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Fundamental Analysis

Major events this week (June 26 - 30)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
12:30 am		USD	Durable Goods Orders	May	-1.1%	-0.5%	-0.8%
05:30 pm		EUR	ECB President Draghi Speaks				
TUESDAY							
10:00 am		GBP	BOE Gov Carney Speaks				
02:00 pm		USD	CB Consumer Confidence	June		116.2	117.9
WEDNESDAY							
01:30 pm		JPY	BOJ Gov Kuroda Speaks				
02:30 pm		USD	Crude Oil Inventories	Last week			-2.5M
THURSDAY							
12:30 pm		USD	Final GDP q/q	Q1 2017		1.2%	1.2%
FRIDAY							
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

"Draghi pouring water on expectations of reducing monetary stimulus, that saw the euro then start to weaken."
— Douglas Borthwick, Chapdelaine Foreign Exchange

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	Impact
ECB President Mario Draghi points to high income inequality, defends ultra low interest rates	High

The European Central Bank President Mario Draghi reported on Tuesday that in order to overcome Europe's income inequality authorities should focus more on education, innovation and investment in human capital. According to the ECB President inequality in the Euro zone grew markedly since the last global financial crisis. Thus, governments should consider adopting policies aimed at redistributing wealth. According to data from Eurostat, the inequality level has increased sharply since the crisis in countries like France and Spain. The highest level of income inequality has been registered in Greece, Spain and Portugal. Apart from that, Mario Draghi said that ultra low interest rates helped to boost job creation, economic growth and benefit borrowers. Moreover, the ECB President said that a faster pace of monetary policy tightening would likely lead to a new wave of recession and boost income inequality in the region. Following these dovish comments, the US Dollar hit its one-month high against the Japanese Yen and rebounded sharply against the Euro, as the probability of a monetary policy stimulus reduction diminished.






USD

*"We see the core data as consistent with soft business investment in the second quarter."
— Blerina Uruci, Barclays*













	Impact
Orders for US-manufactured durable goods drop 1.1% last month	High

Orders for US-made durable goods dropped more than expected last month, pointing to a slowdown in the manufacturing sector. The Commerce Department reported on Monday that durable goods orders fell 1.1% in May, following the preceding month's downwardly revised drop of 0.8% and falling behind expectations for a 0.5% decline. In the meantime, core durable goods orders rose just 0.1% last month after dropping 0.5% in April, whereas analysts anticipated an increase of 0.4% during the reported month. Monday's data combined with the prior week's retail sales and inflation figures suggested that the economy failed to regain positive momentum in the June quarter despite the recent sharp drop in the jobless rate. Back in the Q1, the US economy expanded at an annualised 1.2% pace. Yesterday's data also showed that orders for machinery climbed 0.6%, while shipments dropped 0.3%. Orders for civilian aircraft dropped 11.7%, whereas orders for defence aircraft and parts plunged 30.8%. Orders for motor vehicles and parts advanced 1.2% last month.



Major events previous week (June 19 - 23)

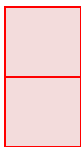
Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
03:00 pm		EUR	Buba President Weidmann Speaks				
TUESDAY							
01:30 am		AUD	Monetary Policy Meeting Minutes				
07:30 am		GBP	BOE Gov Carney Speaks				
Tentative		NZD	GDT Price Index		-0.8%		0.6%
WEDNESDAY							
02:30 pm		USD	Crude Oil Inventories	Last week	-2.5M	-1.2M	-1.7M
08:00 pm		NZD	RBNZ Rate Statement				
THURSDAY							
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
FRIDAY							
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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