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RESEARCH PRODUCTS

29/06/2017



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	118.9	116.2	117.6
WEDNESDAY							
01:30 pm		CAD	BoC Gov Poloz Speaks				
01:30 pm		GBP	BoE Gov Carney Speaks				
02:30 pm		USD	Crude Oil Inventories	Last week	0.1M	-2.1M	-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%.



GBP

"Some removal of monetary stimulus is likely to become necessary if the trade-off facing the MPC continues to lessen and the policy decision accordingly becomes more conventional."
— Mark Carney, Bank of England



	Impact
BoE Governor Mark Carney turns unexpectedly hawkish	High

The Bank of England Governor Mark Carney said on Wednesday that the Monetary Policy Committee might need to start raising interest rates soon, adding that the BoE's interest-rate decision would be discussed in the next few months. Carney's unexpectedly hawkish comments pushed the Sterling to its new session highs. In the meantime, the GBP/USD hit its highest level since the June 8 election. Earlier, Mark Carney stated that it was not yet the time to step on the path of interest rate hikes despite surging inflation. Furthermore, on Wednesday, the Governor said that at the June 15 meeting it was necessary to leave the Bank's interest rates unchanged due to "the mixed signals on consumer spending and business investment". On June 15, five out of eight policymakers voted to keep monetary policy and rates on hold. According to the BoE, inflation is set to rise above 3% in the upcoming months, well above the Bank's 2% target. Carney stated that in order to begin raising rates he would focus on household consumption and the economy's reaction to the country's withdrawal from the European Union.



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

	28.06 open price	28.06 close price	% change
GBP/USD	1.2817	1.2927	0.85%
EUR/GBP	0.8846	0.8802	-0.50%
GBP/CAD	1.6914	1.6851	-0.37%
GBP/JPY	143.96	145.15	0.82%



USD

"The most interesting thing is crude oil production was down ... which is a significant decline given the increases in previous weeks."
— Andrew Lipow, Lipow Oil Associates



	Impact
US pending home sales post third straight monthly decline in May; Crude stockpiles climb 0.1M barrels	High

Pending home sales in the United States dropped for the third consecutive month in May, official figures revealed on Wednesday. The National Association of Realtors reported that pending home sales fell 0.8% last month, following April's downwardly revised drop of 1.7% and falling behind market analysts' expectations for an increase of 0.9%. According to Wednesday's data, supply shortages mainly drove the fall. The supply of homes available for sale dropped more than 8% year-over-year in May. Other data released on Wednesday showed that US crude oil inventories rose 0.1M barrels in the week ended June 23, following the prior week's drop of 2.5M barrels, whereas analysts anticipated a drop of 2.1M barrels during the reported week. Meanwhile, weekly production declined 100K barrels per day to 9.3M bpd, marking the largest fall since July 2016. However, some analysts suggested that the production decline was temporary and was triggered by the Cindy Storm in the Gulf of Mexico and maintenance works in Alaska. Despite the unexpected US crude inventory build, oil prices rose shortly after the release.



Trends*	Q1 17	Q2 17	Q3 17
MAX	122	122	125
75% percentile	116	118	118
Median	114	114	115
25% percentile	110	109	110
MIN	98	100	100

* the data is based on international banks' forecasts

	28.06 open price	28.06 close price	% change
AUD/USD	0.7583	0.7641	0.76%
USD/CHF	0.9604	0.9595	-0.09%
USD/JPY	112.33	112.3	-0.03%
NZD/USD	0.727	0.7306	0.49%



CAD

"It does look as though those cuts have done their job. But we're just approaching a new interest rate decision so I don't want to prejudge."
— Stephen Poloz, Bank of Canada



	Impact
BoC Governor Stephen Poloz says interest rate cuts did their job	High

The Bank of Canada Governor Stephen Poloz reported on Tuesday that interest rate cuts made in 2015 after the sharp oil price drop had done their job. Back in 2015, the Bank's key interest rates were cut twice but a distinctly more hawkish tone recently from policymakers in recent days has boosted the probability of a rate hike by the end of this year. The chance of a July rate hike climbed to 43% on Wednesday from 30% the day before. Poloz said that the country's major regions had been experiencing strong growth, however, the economic development phase differed from place to place. Also, he said that despite unexpectedly strong economic performance during the March quarter, economic growth would likely moderately slow in the upcoming quarters. Apart from that, the BoC Governor noted that the United States were two years ahead of Canada because of the recent oil price shock that forced the Bank to cut rates. In addition, Poloz said that uncertainty of the NAFTA's fate was putting downward pressure on businesses, adding that the NAFTA agreement was very crucial for the Canadian economy.













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

	28.06 open price	28.06 close price	% change
AUD/CAD	1.0008	0.996	-0.48%
CAD/CHF	0.7282	0.7358	1.03%
EUR/CAD	1.4967	1.4836	-0.88%
USD/CAD	1.3198	1.3038	-1.23%

Major events previous week (June 19 - 23)

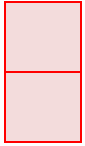
Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
03:00 pm		EUR	Buba President Weidmann Speaks				
TUESDAY							
01:30 am		AUD	Monetary Policy Meeting Minutes				
07:30 am		GBP	BOE Gov Carney Speaks				
Tentative		NZD	GDT Price Index		-0.8%		0.6%
WEDNESDAY							
02:30 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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