unexpectedly in May	High

Output in the UK manufacturing industry dropped unexpectedly over the month in May, suggesting that the country's economic growth continued to weaken. The Office for National Statistics reported on Friday that manufacturing production fell 0.2% in the observed month, compared with April's 0.2% increase. Meanwhile, analysts anticipated British manufacturing production to expand 0.5%. The report showed two main contributors to the decline, with car production registering a 4.4% fall, the steepest since February 2016, while energy sector fell 0.8% amid lower gas supply. On a yearly basis, total production dropped 0.2% with downward trends in two of the four main sectors. Experts suggested that a high degree of uncertainty about the future of the UK and the European Union's trade relationship weighed on the country's manufacturing industry. Moreover, weaker-than-expected figures added to expectations for a more modest Britain's economic expansion in the Q2, following the first quarter's 0.2% increase, the lowest among the G7 countries.



FORECASTS		
1 MONTH	3 MONTHS	12 MONTH
		1.28
	1.26	
1.25		1.24
1.22	1.22	
1.2	1.2	
		1.18

Trends*	Q1 17	Q2 17	Q3 17
MAX	1.84	1.32	1.62
75% percentile	1.25	1.26	1.28
Median	1.22	1.22	1.24
25% percentile	1.20	1.20	1.18
MIN	1.07	1.03	1.02

* the data is based on international banks' forecasts

	07.07 open price	07.07 close price	% change
GBP/USD	1.2971	1.2891	-0.62%
EUR/GBP	0.8809	0.8843	0.38%
GBP/CAD	1.6833	1.6598	-1.42%
GBP/JPY	146.86	146.82	-0.03%




USD

"The continued vitality in the U.S. labor market means that the Fed is on track to begin shrinking its balance sheet in September and to raise rates again in December."

— Nariman Behravesh, IHS Markit



	Impact
US non-farm employment improves significantly in June	High

US private companies showed a stronger-than-expected job growth in June, indicating that the labour market continued strengthening further. The official Labour Department's report showed that the country's private sector added 222K jobs last month, surpassing market expectations for a modest increase of around 175K in June. Meanwhile, May's figure was revised up to 152K from 138K registered previously. The US non-farm payrolls increase, the second largest within this year, was supported by strong gains in government, healthcare, restaurants as well as business and professional services sectors, the Labour Department revealed. Notwithstanding job growth acceleration, the unemployment rate was slightly higher, at 4.4%, suggesting that more people were left without job. In addition, the report showed that average hourly earnings rose modestly, jumping 0.2% over the month of June, with 2.5% yearly increase in wages. Analysts believed that weak productivity was curbing wages, while some of them were optimistic over the tightening labour, expecting it to spur wage growth at a faster pace.



* the data is based on international banks' forecasts

	07.07 open price	07.07 close price	% change
AUD/USD	0.7585	0.7603	0.24%
USD/CHF	0.9605	0.9639	0.35%
USD/JPY	113.21	113.91	0.61%
NZD/USD	0.7275	0.7281	0.08%



CAD

"We had held on to our October forecast for a Bank of Canada rate hike, but concede that's likely to end up off the mark, as today's jobs numbers cement the case for the central bankers to raise rates in the coming week."
— Avery Shenfeld, CIBC



	Impact
Canadian labour market adds 45.3K positions in June	High

Canadian employment rose more than expected last month, setting stage for the Bank of Canada to make an interest rate hike. Statistics Canada reported on Friday that the Canadian economy created 45.3K jobs in June, following the preceding month's 54.5K gain and surpassing analysts' expectations for an 11.5K increase. The report showed that employment growth was mainly supported by faster part-time job creation, with 37.1K positions added last month, compared with an 8K rise in full time jobs. Meanwhile, the unemployment rate dropped to 6.5%, while analysts expected to see an unchanged reading of 6.6%. In regional terms, the largest job creation was registered in British Columbia and Quebec, where unemployment rate remained at 6%, the lowest level since 1976. Strong data provided some confidence for the Bank of Canada to raise interest rates this week. Moreover, some analysts anticipate the next rate hike in October 2017 to reverse two rate cuts made in 2015, which helped the Canadian economy to confront the effects of the slump in oil prices.















FORECASTS		
1 MONTH	3 MONTHS	12 MONTH
		1.4
	1.38	
1.37	1.36	1.36
1.35		
1.32	1.32	
		1.31

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

	07.07 open price	07.07 close price	% change
AUD/CAD	0.9845	0.9793	-0.53%
CAD/CHF	0.7402	0.7487	1.14%
EUR/CAD	1.4823	1.4677	-0.99%
USD/CAD	1.2977	1.2875	-0.79%

Major events previous week (July 3 - 7)

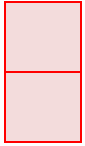
Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
08:30 am		GBP	Manufacturing PMI	June	54.3	56.4	56.3
02:00 pm		USD	ISM Manufacturing PMI	June	57.8	55.0	54.9
TUESDAY							
01:30 am		AUD	Retail Sales m/m	May	0.6%	0.3%	0.1%
08:30 am		GBP	Construction PMI	June	54.8	55.2	56.0
02:00 pm		NZD	GDT Price Index		-0.4%		-0.8%
WEDNESDAY							
08:30 am		GBP	Services PMI	June	53.4	53.5	53.8
02:00 pm		USD	Factory Orders m/m	Last week	-0.8%	-0.4%	-0.2%
THURSDAY							
12:15 pm		USD	ADP Non-Farm Employment Change	June	158K	181K	230K
12:30 pm		CAD	Trade Balance	May	-1.1B	-0.5B	-0.6B
FRIDAY							
08:30 am		GBP	Manufacturing Production m/m	May	-0.2%	0.5%	0.2%
12:30 pm		USD	Non-Farm Employment Change	June	222K	175K	152K
12:30 pm		CAD	Employment Change	June	45.3K	11.4K	54.5K

EXPLANATIONS

Chart

- **SMA (55)** – Simple Moving Average of 55 periods
- **SMA (200)** – Simple Moving Average of 200 periods

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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