














DUKASCOPY
RESEARCH PRODUCTS

26/05/2017



Fundamental Analysis

Major events this week (May 22 - 26)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
06:00 pm		GBP	Prime Minister May Speaks				
TUESDAY							
08:00 am		EUR	German Ifo Business Climate	May	114.6	113.1	112.9
12:30 pm		CAD	Wholesale Sales m/m	March	0.9%	1.1%	-0.2%
02:00 pm		USD	New Home Sales	April	569K	611K	621K
WEDNESDAY							
08:30 am		EUR	ECB President Draghi Speaks				
02:00 pm		CAD	BOC Rate Statement				
02:30 pm		USD	Crude Oil Inventories	Last week	-4.4M	-2.4M	-1.8M
THURSDAY							
02:00 am		NZD	Annual Budget Release				
08:30 am		GBP	Second Estimate GDP q/q	Q1 2017	0.2%	0.3%	0.3%
02:30 pm		USD	Unemployment Claims	Last week	234K	238K	233K
FRIDAY							
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

"Should we be concerned? No, the dip is probably temporary."

— Kallum Pickering, Berenberg



	Impact
British economy expands at slower-than-originally-reported pace in Q1 of 2017	High

The British economy expanded at a weaker-than-initially-expected pace in the three-month period to March, official figures revealed on Thursday. The Office for National Statistics reported that the economy grew at a seasonally adjusted quarterly pace of 0.2% in the first quarter, the slowest pace of growth since the beginning of 2016, compared to an originally reported 0.3% expansion pace. Meanwhile, market analysts expected the March quarter's pace to remain unchanged. A fall in the services sector contributed the most to the following slowdown, with retail and accommodation posting the largest drops amid the post-Brexit vote sharp fall in the value of the British Pound. Furthermore, household consumption rose just 0.3% quarter-over-quarter in the Q1, the weakest since the Q4 of 2014, as inflationary pressures boosted import prices. Household consumption account for about 70% of Britain's GDP growth. The final GDP estimate for the Q1 will be released next month. Thus, the reading could be revised higher or lower. However, it was the first time in four years that the second estimate was revised down.



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

	25.05 open price	25.05 close price	% change
GBP/USD	1.2970	1.2942	-0.22%
EUR/GBP	0.8649	0.8662	0.15%
GBP/CAD	1.7389	1.7451	0.36%
GBP/JPY	144.62	144.74	0.08%



USD

"If the widening in the trade gap reported thus far in the quarter is sustained, trade would subtract about half a percentage point from second-quarter GDP growth."

— John Ryding, RDQ Economics

















	Impact
US initial jobless claims rise less than expected last week	High

The number of Americans filing for unemployment benefits rose less than expected last week, official data showed on Thursday. The Labour Department reported that initial jobless claims rose 1K to 234K in the week ended May 19, following the preceding week's upwardly revised 233K. Meanwhile, market analysts anticipated an increase of 5K to 238K during the reported week. That marked the 116th of claims remaining below the 300K level, the longest stretch since 1973. The four-week moving average of claims, considered to be a better measure of the labour market trends, dropped 5.75K to 235.25K last week, the lowest since April 1973. Thursday's report also showed that continuing jobless claims advanced 24K to 1.92M in the week ending May 13, whereas their four-week moving average declined 16K to 1.93M, the lowest since January 1974. The combination of strong data on the labour market, retail sales and industrial output suggested that the US economy regained positive momentum in the second quarter. Despite the stronger-than-expected release, the US Dollar edged lower against other major currencies.



Major events previous week (May 8 - 12)

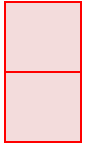
Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
00:00 am		NZD	Retail Sales q/q	Q1 2017	1.5%	1.1%	0.6%
12:30 pm		USD	Empire State Manufacturing Index	May	-1.0	7.2	5.2
07:00 pm		GBP	Prime Minister May Speaks				
TUESDAY							
01:30 am		AUD	Monetary Policy Meeting Minutes				
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%
WEDNESDAY							
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
THURSDAY							
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
FRIDAY							
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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