

















DUKASCOPY
RESEARCH PRODUCTS

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Fundamental Analysis

Major events this week (April 25-29)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
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
TUESDAY							
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
WEDNESDAY							
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				
THURSDAY							
Tentative		JPY	Monetary Policy Statement				
All Day		EUR	German Prelim CPI MoM	April			0.8%
12:30 pm		USD	Advance GDP QoQ	Quarter 1			1.4%
FRIDAY							
9:00 am		EUR	CPI Flash Estimate YoY	April			0.0%
12:30 pm		CAD	GDP MoM	February			0.6%

Key highlights of the week ended April 15

Japan

Bank of Japan Governor Haruhiko Kuroda said the central bank stood ready to expand monetary stimulus again if recent weaknesses in inflation expectations persist, stressing that there are "many ways" to do so to reach the price target. Kuroda also dismissed the view the BoJ's decision in January to introduce negative interest rates was directly aimed at weakening the Japanese Yen to give Japan's exports a competitive advantage. While maintaining his optimistic view of Japan's economic outlook, Kuroda admitted that inflation expectations have been weakening in recent months. The BoJ may reconsider its current projection that inflation will hit 2% around the first half of fiscal 2017 if assumptions it was based on, such as oil price moves, change.

Euro zone

German politicians and officials have repeatedly brutally castigated the European Central Bank for its monetary policy, with the latest critics coming from the outspoken German Finance Minister Wolfgang Schaeuble. Central banks in Europe and the US must gradually abandon easy-money policies, Mr Schaeuble said. He also partly blamed the ECB's policy for the success of the right-wing Alternative for Germany (AfD) in recent regional elections. Mr Schaeuble and ECB President Mario Draghi will probably hold talks in Washington this week. G-20 policy makers will meet from April 14-15, with finance ministers and central-bank governors from 188 countries gathering from April 15-17 for the spring meetings of the IMF and World Bank to discuss how to revive weak global growth.

Canada

The Bank of Canada maintained its key interest rate at 0.5%, saying the Canadian economy continues to adjust to the oil price shock. The central bank admitted that GDP growth in the first quarter appeared to have been unexpectedly robust, but some of that strength was due to temporary factors and is likely to wane in the second quarter. Even though non-resource exports are predicted to strengthen, their profile is weaker than previously thought, partly due to slower foreign demand growth and the higher Canadian Dollar. The economy continues to create net new employment, especially in the services sector. Against this background, household spending continues to increase moderately.



“Economic activity appears to have slowed”
-Federal Open Market Committee

USD



	Impact
Fed keeps rates on hold, remains cautious on rate hike	High

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. Policy makers will get two months of inflation and labour-market data as well as two estimates of first-quarter growth before their next meeting. One major source of uncertainty for policy makers is the UK’s referendum over whether to leave the EU, which is scheduled for June 23, a week after the Fed meets.



Trends*	Q2 16	Q3 16	Q4 16
MAX	127	130	140
75% percentile	120	121	124
Median	115	116	119
25% percentile	112	113	115
MIN	105	100	81

* the data is based on international banks' forecasts

	27.04 open price	27.04 close price	% change
AUD/USD	0.7749	0.7591	-2.04%
USD/CHF	0.9735	0.9711	-0.25%
USD/JPY	111.31	111.46	+0.13%
NZD/USD	0.6899	0.6846	-0.77%



"Today's GDP figures confirmed that the economic recovery cooled in the first quarter, but we think that this should only be temporary and that growth will regain some pace later this year"

- Capital Economics

GBP



	Impact
UK economy slows in Q1, hurt by decline in industrial sector	High

The British economy slowed in the first quarter, hit by an ongoing decline in the industrial sector and concerns that a looming vote on the country's membership of the EU will hurt the economy further. According to the Office for National Statistics, the UK economy expanded 0.4% in the three months through March, following a 0.6% growth in the final quarter of 2015. Measured on an annual basis, Britain's economic output increased 1.6%, down from 2.4%. The slowdown was led by a slump in manufacturing and construction, which offset strong growth in the UK's dominant services sector. Output increased in the services sector by 0.6% in the first quarter, but production dropped by 0.4%, construction output fell 0.9% and agriculture slid 0.1%.

Bank of England officials said that they expect the economy to expand more slowly in the first half of the year than it did in late 2015 as uncertainty over the referendum outcome forces companies to delay hiring and investment. The OECD said that the British economy could be as much as 3% smaller by 2020 if it leaves the EU than if it stayed in. BoE Governor Mark Carney, meanwhile, highlighted a sharp depreciation in Pound's exchange rate versus other currencies should Britain's vote to leave the EU could boost the annual rate of inflation.



Trends*	Q2 16	Q3 16	Q4 16
MAX	1.57	1.59	1.84
75% percentile	1.46	1.49	1.51
Median	1.43	1.45	1.47
25% percentile	1.40	1.42	1.44
MIN	1.35	1.29	1.23

* the data is based on international banks' forecasts

	27.04 open price	27.04 close price	% change
GBP/USD	1.4582	1.4543	-0.27%
EUR/GBP	0.77489	0.77861	+0.48%
GBP/CAD	1.8378	1.8322	-0.30%
GBP/JPY	162.307	162.092	-0.13%




"We expect inflation to strengthen as the effects of low oil prices drop out and as capacity pressures gradually build"

- RBNZ

NZD




	Impact
RBNZ keeps rates on hold, leaves door open for further rate cuts	High

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.

In March, the RBNZ forecast inflation will return to 1% late this year, and reach the 2% target midpoint by early 2018. Consumer prices climbed just 0.4% in the year through March. Pressures in the housing market is one of the main threats to the domestic outlook, according to RBNZ Governor Graeme Wheeler. The central bank is monitoring the property market amid signs that prices in Auckland are increasing again. Wheeler is aware that lower borrowing costs could add fuel to housing demand and pose a risk to financial stability. On international perspective, flagging growth in China was being closely monitored, and the RBNZ was alert to weakness in other key economies.



 Trends*	Q2 16	Q3 16	Q4 16
MAX	0.82	0.84	0.86
75% percentile	0.68	0.67	0.68
Median	0.65	0.64	0.64
25% percentile	0.63	0.62	0.61
MIN	0.55	0.55	0.52

* the data is based on international banks' forecasts

	27.04 open price	27.04 close price	% change
AUD/NZD	1.1231	1.1092	-1.24%
EUR/NZD	1.6378	1.6552	+1.06%
GBP/NZD	2.1135	2.1277	+0.67%
NZD/USD	0.6899	0.6846	-0.77%



“Kuroda wanted to make it clear the BOJ won’t make monetary policy driven by market demands. It’s too early to make another move after implementing the negative rate a couple of months ago”

- Barclays Plc.

JPY



	Impact
BoJ surprisingly keeps monetary policy unchanged	High

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.

The BoJ inaction comes despite a further deterioration in Japan’s economic landscape since the previous policy meeting held in March. The world’s largest economy is at a risk of contracting in the current quarter due to earthquakes that hit the nation’s southern areas earlier this month. Moreover, the latest inflation data show consumer prices, including energy prices, dropped 0.3% in March compared with year-earlier levels. Inflation expectations among households are also at the weakest level in three years, while wage growth has slowed as the global slowdown makes businesses more cautious.

















Trends*	Q2 16	Q3 16	Q4 16
MAX	137	140	151
75% percentile	129	131	133
Median	125	127	129
25% percentile	123	123	122
MIN	116	106	103

* the data is based on international banks' forecasts

	27.04 open price	27.04 close price	% change
AUD/JPY	86.247	84.591	-1.92%
CAD/JPY	88.316	88.471	+0.18%
EUR/JPY	125.76	126.22	+0.37%
USD/JPY	111.31	111.46	+0.13%

Major events this week (April 18-22)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
12:30 pm		USD	FOMC Member Dudley Speaks				
TUESDAY							
1:30 am		AUD	Monetary Policy Meeting Minutes				
9:00 am		EUR	German ZEW Economic Sentiment	April	11.2	8.2	4.3
12:30 pm		USD	Building Permits	March	1.09M	1.20M	1.18M
3:00 pm		CAD	BOC Gov Poloz Speaks				
WEDNESDAY							
8:30 am		GBP	Average Earnings Index 3m/y	February	1.8%	2.1%	2.1%
12:30 pm		CAD	Wholesale Sales MoM	February	-2.2%	-0.4%	0.2%
2:00 pm		USD	Existing Home Sales	March	5.33M	5.29M	5.07M
THURSDAY							
08:30 am		GBP	Retail Sales MoM	March	-1.3%	-0.1%	-0.5%
11:45 pm		EUR	Minimum Bid Rate				0.0%
12:30 pm		USD	Unemployment Claims	April 16	247K	265K	253K
FRIDAY							
8:00 am		EUR	Flash Manufacturing PMI	April	51.5	51.8	51.6
12:30 pm		CAD	Core CPI MoM	March	0.7%	0.4%	0.5%
12:30 pm		CAD	Core Retail Sales MoM	March	0.2%	-0.8%	1.3%

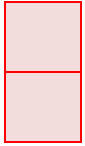
EXPLANATIONS

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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