



DUKASCOPY
RESEARCH PRODUCTS

20/03/2017



Fundamental Analysis

Major events this week (March 20 - 24)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
01:30 pm		CAD	Wholesale Sales m/m	January		0.3%	0.7%
TUESDAY							
01:30 am		AUD	Monetary Policy Meeting Minutes				
10:30 am		GBP	CPI y/y	February		2.1%	1.8%
01:30 pm		CAD	Core Retail Sales m/m	January			-0.3%
Tentative		NZD	GDT Price Index				-6.3%
WEDNESDAY							
03:30 pm		USD	Crude Oil Inventories	Last week			-0.2M
09:00 pm		NZD	Official Cash Rate			1.75%	1.75%
THURSDAY							
10:30 am		GBP	Retail Sales m/m	February		0.4%	-0.3%
01:30 pm		USD	Unemployment Claims	Last week		240K	241K
10:45 pm		NZD	Trade Balance	February		160M	-285M
FRIDAY							
10:00 am		EUR	Flash Services PMI	March		55.4	55.5
01:30 pm		CAD	CPI m/m	February			0.9%
01:30 pm		USD	Core Durable Goods Orders m/m	February		0.5%	0.0%

Key highlights of the week ended February 24

Euro zone

The European Central Bank Mario Draghi did not provide any news in terms of monetary policy during his speech on Monday. Back on Friday, sources close to the ECB, reported that policymakers discussed the possibility of raising interest rates before the end of asset purchases but the discussion was brief and light. Investor sentiment in the Euro zone's largest economy, Germany, improved markedly in March but less than analysts expected, a report released on Tuesday showed. The Mannheim-based Centre for European Economic Research (ZEW) said its German Economic Sentiment Index came in at 12.8 points for March, slightly up from the preceding month's 10.4. However, market analysts anticipated a bigger increase to 13.2 during the reported period.

United Kingdom

The Office for National Statistics reported on Wednesday that the claimant count fell 11,300 to 734,700, the lowest level since May 1975, last month, following January's downwardly revised decline of 41,400 and surpassing analysts' expectations for a rise of 3,200. The ONS also reported that the unemployment rate dropped to 4.7%, the lowest since the summer of 1975, in three months to January, amid a 31,000 decline in the number of unemployed people. Eight of nine policymakers voted to keep the key interest rate at the record low level of 0.25%. Kristin Forbes, who is due to leave the BoE in June, cast the sole vote in favour of raising interest rates to 0.50%, adding that she was feeling uncomfortable keeping interest rates on hold.

Unites States

Central bank lifted its overnight interest rate by 25 basis points to a range of 0.75% to 1.00%. This was the necessary step to get the Bank's monetary policy back to a normal footing. The number of Americans who filed for unemployment insurance last week decreased to 241,000, a survey from the Labor Department revealed on Thursday, following the preceding week's 243,000 filings. US industrial production was unchanged last month, while market analysts anticipated an increase, official figures revealed on Friday.

New Zealand

Statistics New Zealand reported the country's current account deficit fell to NZ\$2.34 billion in the Q4 of 2016, surpassing analysts' expectations for a NZ\$2.43 billion deficit. Meanwhile, the preceding quarter's gap of NZ\$4.89 billion was revised up to NZ\$5.03 billion. In the last quarter of 2016, New Zealand's GDP rose 0.4%, state officials reported on Wednesday. The growth was lower than experts estimated. Moreover, it was the weakest quarterly expansion since the June 2015 quarter.

Australia

The seasonally adjusted number of employed people fell 9.7% in February, the Australian Bureau of Statistics reported on Wednesday. Among them, full-time employment soared to 8,158.900 but part-time jobs dropped to 3,840.000. Accordingly, the seasonally adjusted unemployment rate unexpectedly gained 0.2% compared to January, which is higher than experts estimated.




“Factories are benefiting from greater consumer and business optimism since last fall’s presidential election. Companies are spending more on big-ticket items such as industrial machinery, and Americans are buying cars at near-record levels. Overseas growth has spurred more exports.”

USD

- Forbes




	Impact
US manufacturing production shows solid growth last month; Consumer sentiment improves in March	High

US industrial production was unchanged last month, while market analysts anticipated an increase, official figures revealed on Friday. The Federal Reserve reported factory production came in at 0.0% in February, falling behind analysts’ expectations for a gain of 0.3%. Meanwhile, January’s initially reported drop of 0.3% was revised to a 0.1% fall. However, manufacturing production, which accounts for 75% of overall industrial output, posted a 0.5% increase in February that matched the preceding month’s rise. A global economic recovery, stronger business investment in equipment and appropriate inventory levels allowed manufacturers to gain momentum over the last several months. The advance in manufacturing output was in line with analysts’ forecasts. Data also showed utility output decreased 5.7%, following a 5.8% decline in January. The fall was mainly driven by unusually warm temperatures. Mining production rose 2.7% last month, boosted by oil and gas drilling. Business equipment output advanced 0.7% in February, compared to a 0.1% decline registered in the prior month, whereas production of construction supplies increased 1.3% after climbing 1.4% in January. Other data released on Friday showed mood of American shoppers jumped to 97.6 in March, according to the preliminary reading released by the University of Michigan.



FORECASTS		
Q1 17	Q2 17	Q3 17
	118	118
116		115
114	114	
110		110
	109	

 Trends*	Q1 17	Q2 17	Q3 17
MAX	122	122	125
75% percentile	116	118	118
Median	114	114	115
25% percentile	110	109	110
MIN	98	100	100

* the data is based on international banks’ forecasts

	17.03 open price	17.03 close price	% change
AUD/USD	0.7678	0.7704	0.34%
USD/CHF	0.9965	0.9984	0.19%
USD/JPY	113.32	112.69	-0.56%
NZD/USD	0.6987	0.7018	0.44%



“This was another good news report for the Canadian manufacturing sector, suggesting that the momentum in the sector that heated up in late-2016 carried over into the beginning of 2017.”

CAD - Michael Dolega, TD Bank senior economist



	Impact
Manufacturing sales rise for third consecutive month in Canada	High

Manufacturing sales soared 0.6% in January, Statistics Canada reported on Friday. Growth remained positive for the third consecutive month. It was mainly driven by a 2.3% increase in non-durable goods sales, among which the main drivers were the petroleum, coal and chemical industries. The petroleum and coal industry nudged 7%, mainly because of higher volumes and higher prices. The chemical industry, in turn, advanced 2.5%, due to higher demand for pesticides and other agricultural products. Inventories climbed 1.1% in January. The largest inventories gains were registered in the petroleum and coal, machinery, primary metal and food industries, where inventories spiked 5.2%, 2.5%, 1.9% and 1.6%, accordingly. As a result, the inventory-to-sales ratio increased slightly from 1.30 to 1.31. Unfilled orders rose 0.3% after two months of declines. The increase was mostly attributable to the machinery industry, where unfilled orders hit a record high since March 2015 of C\$7.3B. Furthermore, new orders rallied 4.6%, also following two consecutive months of declines. New orders mainly came from the aerospace and motor vehicle industries. In general, manufacturing sales rose in 14 of 21 industries, which represent 75.4% of the Canadian manufacturing sector.

















FORECASTS		
Q1 17	Q2 17	Q3 17
		1.4
	1.38	
1.37	1.36	1.36
1.35		
1.32	1.32	
		1.31

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

	17.03 open price	17.03 close price	% change
AUD/CAD	1.0226	1.0288	0.60%
CAD/CHF	0.7481	0.748	-0.01%
EUR/CAD	1.4339	1.4334	-0.03%
USD/CAD	1.332	1.335	0.22%

Major events previous week (March 13 - 17)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
01:30 pm		EUR	ECB President Draghi Speaks				
TUESDAY							
10:00 am		EUR	German ZEW Economic Sentiment	March	12.8	13.2	10.4
12:30 pm		USD	PPI m/m	February	0.3%	0.1%	0.6%
09:45 pm		NZD	Current Account	Q4 2016	-2.34B	-2.43B	-4.89B
WEDNESDAY							
09:30 am		GBP	Average Earnings Index 3m/y	January	2.2%	2.4%	2.6%
06:00 pm		USD	FOMC Statement				
09:45 pm		NZD	GDP q/q	Q4 2016	0.4%	0.7%	0.8%
THURSDAY							
00:30 am		AUD	Unemployment Rate	February	5.9%	5.7%	5.7%
02:55 am		JPY	BOJ Policy Rate		-0.10%	-0.10%	-0.10%
08:30 am		CHF	Libor Rate		-0.75%	-0.75%	-0.75%
12:00 pm		GBP	Official Bank Rate		0.25%	0.25%	0.25%
12:30 pm		USD	Building Permits	February	1.21M	1.26M	1.29M
FRIDAY							
12:30 pm		CAD	Manufacturing Sales m/m	January	0.6%		2.1%
02:00 pm		USD	Prelim UoM Consumer Sentiment	March	97.6	97.1	96.3

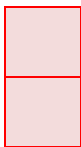
EXPLANATIONS

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



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