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FUNDAMENTAL ANALYSIS

15/11/2011



EUR

"Europe is in one of its toughest, perhaps the toughest hour since World War Two"
- Angela Merkel, German Chancellor

| news | Impact |
|---|--------|
| Merkel: Europe faces the worst crisis since WW2 | High |

German Chancellor Angela Merkel said on Monday that European Union possibly faces its worst crisis since World War Two and hinted that Europe must move step-by-step towards political union, offering no new ideas on how to resolve the crisis.

"The challenge of our generation is to finish what we started in Europe, and that is to bring about, step by step, a political union," Merkel told to the party congress in Leipzig. "Europe is in one of its toughest, perhaps the toughest hour since World War Two."


"The hard part is that this crisis was not created overnight, it is the result of decades of mistakes, and we can't solve it in one fell swoop. We have a long, tough road ahead of us," added Merkel.





USD

"Asia-Pacific region is absolutely critical to America's economic growth"
- Barack Obama, President of the U.S.

|  | Impact |
|---|--------|
| Obama seeks to expand influence in Asia-Pacific | High |

President Barack Obama arranged a forum of 21 Asian-Pacific nations in Hawaii this weekend with the long term goal to expand U.S. influence in the region.

"I want to emphasize that the Asia-Pacific region is absolutely critical to America's economic growth. We consider it a top priority," Mr. Obama said at the opening of the meeting. "And we consider it a top priority because we're not going to be able to put our folks back to work and grow our economy and expand opportunity unless the Asia-Pacific region is also successful."

"This trip is very much about extending a clear signal that the United States is going to be fully present in the economic, security and political future of the Asia-Pacific region, and it takes place in the context of a rising China," Ben Rhodes, a deputy national security adviser at the White House, said on Sunday.




15/11/2011
08:00 GMT



GBP

"There is no immediate sign of U.K. labour-market conditions improving"
- Gerwyn Davies, public-policy adviser at CIPD

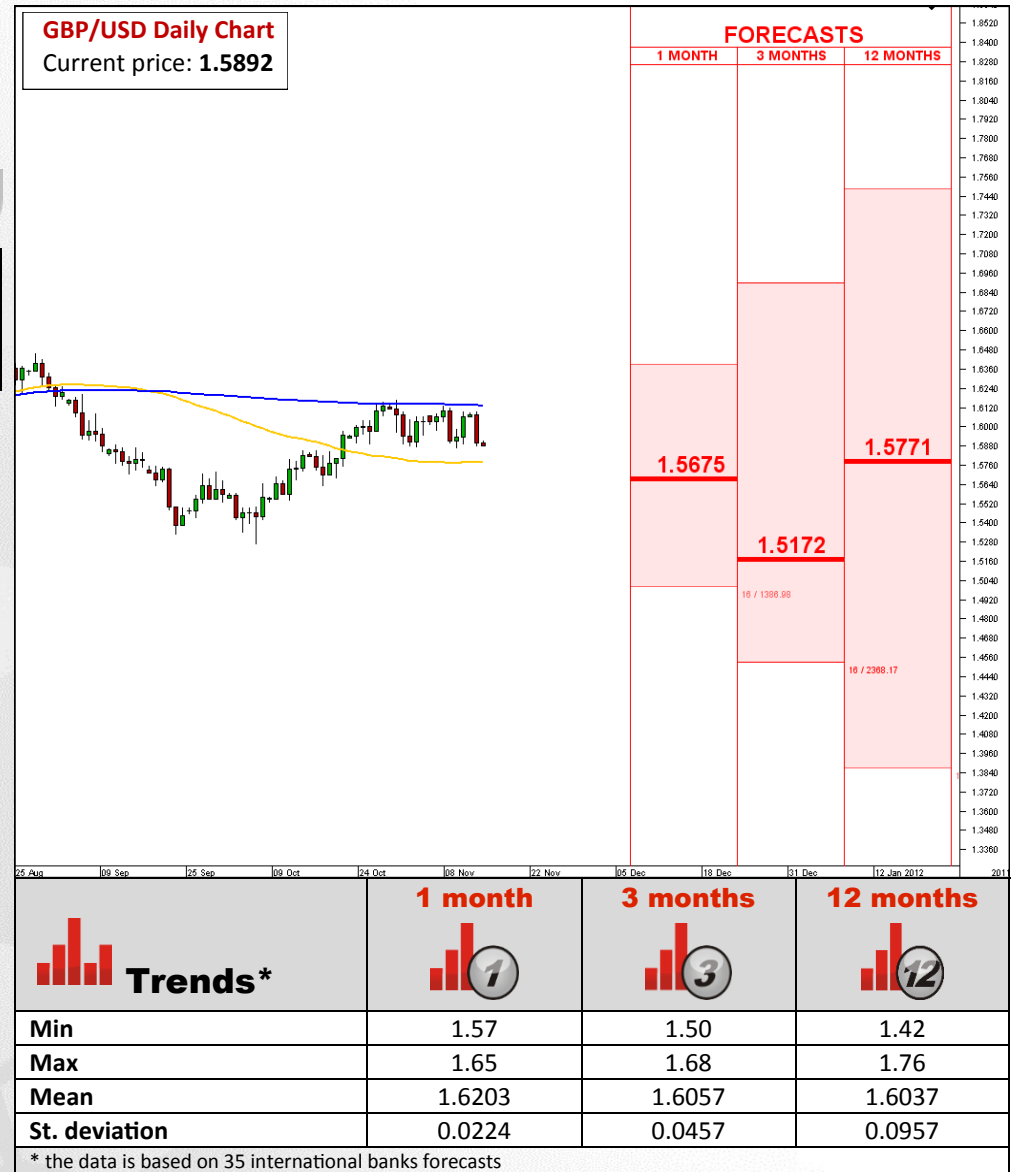
| | |
|---|---------------|
|  | Impact |
| CIPD: U.K. job market faces “slow, painful contraction” | High |

An index measuring hiring intentions amid U.K. employers worsened to minus 3 in the fourth quarter from minus 1 in the previous three months, said Chartered Institute of Personnel and Development.

“The figures point to a slow, painful contraction in the jobs market,” with some employers reacting to “increasing uncertainty as a result of the euro-zone crisis and wider global economic turmoil,” said Gerwyn Davies, public-policy adviser at CIPD.

“Recruitment intentions are falling, which will make further rises in unemployment therefore seem inevitable given that public sector job losses are outpacing the predictions made by the Office for Budget Responsibility.”

“There is no immediate sign of U.K. labour-market conditions improving in the short or medium term.”





CHF

"... there is a serious risk for a deflationary development given already falling consumer prices"
- Jean-Pierre Danthine, SNB board member

| news | Impact |
|---|--------|
| Swiss stocks extended gains on Monday; producer prices declined 0.2% in October | Medium |

Swiss stocks rose slightly on Monday, after Italy appointed a new head of the national government. The Swiss blue-chip index SMI, a measure of the largest and most actively traded companies, advanced 0.22%, or 12.68 points, to 5,661.71. The broader Swiss Performance Index gained 0.09%, or 4.88 points, to 5,151.03.

"With the leadership changes in both troubled countries we definitely bought some time," said Konstantin Giantirolou, head of investment advisory at Neue Aargauer Bank in Brugg, Switzerland. "But investors are still cautious because they want to see implementation of the reforms and further steps that are necessary in order for Italy to regain trust in the market."

Month on month Swiss producer prices decreased 0.2 percent for a sixth consecutive month in October, said the Federal Statistical Office. "Should the risk of an economic drop increase--because of a strong fall in foreign demand and the strong franc--then there is a serious risk for a deflationary development given already falling consumer prices," told SNB board member Jean-Pierre Danthine on Saturday.





JPY

"GDP will slow very sharply in the current quarter"
- Kiichi Murashima, chief economist at Citigroup Global Markets Japan Inc.

| news | Impact |
|---|--------|
| Japan's economy advanced 1.5% in the Q3 | Medium |

Japanese economy grew 1.5 percent in the third quarter 2011, compared to the previous 3 months, but outlook remains clouded with strong yen and faltering global economic growth, said the Cabinet Office on Monday.

"GDP will slow very sharply in the current quarter," said Kiichi Murashima, chief economist at Citigroup Global Markets Japan Inc. in Tokyo. Strong yen and debt problems in Europe are "very strong headwinds" for the country's manufacturers, he told.

"Looking further ahead, public works spending is likely to start rising as reconstruction work gathers pace and this will contribute to GDP. However, external demand isn't likely to contribute much to Japan's growth in the future due to Europe's problems," said Yasuo Yamamoto, senior economist at Mizuho Research Institute in Tokyo.



EXPLANATIONS

Chart

- **SMA (55)** – Simple Moving Average of 55 periods;
- **SMA (200)** – Simple Moving Average of 200 periods.

Max – the highest projection set by the industry sentiment



Mean – the average price based on the projections of the industry sentiment

Min – the lowest projection set by the industry sentiment

Price projections

- Min – the lowest forecast among 35 international banks;
- Max – the highest forecast among 35 international banks;
- Mean – the average price based on the projections made by 35 international banks;
- St. Deviation – the standard deviation based on the forecasts made by 35 international banks.

Table terms

- Time – the exact time of the economic data release;
- Impact – the expected market impact caused by the economic events;
- Actual – the latest data officially announced by the relevant authority;
- Forecast – the consensus of the predictions made by polled economists and analysts;
- Previous – the previous actual data released.

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