


















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RESEARCH PRODUCTS

13/10/2015



Fundamental Analysis

Major events this week (October 12-16)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
5:20 pm		CAD	BOC Gov Poloz Speaks				
11:50pm		JPY	Monetary Policy Meeting Minutes				
TUESDAY							
12:30am		AUD	NAB Business Confidence	September	5		1
Tentative		CNY	Trade Balance	September	60.3B	46.9B	60.2B
8:30 am		GBP	CPI YoY	September		0.0%	0.0%
9:00 am		EUR	German ZEW Economic Sentiment	September		6.8	12.1
WEDNESDAY							
1:30 am		CNY	CPI YoY	September		1.8%	2.0%
8:30am		GBP	Claimant Count Change	September		-2.3K	1.2K
8:30am		GBP	Average Earnings Index 3m/y	August		3.1%	2.9%
12:30 pm		USD	Retail Sales MoM	September		0.2%	0.2%
THURSDAY							
11:00 am		AUD	Unemployment Rate	September		6.2%	6.2%
12:30 pm		USD	CPI MoM	September		-0.2%	-0.1%
12:30 pm		USD	Unemployment Claims	October 9		269K	263K
FRIDAY							
6:35 am		JPY	BOJ Gov Kuroda Speaks				
12:30 pm		CAD	Manufacturing Sales MoM	August		-0.6%	1.7%

Key highlights of the week ended October 9

UK

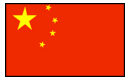
The Monetary Policy Committee of the BoE voted 8-1 to keep rates at a record-low 0.5% in October, with Ian McCafferty maintaining his call for an increase. The MPC minutes also revealed a relatively soft central bank's outlook for inflation in the UK, suggesting that the rate hike would be postponed at least to the next year. The BoE said that cost pressures in Britain's labour market were rising too slowly for inflation to return to its 2% target, especially given the past strength of the Sterling. However, even though, the inflation fell back to zero in August in the UK, the policymakers are confident that robust domestic growth and the fading effect of last year's slump in oil prices would cause it to bounce back towards its projected target next year. Overall, the BoE forecasted that inflation would stay below 1% until spring 2016.

Japan

As was broadly expected, the Bank of Japan made the decision to keep its monetary policy unchanged in spite of growing concerns over economy and inflation that is clearly below the bank's target rate of 2%. The central bank's policy board made up its mind to hold the yearly asset purchases, which is the primary tool for beating deflation and generating inflation, at 80 trillion yen. The BoJ Governor Haruhiko Kuroda stated that the bank is going to steadily implement its Qualitative and Quantitative Easing programme, in order to reach the inflation target of 2% as soon as possible. In addition to that, the Governor noted that the BoJ will take into consideration all existing threats to the Japanese economy and optimize its monetary program in an appropriate way.

Australia

The Reserve Bank of Australia kept the official cash rate unchanged at a record low for a fifth month in a row, pointing to increased uncertainty surrounding the global economic outlook due to slowdown in China and east Asia. The Board decided to leave the cash rate at 2.0%. The central bank said that a moderate expansion continued in Australia, even though growth had been somewhat below longer-term averages for some time. Yet, economic expansion was accompanied with stronger growth of employment and a stable rate of joblessness over the past year. The RBA admitted that the nation's economy was set to operate with a degree of spare capacity for some time yet, with domestic inflationary pressures subdued. Inflation was estimated to remain consistent with the target over the next one to two years, even with a lower exchange rate.



“Exports in September look a little better than expectations. But if you factor in seasonal factors, I don’t see much improvement in global demand”

- Ma Xiaoping, HSBC economist

CNY



	Impact
China’s imports and exports decline in September amid week global demand	High

China’s imports dropped, while exports remained feeble in September due to weak global demand, suggesting the world’s second biggest economy continued to falter into the end of the year. While exports declined less than economists had predicted, the data indicated that China’s third-quarter growth numbers due for release next week would likely come against Beijing’s target of about 7% for the whole year. According to the General Administration of Customs, Chinese exports dropped 3.7% in September from a year earlier in US Dollar terms after a 5.5% plunge in August. At the same time, imports in September plummeted 20.4% from a year earlier, compared with a 13.8% slump in the preceding month. As a result, the country’s trade surplus rose to \$60.3 billion in September from \$60.2 billion a month earlier.

China’s September exports continued to falter due to weak global demand. The International Monetary Fund predicts the world’s economy to expand 3.1% this year, its slowest pace since the global financial crisis. That is a downgrade from the IMF’s 3.3% growth forecast in July. China is likely to miss its 2015 foreign trade target of 6% annual growth, down from the 7.5% growth goals it set in 2014 and 8% in 2013, both of which it failed to reach, economists said.



Trends*	Q3 15	Q4 15	Q1 16
MAX	1.61	1.77	1.69
75% percentile	1.56	1.57	1.58
Median	1.54	1.54	1.55
25% percentile	1.52	1.51	1.51
MIN	1.45	1.34	1.43

* the data is based on international banks’ forecasts


	12.10 open price	12.10 close price	% change
AUD/NZD	1.0951	1.0959	+0.07%
EUR/NZD	1.6928	1.6907	-0.12%
GBP/NZD	2.2871	2.2845	-0.11%
NZD/USD	0.6681	0.6718	+0.55%



"In particular, the depreciation over the past couple of years is playing an important role in helping the economy adjust to the wind-down of the boom in mining investment"

AUD - Philip Lowe, RBA Deputy Governor




	Impact
Australia's business confidence rebounds in September	High

Australia's business confidence bounced back last month following the Federal Government's leadership change, the NAB's monthly business survey showed. The index of business conditions came in at above-average +9 in September, while confidence rose by 4 points to +5. The sub-index of sales dropped by four points to +15, remaining firmly above its long-term average. At the same time profitability declined by two points to +8. However, there was a notable improvement in the outlook for hiring, with the employment measure climbing five points to +4, reaching the highest level in four years. Moreover, the survey's index of capital expenditure increased to +7 in the reported month, supported by the services sector. The Reserve Bank of Australia has been anticipating a recovery in spending by companies outside of the mining sector, which is faltering due to weaker commodity prices.

Meanwhile, RBA Deputy Governor Philip Lowe reiterated the central bank's opinion that the lower level of the Aussie Dollar over the past few years has helped the nation's economy to withstand fading of the mining investment boom. Over the last year the Australian Dollar has depreciated from around \$0.90 versus the US peer to below \$0.70 in recent weeks and has also declined dramatically on a trade-weighted basis over the same period.

















 Trends*	Q3 15	Q4 15	Q1 16
MAX	1.37	1.40	1.41
75% percentile	1.33	1.34	1.35
Median	1.30	1.32	1.32
25% percentile	1.28	1.28	1.28
MIN	1.18	0.88	1.10

* the data is based on international banks' forecasts

	12.10 open price	12.10 close price	% change
AUD/JPY	88.066	88.374	+0.35%
AUD/USD	0.733	0.7362	+0.44%
EUR/AUD	1.55035	1.54282	-0.49%
GBP/AUD	2.0915	2.0847	-0.33%

Major events of the previous week (October 5-9)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
8:30am		GBP	Services PMI	September	53.3	56.4	55.6
2:00pm		USD	ISM Non-Manufacturing PMI	September	56.9	58.0	59.0
TUESDAY							
3:30am		AUD	RBA Cash Rate		2.00%	2.00%	2.00%
6:00am		EUR	German Factory Orders m/m	August	-1.8%	0.5%	-2.2%
12:30pm		USD	Trade Balance	August	-48.3B	-42.2B	-41.8B
WEDNESDAY							
Tentative		JPY	BoJ Monetary Policy Statement				
8:30am		GBP	Manufacturing Production m/m	August	0.5%	0.4%	-0.7%
12:30pm		CAD	Building Permits m/m	August	-3.7%	0.5%	0.7%
2:00pm		GBP	NIESR GDP Estimate	3M-September	0.5%		0.5%
THURSDAY							
11:00am		GBP	BoE Official Bank Rate Votes		1-0-8	1-0-8	1-0-8
12:30pm		USD	Unemployment Claims	October 2	263K	274K	276K
6:00pm		USD	FOMC Meeting Minutes				
FRIDAY							
8:30am		GBP	Trade Balance	August	-11.1B	-10.0B	-11.1B
12:30pm		CAD	Employment Change	September	12.1K	10.5K	12.0K

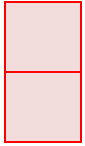
EXPLANATIONS

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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The trade surplus in Switzerland contracted in August, as the strength of the Swiss Franc hit demand in the European Union and China. According to the FSO, Switzerland's trade balance amounted to 2.87 billion francs in the August, compared with a downwardly revised 3.58 billion francs registered in the previous month. However, the actual figure beat the market expectation of 2.75 billion francs surplus. The latest report also showed that real exports slipped by 2.4% on a monthly basis in the reported period after decreasing a revised 2.3% in July. Year-on-year, exports decreased by real 2.1% in August but slower than the 4.9% decline seen in July. Similarly, real imports declined 4% versus a 1.8% drop a month ago. On an annual basis, imports slid 7.4%, reversing July's 1.7% increase.

Meanwhile, the Swiss foreign trade remains under the pressure due to the strengthening Franc and the recent SNB's monetary changes. The appreciation in the Swiss Franc from mid-January has been reflected in sharp declines in both export and import prices. In the meantime, the SNB kept its benchmark rate on hold last week at a record low of -0.75% and revised its inflation expectations downward, as a result of the drop in oil prices.