














DUKASCOPY
RESEARCH PRODUCTS

03/07/2017



Fundamental Analysis

Major events this week (July 3 - 7)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
08:30 am		GBP	Manufacturing PMI	June		56.4	56.7
02:00 pm		USD	ISM Manufacturing PMI	June		55.0	54.9
TUESDAY							
01:30 am		AUD	Retail Sales m/m	May		0.3%	0.1%
08:30 am		GBP	Construction PMI	June		55.2	56.0
WEDNESDAY							
08:30 am		GBP	Services PMI	June		53.5	53.8
02:00 pm		USD	Factory Orders m/m	Last week		-0.4%	-0.2%
THURSDAY							
12:15 pm		USD	ADP Non-Farm Employment Change	June		181K	253K
12:30 pm		CAD	Trade Balance	May			-0.4B
FRIDAY							
08:30 am		GBP	Manufacturing Production m/m	May		0.4%	0.2%
12:30 pm		USD	Non-Farm Employment Change	June		175K	138K
12:30 pm		CAD	Employment Change	June			54.5K

Key highlights of the week ended June 30

United States

The US economy expanded at a stronger-than-initially-expected pace in the March quarter amid higher consumer spending. The Commerce Department reported on Thursday that the domestic economy grew at an annualised pace of 1.4% in the Q1 of 2017, following the preceding quarter's expansion of 2.1% and surpassing the prior estimate of 1.2% growth. Thursday's data showed that the Q1 growth figure's revision was driven by stronger consumer spending, which climbed 1.1% during the reported period, compared to the preliminary reading of a 0.6% increase. However, that was the weakest reading since the Q2 of 2013. Despite the GDP upward revision, the Trump administration's plan to lift annual US economic growth to 3% remained challenging. As to the June quarter, weak retail sales figures, sluggish manufacturing production growth and low inflation suggested that the economy failed to regain positive momentum in the Q2. Other data released on Thursday showed that the number of Americans filing for jobless aid rose 2K to 244K in the week ended June 23, whereas analysts anticipated a fall to 241K.

United Kingdom

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. The UK economy showed a slow growth pace in the first quarter of the year, the weakest performance among European and G7 countries. The ONS reported that the country's GDP growth matched previous estimates of 0.2% in the Q1 of 2017, compared to a 0.7% increase in the Q4 of 2016. Both business services and construction sectors contributed to the Q1 UK economic expansion. The British economy, which successfully withstood in the Brexit vote aftermath, started to lag behind other developed countries. Economic growth in the Q1 weakened amid a slowdown in the consumer-focused industries, such as accommodation and retail sales, as well as diminished household spending power.

Canada


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. Canada's economic output posted the sixth straight month of expansion in April, contributed by improvements in most sectors. Statistics Canada reported on Friday that the country's GDP rose 0.2% in the fourth month of the year, following March's 0.5% gain and matching analysts' forecasts. The increase was mainly driven by services activity, with a 0.5% advance in both retail sales and wholesale trade. The report showed that 14 of 20 sectors expanded in April. On a yearly basis, the Canadian economy expanded 3.3% in the reported month, its strongest growth pace in almost three years. The largest annual increase of 5.6% was registered in the warehousing and transporting sector, supported by a rise in rail transport. Strong data suggested the Bank of Canada would be more optimistic amid the country's strong economic performance.



GBP


"Fresh official data reveal how the economy slowed sharply at the start of the year as higher prices squeezed households."
— Chris Williamson, IHS Markit



	Impact
British GDP confirmed at 0.2% in March quarter	High

The UK economy showed a slow growth pace in the first quarter of the year, the weakest performance among European and G7 countries. The ONS reported that the country's GDP growth matched previous estimates of 0.2% in the Q1 of 2017, compared to a 0.7% increase in the Q4 of 2016. Both business services and construction sectors contributed to the Q1 UK economic expansion. The British economy, which successfully withstood in the Brexit vote aftermath, started to lag behind other developed countries. Economic growth in the Q1 weakened amid a slowdown in the consumer-focused industries, such as accommodation and retail sales, as well as diminished household spending power. Consumers' real income faced the most prolonged squeeze as price growth beat wage growth. Overall, trends in the main areas of the country's economy are set to be crucial for the Bank of England to decide whether to raise its key interest rates in the second half of the year or not. However, higher demand for UK exports and stronger manufacturing activity can potentially offset weak consumer spending.



 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

	30.06 open price	30.06 close price	% change
GBP/USD	1.3006	1.3025	0.15%
EUR/GBP	0.8797	0.8773	-0.27%
GBP/CAD	1.6914	1.6885	-0.17%
GBP/JPY	145.9	146.38	0.33%



CAD

"Canadian growth is slowing from a blistering end to last year and start of 2017, but is still in healthy enough territory to chew up what's left of economic slack."
—Nick Exarhos, CIBC



	Impact
Canadian economy grows 0.2% in April	High

Canada's economic output posted the sixth straight month of expansion in April, contributed by improvements in most sectors. Statistics Canada reported on Friday that the country's GDP rose 0.2% in the fourth month of the year, following March's 0.5% gain and matching analysts' forecasts. The increase was mainly driven by services activity, with a 0.5% advance in both retail sales and wholesale trade. The report showed that 14 of 20 sectors expanded in April. On a yearly basis, the Canadian economy expanded 3.3% in the reported month, its strongest growth pace in almost three years. The largest annual increase of 5.6% was registered in the warehousing and transporting sector, supported by a rise in rail transport. Strong data suggested the Bank of Canada would be more optimistic amid the country's strong economic performance. Moreover, the economy is expected to reach full employment by the end of the year, which is one more reason to lead to a rate hike. Stephen Poloz, the BoC Governor, pointed out that two previous rate cuts did their job and the economy was now on a firmer ground despite lower oil prices.













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

	30.06 open price	30.06 close price	% change
AUD/CAD	0.999	0.9968	-0.22%
CAD/CHF	0.735	0.7391	0.55%
EUR/CAD	1.4877	1.4813	-0.43%
USD/CAD	1.3002	1.2963	-0.30%

Major events previous week (June 26 - 30)

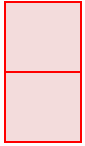
Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
12:30 am		USD	Durable Goods Orders	May	-1.1%	-0.5%	-0.8%
05:30 pm		EUR	ECB President Draghi Speaks				
TUESDAY							
10:00 am		GBP	BoE Gov Carney Speaks				
02:00 pm		USD	CB Consumer Confidence	June	118.9	116.2	117.6
WEDNESDAY							
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	1.4%	1.2%	1.2%
FRIDAY							
08:30 am		GBP	Final GDP q/q	Q1 2017	0.2%	0.2%	0.2%
12:30 pm		CAD	GDP m/m	April	0.2%	0.2%	0.5%

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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