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RESEARCH PRODUCTS

23/05/2017



# Fundamental Analysis

## Major events this week (May 22 - 26)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
06:00 pm		GBP	Prime Minister May Speaks				
<b>TUESDAY</b>							
08:00 am		EUR	German Ifo Business Climate	May		113.1	112.9
12:30 pm		CAD	Wholesale Sales m/m	March		1.1%	-0.2%
02:00 pm		USD	New Home Sales	April		611K	621K
<b>WEDNESDAY</b>							
08:30 am		EUR	ECB President Draghi Speaks				
02:00 pm		CAD	BOC Rate Statement				
02:30 pm		USD	Crude Oil Inventories	Last week			-1.8M
<b>THURSDAY</b>							
02:00 am		NZD	Annual Budget Release				
08:30 am		GBP	Second Estimate GDP q/q	Q1 2017		0.3%	0.3%
02:30 pm		USD	Unemployment Claims	Last week		238K	232K
11:30 pm		JPY	Consumer Price Index y/y	April		0.4%	0.2%
<b>FRIDAY</b>							
12:30 pm		USD	Prelim GDP q/q	April		0.9%	0.7%

## Key highlights of the week ended May 19

### United Kingdom

On Monday, the British Prime Minister Theresa May, appointed after the country voted to leave the European Union on June 23, promised to extend British workers' rights in both workplace and boardroom. During her visit to the southern part of England, the UK PM said that the Conservative Party would protect workers of internet delivery firms and "gig" companies, such as Uber. Furthermore, May stated they intended to put employees on company boards. The Office for National Statistics reported on Tuesday that its CPI rose 2.7% on an annual basis in April, following the preceding month's gain of 2.3% and surpassing analysts' expectations for a 2.6% increase. British inflation is set accelerate further due the recent rebound in oil prices and the weak Sterling. The Office for National Statistics reported that wage growth, excluding bonuses, advanced 2.1% on an annual basis in the March quarter, the weakest gain since the three-month period to July 2016. The Office for National Statistics reported on Thursday that retail sales surged 2.3% in April, following the preceding month's upwardly revised fall of 1.4% and topping expectations for a 1.2% increase.

### United States

Manufacturing activity in the New York state deteriorated unexpectedly in May, falling into the negative territory for the first time since October, official figures revealed. The regional Federal Reserve reported on Monday that its Empire State Manufacturing Index came in at -1.0 in the reported month, following the preceding month's 5.2 points. The Census Bureau reported on Tuesday that housing starts declined 2.6% to a seasonally adjusted annual pace of 1.17M units last month, following March's upwardly revised 1.28M-unit pace and falling behind expectations for a 3.7% rise to a 1.26M-unit pace. The Energy Information Administration reported US crude stockpiles fell 1.8M barrels in the week ending May 12, following the preceding week's drop of 5.2M barrels and falling behind expectations for a 2.5M-barrel decline. The US Department of Labour reported that initial jobless claims fell to 232K in the week ending May 12, following the preceding week's 236K and posting the third consecutive decline. In the meantime, analysts held expectations for an increase to 240K.

### Canada

Statistics Canada reported on Wednesday that manufacturing sales rose 1.0% in March, following the preceding month's downwardly-revised fall of 0.6% and slightly missing analysts' expectations for a 1.1% gain. Statistics Canada reported that its CPI advanced 0.4% in April, following the preceding month's gain of 0.2% and falling behind expectations for an increase of 0.5%. Other data showed that retail sales climbed 0.7% in March, compared to the prior month's upwardly revised fall of 0.4% and surpassing expectations for a 0.4% increase. However, excluding volatile items, core retail sales fell 0.2%, whereas analysts anticipated a climb of 0.2% in the reported month after a 0.1% drop in February.

### New Zealand

Statistics New Zealand reported that retail sales volumes climbed 1.5% on a seasonally adjusted basis in the three-month period to March, up from a 0.6% gain in the preceding period, whereas analysts anticipated a slighter increase of 1.1%. Dairy prices rose for the fifth consecutive time at the latest auction in New Zealand, pointing to a solid recovery. The Global Dairy Trade Price Index climbed 3.2% to an average selling price of \$3,313 per tonne after rising 3.6% at the prior GDT auction. Later in the day, Statistics New Zealand reported that its Producer Price Index rose 0.8% in the March quarter, following the prior quarter's gain of 1.0% and topping analysts' expectations for a 0.7% increase.



**GBP**

*"On the cost of living, what I want to see is building a strong economy with higher paid jobs."*

— Theresa May, British Prime Minister



	<b>Impact</b>
British Prime Minister to create higher paid jobs and put control on energy prices	Medium

On Monday, the British Prime Minister Theresa May had an interview with the BBC channel's Andrew Neil. The interviewer asked the UK Prime Minister why the Conservative Party included a social care cap in its campaign, while it refused to do so at the very beginning of the rally, but May said she was honest with the nation and just wanted to clarify what the Party put in its manifesto. During the interview, the British PM stated that people wanted to see the stronger economy that could pay for the National Health Service and the public services. As to rising inflation, frozen in-work benefits and falling living standards, the UK PM said she would create higher paid jobs and put control on energy prices to help people pay bills. Andrew Neil noted that the Tories failed to lower migration and end the budget deficit by 2015; however, Theresa May stated that the Conservatives would continue working on the following issues if they win the June 8 Election, highlighting the Labour Party's intentions to increase borrowing and ignore the country's debt and the budget deficit.

















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

	22.05 open price	22.05 close price	% change
GBP/USD	1.2994	1.3002	0.06%
EUR/GBP	0.8615	0.8643	0.32%
GBP/CAD	1.7567	1.7555	-0.07%
GBP/JPY	144.31	144.7	0.27%

## Major events previous week (May 8 - 12)

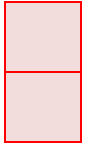
Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
00:00 am		NZD	Retail Sales q/q	Q1 2017	1.5%	1.1%	0.6%
12:30 pm		USD	Empire State Manufacturing Index	May	-1.0	7.2	5.2
07:00 pm		GBP	Prime Minister May Speaks				
<b>TUESDAY</b>							
01:30 am		AUD	Monetary Policy Meeting Minutes				
08:30 am		GBP	CPI y/y	April	2.7%	2.6%	2.3%
12:30 pm		USD	Building Permits	April	1.23M	1.27M	1.27M
Tentative		NZD	GDT Price Index		3.2%		3.6%
<b>WEDNESDAY</b>							
08:30 am		GBP	Average Earnings Index 3m/y	Q1 2017	2.4%	2.4%	2.3%
12:30 pm		CAD	Manufacturing Sales m/m	March	1.0%	1.1%	-0.2%
02:30 pm		USD	Crude Oil Inventories	Last week	-1.8M	-2.5M	-5.2M
<b>THURSDAY</b>							
01:30 am		AUD	Unemployment Rate	April	5.7%	5.9%	5.9%
08:30 am		GBP	Retail Sales m/m	April	2.3%	1.2%	-1.8%
12:30 pm		USD	Unemployment Claims	Last week	232K	240K	236K
<b>FRIDAY</b>							
12:30 pm		CAD	CPI m/m	April	0.4%	0.5%	0.2%

## EXPLANATIONS

### Chart

- **SMA (55)** – Simple Moving Average of 55 periods
- **SMA (200)** – Simple Moving Average of 200 periods

*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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