

ORBEX

Weekly Markets Report

*OVERWEEK BULLET POINTS, THE WEEK AHEAD, MARKETS PREVIEW
AND THE CHART OF THE WEEK*



ORBEX Research Department
18st OF August , TO 22th of August

OVERWEEK BULLET POINTS – 11th OF August , TO 15th of August

- Eurozone ZEW Survey Expectations (Aug) M/M 23.7 (Prev. 48.1).
- German ZEW Survey Expectations (Aug) 8.6 vs Exp. 17.0 (Prev. 27.1).
- US small business confidence index rises 0.7% to 95.7% in July.
- US (JOLTs) Job Openings (Jun) M/M 4671 vs. Exp. 4600 (Prev. 4635).
- UK Jobless Claims Change (Jul) M/M -33.6K vs. Exp. -30.0K (Prev. -36.3K).
- UK Unemployment Rate (Jun) 3M/3M 6.4% vs. Exp. 6.40% (Prev. 6.5%).
- Italian General Government Debt (Jun) 2168.4bln (Prev. 2166.3bln).
- Eurozone Industrial Production SA (Jun) M/M -0.3% vs Exp. 0.4% (Prev. -1.1%).
- Greek GDP (Q2 A) Y/Y -0.2% vs Exp. -0.5% (Prev. -0.9%).
- BoE says tremendous uncertainty around MPC view of 1% slack.
- BoE says no numerical threshold for wage growth which will trigger a rates rise.
- BoE says slack is being used up at faster pace than anticipated.
- BoE says slowdown in housing market due to new FSA mortgage rules largely transitional, may be nearing an end.
- BOE says will resolutely defend 2% inflation price target.
- BoE says pace of interest rate increases will be gradual; inflation report shows slower wage growth, lower unemployment forecast, slightly less slack.
- US Retail Sales (Jul) M/M 0.0% vs. Exp. 0.2% (Prev. 0.2%).
- US Core Retail Sales (Jul) M/M 0.1% vs. Exp. 0.4% (Prev. 0.4%).
- US Business Inventories (Jun) M/M 0.4% vs. Exp. 0.4% (Prev. 0.5%).
- US DoE Crude Oil Inventories (Aug 8) W/W 1401K vs. Exp. -2050K (Prev. -1756K).
- French Q2 GDP prelim q/q 0.0% vs. exp. 0.1%.
- German Q2 GDP flash q/q -0.2 % vs. exp. 0.0%.



- German 10 year yield prints below 1.00% for the first time in history.
- Portuguese GDP (Q2) 0.6% vs Exp. 0.5% (Prev. -0.6%).
- Finland Consumer Price Index (YoY): 0.8% (July) vs previous 0.9%.
- Austria Gross Domestic Product (QoQ): 0.2 (2Q).
- Poland Gross Domestic Product Qtr (YoY) fell from previous 3.4% to 3.2% in 2Q.
- Euro-zone GDP (Q2) 0.0% vs Exp. 0.1% (Prev. 0.2%).
- Eurozone CPI (Jul) Y/Y 0.4% vs. Exp. 0.4% (Prev. 0.4%).
- US Continuing Claims (Aug 2) W/W 2544K vs. Exp. 2507K (Prev. 2518K).
- US Initial Jobless Claims (Aug 9) W/W 311K vs. Exp. 295K (Prev. 289K).
- Canadian New Housing Price Index (Jun) M/M 0.2% vs. Exp. 0.2% (Prev. 0.1%).
- UK Q2 GDP second reading q/q 0.8% vs. exp. 0.8%.
- US Empire Manufacturing (Aug) M/M 14.69 vs. Exp. 20.00 (Prev. 25.60).
- US PPI Final Demand (Jul) M/M 0.1% vs. Exp. 0.1% (Prev. 0.4%).
- Canadian Net Change in Employment (Jul) M/M 41.7k vs. Exp. 20k (Prev. -9.4k).
- Canadian Manufacturing Sales (Jun) M/M 0.6% vs. Exp. 0.4% (Prev. 1.6%).
- Canadian Existing Home Sales (Jul) M/M 0.8% (Prev. 0.8%).
- US Total TIC Flows (USD) (Jun) M/M -18.7bln vs. Prev. 35.5bln.
- US Industrial Production (Jul) M/M 0.4% vs. Exp. 0.3% (Prev.0.2%).
- US University of Michigan Confidence (Aug P) M/M 79.2 vs. Exp. 82.5 (Prev. 81.8).

THE WEEK AHEAD - 18th OF August , TO 22th of August

- **The most important economic release of the week**

Tue Aug 19	4:30am	AUD	Monetary Policy Meeting Minutes			
	11:30am	GBP	CPI y/y		1.80%	1.90%
	3:30pm	USD	Building Permits		1.00M	0.97M
		USD	CPI m/m		0.10%	0.30%
Wed Aug 20	2:30am	AUD	RBA Gov Stevens Speaks			
	11:30am	GBP	MPC Asset Purchase Facility Votes		0-0-9	0-0-9
		GBP	MPC Official Bank Rate Votes		0-0-9	0-0-9
	3:30pm	CAD	Wholesale Sales m/m		1.30%	2.20%
Thu Aug 21	4:45am	CNY	HSBC Flash Manufacturing PMI		51.5	51.7
	10:00am	EUR	French Flash Manufacturing PMI		47.9	47.8
	10:30am	EUR	German Flash Manufacturing PMI		51.8	52.4
	11:30am	GBP	Retail Sales m/m		0.40%	0.10%
	5:00pm	USD	Unemployment Claims		299K	311K
		USD	Existing Home Sales		5.01M	5.04M
	Fri Aug 22	3:30pm	CAD	Core CPI m/m		0.00%
CAD			Core Retail Sales m/m		0.60%	0.10%
5:00pm		USD	Fed Chair Yellen Speaks			
9:30pm		EUR	ECB President Draghi Speaks			

- To view the full economic calendar kindly click on [Full Economic Calendar](#)

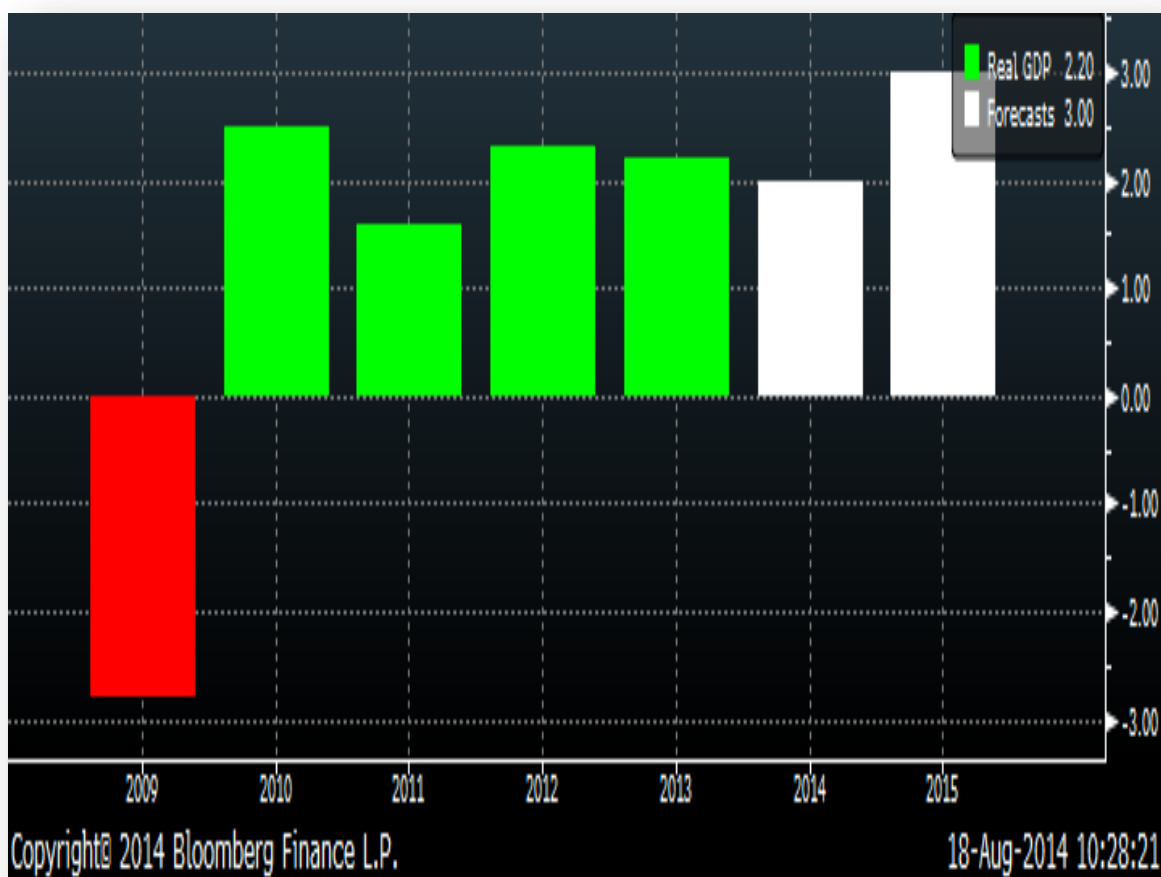
The Euro-zone economic growth was hindered in the second quarter as Germany's economy shrank and France's stagnated. Analysts highlight that the zero-growth should be a warning signal for the European leaders since the Russian sanctions haven't kicked in yet, but the consequences might be severe for Europe. However, the German economy, the largest economy in Europe, shrank by 0.2% in the second quarter.



Euro-Zone GDP (Blue) & EUR/USD Prices

From the chart above we can notice the high-correlation between the EUR/USD prices and GDP for the zone ; However this mean as more the market forecast negative growth for the area for the coming quarter ; the higher the probability the prices would shrink at the market.

Markets raised their forecasts for the US economic growth for Q3 but trimmed their estimates for the balance of 2014, while holding the outlook for both job growth and lower unemployment was strengthened. Analysts see the economy growing at an annual rate of 3.0% in the current quarter, up from a previous estimate of 2.9%. Q4 growth was forecast at 3.1%, down from a previous gauge of 3.2%, and Q1 '15 growth was estimated at 3.1%.



USA Real GDP; Real GDP: means adjusted from inflation

Technical Corner

As we can see on the weekly chart for EUR/GBP; we can see the market has reached on the bottom of the symmetric triangle last two weeks at the levels of 0.7880s (Long-term consolidation). Technically, the breakout of this triangle is the less probable scenario (80% of the breakouts of technical patterns fail!), moreover, the market has created an long entry signal last week. So , we would prefer going long once the market breaks the high of the last week(last week high : 0.80356) ; placing the stop lose under the levels of 0.7870 ; as a mid-term (swing) position we would prefer risk: reward at least 2:1 which means we would target the levels 0.8360s levels as the first target. Finally; risk management of your account more important than the accuracy of the position or the analysis itself; so never risk more than 2% on your current equity for any swing position.



EURGBP – Weekly Chart



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