



















**DUKASCOPY**  
RESEARCH PRODUCTS

08/09/2016



# Fundamental Analysis

## Major events this week (September 5 - 9)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
2:30 am		JPY	BoJ Gov Kuroda Speech	August			
8:30 pm		GBP	Services PMI	August	52.9		47.4
<b>TUESDAY</b>							
4:30 am		AUD	RBA Rate Statement	August	1.5%		1.5%
9:00 am		EUR	Gross Domestic Product (YoY)	Quarter	1.6%		1.6%
2:00 pm		USD	ISM Non-Manufacturing PMI	August	51.4	55.7	55.5
Tentative		NZD	GDT Price Index		7.7%		12.7%
<b>WEDNESDAY</b>							
1:30 am		AUD	Gross Domestic Product (YoY)	Quarter	3.3%		3.1%
8:30 am		GBP	Manufacturing Production (MoM)	August	-0.9%		-0.3%
2:00 pm		CAD	BoC Rate Statement				
<b>THURSDAY</b>							
Tentative		CNY	Trade Balance	August			343B
1:30 am		AUD	Trade Balance	August			-3.20B
12:30 pm		EUR	ECB Press Conference				
12:00 pm		USD	Unemployment Claims	August			263K
<b>FRIDAY</b>							
1:30 am		CNY	Consumer Price Index (YoY)	August			1.8%
8:30 am		GBP	Goods Trade Balance	August			-12.4B
12:30 pm		CAD	Unemployment Rate	August			6.9%

## Key highlights of the week ended September 2

### UK

The UK economy grew more than expected in the Q2, despite the country's decision to leave the European Union, official data showed on Friday. According to the Office for National Statistics (ONS), the UK GDP advanced 0.6% during the reported period, compared to the preceding quarter's 0.5% rise. On an annual basis, GDP expanded 2.2% in the Q2 of 2016. Both readings came in line with analysts' expectations. The data also showed that services and production jumped 0.5% and 2.1%, respectively in the Q2. In contrast, construction dropped 0.4%, whereas agriculture fell 1.0%. Furthermore, household consumption increased 0.9% over the Q2, rising for 6 consecutive quarters. Year-over-year, household consumption climbed 3.0% in the reported quarter. Government spending declined 0.2% on a quarterly basis, but increased 0.8% on a yearly basis. Investment was the largest component of Britain's GDP in the Q2, growing 1.4% quarter-over-quarter and 0.9% year-over-year.

### US

The Federal Reserve's favorite measure of inflation held steady in the seventh month of the year, official data revealed on Monday. According to the Bureau of Economic Analysis, the Personal Consumption Expenditures Price Index, excluding the volatile food and energy components, rose 1.6% year-over-year in July, unchanged from last month, while market analysts anticipated a slight decrease to 1.5% in the reported month. On a monthly basis, the core PCE grew 0.1% in July, in line with analysts' expectations and the previous month's reading. The overall PCE advanced 0.8% on a yearly basis in the same month, following June's 0.9% and meeting market forecasts. The data also showed that personal spending climbed 0.3% on a monthly basis in July, down from June's upwardly revised 0.5% gain, whereas personal income jumped 0.4% on the same basis in July, compared to last month's upwardly revised 0.3% hike. Both readings came in line with analysts' projections.

### Canada

According to the data released by Statistics Canada, the country's economy shrank in the second quarter, mainly due to the huge wildfires in Alberta. Canadian gross domestic product, the broadest measure of goods and services produced in an economy, equals 1.6% annualized rate for the second quarter to \$1.36 trillion. Following numbers represents the worst GDP performance in a more than three-month period since mid-2009, when the country was experiencing the global financial crisis. By the way, expectations were for a 1.5% decrease, according to economists at Royal Bank of Canada. Moreover, the decline follows a revised 2.5% rise during the first quarter. The second quarter, in turn, was widely expected to be weak after fires in northern Alberta which forced to temporarily shut down some energy production in May and forced the evacuation of several communities, including Fort McMurray, which stands for a huge industry production.




**“Production output in July was relatively flat with strong growth in oil and gas counter balanced by weaker manufacturing. There seems to have been no immediate benefit to U.K. manufacturers from the devaluation of the pound”.**

**GBP**

**- Kate Davies, ONS**




	<b>Impact</b>
UK manufacturing production faced unexpected decline	High

Manufacturing production resumed to demonstrate downward tendency after two months of the UK's Brexit vote. According to the Office for National Statistics, manufacturing production went down 0.9% in July compared to the month before, influenced by a strong decline in pharmaceutical output. Moreover, economists had expected a fall of 0.3% in July, while the decrease recorded in the previous month was revised up from 0.3% to 0.2%. On an annual pace, production expended 0.8% in July, compared to a downwardly revised 0.6% increase in the previous month and analysts' expectations for a 1.7% gain. On a yearly period, manufacturing production went up 0.8% in July, worse than forecasts for a 1.7% increase.

In the meantime, the weak manufacturing figures challenge an emerging question "What Brexit?" that had been supported by positive consumer and business sentiment data. Moreover, the ONS report releases one of the first post-Brexit-vote reports on actual activity and may revive hopes of additional Bank of England stimulus package after the bank cut its benchmark rate by a quarter point to 0.25% in August.



 Trends*	Q3 16	Q4 16	Q1 16
MAX	1.59	1.84	1.63
75% percentile	1.51	1.53	1.53
Median	1.46	1.49	1.49
25% percentile	1.42	1.45	1.43
MIN	1.35	1.23	1.23

\* the data is based on international banks' forecasts


	07.09 open price	07.09 close price	% change
GBP/USD	1.3439	1.33384	-0.75%
EUR/GBP	0.83751	0.84245	+0.59%
GBP/CAD	1.72568	1.71854	-0.42%
GBP/JPY	137.068	135.698	-1.01%



**"I don't think we're going to see any raise in interest rates until 2018, possibly longer. The Bank of Canada needs to wait for the economy to go through this rotation towards non-energy exports and until it does that, it won't have a pillar to support the entire economy".**

**- Frances Donald, Manulife**


**CAD**

	<b>Impact</b>
BoC keeps interest rates on hold	High

The Bank of Canada kept its key interest rates unchanged on Wednesday, anticipating a substantial rebound in the second half of 2016, official data revealed. The Central bank left its key overnight interest rate unchanged at 0.50% for the 14th consecutive month. The bank stated the overall balance of risks remained at the level for which the current monetary policy seemed appropriate. Furthermore, the Bank of Canada pointed to rebounding oil production, damaged by the Alberta wildfires in May, and the rise in the Canada Child Benefit. Nevertheless, the Central bank said that the world economic growth is picking up at a slower pace than expected, missing their latest forecasts.

The Canadian economy contracted 1.6% in the Q2 amid severe damages caused by the wildfires in and around Fort McMurray, Alta. Despite promising comments from the Central bank, analysts remain cautious and sceptical. Thus, Avery Shenfeld, Chief Economist at CIBC, said on Wednesday that the Canadian economy will not reach a 2% growth until 2019. Analysts at CIBS forecast the economy to grow 1.8% in 2017, down 0.3% compared to its previous forecast, and 1.9% in 2018.

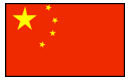


 Trends*	Q3 16	Q4 16	Q1 16
MAX	1.40	1.45	1.50
75% percentile	1.35	1.34	1.35
Median	1.32	1.31	1.30
25% percentile	1.28	1.26	1.27
MIN	1.22	0.84	1.18

\* the data is based on international banks' forecasts

	07.09 open price	07.09 close price	% change
AUD/USD	0.76877	0.76709	-0.22%
USD/CHF	0.96954	0.96971	+0.02%
USD/JPY	102.013	101.736	-0.27%
NZD/USD	0.74165	0.74497	+0.45%





*“China's story proves that though structural reform is difficult, it is rewarding. The leadership is unswerving in its resolve to press ahead with reforms”.*

*- Xin Ming, Communist Party of China Central Committee*

**CNY**



	<b>Impact</b>
China imports jump in August, export slump eases	High

China released stronger-than-expected trade data for the August as imports unexpectedly advanced for the first time in almost two years while the stable slump in exports became flat. According to the Reuters data, exports in the world's second-largest economy dropped 2.8% on a yearly basis following July's 4.4% decrease and outperforming Reuters expectations for a 4% slip. Imports, in turn, unexpectedly added 1.5% on-year, reversing a 12.5% fall in July and coming in better than Reuters' estimated 4.9% fall. It is worth to point out that August's rise was the first on-year increase in imports in dollar-denominated terms since October 2014. Moreover, the following data may be revealing a lag-effect.

In the meantime, the property market in China is nearly 8% of the Chinese economy from a gross domestic product (GDP) perspective, has been growing but that has not translated to a sustained improvement in imports. Eventually, China's appetite for goods and services greatly influences the world wide trade flows so greater import demand can help reinvigorate global exports.


















FORECASTS		
Q3 16	Q4 16	Q1 17
		0.75
	0.74	
0.73		
0.72	0.72	0.72
0.7	0.7	0.7

Trends*	Q3 16	Q4 16	Q1 16
MAX	0.81	0.83	0.80
75% percentile	0.73	0.74	0.75
Median	0.72	0.72	0.72
25% percentile	0.70	0.70	0.70
MIN	0.65	0.62	0.58

\* the data is based on international banks' forecasts

	07.09 open price	07.09 close price	% change
AUD/JPY	78.418	78.054	-0.47%
AUD/USD	0.76877	0.76709	-0.22%
EUR/AUD	1.46387	1.46447	+0.04%
GBP/AUD	1.7475	1.73815	-0.54%

## Major events previous week (August 26—September 5)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
11:30 pm		USD	Personal Spending MoM	August	0.3%	0.3%	0.5%
11:30 pm		JPY	Household Spending YoY	August	-0.5%	-1.3%	-2.2%
<b>TUESDAY</b>							
1:30 am		AUD	Building Approvals MoM	August	11.3%	0.0%	-4.7%
12:30 pm		CAD	Current Account	August	-19.9B	-20.6B	-16.8B
2:00 pm		USD	CB Consumer Confidence	August	101.1	97.2	97.3
<b>WEDNESDAY</b>							
12:15 pm		USD	ADP Non-Farm Employment Change	August	177K	173K	179K
12:30 pm		CAD	GDP MoM	August	0.6%	0.5%	-0.6%
2:30 pm		USD	Crude Oil Inventories	August	2.276M		2.5M
<b>THURSDAY</b>							
1:00 am		CNY	Manufacturing PMI	August	50.4	49.9	49.9
8:30 am		AUD	Retail Sales MoM	August	0.0%	0.3%	0.1%
12:30 pm		GBP	Manufacturing PMI	August	53.3	49.1	48.2
2:00 pm		USD	ISM Manufacturing PMI	August	49.4	52.0	52.6
<b>FRIDAY</b>							
8:30 am		GBP	Construction PMI	August	49.2	46.6	45.9
12:30 pm		CAD	Trade Balance	August	-2.5B	-3.2B	-3.6B
12:30 pm		USD	Unemployment Rate	August	4.9%	4.8%	4.9%

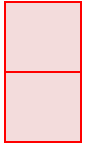
## EXPLANATIONS

### 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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