














DUKASCOPY
RESEARCH PRODUCTS

20/06/2016



Fundamental Analysis

Major events this week (June 20-24)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
06:00 am		EUR	Producer Price Index (MoM)	May			0.1%
TUESDAY							
1:30 am		AUD	Monetary Policy Meeting Minutes				
10:00 am		EUR	German ZEW Economic Sentiment	June		5.1	6.4
3:00 pm		USD	Fed Chair Yellen Testifies				
WEDNESDAY							
1:30 pm		CAD	Core Retail Sales (MoM)				-0.3%
3:30 pm		USD	Crude Oil Inventories				-0.9B
THURSDAY							
24 h		GBP	EU Referendum				
08:00 am		EUR	Markit Manufacturing PMI	June		51.5	51.5
13:45 pm		USD	Markit Manufacturing PMI	June			50.7
FRIDAY							
09:00 pm		EUR	German IFO Business Climate			107.6	107.7
13:30 pm		USD	Core Durable Goods Orders (MoM)			0.1%	0.5%

Key highlights of the week ended June 3

Euro zone

According to the European Union statistics office, the Euro zone industrial production jumped in April on a monthly pace after two consecutive falls, adding more than was estimated by economists mostly due to a surge in the output of durable consumer goods. The release shows, that Euro zone industrial production rose 1.1% for April following a 0.7% downtrend during the previous month. Also, the mentioned mark was above the consensus expectation which equals a 0.7% monthly gain. On a yearly period, there was also a 2.0% jump from 0.2%, showing the strongest gain since January. Following acceleration confirms that the sector is gradually gaining momentum; however, overall sentiment still is remaining cautious. It is worth to point out, that there were monthly increases across all categories. The most notable rise was shown by capital goods as well as durable consumer goods, which should bring some reassurance over trends within the manufacturing sector.

US

US Federal Reserve was forced to keep the target range for the Federal Funds rate flat at 0.25-0.50% after its June 14-15 meeting, owing to continuous risks to economic outlook and stagnating inflation expectations. Domestic data has been uneven recently, with mild payrolls report considered to be the key trigger for accepting the status-quo. All member of the Federal Open Market Committee (FOMC) voted for the decision, with Kansas City Fed President Esther George abandoning her hawkish call to raise the benchmark by 25 basis points. Janet Yellen, the Chair, agreed that there are some downside forces to interest rates that may be long-lasting. On the short-term basis, she admitted that the upcoming UK referendum on EU membership has weighed on the Fed's decision to postpone the upward revision to the Fed Funds target range.

UK

Unemployment in Britain declined to the lowest level since October 2005, indicating that the UK labour market has continued to tighten. The jobless rate slid to 5% in the three months through April, according to the Office for National Statistics. The decline came as a surprise to economists, who had predicted the reading to remain unchanged at 5.1%. Employment was strong in the reported period, surging by 55,000, with the employment rate remaining at a record high of 74.2%. The claimant count rate was unchanged at 2.2% following a revision for April, the ONS reported. At the same time, wage growth, excluding bonuses, unexpectedly gathered pace in the three months to April to a 2.3%, from a revised 2.2% reported in March. When bonuses are included, the rate of pay growth also remained steady at 2% compared with economists' expectations for a decline to 1.6%. Wages, however, have remained significantly below the levels seen before the financial crisis. Low inflation has undermined earnings growth as it limits workers' bargaining power with employees. The pace of wage growth is unlikely unnerve the BoE's officials, who are predicted to keep the key rate at a record low 0.5% later in the day. They are watching closely the labour market for signs of tightening, which in turn could boost inflation.



“Single-family starts remain badly depressed from a longer-term perspective but have shown more recent strength”.

- Morgan Stanley

USD



	Impact
US Housing Starts rise more than expected	High

As reported by the US Census Bureau, there were 1.164 million constructions of residential buildings started in the US in May. The data beat expectations of 1.15 million, while still being below the April's reading of 1.172 million. During the previous month there was a sharp increase in the construction, but a lot of homes on the market became less affordable, amid a rather sharp increase in prices for those homes. Mortgage rates, however, are at low levels, somewhat boosting demand for apartment and house acquisitions, but, nonetheless, for some prices remain too high. Single-family houses have a higher impact than apartments, as they provide a larger economic boost and they rose 0.3% up to 764,000, while apartments showed only 396,000 residences, thus, barely changed compared to the previous month's data.

Furthermore, only 1.138 million building permits for construction were issued in the US last month, with the data slightly failing to meet expectations of 1.15 million. Among permits the single-family ones provided concerns, as they showed the largest monthly slowdown during the past 15 months. The permits for houses dropped 2% down to 726,000 units, while the apartment permits were at 381,000 units. This weaker data is unlikely to have a serious effect on the GDP second estimate, as it is forecasted to show signs of improvement, being driven by higher demand in household.



Trends*	Q3 16	Q4 16	Q1 16
MAX	126	140	130
75% percentile	116	119	119
Median	112	115	115
25% percentile	109	110	111
MIN	95	81	98


* the data is based on international banks' forecasts

	17.06 open price	17.06 close price	% change
AUD/USD	0.7363	0.7387	+0.33%
USD/CHF	0.965	0.96	-0.52%
USD/JPY	104.26	104.16	-0.10%
NZD/USD	0.7045	0.7049	+0.06%



CAD "We're seeing a bit more strength than we'd expect given that the pass through from the Canadian dollar which has been lifting that more selective measure should be fading slowly. So it suggests that underlying inflation pressures in Canada are a bit stronger than we would have expected given that the economy has slowed". - Thomson Reuters




	Impact
Food sector brings Canadian inflation to a slowdown	High

Last Friday the year-on-year Canadian Consumer Price Index (CPI) slowed down at a higher pace than was first anticipated. The figures, as reported by Statistics Canada, were at 1.5% growth, rather than the 1.6% forecasted, also compared to 1.7% in April. The main reason for such a weaker reading were food prices, as they also rose less than expected in May, compared to the April's data on an annual basis. Moreover, the food market prices grew at the slowest rate in over two years, having a significant effect on the overall CPI. As a result, the Canadian Dollar experienced downward pressure against its US counterpart, being that it had already reached a two-week low last week last week. However, the food sector was not the only reason of the slower inflation rate growth, as oil prices kept falling and weighing on the economic situation.

Meanwhile, the Bank of Canada reported year-on-year data fell in line with expectations, having posted a 2.10% figure, down from the 2.20% in April. The month-on-month data, on the other hand, showed a 0.1% percentage point increase, but inflation does not seem to be a big concern for Canadian central bank, as the figures are relatively according to its expectations.
















 Trends*	Q3 16	Q4 16	Q1 16
MAX	1.40	1.45	1.50
75% percentile	1.35	1.34	1.35
Median	1.32	1.31	1.30
25% percentile	1.28	1.26	1.27
MIN	1.22	0.84	1.18

* the data is based on international banks' forecasts

	17.06 open price	17.06 close price	% change
GBP/USD	0.9548	0.9533	-0.16%
EUR/GBP	0.7442	0.7442	+0.00%
GBP/CAD	1.45566	1.45401	-0.11%
GBP/JPY	1.2967	1.2894	-0.56%

Major events of the previous week (June 13-17)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
02:00 am		CNY	Industrial Production (YoY) (May)	May	6.0%	5.9%	6.0%
TUESDAY							
8:30 am		GBP	Consumer Price Index (MoM)	May	0.3%	0.4%	0.3%
9:00 am		EUR	Industrial Production (MoM)	April	1.1%	0.7%	-0.8%
12:30 pm		USD	Retail Sales (MoM)	May	0.5%	0.3%	1.3%
WEDNESDAY							
n/a		JPY	BoJ Press Conference				
9:00 am		EUR	Trade Balance	April	28.0B	21.6B	22.3B
18:00 pm		USD	Fed Interest Rate Decision		0.5%	0.5%	0.5%
THURSDAY							
1:30 am		AUD	Unemployment Rate	May	5.7%	5.7%	5.7%
3:00 am		JPY	BoJ Interest Rate Decision		-0.1%	-0.1%	-0.1%
09:00 am		EUR	Consumer Price Index (MoM)	May	0.4%	0.3%	0%
12:30 pm		USD	Consumer price Index (MoM)	May	0.2%	0.3%	0.4%
FRIDAY							
13:30 pm		CAD	Consumer Price Index (MoM)	May	0.4%	0.5%	0.3%
15:00 pm		EUR	ECB President Draghi Speech				

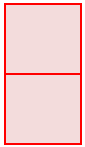
EXPLANATIONS

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.