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Fundamental Analysis

Major events this week (January 22 - 26)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
01:30 pm		CAD	Wholesale Sales m/m	November	0.2%	0.3%	1.3%
TUESDAY							
9:00 am		EUR	Flash Services PMI	January		53.9	53.7
9:30 am		GBP	EU Membership Court Ruling				
03:00 pm		USD	Existing Home Sales	December		5.54M	5.61M
WEDNESDAY							
09:00 am		EUR	German Ifo Business Climate	January		111.3	111.0
03:30 pm		USD	Crude Oil Inventories	Last week			2.3M
THURSDAY							
09:30 am		GBP	Prelim GDP q/q	Q4 2016		0.5%	0.6%
03:00 pm		USD	New Home Sales	December		585K	592K
FRIDAY							
09:30 am		EUR	M3 Money Supply y/y	December		4.9%	4.8%
01:30 pm		USD	Advance GDP q/q	Q4 2016			3.5%

Key highlights of the week ended January 13

Euro zone

The Euro zone's trade surplus expanded more than expected in November, hitting €22.7 billion, Eurostat reported. Other data released last week showed German business sentiment rose to its highest level in seven months in January, though less than expected, as the Munich-based ZEW institute said its Economic Sentiment Indicator for Germany rose 2.8 points to 16.6 in the reported month, falling behind analysts' expectations of a monthly improvement to 18.4. However, the latest score was the strongest since June. Consumer prices in the Euro zone climbed to a 38-month high in December in line with analysts' expectations. According to Eurostat, the headline CPI and core CPI came in 1.1% and 0.9% year-over-year in November, respectively. Last week, the ECB left its monetary policy unchanged at its January meeting on Thursday, as underlying inflation trends and the region's economic recovery remained subdued.

US

Manufacturing activity in the State of New York dropped more than expected in January, results of the latest The Empire State Manufacturing Survey showed last week. The New York Federal Reserve reported factory activity across the region fell to 6.5 points from December's 9.0 points, while market analysts anticipated a slight decrease to 8.1 in January. Also, the Labor Department reported last week that more expensive gasoline and rental accommodation boosted US consumer inflation last month. However, the Fed's preferred inflation measure, the core PCE, remained below the Central bank's 2% target at 1.6% in December.

UK

British consumer prices showed solid growth in December, due to the weak Sterling. The Office for National Statistics reported its Consumer Price Index rose 0.5% to 1.6% year-over-year in December, compared to the preceding month's 1.2%, above market expectations for a 1.4% hike. It was the strongest expansion since 2014. According to the latest forecasts, the further rise in UK inflation is likely to force the Bank of England to tighten its monetary policy. However, any reading above the 0 point-level points to expansion in the manufacturing sector. The unemployment rate in Britain held steady last month, while the number of unemployment benefit claims declined.

Canada

As markets expected, the Bank of Canada left its benchmark overnight rate on hold at its January policy meeting on Thursday, where it has been since the middle of 2015. The decision to keep the key interest rate at 0.50% was driven by high uncertainty surrounding Trump's presidency. Moreover, on Thursday of last week, Statistic Canada manufacturing sales rebounded sharply in November, helped by the primary metals, petroleum and coal industries.



"Following those earlier readings for retail and manufacturing, GDP (gross domestic product) should be able to get back the ground that was lost in October, however probably not much more. As a result, the quarter should still be left tracking a modest 1.5 per cent growth rate".

-Andrew Grantham, CIBC

CAD

















	Impact
Canadian wholesale trade grows less than expected in November	High

The value of Canadian wholesale trade advanced less than expected in November, official figures revealed on Monday. According to Statistics Canada, the country's wholesale trade rose 0.2% in the reported month, whereas market analysts anticipated an increase of 0.3%. In the meantime, the October gain of 1.1% was revised up to 1.3%. In volume terms, sale dropped 0.1% in November. In a report, Statistics Canada said sales grew in four out of seven sectors. The largest monthly gain came in the miscellaneous sector with a 7.2% increase. Agricultural supplies contributed most to the following rise. Furthermore, data showed sales of building materials and supplies climbed 3.8% on a monthly basis, mainly driven by higher sales of forestry products. Nevertheless, a 5.8% decline posted by the motor vehicle sector offset gains in other sectors. That was the second decrease in eight months. The report suggests that Canadian economic growth slowed in the last quarter of 2016. Back in the Q3, the Canadian economy expanded at an annual pace of 0.9% after contracting 0.4% in the prior quarter amid the Alberta wildfires.

After the release, the Canadian Dollar was seen trading at 1.3309 against its US counterpart, 1.4287 against the Euro and 85.15 against the Japanese Yen and 1.0088 against the Australian Dollar.



Major events previous 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	-1.9%	-0.1%	-0.1%
01:30 pm		CAD	CPI m/m	December	-0.2%	0.0%	-0.4%
Tentative		USD	President-Elect Trump Speaks				

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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