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04/08/2017














# FUNDAMENTAL

A N A L Y S I S

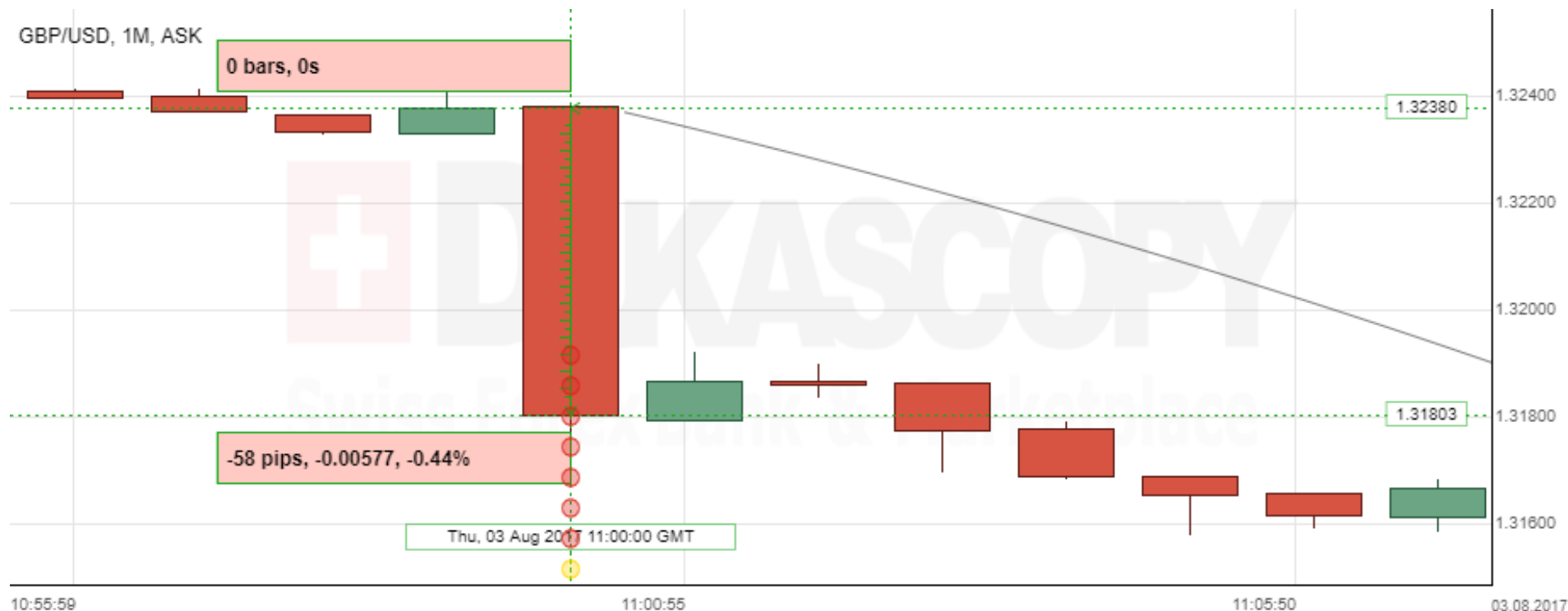


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# Major Events of the Week 31 July - 04 August

Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY, 31 JULY</b>							
09:00 am		EUR	CPI Flash Estimate y/y	July	1.3%	1.3%	1.3%
14:00 pm		USD	Pending Home Sales	June	1.5%	0.9%	-0.7%
<b>TUESDAY, 01 AUGUST</b>							
04:30 am		AUD	RBA Cash Rate		1.50%	1.50%	1.50%
08:30 am		GBP	Manufacturing PMI	July	55.1	54.4	54.3
14:00 pm		USD	ISM Manufacturing PMI	July	56.3	56.4	57.8
<b>WEDNESDAY, 02 AUGUST</b>							
08:30 am		GBP	Construction PMI	July	51.9	54.2	54.8
12:15 pm		USD	ADP Non-Farm Employment Change	July	178K	190K	191K
<b>THURSDAY, 03 AUGUST</b>							
01:30 am		AUD	Trade Balance	June	0.86B	1.77B	2.47B
11:00 am		GBP	Official Bank Rate		0.25%	0.25%	0.25%
14:00 pm		USD	ISM Non-Manufacturing PMI	July	53.9	56.9	57.4
<b>FRIDAY, 04 AUGUST</b>							
01:30 am		AUD	Retail Sales m/m	June	0.3%	0.2%	0.6%
12:30 pm		CAD	Employment Change	July		14.6K	45.3K
12:30 pm		USD	Non-Farm Employment Change	July		183K	222K

## GBP/USD: BoE Official Bank Rate



### Historical Data Table

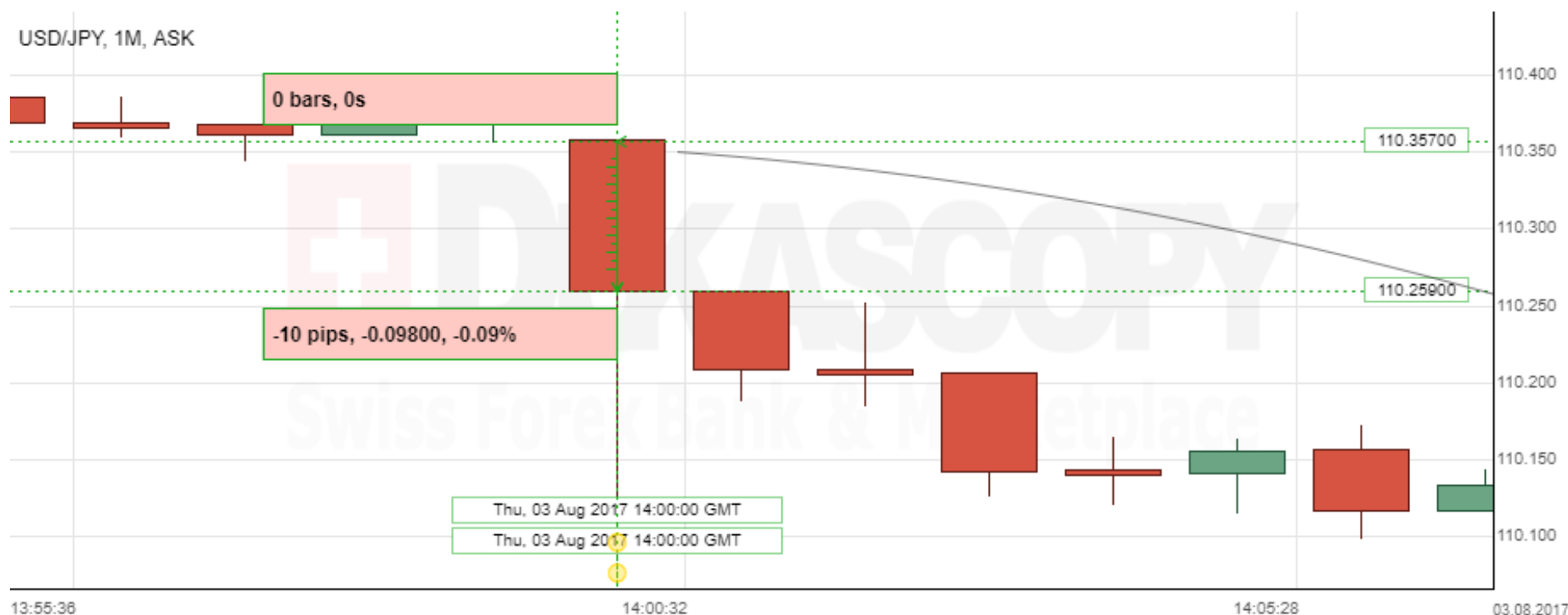
Date	05.04.2017	04.06.2017	05.06.2017	05.07.2017	03.08.2017
Actual	55.0	55.8	53.8	53.4	53.8
Forecast	53.5	54.6	55.1	53.6	53.6

### Initial Reaction on Main Pairs

	Open Price	Close Price	% Change
GBP/USD	1.3238	1.31803	-0.44%
EUR/GBP	0.89448	0.89823	0.42%
GBP/CAD	1.6678	1.66056	-0.43%
GBP/JPY	146.455	145.742	-0.49%

During the last month, Britain's officials fuelled expectations that the Central Bank was likely to raise interest rates, though Thursday's reports showed it unchanged, resulting in the immediate fall in the GBP/USD currency pair. The Sterling fell against the US Dollar by 0.44% to be seen trading at 1.3180 as the Bank of England kept its dovish stance. The Central Bank's key rate remained at a record-low level of 0.25% amid anticipations for subdued growth of wages and diminishing forecasts for economic expansion, as companies showed more cautious approach to investments. A weaker Pound, though, could push inflation higher to eventually reach 3% in October. Still, experts saw possibility of a rate hike only along with first signs of sustainable expansion.

## USD/JPY: ISM Non-Manufacturing PMI



Historical Data Table

Date	05.04.2017	03.05.2017	05.06.2017	06.07.2017	03.08.2017
Actual	55.2	57.5	56.9	57.4	53.9
Forecast	57.0	56.1	57.1	56.5	56.9

Initial Reaction on Main Pairs

	Open Price	Close Price	% Change
AUD/USD	0.79316	0.7933	0.02%
USD/CHF	0.97054	0.97115	0.06%
USD/JPY	110.357	110.259	-0.09%
NZD/USD	0.74136	0.74144	0.01%

On Thursday, the US Dollar posted a sharp fall against the Yen after the ISM report showed softer-than-expected growth in non-manufacturing sectors. After the release, the USD/JPY exchange rate showed an immediate 0.09% fall to 110.259, a sign for a stronger bearish sentiment. The Institute of Supply Management reported that its Non-Manufacturing PMI dropped more than anticipated to 53.9 points in July after rising to 57.4 in the previous month. Weak recent reports are set to discourage the Federal Reserve to make one more rate hike this year and keep the Greenback biased downwards. In addition, the NFP report on Friday is more likely to disappoint forecasts, while wage component would determine whether higher interest rates are allowable.

## AUD/USD: Australian Retail Sales



### Historical Data Table

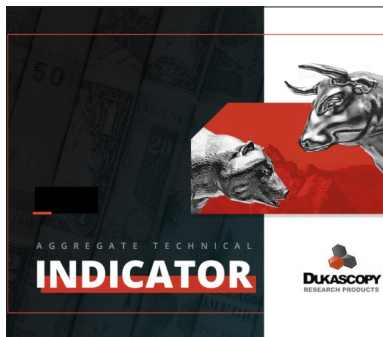
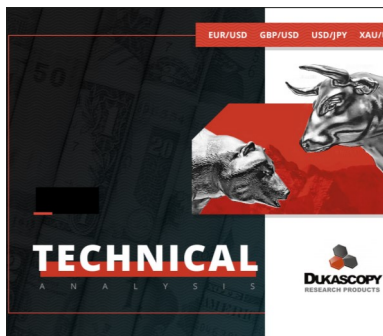
Date	03.04.2017	09.05.2017	01.06.2017	04.07.2017	03.08.2017
Actual	-0.2%	-0.2%	1.0%	0.6%	0.3%
Forecast	0.3%	0.3%	0.3%	0.2%	0.2%

### Initial Reaction on Main Pairs

	Open Price	Close Price	% Change
AUD/JPY	87.44	87.479	0.04%
AUD/USD	0.79425	0.79466	0.05%
EUR/AUD	1.49568	1.49472	-0.06%
GBP/AUD	1.65448	1.65339	-0.07%

The release of the Australian retail sales figures for June managed to create some volatility in AUD/USD, with the pair climbing to the 0.79575 level and then retreating back to the 0.79466 area at the moment of the data release. A minute after, the pair went sharply down to hit 0.79350 but then reversed its trajectory once again and continued to surge. The move was supported by the upbeat retail sales numbers that were reported to have jumped 0.3% in June, surpassing analysts' expectations for a 0.2% increase. Q-on-Q, sales were up 1.5%, while in trend terms – 0.4%, the Australian Bureau of Statistics revealed. Moreover, retail sales inched up in all regions, which added to confidence that the country's GDP could expand around 3% in the H1 of 2018.





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