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RESEARCH PRODUCTS

24/05/2017



Fundamental Analysis

Major events this week (May 22 - 26)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
06:00 pm		GBP	Prime Minister May Speaks				
TUESDAY							
08:00 am		EUR	German Ifo Business Climate	May	114.6	113.1	112.9
12:30 pm		CAD	Wholesale Sales m/m	March	0.9%	1.1%	-0.2%
02:00 pm		USD	New Home Sales	April	569K	611K	621K
WEDNESDAY							
08:30 am		EUR	ECB President Draghi Speaks				
02:00 pm		CAD	BOC Rate Statement				
02:30 pm		USD	Crude Oil Inventories	Last week			-1.8M
THURSDAY							
02:00 am		NZD	Annual Budget Release				
08:30 am		GBP	Second Estimate GDP q/q	Q1 2017		0.3%	0.3%
02:30 pm		USD	Unemployment Claims	Last week		238K	232K
11:30 pm		JPY	Consumer Price Index y/y	April		0.4%	0.2%
FRIDAY							
12:30 pm		USD	Prelim GDP q/q	April		0.9%	0.7%

Key highlights of the week ended May 19

United Kingdom

On Monday, the British Prime Minister Theresa May, appointed after the country voted to leave the European Union on June 23, promised to extend British workers' rights in both workplace and boardroom. During her visit to the southern part of England, the UK PM said that the Conservative Party would protect workers of internet delivery firms and "gig" companies, such as Uber. Furthermore, May stated they intended to put employees on company boards. The Office for National Statistics reported on Tuesday that its CPI rose 2.7% on an annual basis in April, following the preceding month's gain of 2.3% and surpassing analysts' expectations for a 2.6% increase. British inflation is set accelerate further due the recent rebound in oil prices and the weak Sterling. The Office for National Statistics reported that wage growth, excluding bonuses, advanced 2.1% on an annual basis in the March quarter, the weakest gain since the three-month period to July 2016. The Office for National Statistics reported on Thursday that retail sales surged 2.3% in April, following the preceding month's upwardly revised fall of 1.4% and topping expectations for a 1.2% increase.

United States

Manufacturing activity in the New York state deteriorated unexpectedly in May, falling into the negative territory for the first time since October, official figures revealed. The regional Federal Reserve reported on Monday that its Empire State Manufacturing Index came in at -1.0 in the reported month, following the preceding month's 5.2 points. The Census Bureau reported on Tuesday that housing starts declined 2.6% to a seasonally adjusted annual pace of 1.17M units last month, following March's upwardly revised 1.28M-unit pace and falling behind expectations for a 3.7% rise to a 1.26M-unit pace. The Energy Information Administration reported US crude stockpiles fell 1.8M barrels in the week ending May 12, following the preceding week's drop of 5.2M barrels and falling behind expectations for a 2.5M-barrel decline. The US Department of Labour reported that initial jobless claims fell to 232K in the week ending May 12, following the preceding week's 236K and posting the third consecutive decline. In the meantime, analysts held expectations for an increase to 240K.

Canada

Statistics Canada reported on Wednesday that manufacturing sales rose 1.0% in March, following the preceding month's downwardly-revised fall of 0.6% and slightly missing analysts' expectations for a 1.1% gain. Statistics Canada reported that its CPI advanced 0.4% in April, following the preceding month's gain of 0.2% and falling behind expectations for an increase of 0.5%. Other data showed that retail sales climbed 0.7% in March, compared to the prior month's upwardly revised fall of 0.4% and surpassing expectations for a 0.4% increase. However, excluding volatile items, core retail sales fell 0.2%, whereas analysts anticipated a climb of 0.2% in the reported month after a 0.1% drop in February.

New Zealand

Statistics New Zealand reported that retail sales volumes climbed 1.5% on a seasonally adjusted basis in the three-month period to March, up from a 0.6% gain in the preceding period, whereas analysts anticipated a slighter increase of 1.1%. Dairy prices rose for the fifth consecutive time at the latest auction in New Zealand, pointing to a solid recovery. The Global Dairy Trade Price Index climbed 3.2% to an average selling price of \$3,313 per tonne after rising 3.6% at the prior GDT auction. Later in the day, Statistics New Zealand reported that its Producer Price Index rose 0.8% in the March quarter, following the prior quarter's gain of 1.0% and topping analysts' expectations for a 0.7% increase.



EUR

"Today's strong German data add to the evidence that, not only the German economy, but the entire euro zone economy could become the positive growth surprise of 2017."

— Carsten Brzeski, ING



	Impact
German investor morale improves more than expected in May	Medium

The mood of German investors improved markedly in May, official data showed on Tuesday. The Munich-based Ifo Institute for Economic Research reported that its Business Climate Index climbed to 114.6 points in the reported month, following April's 113.0 and surpassing analysts' expectations for an increase to 113.1. That marked the strongest reading since 1991. May's jump was mainly driven by Emmanuel Macron's victory in the French 2017 Presidential Election, which boosted confidence across the Euro zone. Taking into account the stronger-than-expected Ifo Index and other quite optimistic economic data, the German economy is set to hit a 0.6% growth rate in the second quarter. The Ifo Institute's economist Klaus Wohlrabe noted that Brexit and the US President Donald Trump's policies had not had an impact on the German economy yet. The largest sentiment improvement was seen in the manufacturing sector. Strong economic growth is expected to provide a significant support to the Chancellor Angela Merkel's Party ahead of the September General 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

	23.05 open price	23.05 close price	% change
EUR/USD	1.1237	1.1183	-0.48%
EUR/GBP	0.8644	0.8629	-0.17%
EUR/CHF	1.0939	1.0916	-0.21%
EUR/JPY	125.08	125.01	-0.06%



"We still have ground to recover. I think there's more room to grow before we're going to peak out."

— Todd Hirsch, ATB Financial

CAD



	Impact
Canadian wholesale sales rebound but less than expected in March	Medium

Canadian wholesale sales rose less than expected in the third month of the year, data revealed on Tuesday. Statistics Canada reported that the value of Canadian wholesale trade climbed 0.9% in March, surpassing the C\$60B mark for the first time, up from the preceding month's upwardly revised gain of just 0.3%. Nevertheless, March's figure missed analysts' expectations, as they anticipated an increase of 1.1% during the reported month. In volume terms, sales were up 0.6% in March. Gains were registered in four out of seven subsectors, representing 60% of the wholesale trade total. Sales of building materials and supplies surged 3.9%, boosted by higher demand for lumber, millwork and hardware as well as metal services. In the meantime, sales of beverages and tobacco increased 1.1% between February and March. However, two biggest subsectors posted unexpected drops. Sales of machinery and supplies fell 0.5%, whereas sales of motor vehicles and parts plunged 0.2% in March. Overall, wholesale sales were up 3.6% year-over-year in the Q2, the biggest quarterly gain since the second quarter of 2008.



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

	23.05 open price	23.05 close price	% change
AUD/CAD	1.0095	1.0106	0.11%
CAD/CHF	0.7209	0.7222	0.18%
EUR/CAD	1.5173	1.5113	-0.40%
USD/CAD	1.3503	1.3514	0.08%




USD

"Demand for housing remains strong and the usual list of support factors hasn't changed, with the key items being job growth and wage gains."


— Jennifer Lee, BMO Capital Markets



	Impact
US new home sales drop 11.4% in April	Medium

New home sales in the United States dropped more than expected last month, probably amid weaker demand. The Department of Commerce reported on Tuesday that sales of new houses dropped 11.4% to a seasonally adjusted annualised pace of 569K units in April, following the prior month's upwardly revised pace of 642K units, the highest since October 2007, and falling behind expectations for a decrease to a 611K-unit pace. On an annual basis, new home sales were up 0.5% in April. The average selling price dropped to \$309.2K in April from \$318.7K seen in the preceding month. Despite April's unexpected drop, analysts suggested that the housing market maintained its momentum and would continue growing in the upcoming months, supported by low mortgage rates. New home sales plunged in all four regions; however, the largest drop of 26.3% was registered in the West. The inventory level rose 1.5% to 268K units last month, the highest since July 2009. AT the past month's sales pace it would likely take 5.7 months to sell all houses available on the market.

















 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

	23.05 open price	23.05 close price	% change
AUD/USD	0.7477	0.7478	0.01%
USD/CHF	0.9734	0.976	0.27%
USD/JPY	111.3	111.77	0.42%
NZD/USD	0.6995	0.7012	0.24%

Major events previous week (May 8 - 12)

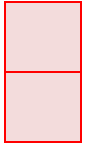
Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
00:00 am		NZD	Retail Sales q/q	Q1 2017	1.5%	1.1%	0.6%
12:30 pm		USD	Empire State Manufacturing Index	May	-1.0	7.2	5.2
07:00 pm		GBP	Prime Minister May Speaks				
TUESDAY							
01:30 am		AUD	Monetary Policy Meeting Minutes				
08:30 am		GBP	CPI y/y	April	2.7%	2.6%	2.3%
12:30 pm		USD	Building Permits	April	1.23M	1.27M	1.27M
Tentative		NZD	GDT Price Index		3.2%		3.6%
WEDNESDAY							
08:30 am		GBP	Average Earnings Index 3m/y	Q1 2017	2.4%	2.4%	2.3%
12:30 pm		CAD	Manufacturing Sales m/m	March	1.0%	1.1%	-0.2%
02:30 pm		USD	Crude Oil Inventories	Last week	-1.8M	-2.5M	-5.2M
THURSDAY							
01:30 am		AUD	Unemployment Rate	April	5.7%	5.9%	5.9%
08:30 am		GBP	Retail Sales m/m	April	2.3%	1.2%	-1.8%
12:30 pm		USD	Unemployment Claims	Last week	232K	240K	236K
FRIDAY							
12:30 pm		CAD	CPI m/m	April	0.4%	0.5%	0.2%

EXPLANATIONS

Chart

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

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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