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Fundamental Analysis

Major events this week (November 14-18)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
02:00 am		CNY	Industrial Production (YoY)	October	6.1%	6.2%	6.1%
03:00 pm		EUR	ECB President Draghi Speech				1.0%
TUESDAY							
09:30 am		GBP	Consumer Price Index (MoM)	October	0.9%	1.1%	1.0%
10:00 am		EUR	Gross Domestic Product	Quarter	1.6%	1.6%	1.6%
13:30 pm		USD	Retail Sales (MoM)	October	0.8%	0.6%	0.6%
WEDNESDAY							
13:30 pm		CAD	Manufacturing Sales (MoM)	September			0.9%
15:30 pm		USD	Industrial Production (MoM)	October		0.2%	0.1%
21:45 pm		NZD	Producer Price Index—Input	Quarter			0.9%
THURSDAY							
12:30 am		AUD	Unemployment Rate	October		5.6%	5.6%
09:30 am		GBP	Retail Sales (MoM)	October		0.4%	0.0%
13:30 pm		USD	Consumer Price Index (MoM)	October		0.3%	0.3%
FRIDAY							
13:30 pm		CAD	Consumer Price Index	October			0.1%

Key highlights of the week ended November 11

US

Donald Trump's election as the 45th president of the United States sent shock waves across the world. His victory allowed the Republic Party to maintain the Senate, as well as win the White House. According to the final figures, in the presidential race of 2016 Trump won 276 electoral votes. Despite the post-election uncertainty, the US economy is set to continue its expansion at a rate of 2%. Moreover, analysts still expect a rate hike from the Federal Reserve in December, as markets are likely to stabilize ahead of the monetary policy meeting. Once the news broke, the Mexican Peso dropped more than 13%, hitting its overnight low, whereas the price of gold advanced 4.9% to \$1,337.4 per ounce. European stock markets fell around 2.3%, compared to a 9% plunge after Britain's decision to leave the European Union. However, European stocks managed to finish higher, with the FTSE rising around 1% after falling 2% at the start of the trading day.

UK

British manufacturing activity jumped unexpectedly in September amid rising inflationary pressures, official figures revealed on Tuesday. According to the Office for National Statistics, factory output rose 0.6% month-over-month in September, the biggest increase since April, up from the preceding month's gain of 0.2%, while market analysts anticipate an acceleration of 0.5%. On annual basis, manufacturing output grew 0.2%, surpassing forecasts for a 0.5% fall. Nevertheless, the country's manufacturing output dropped 0.9% in the Q3. On the negative side, industrial production declined 0.4% in September, unchanged from the previous month, whereas economists expected to see an increase of 0.1% in the reported month. Year-over-year, industrial output advanced 0.3%, although analysts predicted a rise of 0.8%. On a quarterly basis, UK industrial production declined 0.5%. The September fall in industrial output was mainly driven by a decrease in demand for heating amid warmer-than-usual weather and planned maintenance in oil and gas fields of the North Sea. Economic activity in the manufacturing sector is expected to expand markedly in the upcoming months due to the weak British Pound, which fell sharply after the country's decision to leave the European Union.

Canada


The Canadian economy more jobs than expected last month, official figures revealed on Friday. The growth was mainly driven by an increase in part-time positions, which offset a fall in full-time workers. According to Statistics Canada, employment rose by 43,900 jobs in October, following the preceding month's gain of 67,200, while market analysts anticipated the economy to lose 10,000 jobs in the reported period. The data also showed the unemployment rate held steady at 7.0% last month, in line with analysts' expectations. Part-time jobs increased by 67,000 in October, whereas the more-desirable full-time employment declined by 23,000. On annual basis, the economy added 140,000 new positions last month, gaining 16,000 full-time workers and 124,000 part-time workers. The services-producing sector added around 23,000 new jobs, while the goods-producing sector created 21,000. In regional terms, Ontario gained 25,000 new positions in October, whereas British Columbia created 15,000. In the meantime, the number of jobs dropped in Labrador and Newfoundland by 5,600 in the same month. Separately, Canadian imports rose 4.7% to \$47.6 billion in October, touching the highest level, while exports jumped 0.1% to \$43.5 billion.



"GDP growth in the euro area was stable last quarter, and while this report does not carry any details we are confident that the key story was a rebound in domestic demand, which offset a reversal in net exports".

EUR - Claus Vistesén, Pantheon Macro

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	Impact
Euro zone economic growth remains steady at 0.3% in Q3	High

The single currency economy expanded in the third quarter, showing a 0.3% in the region's gross domestic product (GDP) on the previous three months and up 1.6% on a yearly basis. The figures were spurred by a rebound in smaller countries, including Portugal, which saw its fastest growth pace since 2013. During the last week, the European Commission cut its GDP forecasts for the euro area on advanced political uncertainty and weaker global trade. The EU expects the currency bloc to grow 1.7% this year and 1.5% in 2017, after climbing 2% in 2015.

In the meantime European stocks were mixed on Tuesday, as market sentiment remained globally positive following the election of Donald Trump as president of the United States last week, while disappointing German third-quarter growth weighed. Moreover, earlier on Tuesday, preliminary data showed that German gross domestic product went up 2% in the third quarter, disappointing expectations for an increase of 0.3% and down from a growth rate of 0.4% in the previous quarter.






"While slowing price growth may have come as a surprise to the markets, the days of low interest rates are numbered".

- Nick Dixon, Aegon

GBP

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	Impact
UK inflation remains low in October despite weak Sterling	High

British consumer prices dropped unexpectedly last month, despite the steep fall in the value of the British Pound after the Brexit vote, official data showed on Tuesday. According to the Office for National Statistics, the Consumer Price Index advanced 0.9% year-over-year in October, compared to the preceding month's 1.0% rise. That was below the 1.1% market forecast, who suggested that the weak Sterling would lift inflation last month. Nevertheless, the ONS said factory gate prices increased 2.1%, faster than expected and the largest increase since April 2012. Furthermore, the Producer Price Index jumped 4.6% on a monthly basis in the reported month, after rising just 0.1% in the previous month, whereas economists penciled in an increase of 1.6%. Meanwhile, the Retail Price Index came in at 2.0% in October, unchanged from the same month one year ago. In addition, the ONS reported the so-called core inflation rate declined to 1.2% from September's 1.5%, falling behind analysts' expectations of 1.4%. UK inflation remained below the Bank of England's target of 2% for almost three years already. According to the Bank of England's latest inflation forecasts published earlier this month, UK inflation is expected to climb to 2.7% by this time next year.





"The consumer is in good shape. The pace of household spending is fairly solid. We expect a slight acceleration this quarter from the third-quarter rate".

- Michael Gapen, Barclays

USD














	Impact
US retail sales rise sharply last month	High

US retail sales posted a better than expected increase last month, suggesting economic strength and increasing chances for a December interest rate hike. The US Department of Commerce said on Tuesday retail sales climbed 0.8% on a monthly basis in October, following September's upwardly revised gain of 0.5% and surpassing the 0.5% increase forecast. Year-over-year, retail sales grew 4.3% last month. Excluding volatile items such as motor vehicles and parts, retail sales advanced 0.8% in October, whereas economists expected them to increase just 0.5%. Meanwhile, the preceding month's reading was revised up to 0.7% from the originally reported rise of 0.5%. The October stronger than expected retail sales supported the view that the Federal Reserve will raise interest rates at its next policy meeting on December 13-14. The last time the Fed increased its key rate was December 2015, and kept its steady since then because of low inflation rates. Back in the Q3, the US economy expanded at an annual rate of 2.9% and it is set to grow 3.1% in the Q4, according to the latest economic growth forecasts released by the Atlanta Fed. As a result, the US Dollar jumped markedly against the Euro, with the EUR/USD pair declining to \$1.0733 from \$1.0759 ahead of the release.



Major events previous week (November 7-11)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
07:00 am		EUR	German Factory Orders (MoM)	November	-0.6%	0.2%	1.0%
12:30 pm		GBP	Halifax HPI (MoM)	November	1.4%	0.3%	0.1%
TUESDAY							
Tentative		CNY	Trade Balance	November	325B	366B	278B
09:30 am		GBP	Manufacturing PMI (MoM)	November	0.6%	0.5%	0.2%
Tentative		USD	Presidential Election	November			
WEDNESDAY							
09:30 am		GBP	Goods Trade Balance	November	-12.69B	-11.3B	-12.1B
15:30 pm		USD	Crude Oil Inventories	November	2.4M	1.3M	14.4M
20:00 pm		NZD	RBNZ Rate Statement	November	1.75%	1.75%	2%
THURSDAY							
13:30 pm		USD	Unemployment Claims	November	254K	267K	265K
FRIDAY							
15:00 pm		USD	Prelim UoM Consumer Sentiment	November	91.6	87.4	87.2
15:50 pm		CAD	BoC Gov Poloz Speaks	November			

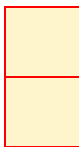
EXPLANATIONS

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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