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RESEARCH PRODUCTS

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# Fundamental Analysis

## Major events this week (June 26 - 30 )

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
12:30 am		USD	Durable Goods Orders	May		-0.5%	-0.8%
05:30 pm		EUR	ECB President Draghi Speaks				
<b>TUESDAY</b>							
10:00 am		GBP	BOE Gov Carney Speaks				
02:00 pm		USD	CB Consumer Confidence	June		116.2	117.9
<b>WEDNESDAY</b>							
01:30 pm		JPY	BOJ Gov Kuroda Speaks				
02:30 pm		USD	Crude Oil Inventories	Last week			-2.5M
<b>THURSDAY</b>							
12:30 pm		USD	Final GDP q/q	Q1 2017		1.2%	1.2%
<b>FRIDAY</b>							
08:30 am		GBP	Final GDP q/q	Q1 2017		0.2%	0.2%
12:30 pm		CAD	GDP m/m	April			0.5%

## Key highlights of the week ended June 23

### United Kingdom

The Bank of England Governor Mark Carney delivered a speech on Tuesday at the Mansion House dinner in London. The Governor said that the potential movement of the Euro-clearing centre from London to another EU-based city amid Britain's withdrawal from the European Union would likely lead to higher costs for participants and do little for the region's financial stability. Two weeks ago, the European Commission proposed to move all Euro-clearing businesses away from London after the UK leaves the EU in 2019. The European Commission said that the following step would likely sustain financial stability in the region.

### New Zealand

Dairy product prices dropped slightly at Tuesday's Global Dairy Trade auction, the first decrease after six consecutive gains. The GDT Price Index fell 0.8%, following a rise of 0.6% posted at the preceding auction. According to data published, there were 111 winning bidders, while the event lasted about three hours. Some 21 million tonnes of dairy products were sold. That was 3.8% less than at the previous auction held two weeks ago. The price of skimmed milk powder advanced 1.4% to \$2,218 per tonne, whereas the price of whole milk powder dropped 3.3% to \$3,022 per tonne. Despite the latest auction's drop, dairy product prices remained above their December highs. According to analysts, it will be highly crucial to keep prices in the following support area through the winter in order to support the underlying outlook. The Reserve Bank of New Zealand held its policy and interest rates unchanged at its meeting on Thursday, stating it would unlikely change its stance in the near future. Policymakers voted to leave the benchmark rate at a record low of 1.75% and keep the Bank's monetary policy accommodative for "a considerable period" amid high uncertainties. According to the RBNZ, interest rates are set to remain unchanged until late 2019 despite the fact that inflation returned to its 1-3% target range. Even though inflation hit 2.2% in the three-month period to March, policymakers said that the following inflation pickup was triggered by temporary factors.

### Canada


Canadian retail trade rebounded more than expected in April amid higher gasoline prices and higher demand for home appliances and garden supplies. Statistics Canada reported on Thursday that retail sales climbed 0.8% in April, following the preceding month's downwardly revised gain of 0.5% and surpassing analysts' expectations for a 0.3% increase. Apart from that, Thursday's data showed that core retail sales surged 1.5% during the same month, compared to March's upwardly revised fall of 0.1%, whereas analysts anticipated a rise of 0.6%. In volume terms, sales advanced 0.3%. Sales in the building material, garden equipment and supplies sector climbed 3.5%, marking the largest gain in about two years. Furthermore, sales at merchandise stores advanced 2.1%, while sales at gasoline stations rose 1.7% helped by higher prices. In the meantime, sales of vehicles and parts dropped 1.0%. Moreover, Statistics Canada said sales were up in nine out of the 11 subsectors, accounting for 71% of total retail trade. Analysts suggest strong retail sales figures would likely please the Bank of Canada ahead of its next policy meeting. Canadian consumer prices rose less than expected last month, moving away from the Bank of Canada's inflationary target of 2%. Statistics Canada reported on Friday that its CPI advanced 0.1% month-over-month in May, following the prior month's increase of 0.4% and falling behind analysts' expectations for a 0.2% rise. On an annual basis, consumer inflation climbed 1.3%, the lowest since November 2016, in May, down from the preceding month's gain of 1.6%, whereas analysts anticipated an increase of 1.5%.



**EUR**


*"The strong jobs growth was also a reflection of ongoing elevated levels of optimism about future growth."*  
— IHS Markit



	<b>Impact</b>
Euro zone businesses remain optimistic about economic outlook	High

Services activity in the 19-country bloc dropped unexpectedly in June, whereas manufacturing activity rose more than expected, a private survey released on Friday showed. IHS Markit reported that its preliminary PMI for the Euro zone's services sector fell to 54.7 points in June, following the preceding month's 56.3 and surpassing expectations for a slight decrease to 56.2. In the meantime, Markit's PMI for the region's manufacturing sector climbed to 57.3 points, up from the prior month's 57.0, while analysts expected a decline to 56.9. The composite PMI, a broad gauge of economic activity across the 19-country bloc's services and manufacturing sectors, dropped to 55.7 in June from May's 56.8 points. Nevertheless, the Index remained well above the 50-point level separating expansion from contraction. Moreover, the survey provided additional evidence that the economy was growing at a moderate, yet stable, pace amid strong optimism over the economic outlook for the region. Apart from that, the respondents pointed to solid employment and new orders growth in the region.



 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

	23.06 open price	23.06 close price	% change
EUR/USD	1.1152	1.1194	0.38%
EUR/GBP	0.8794	0.8800	0.07%
EUR/CHF	1.0840	1.0853	0.12%
EUR/JPY	124.16	124.54	0.31%



**CAD**

**"Certainly very modest core inflation continues to rumble in the background as a pretty strong reason for the bank not to rush the proceedings. That story was just pounded home today."**  
— Doug Porter, Bank of Montreal.



	<b>Impact</b>
Canadian consumer inflation slows more than expected in May	High

Canadian consumer prices rose less than expected last month, moving away from the Bank of Canada's inflationary target of 2%. Statistics Canada reported on Friday that its CPI advanced 0.1% month-over-month in May, following the prior month's increase of 0.4% and falling behind analysts' expectations for a 0.2% rise. On an annual basis, consumer inflation climbed 1.3%, the lowest since November 2016, in May, down from the preceding month's gain of 1.6%, whereas analysts anticipated an increase of 1.5%. In the meantime, core consumer prices climbed 0.1% in May, up from the previous month's 0.0%. Analysts suggested that due to weak inflation data the Central bank would likely leave its policy and interest rates unchanged at its next meeting in July. Nevertheless, a rate hike by the end of this year remained on the table. The Bank has been holding rates at a record low of 0.50% since 2015, when it was forced to lower rates due to the sharp oil price fall. Food prices dropped 0.1% in May, marking the eighth straight monthly decline, whereas gasoline prices rose 6.8%, following the prior month's climb of 15.9%.













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

	23.06 open price	23.06 close price	% change
AUD/CAD	0.9978	1.0039	0.61%
CAD/CHF	0.7345	0.7307	-0.52%
EUR/CAD	1.4757	1.4848	0.61%
USD/CAD	1.3233	1.3266	0.25%

## Major events previous week (June 19 - 23)

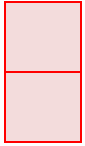
Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
03:00 pm		EUR	Buba President Weidmann Speaks				
<b>TUESDAY</b>							
01:30 am		AUD	Monetary Policy Meeting Minutes				
07:30 am		GBP	BOE Gov Carney Speaks				
Tentative		NZD	GDT Price Index		-0.8%		0.6%
<b>WEDNESDAY</b>							
02:30 pm		USD	Crude Oil Inventories	Last week	-2.5M	-1.2M	-1.7M
08:00 pm		NZD	RBNZ Rate Statement				
<b>THURSDAY</b>							
12:30 pm		CAD	Core Retail Sales m/m	April	1.5%	0.6	-0.1%
12:30 pm		USD	Unemployment Claims	Last week	241K	241K	238K
<b>FRIDAY</b>							
08:00 am		EUR	Flash Services PMI	June	54.7	56.2	56.3
12:30 pm		CAD	CPI m/m	May	0.1%	0.2%	0.4%

## 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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