

















DUKASCOPY
RESEARCH PRODUCTS

20/01/2017



Fundamental Analysis

Major events this week (January 16 - 20)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
10:00 am		EUR	Trade Balance	November	22.7B	23.2B	19.9B
TUESDAY							
09:30 am		GBP	CPI y/y	December	1.6%	1.4%	1.2%
10:00 am		EUR	German ZEW Economic Sentiment	January	16.6	18.9	13.8
01:30 pm		USD	Empire State Manufacturing Index	December	6.5	8.1	9.0
WEDNESDAY							
09:30 am		GBP	Claimant Count Change	December	-10.1K	4.6K	1.3K
10:00 am		EUR	Final CPI y/y	December	1.1%	1.1%	1.1%
01:30 pm		USD	CPI m/m	December	0.3%	0.3%	0.2%
03:00 pm		CAD	BOC Overnight Rate		0.50%	0.50%	0.50%
THURSDAY							
01:30 pm		EUR	ECB Press Conference				
01:30 pm		USD	Building Permits	December	1.21K	1.22M	1.21M
01:30 pm		CAD	Manufacturing Sales m/m	November	1.5%	0.2%	-0.6%
FRIDAY							
09:30 am		GBP	Retail Sales m/m	December		-0.1%	0.2%
01:30 pm		CAD	CPI m/m	December			-0.4%
Tentative		USD	President-Elect Trump Speaks				

Key highlights of the week ended January 13

US

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. The number of job openings in the United States was little changed in November, according to the latest data released on Tuesday. The Bureau of Labor Statistics reported monthly job openings dropped to 5.52 million during the reported month, missing analysts expectations' of 5.59 million. The Labor Department reported that import prices climbed 0.4% in December, following the previous month's 0.2% decline. The increase was mainly driven by rising petroleum prices that jumped 7.9% during the reported period.

UK

British house prices climbed for the second consecutive month in December, driven by a shortage of affordable homes. According to the UK's biggest lender, Halifax, the House Price Index grew 1.7% to £222,484 month-over-month in December, surpassing the 0.3% rise forecast, up from November's upwardly revised gain of 0.6%. This was the fourth straight monthly increase and the largest gain since March 2016. 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.


Canada

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. Strong US economic growth is likely to boost Canadian business activity in the upcoming months, according to the Bank of Canada's Business Outlook Survey released on Monday. The indicator of current sales growth remained nearly unchanged, while the indicator of expected sales growth climbed from 13% to 26% in the last quarter, the strongest rate since the end of 2014. Canadian building permits dropped unexpectedly in November, official figures revealed on Tuesday. According to Statistics Canada, the value of building permits issued in the reported month fell 0.1%, following the preceding month's upwardly revised gain of 10.5%, revised from the originally reported increase of 8.7%, while market analysts anticipated a rise of 2.4% in November. Lower construction intentions for both single- and multi-family dwellings were mostly responsible for the reported decrease.




"A very substantial degree of monetary accommodation is needed for euro area inflation pressures to build up and support headline inflation in the medium term. If warranted to achieve its objective the Governing Council will act by using all the instruments available within its mandate."
-Mario Draghi, ECB

EUR

	Impact
European Central Bank keeps its monetary policy unchanged	High

As markets expected, the European Central Bank left its monetary policy unchanged at its January meeting on Thursday. Following the policy meeting, the ECB President Mario Draghi said the Euro zone's economic recovery remained subdued. Moreover, the ECB President stated at the post-meeting press conference that the region's economic growth is unlikely to gain momentum in the upcoming months due to the slow pace of structural reforms. According to Draghi, fiscal policies should also support the Euro zone's economic recovery within the European Commission's system of rules. The headline inflation rate is expected to rise more in the short-term, driven by higher energy prices. In the meantime, the Central bank said that underlying inflationary pressures in the region remained benign. However, the ECB expressed hopes for an increase in core inflation over the medium term. The EUR/USD pair hit its daily low of \$1.0607, following Draghi's comments on inflation. The Central bank pointed to an upstick in manufacturing activity and rising confidence indicators. Nevertheless, it signaled it was ready to provide additional monetary stimulus if economic conditions worsen. Back in December, the Bank cut its monthly asset purchases to 60 billion euros but extended the QE program by six months until at least March 2017.



 Trends*	Q1 17	Q2 17	Q3 17
MAX	1.19	1.18	1.22
75% percentile	1.07	1.08	1.10
Median	1.05	1.04	1.05
25% percentile	1.03	1.02	1.01
MIN	0.98	0.95	0.90

* the data is based on international banks' forecasts

	20.01 open price	20.01 close price	% change
EUR/USD	1.06638	1.06803	+0.15%
EUR/GBP	0.86346	0.86559	+0.25%
EUR/CHF	1.07285	1.07321	+0.03%
EUR/JPY	0.75587	0.7564	+0.07%



“When you look at single-family [construction] we’re still at recession levels, which is quite remarkable because historically the real-estate cycle leads the business cycle”.

USD -Sam Khater, CoreLogic Inc



	Impact
Both manufacturing and homebuilding rebound in December; Initial jobless claims hit 43-year low last week	High

US homebuilding activity advanced more than expected in the last month of 2016, official figures revealed on Thursday. The Commerce Department reported housing starts rose 11.3% to a seasonally adjusted annual pace of 1.23 million in December, following the previous month’s upwardly revised 1.10 million units and surpassing analysts’ expectations for a 1.19 million-unit rate. The December increase suggested the housing market boosted economic growth in the Q4. Meanwhile, building permits came in at a seasonally adjusted annual pace of 1.21 million units in the same month, unchanged from November’s upwardly revised reading, slightly missing economists’ projections of a 1.22 million-unit rate. Separately, the Philadelphia Federal Reserve said its Manufacturing Index jumped to 23.6 points in January, the highest level in more than two years, driven by a rise in new orders, which climbed to 26.0 from 14.90. Analysts anticipated a sharp fall to 16.2 points in January from the prior month’s 21.5. Data also showed the Employment Index surged to 12.8 from 3.6, while the Business Outlook Index for the next six months hit its highest level since August 2014 of 56.6 points. Other data released on Thursday showed initial jobless claims fell 15,000 to 234,000 last week, the lowest level in more than 43 years.



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

	20.01 open price	20.01 close price	% change
AUD/USD	0.75656	0.75454	-0.27%
USD/CHF	1.00604	1.00474	-0.13%
USD/JPY	114.864	114.691	-0.15%
NZD/USD	0.71863	0.71946	+0.12%



“This was a good report, with a solid headline print in both dollar and volume terms and positive revisions to boot”.

-Michael Dolega, TD Bank

CAD



	Impact
Canadian manufacturing sales jump 1.5% in November; Foreign securities purchases drop more than expected	High

Canadian manufacturing sales rebounded sharply in November, helped by the primary metals, petroleum and coal industries. Statistics Canada reported Canada’s manufacturing sales advanced 1.5% month-over-month in November, following the preceding month’s upwardly revised gain of 0.6% and topping analysts expectations’ for a 0.2% increase. That was the largest increase since April, when sales climbed 1.6%. Sales picked up in 14 out of the 21 industries, accounting for 68% of Canadian manufacturers’ profits. In volume terms, sales rose 1.2% in the eleventh month of the year. In the primary metals industry sales advanced 9.1%, after falling for two straight months. Sales of petroleum and coal products grew 3.7%, as oil refineries resumed production in full after maintenance works. In Canada’s chemical manufacturing industry sales climbed 3.4%, posting the fifth straight monthly rise. Back in November, manufacturing sales rose in 10 provinces with Alberta and Quebec contributing most to the overall monthly increase. Separately, Statistics Canada reported foreign investments in the government’s securities declined more than expected in November. Purchases of Canadian securities dropped to C\$7.24 billion in the reported month, compared to October’s revised C\$15.77 billion, whereas analysts penciled in a fall to C\$10.23 billion.













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

	20.01 open price	20.01 close price	% change
AUD/CAD	1.00656	1.00565	-0.09%
CAD/CHF	0.75534	0.75543	+0.01%
EUR/CAD	1.41958	1.42039	+0.06%
USD/CAD	1.33164	1.33005	-0.12%

Major events previous week (January 2 - 6)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
08:30 am		GBP	Halifax HPI m/m	December	1.7%	0.3%	0.6%
03:30 pm		CAD	BOC Business Outlook Survey				
TUESDAY							
01:30 pm		CAD	Building Permits m/m	November	-0.1%	2.4%	8.7%
03:00 pm		USD	JOLTS Job Openings	December	5.52M	5.59M	5.45M
WEDNESDAY							
09:30 am		GBP	Manufacturing Production m/m	December	1.3%	0.6%	-1.0%
03:30 pm		USD	Crude Oil Inventories	Last week	4.1M	0.9M	-7.1M
THURSDAY							
01:30 pm		CAD	NHPI m/m	November	0.2%	0.3%	0.4%
01:30 pm		USD	Unemployment Claims	Last week	247K	265K	237K
FRIDAY							
09:30 am		GBP	BOE Credit Conditions Survey				
01:30 pm		USD	Retail Sales m/m	December	0.6%	0.5%	0.2%

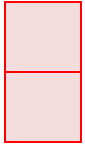
EXPLANATIONS

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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