

28/07/2016


















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Fundamental Analysis

Major events this week (July 25-29)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
8:00 pm		EUR	German Ifo Business Climate	July	108.3	107.7	108.7
10:45 pm		NZD	Trade Balance	July	127M	128M	358M
TUESDAY							
2:00 pm		USD	CB Consumer Confidence	July	97.3	95.6	98.0
2:00 pm		USD	New Home Sales	June	592K	560K	551K
WEDNESDAY							
1:30 am		AUD	CPI	July	0.4%	0.4%	-0.2%
8:00 am		EUR	M3 Money Supply	July	5.0%	5.0%	4.9%
8:30 pm		GBP	Prelim GDP	July	0.6%	0.5%	0.4%
12:30 pm		USD	Core Durable Good Orders	June	-0.5%	0.3%	-0.3%
2:30 pm		USD	Crude Oil Inventories	July 22	1.7M	-2.1M	-2.3M
6:00 pm		USD	Federal Funds rate		<0.50%	<0.50%	<0.50%
THURSDAY							
All Day		EUR	German Prelim CPI	July		0.2%	0.1%
12:30 pm		USD	Unemployment Claims	July		261K	253K
11:50 pm		JPY	Retail Sales	July		-1.2%	-2.1%
FRIDAY							
08:00 am		JPY	Monetary Policy Meeting	July			
01:30 pm		CAD	GDP	July		-0.5%	0.1%

Key highlights of the week ended July 22

Euro zone

On Thursday, the European Central Bank left its key interest rates unchanged, signaling that it is ready to provide additional monetary stimulus at its policy meeting on September 8, when they will have new post-Brexit economic forecasts. Other data released last week showed that investor sentiment in the Euro zone markedly dropped in July, driven by Britain's vote to leave the European Union, as the ZEW Economic Sentiment Index in the 19-nation currency bloc came in at -14.7 in the reported month, following last month's figure of 20.2 points, while analysts penciled in a decrease to 12.3 in July. Furthermore, business confidence in the region's largest economy, Germany, was also severely affected by the Brexit vote, as the ZEW Indicator of Economic Sentiment for the country came in at -6.8 in July, after rising to 19.2 points in the previous month, its 10-month high, while economists anticipated a deceleration to 9.0. Meanwhile, the German PPI rose 0.4% month-over-month in June, the same rate as in May, whereas markets predicted a decline to 0.2%.

Australia

On July 5, the Reserve Bank of Australia voted to keep its key interest rate on hold at 1.75%, whereas the minutes of the July policy meeting released on Tuesday revealed that policymakers were concerned over the strength of the Australian Dollar and the state of the domestic economy. Moreover, the RBA stated that it would be necessary to receive additional economic data on inflation, home prices and employment in order to determine the future path of cutting interest rates.

US

In the United States, crude oil inventories dropped by 2.3 million barrels in the week ended July 15, fresh figures from the Energy Information Administration revealed on Wednesday last week, while market analysts pencilled in a slight drop of 1.3 million barrels in the reported period, following a decline of 2.5 million barrels seen in the previous seven days. Other data released on Thursday showed that the number of initial jobless claims in the week ended July 16 dropped to 253,000 from the preceding week's reading of 254,000, whereas markets predicted an increase to 271,000 filings. This week was the 72nd consecutive week that initial claims were below the 300,000 level, extending the longest streak since 1973.

UK

Consumer prices in the UK rose 0.5% on an annual non-seasonally adjusted basis in June, following May's 0.3% and surpassing economists' expectations of a 0.4% increase in the reported month, the Office for National Statistics (ONS) said on Tuesday. Separate data from the ONS showed that the number of people claiming unemployment-related benefits rose by 400 in June, compared to last month's upwardly revised figure of 12,200 claims as well as analysts' estimates of a 4,100 gain. Meanwhile, Britain's retail sales, excluding automobiles, fell 0.9% on a monthly basis in June, after rising 0.9% in the preceding month. Markets anticipated a drop of 0.4% in the reported month. The June deceleration was mainly driven by lower sales of clothing and footwear which fell 1.8% on a monthly basis and 6.1% on an annual basis. The adverse weather was seen as the main contributor to the following fall, as most of the data was collected before the June 23 EU referendum.




EUR

“Despite the positive signals from the Bank Lending Survey, lending in the Euro area is still picking up only slowly. On the other hand, the banks’ government bond portfolios are growing. The ECB’s ability to rapidly ramp up investment in the economy by way of lending remains limited.”

-DZ Bank

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	Impact
Euro zone money supply and lending to private sector rise in line with expectations in June	High

The Euro zone money supply and credit to the private sector grew at a faster pace in June than the month before, according to official data released by the European Central Bank (ECB) on Wednesday. The ECB reported that its broad indicator of money supply M3 advanced 5.0% on an annual basis in June. That was in line with analysts’ expectations following the previous month’s reading of 4.9%. The central bank regards M3 money supply as a barometer for future inflation. The data also revealed that the narrower monetary aggregate M1 grew 8.6% year-over-year in the sixth month of the year, down from the 9.1% growth pace seen in May. Furthermore, the annual growth rate of loans to the private sector climbed 1.5% in June, compared to last month’s pace of 1.3%. Loans to households in the Euro zone went up by 1.7% year-over-year, or 0.1% up month-over-month in June, matching analysts’ estimates. In the meantime, loans to non-financial corporations in the 19-nation currency bloc increased 1.7% in the reported month, after rising 1.6% in the preceding month. The following data release added evidence that the European Central Bank’s credit easing policy, which was launched two years ago, is working. Moreover, the data confirmed the view of a continued improvement in credit conditions, stated in the latest ECB quarterly bank lending survey.





"It suggests that the disappointing performance in business investment activity goes beyond the slackening in capital goods demand in the energy sector, and it underscores the continued sluggishness in this segment of the U.S. economy".

-Millan Mulraine, TD Securities

USD

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	Impact
Orders for durable goods weaken in June; US crude oil stockpiles rise unexpectedly	High

For the second consecutive month, orders for long lasting factory goods made in the United States fell, fresh figures from the US Census Bureau revealed on Wednesday. Excluding transportation equipment, new orders for durable goods fell 0.5% on a seasonally adjusted basis in June, compared to the previous month's downwardly revised drop of 0.4%, whereas market analysts expected core durable goods orders to advance 0.3% in the reported month. Overall orders for US manufactured durable goods decreased 4.0% in June, following last month's revised fall of 2.3% and falling behind the 1.1% drop forecast. Other data released by the Energy Information Association on Wednesday showed that US crude oil inventories added 1.7 million barrels in the week ended July 22, after the 2.3 million barrel fall registered in the previous seven days, while economic desks penciled in a decrease of 2.1 million barrels in the reported period.

The durable orders report stands in contrast to other recent data suggesting the US manufacturing sector stabilized in June. A Federal Reserve report showed manufacturing output was modestly above year-earlier levels in June.





"It's always difficult to tell where you're going by looking in the rear-view mirror, and as such today's GDP figures can't be taken as evidence of the current climate."

GBP -Ben Brettell, Hargreaves Lansdown















	Impact
Britain's economy beats forecasts with 0.6% growth in Q2 of 2016	High

UK GDP advanced 0.6% on a seasonally adjusted basis in the second quarter of 2016, as reported by the Office for National Statistics on Wednesday, surpassing the 0.5% market forecast and the 0.4% rise seen in the first quarter. Economic output expanded in 2 out of 4 main industrial sectors: services added 0.5%, whereas production gained 2.1%. However, construction and agricultural sectors showed a pronounced downward trend sliding 0.4% and 1% respectively. Year-over-year, British GDP increased by 2.2%, above the expected 2% and compared to the 2% reading in the previous quarter. The Pound weakened upon the news release and traded at just \$1.311, while the FTSE 100 Index reached its highest level since July 2015 and traded at 6,770 in the second half of the London session on Wednesday. Despite the positive economic outlook provided by the quarterly GDP data, supported by the BoE and the Treasury promises to take all the needed actions to accommodate the economic growth, experts noted that the published results included only one week after the Brexit vote and were largely driven by booming industrial activity in May/June. The overall market forecast for the third quarter was revised down to 0.4%, reflecting the expectations of weakening economy captured by plummeting retail sales and lackluster PMI figures.



Major events of the previous week (July 18– 22)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
01:30 pm		CAD	Foreign Securities Purchases	July	14.73B	15.39B	15.52B
TUESDAY							
02:30 am		AUD	Monetary Policy Meeting Minutes	July			
08:30 am		GBP	Consumer Price Index (YoY)	July	0.5%	0.4%	0.3%
10:00 am		EUR	ZEW Survey-Economic Sentiment	July	-14.7%	12.3	20.2
WEDNESDAY							
07:00 am		EUR	German Producer Price Index (YoY)	July	0.4%	0.2%	0.4%
09:30 pm		GBP	Claimant Count Change	July	0.4K	4.1K	12.2K
03:30 pm		USD	Crude Oil Inventories	July	-2.3M	-1.3M	-2.5M
THURSDAY							
09:30 am		GBP	Retail Sales (MoM)	July	-0.9%	-0.4%	0.9%
01:30 pm		EUR	ECB Interest Rate Decision	July			0%
01:30 pm		USD	Unemployment Claims	July	253K	271K	254K
FRIDAY 271K							
08:00 am		EUR	Markit Manufacturing PMI	July	51.9	52.1	52.8
01:30 pm		CAD	Core Retail Sales (MoM)	July	0.9%	0.3%	1.3%

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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