


















**DUKASCOPY**  
RESEARCH PRODUCTS

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# Fundamental Analysis

## Major events this week (May 2-6)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
2:00 pm		EUR	ECB President Draghi Speaks				
2:00 pm		USD	ISM Manufacturing PMI	April	50.8	51.6	51.8
<b>TUESDAY</b>							
1:45 am		CNY	Caixin Manufacturing PMI	April	49.4	49.8	49.7
4:30 am		AUD	RBA Rate Statement				
8:30 pm		GBP	Manufacturing PMI	April	49.2	51.3	50.7
10:45 pm		NZD	Unemployment Rate	Quarter 1	5.7%	5.5%	5.4%
<b>WEDNESDAY</b>							
8:30 am		GBP	Construction PMI	April	52.0	54.1	54.2
12:15 pm		USD	ADP Non-Farm Employment Change	April	156K	205K	194K
12:30 pm		CAD	Trade Balance	March	-3.4B	-1.2B	-2.5B
<b>THURSDAY</b>							
1:30 am		AUD	Retail Sales MoM	March	0.4%	0.3%	0.1%
8:30 pm		GBP	Services PMI	April			53.7
12:30 pm		USD	Unemployment Claims	April 30			257K
<b>FRIDAY</b>							
1:30 am		AUD	RBA Monetary Policy Statement				
12:30 pm		CAD	Unemployment Rate	April			7.1%
12:30 pm		USD	Non-Farm Employment Change	April			215K

## Key highlights of the week ended April 29

### US

The Fed opted not to hike interest rates and remained ambiguous about raising rates in June amid moribund economy and weakening consumer spending. The US central bank proceeded with its plan to move cautiously on raising the benchmark federal-funds rate, which has been between 0.25% and 0.50% since December, when the Fed increased short-term rates after keeping them near zero since 2008. Policy makers pointed that the US economy is performing robustly in some respects, but continuing to falter in others. Household spending has diminished even though real income has increased and consumer sentiment remains high, while the labour market conditions have improved further. The Fed's caution underlines how policy makers still lack confidence they can move away from extraordinary easy-money policies without derailing the fragile US growth and knocking the global economy off balance. The seven weeks until the June meeting could help determine how many times, if any, the Fed will hike short-term interest rates this year.

### Japan

The Bank of Japan kept its monetary policy unchanged and held off on expanding monetary stimulus, sending the Japanese Yen up and stocks down. The BoJ Governor Haruhiko Kuroda and his colleagues opted to take more time to assess the impact of negative interest rates. Policy makers left unchanged three key easing tools: the 80 trillion yen target for expanding the monetary base through government-bond purchases, the 0.1% negative rate on a portion of the cash banks park at the central bank, and a programme to buy riskier assets including stocks. Separately, they postponed the time frame for reaching a 2% inflation target, to sometime in fiscal 2017, for the fourth delay in about a year.

### New Zealand

The Reserve Bank of New Zealand kept interest rates on hold, but said it may need to cut rates further as slowing global economic growth and a strong New Zealand Dollar prolong a period of tepid inflation. All bets are now on the RBNZ cutting the OCR to 2.0% in June. The RBNZ has already slashed the official cash rate five times in less than a year. The central bank is also concerned about the relative strength of the local currency, which is making exporters and import-exposed industries less competitive. The New Zealand Dollar advanced more than 1% following the central bank's decision.





*"Clearly the PMIs, as they have been for a while, suggest that the strength we saw in Q1 might well be a temporary phenomenon. April's figures are consistent with that view"*

- Oxford Economics

**EUR**

news	Impact
Euro zone growth to be steady but slow in Q2	High

Economic growth in the Euro zone is likely to be steady but slow in the second quarter, underlying European Commission concerns that the currency area's recovery remains fragile and vulnerable to setbacks. Euro bloc's retail sales dropped for the first month in five during March Sales at European retailers dropped 0.5% on the month, compared with expectations of a more modest 0.1% decline, as consumers cut purchases of food, drinks and tobacco. Yet consumer spending was likely again a catalyst of growth in the first quarter of the year while European businesses faced weaker demand for their exports from China and other large developing economies. Separately, Markit's composite purchasing managers index, which provides a good steer on overall economic growth, fell to 53.0 in April from 53.1 in March. The services PMI remained at March's 14-month low of 53.1 in April, just shy of a preliminary 53.2 reading.

The Commission, meanwhile, said in its economic forecasts that Euro zone growth would be slower than previously estimated, with tepid inflation this year, and warned of high external and internal risks to the bloc's economy. Economists predict 0.4% growth in April-June as the region is still struggling with high debt, weak bank profits, high unemployment and still considerable excess capacity in the economy.





**"The job market appears to have stumbled in April"**  
-Moody's Analytics Inc

## USD



news	Impact
US companies add 156,000 jobs in April	High

American private employers added the fewest workers in three years in April, considerably below economists' expectations, with signs of weak hiring activity across most sectors. Employers added 156,000 jobs in April, according to Automatic Data Processing Inc. Economists had predicted an increase of 193,000. Moreover, ADP lowered March's gains to 194,000 from the prior estimate of 200,000. The ADP figures come ahead of the Labor Department's more comprehensive non-farm payrolls report on Friday, which includes both public and private-sector employment. Economists are looking for US private payroll employment to have increased by 193,000 jobs in April, compared with 195,000 the month before. Total non-farm employment is expected to be 202,000. The unemployment rate is expected to remain at 5.0% recorded a month earlier. Fed policy makers are counting on a strengthening job market to pull the economy out from a first-quarter slump. San Francisco Fed President John Williams said he is optimistic about the US economy and was giving little weight to the slowdown in first quarter gross domestic product. Atlanta Federal Reserve President Dennis Lockhart said two rate hikes this year are certainly possible.

In a separate economic report released Wednesday, the U.S. trade deficit shrank in March by almost 17% to \$40.4 billion — the lowest level in more than a year.







*"Softer growth forecasts for the UK economy alongside uncertainty ahead of the EU referendum appear to have provided reasons for clients to delay major spending decisions until the fog has lifted"*

- Markit

**GBP**

news	Impact
UK construction output falls more than expected	High

The UK's construction output rose at the slowest pace in nearly three years in April, suggesting the economy was losing steam before June's referendum on whether to leave the European Union. The Markit/CIPS PMI gauge of business activity within Britain's construction sector fell to 52 last month from 54.2 in March, and considerably below economists' median forecast of 54. Even though the headline PMI figure remained above the key 50-mark threshold for the 36th straight month in April, its level has weakened notably from post-crisis highs seen in 2014. Both business activity and new work declined in April, and subdued demand conditions led to employment levels also falling to a three-year low.

Britain's economy slowed in the first quarter as the global economy weakened. Recent data have suggested it is losing more steam as the June 23 EU vote looms. The UK manufacturing sector encountered a surprise contraction in April that reflected in the PMI, as it entered negative territory for the first time in four years, plummeting under the 50 point mark to show 49.2 points. Market participants will now be closely watching the PMI survey on the services sector due later in the day, which is expected to show that activity declined slightly to 53.5 at the beginning of the second quarter, following a dramatic decrease to a three-year low overall in the first quarter of this year.

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*"The details were absolutely terrible, consistent with the headline, as exports dove 4.8 per cent, with every category lower except aerospace"*

- Bank of Montreal

## CAD



	Impact
Canada's trade deficit widens to record level in March, as exports plunge sharply	High

Canada's exports fell sharply in March and the country's trade deficit with the rest of the world widened to a record level, fuelling doubts on the strength of the recovery in the resource-reliant economy. Canada posted a record trade deficit of C\$3.41 billion in March, Statistics Canada reported, whereas expectations were for a smaller C\$1.4 billion trade deficit. Exports dropped 4.8% following a dramatic 6.6% decline in the preceding month. The disappointing figures were led by slower exports of autos and parts, down 6%, as well as consumer goods, which slipped 4.6%. In the meantime, imports fell 2.4% to C\$44.4 billion in March, with volumes edging down 0.3% and prices declining 2.1%. A decrease in imports of consumer goods and aircraft and other transportation equipment and parts was partially offset by higher imports of energy products. Exports to the US plunged 6.3% to \$30.4 billion in March, while imports fell 4.8% to \$28.9 billion.

The Canadian economy shrank slightly less than expected in February, as the GDP dropped 0.1% after growing 0.6% in January. The Bank of Canada projects growth of 2.8% during the first quarter of the year, but warns that the Q1 boost is likely temporary, with much softer gains estimated for the second quarter.



Trends*	Q2 16	Q3 16	Q4 16
MAX	1.48	1.53	1.53
75% percentile	1.37	1.37	1.37
Median	1.34	1.34	1.33
25% percentile	1.31	1.30	1.29
MIN	1.10	1.24	0.84

\* the data is based on international banks' forecasts

	04.05 open price	04.05 close price	% change
AUD/CAD	0.9523	0.9596	+0.77%
CAD/CHF	0.7501	0.7441	-0.80%
EUR/CAD	1.46279	1.47828	+1.06%
USD/CAD	1.2724	1.2869	+1.14%






*"[The numbers] suggest there is at least some momentum in spending going into the second quarter"*

- Capital Economics

## AUD



	Impact
Australia's retail sales rebound in March, trade deficit shrinks	High














Australia's retail sales recovered in March after a lacklustre start to the year, reflecting strong consumer confidence and improving job market conditions. For the first time in four months Australian retail sales overshot expectations, increasing 0.4% to \$24.946 billion in March, according to the Australian Bureau of Statistics. Retail sales in the first quarter rose 0.5% from the final quarter of last year. Economists expected a 0.7% gain over the reported period. Although the monthly sales increase beat estimates, it was a different story for quarterly retail volumes, something that accounts for around 30% of household consumption in Australia's GDP. It increased by 0.5% over the quarter, missing expectations for a bigger gain of 0.7%. It is still likely to contribute to GDP, just not as much as had been expected.

A separate report showed Australia's trade shortfall shrank sharply in March after resource exports soared, suggesting recent commodity price gains may be starting to bring Australia's trade books back into balance. Australia posted a seasonally adjusted trade deficit of A\$2.16 billion in March, compared with a deficit of A\$3.04 billion in February. Australia is becoming a more significant exporter of energy products with a liquefied natural gas boom just getting underway.





## Major events this week (April 25-29)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
<b>MONDAY</b>							
8:00 am		EUR	German Ifo Business Climate	April	106.6	107.1	106.7
2:00 pm		USD	New Home Sales	March	511K	521K	519K
<b>TUESDAY</b>							
12:30 pm		USD	Core Durable Goods Orders m/m	March	-0.2%	0.6%	-1.3%
12:55 pm		CAD	BOC Gov Poloz Speaks				
2:00 pm		USD	CB Consumer Confidence	April	94.2	95.8	96.1
<b>WEDNESDAY</b>							
1:30 am		AUD	CPI QoQ	Quarter 1	-0.2%	0.3%	0.4%
8:30 am		GBP	Prelim GDP QoQ	Quarter 1	0.4%	0.4%	0.6%
6:00 pm		USD	FOMC Statement				
9:00 pm		NZD	RBNZ Rate Statement				
<b>THURSDAY</b>							
Tentative		JPY	Monetary Policy Statement				
12:30 pm		USD	Advance GDP QoQ	Quarter 1	0.5%	0.7%	1.4%
<b>FRIDAY</b>							
9:00 am		EUR	CPI Flash Estimate YoY	April	-0.2%	-0.1%	0.0%
12:30 pm		CAD	GDP MoM	February	-0.1%	-0.1%	0.6%

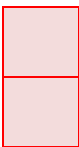
## EXPLANATIONS

### 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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