











**DUKASCOPY**  
RESEARCH PRODUCTS

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# Fundamental Analysis

## Major events this week (January 2 - 6)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
09:00 pm		EUR	Markit Manufacturing PMI	December	54.9	54.9	54.9
<b>TUESDAY</b>							
09:30 am		GBP	Manufacturing PMI	December		53.3	53.4
15:00 pm		USD	ISM Manufacturing PMI	December		53.7	53.2
<b>WEDNESDAY</b>							
09:30 am		GBP	Construction PMI	December			52.8
10:00 am		EUR	CPI Flash Estimate	December			0.6%
<b>THURSDAY</b>							
09:30 am		GBP	Services PMI	December			55.2
13:30 pm		USD	Unemployment Claims	December			265K
<b>FRIDAY</b>							
13:30 pm		CAD	Employment Change	December			10.7K
13:30 pm		USD	Unemployment Rate	December			4.6%

## Key highlights of the week ended December 30

### US

Americans became more optimistic about the economy in December since the postelection bump in confidence continues. As data suggest the US consumer confidence reached its highest in more than 15 years during the previous week as Americans expect more strength ahead in business conditions, stock prices and the job market following the election of Donald Trump as president in November. According to the Conference Board the Consumer Confidence Index advanced to 113.7 in December from an upwardly revised 109.4 in November. Meanwhile, the data topped estimates in a Reuters poll for a reading of 109.0. Another reason for the gain in confidence is surging optimism among older Americans. Economists follow confidence indicators because upbeat consumers are more likely to increase personal spending, which makes up most of the US economy.

### UK

According to the Office for National Statistics the UK economy went up slightly faster than forecasted during the first three months following the European Union referendum. The data shows that Britain's gross domestic product advanced 0.6% on a quarterly basis in the three months to the end of September, slightly ahead of the 0.5% analysts expected. Generally the jump was spurred by a hefty revision to output from the business services and finance industries, which was revised up from 0.3% to 0.8% for the third quarter. Meanwhile separate figures for Britain's powerhouse services sector, which accounts for around 79% of the UK economy, saw output grow by 0.3% between September and October.

### Japan

Japan's household spending went down 1.5% on a yearly basis in November for the ninth month in a row amid stagnant wages, hinting the challenge Prime Minister Shinzo Abe's government faces in reinvigorating the economy. Separate data showed that Japanese core consumer prices also posted the ninth straight month of annual declines in November, suggesting that the economy still lacks enough momentum to jump-start inflation toward the central bank's ambitious 2% target. Moreover, Tokyo officials have blamed external factors, such as falling energy prices and uncertainty related to emerging economies, for their failure to achieve a promised stated above inflation target.



*“Validating recent business surveys, the official statistics are pointing to a pretty positive end to 2016 for UK manufacturing. The sold month growth in production in November appears broad based across the industry”.*

**GBP**

*-Lee Hopley, EEF*



	<b>Impact</b>
UK manufacturing rose in November as the construction sector faced a slowdown	High

British industrial production posted the biggest monthly gain since March 2016, while manufacturing production rebounded from the preceding month's fall. According to the Office for National Statistics, UK manufacturing output rose 2.1% in November, following October's upwardly revised fall of 1.3%, the largest since 2012. This jump significantly exceeded analysts' expectations for a 0.8% rise in the reported month. In the meantime, manufacturing production advanced 1.3% in November, up from a 1.0% drop in the past month, surpassing forecasts for a 0.5% increase. There was a strong gain of 11.4% in the pharmaceutical sector, which tends to be highly volatile month-over-month. Overall, the November increase was mainly driven by increasing oil prices and gas extraction, as the Buzzard field resumed production after it was shut down for maintenance works. Furthermore, unusually cold weather boosted demand for heating. On a yearly basis, manufacturing production climbed 1.2%, whereas industrial production advanced 2.0% as output surged across all major sectors. As a result, the British Pound rose shortly against other major currencies. However, it failed to maintain gains, falling back to 0.8700 against the Euro and 1.210 against the Greenback.








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

	12.01 open price	12.01 close price	% change
GBP/USD	1.22087	1.22628	+0.44%
EUR/GBP	0.86653	0.8678	+0.15%
GBP/CAD	1.60872	1.59963	-0.57%
GBP/JPY	140.895	139.936	-0.69%

## Major events previous week (December 26 - 30)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
11:30 pm		JPY	Household Spending (YoY)	December	-1.5%	0.2%	-0.4%
<b>TUESDAY</b>							
15:00 pm		USD	CB Consumer Confidence	December	113.7	109.0	109.4
<b>WEDNESDAY</b>							
15:00 pm		USD	Pending Home Sales (YoY)	December	-2.5%	0.5%	0.1%
<b>THURSDAY</b>							
13:30 pm		USD	Unemployment Claims	December	265K	264K	275K
<b>FRIDAY</b>							
14:45 pm		USD	Chicago Purchasing Managers' Index	December	54.6	56.5	57.6

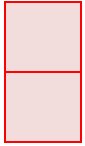
## EXPLANATIONS

### 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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