



















DUKASCOPY
RESEARCH PRODUCTS

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Fundamental Analysis

Major events this week (November 30-December 4)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
12:00 am		NZD	ANZ Business Confidence	November	14.6		10.5
All Day		EUR	German Prelim CPI MoM	November	-0.4%	0.3%	0.0%
TUESDAY							
1:00 am		CNY	Manufacturing PMI	November	49.6	49.9	49.8
3:30 am		AUD	RBA Rate Statement				
9:00 am		GBP	BOE Gov Carney Speaks				
1:30 pm		CAD	GDP MoM	September			0.1%
WEDNESDAY							
12:30 am		AUD	GDP QoQ	Quarter 3			0.2%
9:30 am		GBP	Construction PMI	November			58.8
7:00 pm		USD	ADP Non-Farm Employment Change	November			182K
3:00 pm		CAD	BOC Rate Statement				
THURSDAY							
12:30 am		AUD	Trade Balance	October			-2.32B
9:30 am		GBP	Services PMI	November			54.9
1:30 pm		EUR	ECB Press Conference				
3:00 pm		USD	Fed Chair Yellen Testifies				
FRIDAY							
1:30 pm		CAD	Employment Change	November			44.4K
1:30 pm		USD	Non-Farm Employment Change	November			271K

Key highlights of the week ended November 27

US

The world's number one economy grew faster in the third quarter than originally estimated. Gross domestic product rose at a 2.1% annualized rate, compared with the initial reading of 1.5%, according to the Commerce Department. The consumer spending was the biggest contributor to growth as cheap gasoline and greater job security gave more confidence to spend. Household consumption, which makes up almost 70% of the economy, grew at a 3% annualized rate, slightly less than the previously estimated 3.2%. The final release of GDP data for the third quarter is scheduled for late December. Steady growth in the world's largest economy helps to create jobs and push down the unemployment rate, which Fed policy makers are watching as a gauge of how much slack is left in the labour market. Fed officials are considering hiking the benchmark interest rate as soon as next month, if data continue to indicate that the US economy can weather tighter monetary policy. Goldman Sachs predicts the Fed to hike four times next year, raising the federal funds rate by 100 basis points.

UK

Testifying before a treasury select committee, BoE Governor Mark Carney reiterated that the current, record-low interest rates in Britain are likely to continue "for some time", explicitly signalling that the central bank is in no hurry to raise rates. UK interest rates have remained at 0.5% since March 2009. Given the current weak pace of growth and persistently low inflation, most economists do not expect the BoE to hike rates until at least the second quarter of 2016. British consumer prices dropped by 0.1% in October, and are expected to stay close to zero for a few more months.

Delivering the Autumn Statement and Spending Review, Chancellor George Osborne said the British economy is expected to expand by 2.4% this year. Moreover, growth for the next two years has also been revised up to 2.4% in 2016 and 2.5% in 2017. Osborne underlined the fact that since 2010 no economy in the G-7 group has expanded faster than the UK. Most importantly, the growth has been sustainable and has not been fuelled by an irresponsible banking boom.

Japan

Minutes of the latest BoJ meeting showed that officials reiterated the view that the world's third biggest economy continued to recover moderately, despite exports and production remaining more or less flat due to the effects of the slowdown in emerging markets. On the domestic side, the central bank saw private consumption staying resilient and labour market conditions continuing to improve steadily. With regards to inflation, some members of the BoJ's policy board assumed that an output gap was one reason Japan's economy was taking longer to meet inflation targets, highlighting a lingering worry that the delay in reaching the 2% inflation target meant that QE had been ineffective. At the meeting on October 30, the BoJ pushed back the timing of hitting its 2% goal by six months to the second half of fiscal 2016 due to weak oil prices.




"People keep spending money because their job situation is good, and the record-influx of refugees also increases demand"

- Destatis

EUR


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	Impact
German retail sales decline unexpectedly in October; inflation remains weak	High

Sales at German retailers dropped unexpectedly on the month in October, whereas a solid increase on the year added to signs that private consumption would remain a key driver for growth in the Euro zone's biggest economy in the final quarter of the year. German retail sales declined 0.4% on the month in real terms in October, following stagnation in the preceding month, according to the Federal Statistics Office. Measured on an annual basis, retail sales edged higher by 2.1%. From January to October, retail sales rose by 2.8% in real terms compared with the same period last year, marking the strongest increase since 1994. German consumers are benefiting from solid employment, increasing wages and nearly stable prices while low interest rates are giving them little incentive to save and cheap energy is freeing up additional cash for spending.

A separate report showed, consumer prices in Germany barely grew in November. In annual terms German CPI climbed 0.4%, following the 0.3% gain in the previous month, remaining well below the targeted level. Using the Harmonized Index for Consumer Prices, the inflation rate ticked up 0.3% in November.



 Trends*	Q4 15	Q1 16	Q2 16
MAX	1.38	1.21	1.24
75% percentile	1.13	1.11	1.12
Median	1.09	1.07	1.07
25% percentile	1.06	1.05	1.03
MIN	0.96	0.97	0.95

* the data is based on international banks' forecasts

	30.11 open price	30.11 close price	% change
EUR/USD	1.0592	1.0565	-0.25%
EUR/GBP	0.7043	0.70175	-0.36%
EUR/CHF	1.09132	1.08705	-0.39%
EUR/JPY	130.04	130.05	+0.01%



“Contract signings in October made the most strides in the Northeast, which hasn't seen much of the drastic price appreciation and supply constraints that are occurring in other parts of the country”

- Lawrence Yun, the NAR chief economist

USD

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news	Impact
US pending home sales increase less than expected in October	High

US pending home sales increased less than expected in October, adding to signs that the housing market recovery was losing steam following a strong start to the year. According to the National Association of Realtors, its seasonally adjusted pending home sales index climbed 0.2% to 107.7. Strong job gains as well as low mortgage rates boosted sales for much of the year. However, rising home values and limited inventories have restrained further growth in the closing months of 2015. A limited selection of homes on the market has pushed up sales prices 5.8% from a year ago to a median of \$219,600. A separate report from the realtor group revealed that finalized contracts to buy a home dropped to 5.36 million on an annualized basis in October, after recording one of the best readings of the recovery in the preceding month.

Looking ahead, the NAR predicts more improvement in home sales, although the extent of the gains will depend on inventory growth. Existing home sales are likely to increase to 5.3 million by the end of the next year to mark their highest level in a decade, the NAR expects.





“Thus, it may not be reasonable to expect Canada to see a substantial depreciation-related lift in export demand from the U.S., its dominant trade partner and strongest hope for external demand growth”

- Daniel Hui, J.P. Morgan Securities

CAD

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news	Impact
Canada's current account deficit shrinks in Q3	High

Canada's current account deficit shrank in the third quarter to the smallest level this year amid an increase in merchandise exports. The current account gap narrowed to C\$16.21 billion in the third quarter from C\$16.57 billion in the three months through June, sharply revised from an initially reported C\$17.40 billion. Canada's trade are benefiting from a weaker currency that has supported the nation's exporters. The Canadian Dollar has lost 13% so far this year, making it one of the worst performers among major currencies. Canada's exports rose by C\$4.7 billion and imports increased by C\$3.4 billion. The biggest export gains were in consumer goods and autos categories. Meanwhile, lower exports of energy products offset some of the gains. Improving exports are key for the Canadian economy after the Bank of Canada said that recovering exports will drive the economic recovery in the second half of the year.

In response to persistent slack in the Canadian economy, the central bank maintained its interest rate at 0.5% back in October. It also revised third quarter growth projections from 1.5% to 2.5%, while still voicing cautious optimism. The next BoC interest rate announcement is scheduled for Wednesday.






CNY

"With soft growth momentum and deflation pressures creeping up, we expect the authorities to further ease monetary policy and continue to implement an expansionary fiscal policy to prevent further slowdown of the economy in 2016"

- Li-Gang Liu and Louis Lam, ANZ economists



	Impact
China's manufacturing data sparks concerns	High

China's manufacturing activity dropped to the lowest level in more than three years, reinforcing the view the world's second biggest economy continued to cool despite a raft of government stimulus measures including six rate cuts since November 2014. The official manufacturing PMI slid to 49.6 last month, according to the National Bureau of Statistics, hitting the lowest level since August 2012 and missing the median forecast of 49.9. Sub-indexes of output, new orders, inventories and employment all slipped in the reported month. Moreover, input prices for raw materials declined to the lowest level this year. At the same time, the competing gauge of manufacturing conditions released by Caixin Media and Markit Economics rose to 48.6 in November, surpassing economists' expectations for 48.3.

However, the official services sector PMI rose in November to 53.6, up from 53.1 a month earlier, driven by online sales over Singles Day on 11 November. China's services sector has been a bright spot, helping to offset a precipitous slowdown in other industries. In the first three quarters of 2015, services made up 51.4% of the Chinese economy, up from 49.1% during the same period in 2014. China's economy grew 6.9% in the September quarter, the worst performance since the global crisis.



Trends*	Q4 15	Q1 16	Q2 16
MAX	0.82	0.78	0.82
75% percentile	0.65	0.64	0.65
Median	0.63	0.62	0.61
25% percentile	0.61	0.60	0.60
MIN	0.59	0.56	0.55

* the data is based on international banks' forecasts

	30.11 open price	30.11 close price	% change
AUD/NZD	1.1015	1.0977	-0.34%
EUR/NZD	1.6213	1.6047	-1.02%
GBP/NZD	2.3036	2.2868	-0.73%
NZD/USD	0.6534	0.6584	+0.77%




"While GDP growth has been somewhat below longer-term averages for some time, business surveys suggest a gradual improvement in conditions in non-mining sectors over the past year"

- Reserve Bank of Australia

AUD

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	Impact
RBA keeps OCR on hold, signals further easing	High

As widely expected, the Reserve Bank of Australia kept the official cash rate on hold at a historic minimum of 2% for the seventh consecutive month. Yet, the central bank left the door open for a further cut in 2016 to provide support to demand in case the necessity arises. The RBA said that the nation's economy continued to expand moderately in the face of a large decrease in capital spending in the mining sector. Even though GDP growth remained below longer-term averages for some time, business surveys indicated a gradual improvement in conditions in non-mining sector over the past year. This was coupled by stronger growth in employment and a steady jobless rate. Inflation is predicted to be consistent with the target over the next one to two years, according to the RBA. Thus, in such circumstances, the central bank saw the need for the monetary policy to remain accommodative, as low interest rates are acting to support borrowing and spending.

Meanwhile, Australian building consents rose for the second month in a row, increasing a seasonally adjusted 3.9% on a month in October, signalling Australia's construction boom remained strong. Moreover, Australia's current account deficit shrank to \$18.10 billion in the September quarter, from \$20.51 billion in the preceding three-month period.














Trends*	Q4 15	Q1 16	Q2 16
MAX	1.03	0.86	0.88
75% percentile	0.72	0.71	0.71
Median	0.70	0.69	0.69
25% percentile	0.69	0.68	0.67
MIN	0.66	0.64	0.62

* the data is based on international banks' forecasts

	30.11 open price	30.11 close price	% change
AUD/JPY	88.361	88.973	+0.69%
AUD/USD	0.7198	0.7227	+0.40%
EUR/AUD	1.47197	1.4618	-0.69%
GBP/AUD	2.0902	2.0832	-0.33%

Major events the previous week (November 23-27)

Day/Time (GMT)	Flag	Currency	Event	Period	Actual	Forecast	Previous
MONDAY							
08:30 am		EUR	German Flash Manufacturing PMI	November	52.6	52.2	52.1
Tentative		USD	Fed Announcement				
TUESDAY							
9:00am		AUD	RBA Gov Stevens Speaks				
9:00 am		EUR	German Ifo Business Climate	November	109.0	108.3	108.2
1:30 pm		USD	Prelim GDP QoQ	Quarter 3	2.1%	2.0%	1.5%
WEDNESDAY							
1:30 pm		USD	Core Durable Goods Orders MoM	October	0.5%	0.5%	-0.3%
7:00 pm		USD	Unemployment Claims	November 21	260K	273K	272K
9:45 pm		NZD	Trade Balance	October	-963M	-1000M	-1140M
THURSDAY							
12:30 am		AUD	Private Capital Expenditure QoQ	Quarter 3	-9.2%	-2.8%	-4.4%
11:30 pm			Tokyo Core CPI YoY	November	0.0%	-0.1%	-0.2%
FRIDAY							
9:30 am		GBP	Second Estimate GDP QoQ				

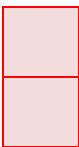
EXPLANATIONS

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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