

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS

Last Week: 25th of April 2016, to 29th of April 2016



- German Ifo business climate 106.6 vs. 1071
- US new home sales 511k vs. 521k
- US Core durable goods orders m/m -0.20% vs. 0.60%; durable goods orders m/m 0.80% vs. 1.90%
- US CB consumer confidence 94.2 vs. 95.8
- Australia CPI q/q -0.20% vs. 0.30%; trimmed mean CPI q/q 0.20% vs. 0.50%
- UK preliminary GDP estimates Q1 2016 0.40% vs. 0.40%
- Federal Reserve leaves Fed funds rate unchanged at 0.50%
- RBNZ leaves interest rate unchanged at 2.25%
- BoJ Core CPI m/m 1.10% vs. 1.10%
- BoJ leaves monetary policy unchanged
- Germany preliminary CPI m/m -0.20% vs. -0.20%
- US Q1 advance GDP estimates 0.50% vs. 0.70%
- Australia PPI q/q -0.20% vs. 0.20%
- Germany retail sales m/m -1.10% vs. 0.30%
- Eurozone core CPI flash estimates y/y 0.80% vs. 0.90%; CPI y/y -0.20% vs. -0.10%
- Canada GDP m/m -0.10% vs. -0.10%
- US Core PCE price index m/m 0.10% vs. 0.10%
- US employment cost index q/q 0.60% vs. 0.60%

THE WEEK AHEAD

2nd of May 2016, to 6th of May 2016



IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
02-May	00:15	USD	FOMC Member Dudley Speaks		
	00:30	AUD	AIG Manufacturing Index		58.1
	02:00	AUD	MI Inflation Gauge m/m		0.00%
	02:30	AUD	NAB Business Confidence		6
	03:00	JPY	Final Manufacturing PMI	48	48
	07:30	AUD	Commodity Prices y/y		-15.40%
	08:15	CHF	Retail Sales y/y	0.30%	-0.20%
		EUR	Spanish Manufacturing PMI	53	53.4
	08:30	CHF	Manufacturing PMI	53.6	53.2
	08:45	EUR	Italian Manufacturing PMI	54.1	53.5
	08:50	EUR	French Final Manufacturing PMI	48.3	48.3
	08:55	EUR	German Final Manufacturing PMI	51.9	51.9
	09:00	EUR	Final Manufacturing PMI	51.5	51.5
	14:30	CAD	RBC Manufacturing PMI		51.5
	14:45	USD	Final Manufacturing PMI	51	50.8
	15:00	EUR	ECB President Draghi Speaks		
		USD	ISM Manufacturing PMI	51.6	51.8
	USD	Construction Spending m/m	0.50%	-0.50%	
	USD	ISM Manufacturing Prices	51	51.5	
	17:30	CHF	SNB Chairman Jordan Speaks		
03-May	02:30	AUD	Building Approvals m/m	-1.80%	3.10%
	02:45	CNY	Caixin Manufacturing PMI	49.8	49.7
	05:30	AUD	Cash Rate	2.00%	2.00%
		AUD	RBA Rate Statement		
	09:30	GBP	Manufacturing PMI	51.3	51
	10:00	EUR	PPI m/m	0.10%	-0.70%
	10:30	AUD	Annual Budget Release		
	15:30	USD	FOMC Member Mester Speaks		
	17:30	CAD	BOC Gov Poloz Speaks		
	23:45	NZD	Employment Change q/q	0.60%	0.90%
		NZD	Unemployment Rate	5.50%	5.30%

		NZD	Labor Cost Index q/q	0.30%	0.40%	
04-May	00:01	GBP	BRC Shop Price Index y/y		-1.70%	
	00:30	AUD	AIG Services Index		49.5	
	02:00	NZD	ANZ Commodity Prices m/m		-1.30%	
	07:45	EUR	French Trade Balance	-4.2B	-5.2B	
	08:00	EUR	Spanish Unemployment Change	-86.6K	-58.2K	
	08:15	EUR	Spanish Services PMI	55.1	55.3	
	08:45	EUR	Italian Services PMI	51.3	51.2	
	08:50	EUR	French Final Services PMI	50.8	50.8	
	08:55	EUR	German Final Services PMI	50.5	54.6	
	09:00	EUR	Final Services PMI	53.3	53.2	
	09:30	GBP	Construction PMI	54.1	54.2	
	10:00	EUR	Retail Sales m/m	0.10%	0.20%	
	13:15	USD	ADP Non-Farm Employment Change	205K	200K	
	13:30	CAD	Trade Balance	-1.2B	-1.9B	
			USD	Prelim Nonfarm Productivity q/q	-1.30%	-2.20%
			USD	Prelim Unit Labor Costs q/q	2.90%	3.30%
			USD	Trade Balance	-45.6B	-47.1B
		14:45	USD	Final Services PMI	52.1	52.1
		15:00	USD	ISM Non-Manufacturing PMI	54.9	54.5
		USD	Factory Orders m/m	0.70%	-1.70%	
	15:30	USD	Crude Oil Inventories		2.0M	
05-May	02:00	AUD	HIA New Home Sales m/m		-5.30%	
	02:30	AUD	Retail Sales m/m	0.30%	0.00%	
		AUD	Trade Balance	-2.95B	-3.41B	
	02:45	CNY	Caixin Services PMI	52.6	52.2	
	08:30	GBP	Halifax HPI m/m	0.10%	2.60%	
	09:00	EUR	ECB Economic Bulletin			
	09:10	EUR	Retail PMI		49.2	
	09:30	GBP	Services PMI	53.6	53.7	
	12:30	USD	Challenger Job Cuts y/y		31.70%	
	13:30	CAD	Building Permits m/m		15.50%	
			USD	Unemployment Claims	261K	257K
		16:30	USD	FOMC Member Bullard Speaks		
06-May	00:15	USD	FOMC Member Bullard Speaks			
	00:30	AUD	AIG Construction Index		45.2	
	00:50	JPY	Monetary Base y/y	29.30%	28.50%	
	02:30	AUD	RBA Monetary Policy Statement			
	08:00	CHF	Foreign Currency Reserves		576B	
	13:30	CAD	Employment Change	0.2K	40.6K	

		CAD	Unemployment Rate	7.20%	7.10%
		USD	Average Hourly Earnings m/m	0.30%	0.30%
		USD	Non-Farm Employment Change	206K	215K
		USD	Unemployment Rate	5.00%	5.00%
	15:00	CAD	Ivey PMI		50.1
	20:00	USD	Consumer Credit m/m	16.1B	17.2B

MARKETS PREVIEW

25th of April 2016, to 29th of April 2016



Central bank decisions and GDP reports were the big event this week which kept the markets volatile. The Federal Reserve's April monetary policy meeting showed that the central bank continued to keep an accommodative monetary policy, leaving the Fed funds rate unchanged at 0.25% - 0.50%. In its statement, the language was little changed but with removal of some key phrases, the markets were divided on what the next move from the central bank will be. Meanwhile, the CME Future's Fed funds watch continues to show a small probability of a rate hike with the consensus largely expecting to see rates remaining steady in June.

The RBNZ also met this week and in a close call left monetary policy unchanged. The RBNZ's key lending rates remained unchanged at 2.25% but the RBNZ noted that further easing was on the table. The kiwi jumped on the news and continued to maintain its bullish momentum against a weaker US dollar.

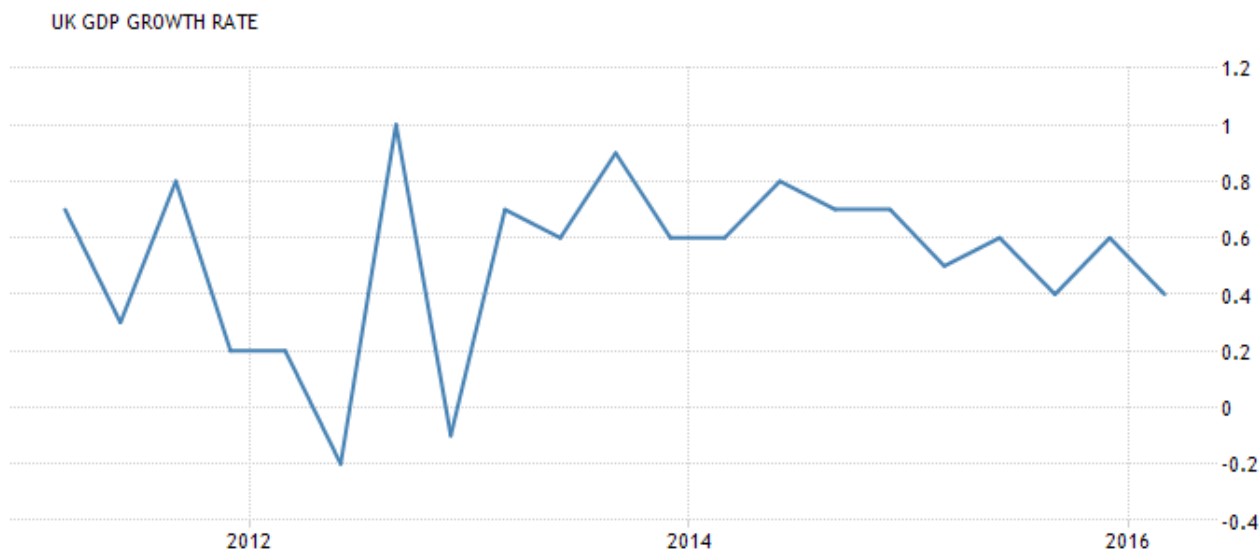
The big event of the week was however the Bank of Japan which left interest rate unchanged at -0.10% while leaving the QE purchases steady at 80 trillion yen with a minority of dissenters. As the markets built in expectations ahead of the event in hopes of a rate cut, the yen rose sharply on the BoJ's inaction which sent USDJPY back to the 17-month lows briefly trading near the 107 - 106 levels on Friday.



RBNZ Interest Rates (April 2016)

On the economic front, preliminary GDP reports from the US and the UK showed both the economies entering the year on a subdued note. The US economy expanded at a pace of 0.50%, following Q4 2015's GDP growth of 1.70%, while in the UK, Q1 GDP was at 0.40%, with weak manufacturing playing a big role in both the economies, additionally

with the concerns on Britain's EU membership referendum. However, the British Pound did not react much to the weak data with investors mostly focused on the Brexit concerns, amid a short covering and a weaker US dollar, the British pound closed the week on a higher note.



SOURCE: WWW.TRADINGECONOMICS.COM | OFFICE FOR NATIONAL STATISTICS

UK GDP Growth Rate (Q1 2016)

2nd of May 2016, to 6th of May 2016

Looking forward to the week ahead, the Federal Reserve, RBNZ and the BoJ will be up in focus over a short 12-hour period, starting April 27th. No changes are expected from the Fed or the RBNZ, where interest rates are at 0.25% - 0.50% and 2.25% respectively. In the absence of any changes to monetary policy, the central bank's statement will gain focus. The markets remain divided on how the Federal Reserve will word its statement and a continued dovish stance could further hurt the US dollar. Meanwhile, markets expect the RBNZ to strike a harsh tone to stem the Kiwi's strong exchange rate appreciation.

The Bank of Japan's monetary policy is of course a big guessing game. While analysts expect no change to policy, there is a chance that the BoJ could move in April.

On the economic front, GDP reports from the US and the UK will be in focus. Estimates on both the advanced GDP reports are expected to show the first quarter of 2016 starting off on a slow note. In the US, Q1 GDP is expected to rise 0.70% while in the UK the Q1 2016 GDP is expected to rise 0.40%.

TECHNICAL CORNER



USDCHF has been declining over the past few sessions after prices rally briefly to test 0.9785 earlier in the week. The current retracement comes off the initial bounce off the falling wedge pattern on the daily chart, which could indicate a potential move to the upside. Price action is currently trading close to the support zone near 0.9581 - 0.9536. Establishing support here could potentially pave the way for USDCHF to break out strongly higher, with the initial resistance at 0.9728 - 0.97830 resistance, following which further upside could be seen towards 0.9974 levels.

Alternately, if USDCHF breaks the lower support near 0.9536, we could expect to see further declines, which could push USDCHF lower to 0.94 levels..



USDCHF (0.9591) – Daily Chart

The Stochastics on the daily chart is currently likely to post a higher low against price's lower low in comparison to previous price action. The monthly chart on USDCHF has closed in a spinning bottom pattern and a potential close to the upside on the monthly chart could see USDCHF move towards 1.0 handle quickly.

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