














DUKASCOPY
RESEARCH PRODUCTS

13/04/2017



Fundamental Analysis

Major events this week (April 10 - 14)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
08:10 pm		USD	Fed Chair Yellen Speaks				
TUESDAY							
08:30 am		GBP	CPI y/y	March	2.3%	2.2%	2.3%
09:00 am		EUR	German ZEW Economic Sentiment	April	19.5	13.2	12.8
02:00 pm		USD	JOLTS Job Openings	February	5.74M	5.59M	5.63M
WEDNESDAY							
08:30 am		GBP	Average Earnings Index 3m/y	February	2.3%	2.1%	2.3%
02:00 pm		CAD	Overnight Rate		0.50%	0.50%	0.50%
02:30 pm		USD	Crude Oil Inventories	Last week	-2.2M	-0.7M	1.6M
THURSDAY							
01:30 am		AUD	Employment Change	March		20.3K	-6.4K
12:30 pm		CAD	Manufacturing Sales m/m	February		-0.4%	0.6%
12:30 pm		USD	PPI m/m	March		0.0%	0.3%
FRIDAY							
12:30 pm		USD	CPI m/m	March		0.0%	0.1%

Key highlights of the week ended April 7

United Kingdom

Data released on Friday showed that the UK's current account deficit hit a five-year record low, which surprised many experts. In the Q4 of 2016, the current account advanced from -25.7 billion pounds to -12.1 billion pounds. The Purchasing Manager's Index for the British manufacturing sector dropped slightly in March, contrary to experts' prognoses, who expected a modest increase. According to IHS Markit, the PMI tumbled to a four-month low of 54.2 on a seasonally adjusted basis. The Purchasing Manager's Index for the British construction sector slipped slightly last month, falling behind analysts' expectations. IHS Markit reported on Tuesday its UK Construction PMI came in at 52.2, while analysts held expectations for an unchanged reading of 52.5. The PMI for the British services sector surprised many experts, who did not expect any significant change in March. According to IHS Markit, the PMI soared to 55.0 while analysts forecasted only a minor increase to 53.5. In February, British total production experienced a 0.7% decrease compared to the previous month, the Office for National Statistics reported on Friday. The revealed figures did not justify experts' forecasts, as they expected to see a 0.3% increase.

United States

The Institute for Supply Management reported its Purchasing Managers' Index for the manufacturing sector came in at 57.2 in March, down from the preceding month's 57.7. However, the figure met market forecasts. The Labour Department reported on Friday that nonfarm payrolls rose 98,000 in March, compared to the previous month's downwardly revised gain of 219,000. Meanwhile, analysts expected the economy to add 174,000 new jobs during the reported period. According to economists, nonfarm employments was hit by the weather-related effects of the big storm that hit the Northeast and Midwest.

Canada

Statistics Canada reported that the country's GDP advanced 0.6% in January, following the preceding month's 0.3%. Canada's goods-producing industries expanded for the seventh time in eight months, growing 1.1% in January. Meanwhile, the country's service-producing industries grew 0.4%, the highest since June 2015. Canada posted a trade deficit of C\$972 million (\$724) in February, following the preceding month's downwardly revised surplus of C\$421, Statistics Canada reported on Tuesday. Statistics Canada reported that Canadian employers added 19,400 jobs to the economy in March, following the preceding month's gain of 15,300, surpassing analysts' expectations for a 5,700 increase and marking the fourth consecutive monthly gain.

Australia

Australian retail sales dropped unexpectedly in February, generating major concerns about the outlook for the economy. According to the Australian Bureau of Statistics, sales fell 0.1% on a seasonally adjusted basis, following the previous month's gain of 0.4% and falling behind analysts' expectations for a 0.3% increase. As markets widely expected, the Reserve Bank of Australia left its key interest rate unchanged at its April monetary policy meeting on Tuesday, expressing concerns over the nation's housing market.



“Big picture remains a labour market with very strong employment plateauing at record highs ... combined with a pay disaster.”

- Torsten Bell, Resolution Foundation

GBP



	Impact
UK inflation-adjusted pay growth inches up just 0.2% in three months to February	High

Employment data released on Wednesday confirmed the view that pay growth in the United Kingdom slowed significantly following the country’s decision to leave the European Union, which boosted inflation across the country amid the sharp fall in the value of the Pound. The Office for National Statistics reported that wage growth adjusted for inflation climbed just 0.2% in the three-month period to February. Including bonuses, average hourly earnings advanced 2.3%, unchanged from the prior period, whereas analysts anticipated a 2.1% gain. Pay growth is closely followed by the Bank of England, as it is tied to consumer spending, which account for more than 60% of the UK economy. At its latest meeting, the BoE said that consumer inflation would average 2.7% this year. Meanwhile, the unemployment rate came in at a record low of 4.7%, unchanged from the three-month period to January and in line with analysts’ expectations. The number of Britons filing for unemployment aid rose 25,500 to 765,400 in March, the largest gain since July 2011, compared to the preceding month’s downwardly revised fall of 6,100, while markets held expectations for a decline of 10,200. The data also showed that job vacancies advanced 16,000 to a record high of 767,000.



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

	12.04 open price	12.04 close price	% change
GBP/USD	1.2492	1.2539	0.37%
EUR/GBP	0.8489	0.8505	0.19%
GBP/CAD	1.6645	1.6619	-0.16%
GBP/JPY	136.93	136.7	-0.17%



“As the Federal Reserve starts to tighten interest rates, we're going to quite naturally import some of that rise and in fact we have seen that.”

- Carolyn Wilkins, Bank of Canada

CAD



	Impact
Bank of Canada leaves policy unchanged but strikes less dovish tone	High

As markets expected, the Bank of Canada left its monetary policy unchanged at its meeting on Wednesday amid strong economic performance. The BoC Governor Stephen Poloz said that the Bank would maintain its neutral stance despite an upward revision to economic growth forecasts for this year. However, Poloz sounded less dovish than at the January policy meeting, when policymakers discussed a possible rate cut. Nevertheless, the Bank stated that the economy continued to operate with material excess capacity and both business investment and pay growth remained subdued. Poloz pointed also to surging housing prices, adding that the sharp price rise was not driven by any fundamentals. Indeed, house prices in Toronto jumped more than 33% in March compared to a year ago. Later in the day, Poloz said that it would be wrong for the Bank to try to offset drivers that boost the Canadian Dollar but added that the weaker currency would be beneficial for some sectors and the country's exports. Meanwhile, the BoC Senior Deputy Governor Carolyn Wilkins said that even though the Bank ignored the recent hikes by the Federal Reserve, higher interest rates in the US would have a significant impact on Canada. After the release, the Canadian Dollar hit its six-week high against its US counterpart.



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

	12.04 open price	12.04 close price	% change
AUD/CAD	0.9993	0.9971	-0.22%
CAD/CHF	0.7562	0.7566	0.05%
EUR/CAD	1.4131	1.4135	0.03%
USD/CAD	1.3325	1.3254	-0.54%




“U.S. oil production rose to the highest level in over a year, leaving oil prices weaker on the day after the U.S. EIA released its data.”

- ANZ

USD




	Impact
US crude oil inventories drop 2.2M barrels last week	High

US crude oil inventories dropped more than expected last week, official figures revealed on Wednesday. The Energy Information Administration reported on Wednesday that US crude stocks fell 2.2M barrels in the week ended April 7, following the preceding week’s gain of 1.6M barrels. In the meantime, market analysts anticipated a slighter drop of 700,000 barrels during the reported period. The EIA reported also that refineries produced on average 9.9M barrels of gasoline per day and 5.1M barrels of distillate per day. Furthermore, gasoline inventories dropped 3M barrels last week, boosting market sentiment. Despite a bigger than expected drop in US crude oil inventories, oil prices fell from their five-week highs, reached last week after the United States launched a set of airstrikes against the Syrian government. However, oil prices managed to continue trading above \$55. Earlier in the day, OPEC released promising reports that showed that production dropped more than initially expected last month. Nevertheless, OPEC revised up its forecast for supplies from non-member countries in 2017. OPEC and other oil producers agreed in November to cut output by 1.8M barrels per day during the first half of 2017 in order to stabilise the oil market.

















FORECASTS		
Q1 17	Q2 17	Q3 17
	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

	12.04 open price	12.04 close price	% change
AUD/USD	0.7499	0.7522	0.31%
USD/CHF	1.0073	1.0030	-0.43%
USD/JPY	109.61	109.03	-0.53%
NZD/USD	0.6960	0.6969	0.13%

Major events previous week (April 3 - 7)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
01:30 am		AUD	Retail Sales m/m	February	-0.1%	0.3%	0.4%
08:30 am		GBP	Manufacturing PMI	March	54.2	55.1	54.5
02:00 pm		USD	ISM Manufacturing PMI	March	57.2	57.2	57.7
TUESDAY							
04:30 am		AUD	Cash Rate		1.50%	1.50%	1.50%
08:30 am		GBP	Construction PMI	March	52.2	52.5	52.5
12:30 pm		CAD	Trade Balance	February	1.0B	0.7B	0.4B
Tentative		NZD	GDT Price Index		1.6%		1.7%
WEDNESDAY							
08:30 am		GBP	Services PMI	March	55.0	53.5	53.3
12:15 pm		USD	ADP Non-Farm Employment Change	March	263K	191K	245K
THURSDAY							
06:00 am		EUR	German Factory Orders m/m	February	3.4%	3.5%	-6.8%
12:30 pm		USD	Unemployment Claims	Last week	234K	251K	259K
FRIDAY							
08:30 am		GBP	Manufacturing Production m/m	March	-0.1%	0.3%	-1.0%
01:30 pm		CAD	Employment Change	March	19.4K	5.7K	15.3K
01:30 pm		USD	Non-Farm Employment Change	March	98K	176K	219K

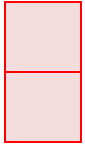
EXPLANATIONS

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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