



DUKASCOPY
RESEARCH PRODUCTS

17/10/2016



Fundamental Analysis

Major events this week (October 17 - 21)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
9:00 am		EUR	Consumer Price Index (YoY)	September		0.4%	0.4%
13:15 pm		USD	Industrial Production (MoM)	September		0.1%	-0.4%
22:45 pm		NZD	Consumer Price Index (YoY)	Quarter		0.1%	0.4%
TUESDAY							
8:30 am		GBP	Consumer Price Index (YoY)	September		0.1%	0.3%
12:30 pm		CAD	Manufacturing Sales (MoM)	September			0.1%
12:30 pm		USD	Consumer Price Index (MoM)				0.2%
WEDNESDAY							
2:00 am		CNY	Gross Domestic Product (YoY) (Q3)	September			6.7%
12:30 pm		USD	Building Permits	September			1.14M
2:00 pm		CAD	Interest Rate Decision	September		0.2%	0.5%
THURSDAY							
00:30 am		AUD	Unemployment Rate	September			5.6%
8:30 am		GBP	Retail Sales (MoM)	September		0.3%	-0.2%
11:45 am		EUR	ECB Interest Rate Decision	September		-0.4%	-0.4%
12:30 pm		USD	Initial Jobless Claims	October			246K
FRIDAY							
12:30 pm		CAD	Core Consumer Price Index (MoM)	September			0.0%

Key highlights of the week ended October 14

US

On Wednesday the Fed released the minutes of its September meeting, once again refraining from raising interest rates. Several FOMC members expressed desire to raise rates, while others stated that a rate hike would be required 'relatively soon'. It was the first time in five years when more than two officials voted for an immediate rate hike. Some Fed policy makers still have concerns over the strength of the labor market and inflation, thus, more evidence of US economic growth is required. Inflation has been below the Fed's 2% target, namely at 1.7%, but it was still argued that the levels are quite close to expectations and there are few signs of inflationary pressures. Some argue that the Fed was somewhat hawkish, but these minutes had little impact on the markets, as they brought more uncertainty, not necessarily suggesting a rate hike will occur in December, despite Fed Chair Jannet Yellen and several other officials stating that they would raise rates by year's end if inflation and employment figures keep improving. Although there are two more Fed meetings scheduled in 2016, a move in November has been basically ruled out due to US presidential elections. According to CME Group's data, a December rate hike is currently seen with a probability of slightly more than 60%.

EU

Industry figures for the single currency area could bring third-quarter economic growth in the 19-country Euro zone. According to the data, the Eurozone's industrial production went up 1.6% in August following a revised 0.7% decrease during the previous month. Moreover, the increase outperformed expectations of a 1.4% rise and the annual advance of 1.8% was also above consensus forecasts. Although, the solid recovery has demonstrated German production for August with output rising 2.5% on a monthly pace, while new orders also strengthened and there was a robust recovery in exports.

China

According to the General Administration of Customs, China's trade balance weakened more than expected in September. Chinese trade surplus slipped to 278.4 billion yuan in September, comparing to 346 billion in August. Meanwhile, economists forecasted a fall to 300 billion yuan. Overall, China's September exports lost 10% from a year earlier, far worse than expected, while imports unexpectedly plunged after accelerating in August, hinting that signs of steadying in the world's second-largest economy may be short-lived. Also, the disappointing trade figures indicating to weaker demand both in China and abroad, and accelerated concerns over the latest depreciation in China's yuan currency, which managed to hit a fresh six-year low against a firming US dollar. Overall, data have highlighted growing imbalances in China's economy, with growth increasingly depended on government spending as private investment falls to record lows. Larger state firms are expanding, while smaller manufacturers, in turn, continue to struggle. Eventually, the economy appears to have stabilized during the first half of the year, growing at an annualized 6.7% pace during the first two quarters.




"We see nothing in the broader picture to raise any concerns about the health of consumption in the period ahead, as we continue to see tightening labor markets and an uptrend in wage gains as supporting such spending".

USD

- Anthony Karydakis, Miller Tabak




	Impact
US retail sales grow 0.6%; PPI rises 0.3% in September	High

US retail sales rose more than expected last month, official data revealed on Friday. According to the US Department of Commerce, retail sales grew 0.6% month-over-month in September, in line with analysts' expectations, whereas the preceding month's figure was revised up to -0.2% from the originally reported reading of -0.3%. On an annual basis, retail sales rose 2.7% in the reported month. Excluding automobiles, building materials, food services and gasoline, retail sales advanced 0.5% in September, following August's upwardly revised drop of 0.2% and surpassing the 0.4% rise forecast. The September growth was mainly driven by sales of automobiles, which rose 1.1% in September after falling 0.3% in August.

Other data released by the Department of Labor on the same day showed the Producer Price Index climbed 0.3% in September, compared to last month's 0.0%, while analysts anticipated an increase of 0.2% during the reported period. Year-over-year, the PPI jumped 0.7%, posting the biggest increase since December 2014. Currently, The Atlanta Fed is expecting the US economy to expand at an annualized pace of 2.1% in the Q4 after growing 1.4% in the Q3.













 Trends*	Q4 16	Q1 17	Q2 17
MAX	140	121	120
75% percentile	108	110	110
Median	105	105	107
25% percentile	102	101	101
MIN	81	95	92

* the data is based on international banks' forecasts

	14.10 open price	14.10 close price	% change
AUD/USD	0.75682	0.76148	+0.61%
USD/CHF	0.98603	0.9903	+0.43%
USD/JPY	103.68	104.172	+0.47%
NZD/USD	0.7095	0.70859	-0.13%

Major events previous week (October 10 - 14)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
6:00 am		EUR	German Trade Balance	August	22.2B		19.4B
TUESDAY							
9:00 am		EUR	ZEW Survey Economic Sentiment	October	12.3		5.4
12:15 pm		CAD	Housing Starts (YoY)	September	221K		182.7K
WEDNESDAY							
9:00 am		EUR	Industrial Production (YoY)	August	1.8%		-0.5%
18:00 pm		USD	FOMC Minutes				
THURSDAY							
02:30 am		CNY	Trade Balance	September	278.4B		346.05B
06:00 am		EUR	EU Extraordinary Economic Summit				
12:30 pm		USD	Initial Jobless Claims	October	246K		249K
FRIDAY							
01:30 am		CNY	Consumer Price Index (YoY)	September	1.9%		1.3%
12:30 pm		USD	Retail Sales (MoM)	September			-0.3%

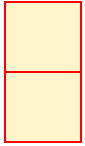
EXPLANATIONS

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



Newest releases and archive:

- Fundamental Analysis
- Technical Analysis
- Press Review
- Market Research
- Expert Commentary
- Dukascopy Sentiment Index
- Trade Pattern Ideas
- Global Stock Market Review
- Commodity Overview
- Economic Research
- Quarterly Report
- Aggregate Technical Indicator

Additional information:

- Dukascopy Group Home Page
- Market News & Research
- FXSpider
- Live Webinars
- Dukascopy TV
- Daily Pivot Point Levels
- Economic Calendar
- Daily Highs/Lows
- SWFX Sentiment Index
- Movers & Shakers FX
- Forex Calculators
- Currency Converter
- Currency Index
- CoT Charts

Social networks:



Disclaimer

Everything in this article, including opinions and figures, is provided for informational purposes only and may not be interpreted as financial advice or solicitation of products. Dukascopy group assume no responsibility for the completeness or the accuracy of any data contained in this article. Financial figures indicated in this article have not been verified by the Dukascopy group. Views, opinions and analyses are those of the author of the article, and are not endorsed by the Dukascopy group.

Dukascopy group waive any and all warranties, express or implied, regarding, but without limitation to, warranties of the merchantability or the fitness for a particular purpose, with respect to all information in this article. Dukascopy group shall under no circumstances be responsible for any direct, indirect, consequential, contingent or any other damages sustained in connection with the use of this article.