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RESEARCH PRODUCTS

24/04/2017



# Fundamental Analysis

## Major events this week (April 24 - 28)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
08:00 am		EUR	German Ifo Business Climate	April		112.4	112.3
12:30 pm		CAD	Wholesale Sales m/m	February		2.1%	3.3%
<b>TUESDAY</b>							
08:30 am		GBP	Public Sector Net Borrowing	March		2.6B	1.1B
02:00 pm		USD	CB Consumer Confidence	April		123.7	125.6
<b>WEDNESDAY</b>							
01:30 am		AUD	CPI q/q	March		0.6%	0.5%
01:30 pm		CAD	Core Retail Sales m/m	February			1.7%
02:30 pm		USD	Crude Oil Inventories	Last week			-1.0M
<b>THURSDAY</b>							
03:50 am		JPY	Monetary Policy Statement				
11:45 am		EUR	Minimum Bid Rate			0.00%	0.00%
12:30 pm		USD	Core Durable Goods Orders m/m	March		0.4%	0.5%
<b>FRIDAY</b>							
08:30 am		GBP	Prelim GDP q/q	Q1 2017		0.4%	0.6%
12:30 pm		CAD	GDP m/m	February			0.6%
12:30 pm		USD	Advance GDP q/q	Q1 2017		1.3%	2.1%

## Key highlights of the week ended April 21

### Euro zone

Eurostat reported that its Final Consumer Price Index came in at 1.5%, compared to the preceding month's gain of 2.0%. However, the March figure came in line with forecasts. Back in February, the headline inflation rate hit the European Central Bank's target, raising expectations of a major change in the Bank's monetary policy. Services and manufacturing activity in the Euro zone rose more than expected in April, suggesting that the region's economy started the Q2 of 2017 with solid growth.

### United Kingdom

Friday's data on British retail sales surprised many experts who did not expect such a notable change in March. According to the ONS, sales in the retail sector dropped 1.8% on a seasonally-adjusted basis, while analysts anticipated only a 0.3% decrease.

### United States

US consumer prices fell unexpectedly last month, marking the first decline in more than a year, official figures revealed on Friday. The Labour Department reported its CPI dropped 0.3% in March, following the preceding month's gain of 0.1%, while the so-called core CPI, which excludes volatile items, fell 0.1% in the reported month, following February's 0.2% increase. The New York Federal Reserve reported that its Empire State Manufacturing Index came in at 5.2 for April, following the preceding month's reading of 16.4. Meanwhile, market analysts anticipated a slight drop to 15.2 points during the reported month. The US Department of Commerce reported that housing starts fell 6.8% to a seasonally adjusted rate of 1.22M, as construction of single-family homes in the Midwest posted the largest decline since 2014. Meanwhile, market analysts anticipated a slighter drop to a 1.25M unit rate in March, following the preceding month's upwardly revised 1.30M unit rate. US manufacturing activity in the Mid-Atlantic region slowed markedly in April, official figures revealed on Thursday. The Philadelphia Federal Reserve reported its Manufacturing Index dropped to 22.0 in the reported month, following March's reading of 32.8 and falling behind analysts' expectations for a decrease to 25.6 points.

### Canada

Statistics Canada reported on Friday that the annual inflation rate declined to 1.6%, down from April's 2.0%. Meanwhile, market analysts anticipated a gain of 1.8%. On a monthly basis, consumer prices rose 0.2% in March, unchanged from the preceding month, whereas analysts expected a climb of 0.4% during the reported period.

### New Zealand

The GDT Price Index advanced 3.1%, with an average selling price of \$3,139 per tonne, after rising 1.6% at the prior auction. Statistics New Zealand reported on Thursday that inflation rose at an annualised 2.2% rate in the Q1 of 2017, the highest level in five years. Thus, the inflation rate hit the mid-point of the Reserve Bank of New Zealand's inflationary target range of 1-3% for the first time in more than a year.



*“April's rise in the euro zone composite PMI adds to evidence that the economy is performing well.”*  
- Jennifer McKeown, Capital Economics

**EUR**



	<b>Impact</b>
Euro zone economy starts Q2 with solid growth	High

Services and manufacturing activity in the Euro zone rose more than expected in April, suggesting that the region's economy started the Q2 of 2017 with solid growth. HIS Markit reported on Friday that its Flash Purchasing Managers' Index for the Euro zone's manufacturing sector came in at 56.8, following March's final reading of 56.2 and surpassing analysts' expectations for 56.1. Furthermore, the Flash Services PMI came in at 56.2 in April, while markets anticipated an unchanged reading of 56.0 during the reported period. Thus, the Flash Composite PMI advanced to 56.7 from March's 56.4, hitting its highest since April 2011. Economists stated that Friday's PMI surveys provided enough evidence to say that the Euro zone economy started the Q2 with strong growth. In the meantime, the Flash Services PMI for the Euro zone's largest economy, Germany, fell to 54.7 in April, down from the prior month's 55.6 and below expectations for 55.5. The Flash Manufacturing PMI for Germany remained virtually unchanged, declining to 58.2 from 58.3 in March. Despite the stronger-than-expected release, the Euro failed to maintain its initial gains against the US Dollar and other major currencies, as investors shifted their attention to the first round of the French presidential election.



 Trends*	Q1 17	Q2 17	Q3 17
MAX	1.19	1.18	1.22
75% percentile	1.07	1.08	1.10
Median	1.05	1.04	1.05
25% percentile	1.03	1.02	1.01
MIN	0.98	0.95	0.90

\* the data is based on international banks' forecasts

	21.04 open price	21.04 close price	% change
EUR/USD	1.0717	1.0727	0.09%
EUR/GBP	0.8364	0.8370	0.07%
EUR/CHF	1.0703	1.0688	-0.14%
EUR/JPY	117.16	116.96	-0.17%



**“Families are facing the fastest rise in living costs for over three years and they are reining in their spending rapidly.”**

**- Richard Lim, Retail Economics**

**GBP**



	<b>Impact</b>
UK retail sales post largest quarterly decline since 2010	High

Friday’s data on British retail sales surprised many experts who did not expect such a notable change in March. According to the ONS, sales in the retail sector dropped 1.8% on a seasonally-adjusted basis, while analysts anticipated only a 0.3% decrease. Similarly, on a quarterly basis, retail sales lost 1.4%, which was the first negative contribution to GDP growth since the Q4 of 2013. The following decline was a result of a change in average store prices, which were continuously increasing since January. In fact, in March, consumer prices reached the highest peak since December 2014. In addition, in volume terms, goods bought in most of the sub-sectors, except for department stores and household goods stores, decreased. For instance, the amount of money spent in food stores in March advanced 0.3%, while the amount of purchased goods diminished 0.5% compared to the previous month. In contrast to traditional retail sales, data on online stores showed that British consumers in March spent on average 1.0B pounds per week on online stores, a 19.5% rise compared to the same period a year ago. Retail sales are tightly connected to consumer spending. Thus, weak retail sales combined with rising inflation suggest that consumer spending will unlikely provide a significant support to economic growth.



 Trends*	Q1 17	Q2 17	Q3 17
MAX	1.84	1.32	1.62
75% percentile	1.25	1.26	1.28
Median	1.22	1.22	1.24
25% percentile	1.20	1.20	1.18
MIN	1.07	1.03	1.02

\* the data is based on international banks' forecasts

	21.04 open price	21.04 close price	% change
GBP/USD	1.2815	1.2813	-0.02%
EUR/GBP	0.8364	0.8370	0.07%
GBP/CAD	1.7260	1.7289	0.17%
GBP/JPY	140.07	139.66	-0.29%



*"I just don't see the talk of rate hikes anytime soon as being credible, anchored in the inflation numbers that we're getting."*

- Derek Holt, Scotiabank

**CAD**



	<b>Impact</b>
Canadian inflation growth falls unexpectedly last month	High

Canada's inflation growth slowed last month as food prices dropped for the sixth consecutive month. Statistics Canada reported on Friday that the annual inflation rate declined to 1.6%, down from April's 2.0%. Meanwhile, market analysts anticipated a gain of 1.8%. On a monthly basis, consumer prices rose 0.2% in March, unchanged from the preceding month, whereas analysts expected a climb of 0.4% during the reported period. Transportation costs advanced 4.6% on an annual basis but were offset by weak food prices, which dropped 1.9% year-over-year, and clothing costs. Among the Bank of Canada's core inflation measures, the CPI-common, considered to be the best measure of inflation, remained unchanged at 1.3% last month. The CPI-median, a measure based on the weighted median, dropped to 1.7%, whereas the CPI-trim, which excludes upside and downside outliers, fell to 1.4%. Due to weaker-than-expected inflation data, the Central bank is set to keep its monetary policy unchanged for an indefinite period of time or until the inflation rate hits the BoC's target of 2%. The Bank's key interest rate remained unchanged at 0.50% since July 2015. Friday's figures confirmed the view that inflationary pressures in Canada remained low and the recent boost was driven by the temporary oil price rise.



Trends*	Q1 17	Q2 17	Q3 17
MAX	1.42	1.45	1.45
75% percentile	1.37	1.38	1.40
Median	1.35	1.36	1.36
25% percentile	1.32	1.32	1.31
MIN	0.84	1.22	1.20

\* the data is based on international banks' forecasts

	21.04 open price	21.04 close price	% change
AUD/CAD	1.0138	1.018	0.41%
CAD/CHF	0.7415	0.7381	-0.46%
EUR/CAD	1.4433	1.4475	0.29%
USD/CAD	1.3470	1.3498	0.21%

## Major events previous week (April 17 - 21)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
06:15 am		JPY	BOJ Gov Kuroda Speaks				
12:30 pm		USD	Empire State Manufacturing Index	April	5.2	15.2	16.4
<b>TUESDAY</b>							
01:30 am		AUD	Monetary Policy Meeting Minutes				
12:30 pm		USD	Building Permits	March	1.26M	1.25M	1.22M
Tentative		NZD	GDT Price Index		3.1%		1.6%
<b>WEDNESDAY</b>							
09:00 am		EUR	Final CPI y/y	March	1.5%	1.5%	1.5%
02:30 pm		USD	Crude Oil Inventories	Last week	-1.0M	-1.0M	-2.2M
<b>THURSDAY</b>							
10:45 am		NZD	CPI q/q	Q1 2017	1.0%	0.8%	0.4%
12:30 pm		USD	Philly Fed Manufacturing Index	March	22.0	25.6	32.8
04:30 pm		GBP	BOE Gov Carney Speaks				
<b>FRIDAY</b>							
08:00 am		EUR	Flash Services PMI	April	56.2	56.0	56.0
08:30 am		GBP	Retail Sales m/m	March	-1.8%	-0.3%	1.7%
12:30 pm		CAD	CPI m/m	March	0.2%	0.4%	0.2%

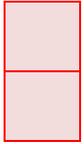
## EXPLANATIONS

### 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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