












DUKASCOPY
RESEARCH PRODUCTS

20/02/2017



Fundamental Analysis

Major events this week (February 20 - 24)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
01:30 pm		CAD	Wholesale Sales m/m	December		0.4%	0.2%
TUESDAY							
09:00 am		EUR	Flash Services PMI	February		53.7	53.7
09:30 am		GBP	Public Sector Net Borrowing			-14.4B	6.4B
WEDNESDAY							
09:30 am		GBP	Second Estimate GDP q/q	Q4 2016		0.6%	0.6%
01:30 pm		CAD	Core Retail Sales m/m	December		0.8%	0.1%
THURSDAY							
01:30 pm		USD	Unemployment Claims	Last week		242K	239K
04:00 pm		USD	Crude Oil Inventories	Last week			9.5M
FRIDAY							
01:30 pm		CAD	CPI m/m	January		0.3%	-0.2%
03:00 pm		USD	New Home Sales	January		575K	536K

Key highlights of the week ended February 17

US

The US Commerce Department reported its headline CPI climbed 0.6% month-over-month in January, while analysts expected the Index to remain unchanged from the prior month at 0.3%. Excluding volatile items, core consumer prices rose 0.3% last month, after growing 0.2% in December. The January inflation jump was mainly driven by higher gasoline, apparel and motor vehicles prices. In the meantime, the US Labour Department revealed the Producer Price Index advanced 0.6% in January, while market analysts expected the Index to remain unchanged from the previous month at 0.3%. That marked the largest gain since September 2012. Separately, the Philadelphia Federal Reserve said its Manufacturing Index jumped to 43.3 points in February, the highest level in 33 years, driven by a jump in new orders, which climbed to 38.0 from 26.00.

Australia

The Australian labour market continued its uptrend for the fourth consecutive month, with employers adding more workers than expected over the month of January. The official figures released by the Australian Bureau of Statistics showed that the number of employees topped analysts' expectations for a 9.7K rise, inching up 13.5K compared to an upwardly revised 16.3K surge registered in the preceding month. In the meantime, the jobless rate came in at 5.7%, down from 5.8% in December, as the seasonally adjusted labour force participation rate fell to 64.6% from 64.7%, which resulted in total number of unemployed diving to 720.02K.

Canada

Canadian manufacturing sales rose for the second consecutive month in December. According to Statistics Canada, sales advanced 2.3% on a monthly basis in December, the largest increase since 2015, following the preceding month's upwardly revised gain of 2.3% and surpassing analysts' expectations for an increase of 1.4%. In volume terms, manufacturing sales climbed 2.3% in the reported month, suggesting the Canadian economy performed well in the final quarter of 2016.

United Kingdom

The number of Britons filing for unemployment benefits dropped markedly last month, while wage growth slowed in the Q4. The Office for National Statistics reported the number of claimants declined 42,400 to 787,400 in January, following the preceding month's upwardly revised fall of 20,500. In the meantime, including bonuses, average hourly earnings climbed 2.6% on an annual basis in the Q4 of 2016, while analysts expected an unchanged reading from the prior month, when the Average Earnings Index rose 2.8%.



“The failure of retail sales in January to rise at all after December’s 2.1 per cent month-to-month drop demonstrates that consumers’ spending has shifted down several gears in response to slowing employment growth and rising inflation.”

GBP

- Samuel Tombs, Pantheon Macroeconomics



	Impact
UK retail sales slump 0.3% in January	High

Sales in the United Kingdom dropped for the third straight month in January, indicating that consumers started feeling the pressure of higher prices and slower wage growth. According to the official data published by the British Office for National Statistics on Friday, retail sales slid 0.3% over the previous month, coming in short of analysts’ expectations for a 1.0% increase and following a downwardly revised 2.1% slide in December. If compared with the same month a year ago, sales rose at the slowest pace since November 2013, jumping 1.5%. The downmove was mainly driven by higher prices of fuel and food at both conventional and online stores, which rose 1.9% on average in January when compared to the same month a year ago. At this point, analysts worldwide expect prices to be on an uptrend through the year, as retailers are struggling to keep their businesses afloat following the devaluation of the Sterling caused by the decision of the UK to the European Union. Nevertheless, despite expectations for inflation to hit 3% and above this year, economists are eyeing rather anaemic wage growth, with real income being at risk of posting its worst year since 2013.



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

	17.02 open price	17.02 close price	% change
GBP/USD	1.2487	1.2413	-0.60%
EUR/GBP	0.8551	0.8546	-0.06%
GBP/CAD	1.6332	1.626	-0.44%
GBP/JPY	141.4	140.17	-0.88%



“Acquisitions of equities were moderated by sales of US government debt instruments in the month, for which Canadian investors have reduced their exposure in each of the last five months.”

CAD - Statistics Canada



	Impact
Canada's capital inflows surge to \$10.2B in December	High

The Canadian capital inflows rose less than expected in December, official data showed on Friday. Statistics Canada reported foreign investment in the country's government securities surged to \$10.2B in the reported month, following the preceding month's \$7.3B, whereas economists penciled in an increase of \$11.6B. On the positive side, total inflows increased compared with the previous year's \$106.0B to \$161.3B in 2016. In the meantime, net inflows of debt securities rose to \$107.9B in the reported year from \$91.6B in 2015. This increase was mainly driven by solid growth of inflows into debt securities issued by corporations. In volume terms, equity inflows rose to \$9.7B in the 12th month of the year. On a yearly basis, the value of investment into equities increased from \$14.4B to \$53.4B. In addition, Statistics Canada reported the sum of outflows in 2016 declined sharply to \$13.8B from \$60.2B previously, as investors dampened their interest for cross-border assets.














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

	17.02 open price	17.02 close price	% change
AUD/CAD	1.0062	1.0045	-0.17%
CAD/CHF	0.7629	0.7657	0.37%
EUR/CAD	1.396	1.3896	-0.46%
USD/CAD	1.3079	1.3099	0.15%

Major events previous week (February 13 - 17)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
00:00 am		JPY	Preliminary GDP q/q	Q4 2016	0.2%	0.3%	0.3%
TUESDAY							
07:00 am		EUR	German Preliminary GDP q/q	Q4 2016	0.4%	0.5%	0.2%
09:30 am		GBP	CPI y/y	January	1.8%	1.9%	1.6%
01:30 pm		USD	PPI m/m	January	0.6%	0.3%	0.3%
WEDNESDAY							
09:30 am		GBP	Claimant Count Change	January	-42.4K	1.1K	-20.5K
01:30 pm		CAD	Manufacturing Sales m/m	December	2.3%	1.4%	2.3%
01:30 pm		USD	CPI m/m	January	0.6%	0.3%	0.3%
THURSDAY							
00:30 am		AUD	Employment Change	January	13.5K	9.7K	16.3K
01:30 pm		USD	Building Permits	January	1.29M	1.23M	1.23M
FRIDAY							
09:30 am		GBP	Retail Sales m/m	January	-0.3%	1.0%	-1.9%
01:30 pm		CAD	Foreign Securities Purchases	December	10.23B	11.59B	7.24B

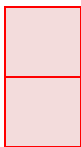
EXPLANATIONS

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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