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Fundamental Analysis

Major events this week (October 3 - 7)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
8:30 am		GBP	Markit Manufacturing PMI	September	55.4	52.1	53.3
14:00 pm		USD	ISM Manufacturing PMI	September	51.5	50.5	49.4
TUESDAY							
3:30 am		AUD	RBA Rate Statement	September	1.5%	1.5%	1.5%
9:00 am		EUR	Producer Price Index (YoY)	August	-2.1%	-2.2%	-2.8%
WEDNESDAY							
8:00 pm		EUR	Markit Services PMI	September		52.1	52.1
12:30 pm		CAD	Trade Balance				-2.5B
2:30 pm		USD	Crude Oil Inventories	September			-1.9M
THURSDAY							
12:30 pm		USD	Unemployment Claims	September			254K
FRIDAY							
08:30 am		GBP	Manufacturing Production	September			-0.9%
12:30 pm		CAD	Employment Change	September			26.2K
12:30 pm		USD	Unemployment Rate	September			4.9%

Key highlights of the week ended September 30

US

The number of Americans filing for unemployment benefits rose less than expected, official figures revealed on Thursday. According to the US Department of Labor, the number of claimants jumped 3,000 to a seasonally adjusted rate of 254,000 in the week ended September 24 after touching the lowest level since mid-July in the previous seven days. Meanwhile, market analysts anticipated an increase to 260,000 claims in the week ending September 24, following the preceding week's 251,000. Filings for US unemployment benefits remained below the 300,000 level for the 82nd consecutive week, the longest streak since 1973. The four-week moving average of initial claims, considered a better measure of labor market trends, declined 2,250 to 256,000 last week. Furthermore, so-called continuing claims dropped 46,000 to 2.062 million in the week ended September 17.

EU

German business sentiment rose more than expected in September, reaching the highest level in more than two years despite the economic uncertainty caused by Britain's vote to leave the European Union, survey results from the Munich-based Ifo Institute showed on Monday. The Ifo Business Climate Index jumped to 109.5 on a monthly seasonally adjusted basis in September, while market analysts expected the Index to come in at 106.3 in the reported month. Meanwhile, the preceding month's reading was revised up to 106.3 from the originally reported 106.2 points. According to the Ifo's sub-survey, the Current Assessment Index, which measures current conditions in the Euro zone's largest economy, came in at 114.7 in September, following the previous month's 112.9 points and surpassing the 113.0 market forecast. Furthermore, the Business Expectations Index, indicating companies' outlook for the next six months, increased to 104.5 month-over-month in September from August's 100.1, compared to analysts' projections for a reading of 100.2 points.

Canada

Canada's annual inflation rate dropped to its 10-month low last month, official data showed on Friday. According to Statistics Canada, the Consumer Price Index (CPI) declined to 1.1% year-over-year in August, staying below the Bank of Canada's 2.0% target level for seven straight months. Market analysts expected consumer prices to grow 1.4% in the reported month, after rising 1.3% in July. On a monthly basis, the CPI fell 0.2% in August, unchanged from the preceding month, whereas economists expected it to increase 0.1%. The so-called core CPI came in at 0.0% last month, also unchanged from July's reading. Analysts expected core consumer prices to accelerate 0.2% in the eighth month of the year.




"The ECB will preserve its accommodative stance until inflation returns to our aim".

- Peter Praet, ECB

EUR

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	Impact
Euro zone PPI falls more than expected in August	High

Producer prices in the Euro zone dropped at a faster than expected pace in August, after rising for three consecutive months, official figures revealed on Tuesday. According to the European Union's statistics agency Eurostat, the Producer Price Index for the region fell 0.2% on a monthly basis in August, compared to the preceding month's upwardly revised 0.3% gain, while market analysts expected producer prices to increase 0.1% in the reported month. On an annual basis, the PPI declined 2.1% in the same month, slightly up from the upwardly revised fall of 2.6% and in line with analysts' expectations. The August disappointing data confirmed that inflation pressures in the Euro zone remain weak. The drop was mainly driven by low energy prices, which fell 0.8% month-over-month in August. However, excluding energy prices, the PPI remained stable in the eight month of the year. Economists widely expect consumer prices to rise sharply in the final months of 2016 and in the early part of 2017.

After the release, the Euro was seen trading at 0.8746 against the British Pound, 1.0932 against the Swiss Franc, 1.1172 against the US Dollar and 114.31 against the Japanese Yen.






"The improved score is really good news but gives reason for cautious optimism however, with the mooted triggering of the formal EU exit process in the first quarter of 2017 likely to be a catalyst for further, potentially deeper, uncertainty in the market."

GBP

- Will Waller, Arcadis



	Impact
UK Construction PMI beats forecasts in September	High

Construction activity in the United Kingdom unexpectedly accelerated last month, according to a private survey published on Tuesday. According to Markit/CIPS, the Construction Purchasing Managers' Index for Britain advanced to 52.3 in September, entering the expansion territory. Back in July, the Construction PMI came in at 49.2 and analysts expected it to fall to 49.0 during September. Britain's construction activity unexpectedly contracted in June, declining to 46.0, its lowest level since June 2009, from May's 51.2 points amid the country's decision to leave the European Union. The Construction PMI data together with Monday's promising Manufacturing PMI showed signs of stabilization in the UK economy after the Brexit vote. New orders rebounded in September, after dropping for four straight months, while commercial construction activity fell for the fourth consecutive month, the longest negative stretch since 2013 although at a slower pace than previous months.













The British Pound was little changed on Tuesday despite the positive data. After the release it was trading at 0.8742 against the Euro, 1.2507 against the Swiss Franc, 1.2783 against the US Dollar and 130.82 against the Japanese.



* the data is based on international banks' forecasts

	04.10 open price	04.10 close price	% change
GBP/USD	1.28383	1.27249	-0.89%
EUR/GBP	0.87302	0.88018	+0.81%
GBP/CAD	1.68434	1.67846	-0.35%
GBP/JPY	130.49	130.902	+0.31%

Major events previous week (September 26 - 30)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
8:00 am		EUR	German Ifo Business Climate	September	109.5	106.4	106.2
11:10 pm		CAD	BoC Gov Poloz Speech				
TUESDAY							
2:00 pm		USD	Consumer Confidence	September	104.1	99.8	101.1
WEDNESDAY							
2:30 pm		USD	Crude Oil Inventories	September	-1.882M		-6.200M
11:50 pm		JPY	Retail Trade (YoY)	August	-1.1%		-1.5%
THURSDAY							
6:35 am		JPY	Bank of Japan Governor Speech				
12:30 pm		USD	Unemployment Claims	September	254K		252K
FRIDAY							
01:00 am		CNY	Caixin Manufacturing PMI	September	50.1		50
08:30 am		GBP	Gross Domestic Product (YoY)	Quarter	2.1%		2.2%
09:00 am		EUR	Consumer Price Index (YoY)	September	0.4%	0.4%	0.2%
12:30 pm		CAD	Gross Domestic Product (MoM)	July	0.5%	0.3%	0.6%
13:45 pm		USD	Personal Consumption Expenditure	August	1.0%		0.8%

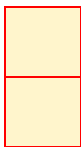
EXPLANATIONS

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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