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FUNDAMENTAL ANALYSIS

21/11/2011



EUR

“ECB action is required but it cannot do the whole job on its own”
- Thomas Mirow, president of the EBRD

 news	Impact
Draghi rejects large scale intervention, urges to start bailout fund	High

The European Central Bank may lose credibility if it will conduct large scale intervention in the bond market, said European Central Bank President Mario Draghi on Friday. He also urged euro zone governments to kick-start the European Financial Stability Facility bailout fund.

“Losing credibility can happen quickly -- and history shows that regaining it has huge economic and social costs,” Draghi said. Keeping prices stable “is the major contribution we can make in support of sustainable growth, employment creation and financial stability. And we are making this contribution in full independence.”


“ECB action is required but it cannot do the whole job on its own,” said Thomas Mirow, president of the European Bank for Reconstruction and Development and a former deputy German finance minister at the same event as Draghi.





USD

“The economy looks to be getting better despite the continued drumbeat of negativity in financial markets”
- Joseph LaVorgna, chief economist at Deutsche Bank Securities Inc.

 news	Impact
U.S. economic indicators advanced 0.9% in October	High

The composite index of U.S. leading indicators rose more than expected in October, said the Conference Board Inc. on Friday. The index gained 0.9 per cent from September, easing worries the largest economy in the world may slide into recession.

“The [index] is pointing to continued growth this winter, possibly even gaining a little momentum by spring,” said Ken Goldstein, an economist at the Conference Board, which published the index on Friday.

“The economy looks to be getting better despite the continued drumbeat of negativity in financial markets,” said Joseph LaVorgna, chief U.S. economist at Deutsche Bank Securities Inc. in New York. “That speaks to U.S. resiliency. If we can put some of these fiscal issues behind us, even for a short period of time, we might be able to come back.”





GBP

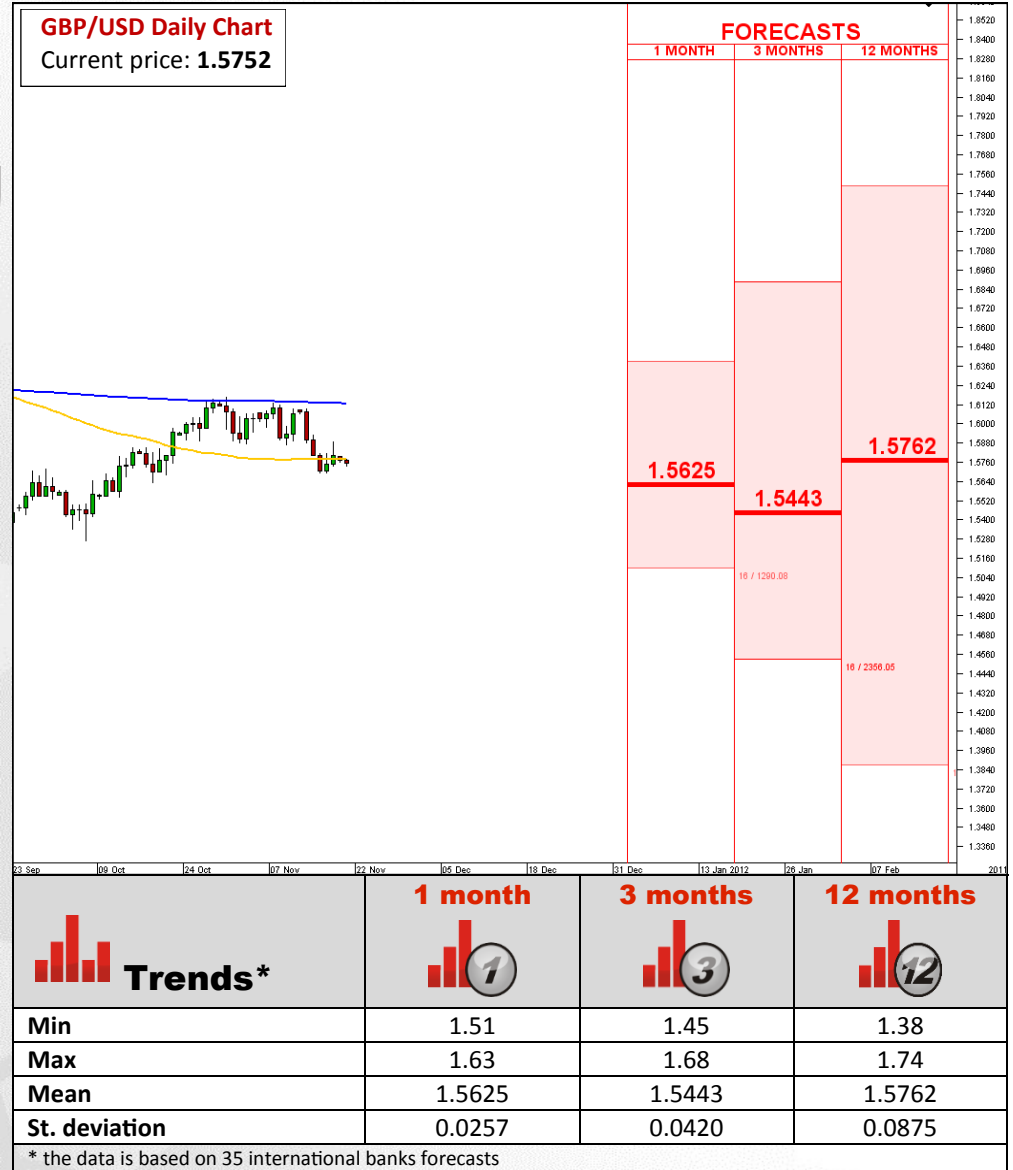
“Markets are still troubled by the idea of contagion from the debt crisis to the rest of the world”
- Morten Kongshaug, chief equity strategist at Danske Bank A/S

	Impact
U.K. stocks declined on France and Germany clash over ECB role in crisis	High

U.K. stocks dropped for a fifth consecutive day on Friday, after France and Germany clashed over the role of the ECB in financial crisis management. The benchmark FTSE 100 index edged lower 1.11%, or 60.20 points, to 5,362.94. The FTSE All-Share Index also decreased 1.09%, or 30.47 points, to 2,764.19.

“Markets are still troubled by the idea of contagion from the debt crisis to the rest of the world,” said Morten Kongshaug, chief equity strategist at Danske Bank A/S in Copenhagen. “We’re beyond political solutions and stocks drift in the direction spot news provides.”

Rightmove, an online real estate portal, is to announce change in its home price index for November later today. Prices rose 2.8 percent in October after gaining 0.7 percent in September.





CHF

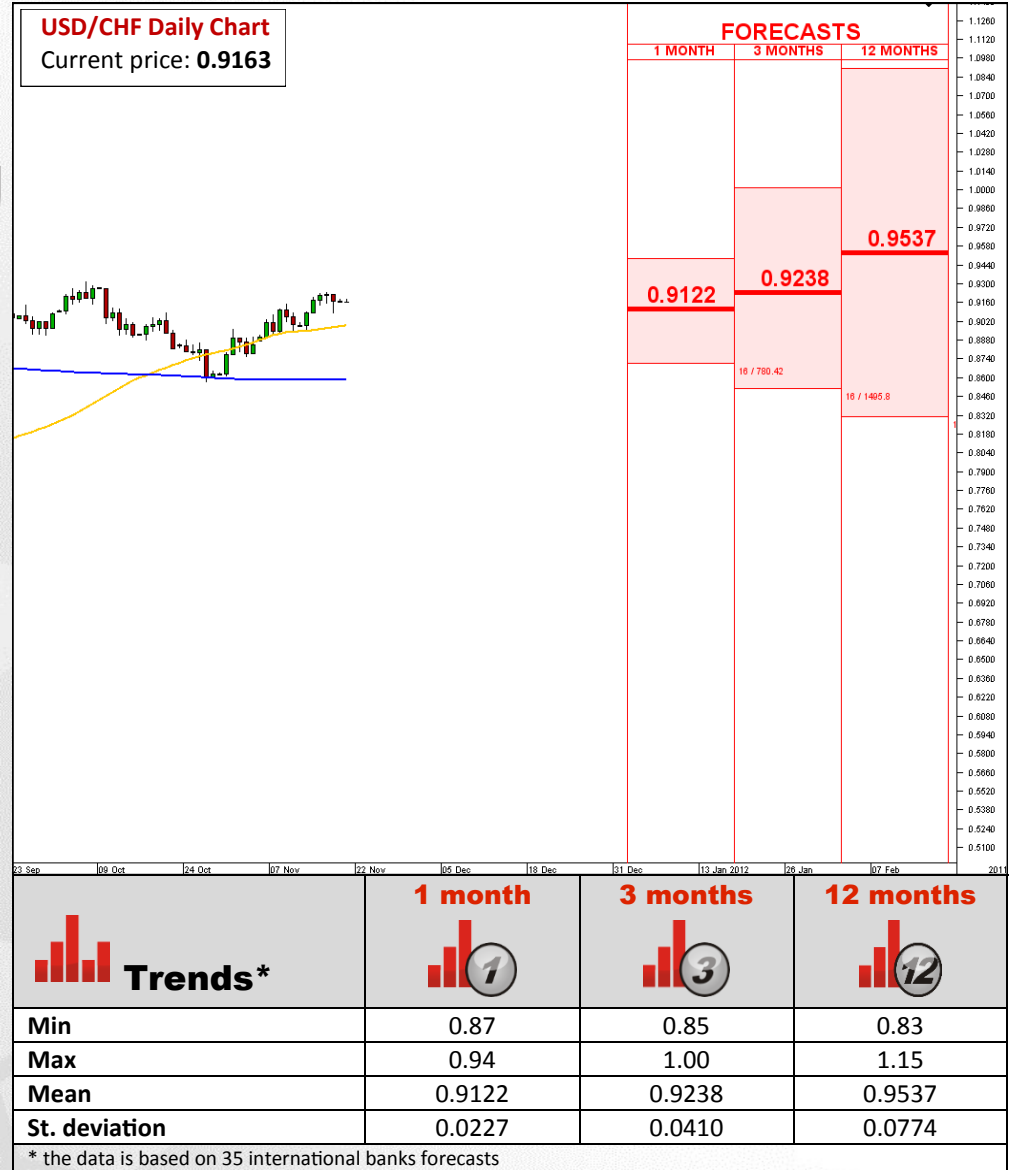
“Volatility on the markets is enormously high”
- Christian Schmidt, a technical analyst for equities at Helaba Landesbank Hessen-Thuringen

	Impact
Swiss stocks declined further on Friday	Medium

Swiss stocks extended losses on Friday on concern that European top officials don't have a solution to the sovereign debt crisis and after France and Germany clashed over the role of the ECB in financial crisis management.

The Swiss blue-chip index SMI, a measure of the largest and most actively traded companies, lost 0.53%, or 30.01 points, to 5,614.61. The broader Swiss Performance Index declined 0.61%, or 30.99 points, to 5,091.26.

Swiss Federal Statistical Office is to announce trade balance data on Tuesday. Economists expect trade balance to widen to 2.06 billion francs in October from 1.85 in September.






JPY

“Auto-related companies are likely to cut their earnings outlook”

- Tomomi Yamashita, a senior fund manager at Shinkin Co.



	Impact
Japanese stocks declined on Friday	High

Japanese stocks edged lower on Friday as car makers slid after Credit Suisse downgraded its rating on the industry. The Nikkei 225 lost 1.23%, or 104.72 points, to 8,374.91, while the broader Topix decreased 1.06%, or 7.73 points, to 719.98.

“Auto-related companies are likely to cut their earnings outlook,” said Tomomi Yamashita, a senior fund manager in Tokyo at Shinkin Asset Management Co.

“First the supply problems caused by Thai floods, then the weakening demand from a global economic slowdown, especially from Europe, and on top of that a continuing strong yen.”

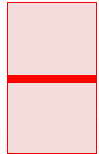


EXPLANATIONS

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.

Disclaimer

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