

# orbex WEEKLY MARKETS REPORT



OVERWEEK  
BULLET POINTS



THE WEEK  
AHEAD



MARKETS  
PREVIEW



THE CHART OF  
THE WEEK

# OVERWEEK BULLET POINTS

29th of February 2016, to 4th of March 2016



- Eurozone flash manufacturing PMI 51.0 vs. 52.1
- Eurozone flash services PMI 53.0 vs. 53.4
- Germany final GDP q/q 0.30% vs. 0.30%
- SNB Chairman Thomas Jordan speech
- US CB Consumer confidence 92.2 vs. 97.4
- Australia construction work done q/q -3.60% vs. -2.10%
- Australia private Capex q/q 0.80% vs. -3.10%
- UK Second estimates GDP q/q 0.50% vs. 0.50%
- Eurozone final CPI y/y 0.30% vs. 0.40%; Core CPI y/y 1.0% vs. 1.0%
- US Core durable goods orders m/m 1.80% vs. 0.20%; durable goods orders m/m 4.90% vs. 3.0%
- BoE Gov. Carney speech
- New Zealand trade balance 8Mn vs. -250Mn
- BoJ Core CPI y/y 1.10% vs. 1.20%
- US GDP second estimates q/q 1.0% vs. 0.40%
- Core PCE Price index q/q 1.30% vs. 1.20%
- US Core PCE Price index m/m 0.30% vs. 0.10%
- US personal spending m/m 0.50% vs. 0.30%
- US personal income m/m 0.50% vs. 0.40%
- UoM Consumer confidence 91.7 vs. 91.0

# THE WEEK AHEAD

29th of February 2016, to 4th of March 2016



## THE MOST IMPORTANT ECONOMIC RELEASE OF THE WEEK

Date	Time	Currency	Detail	Forecast	Previous
<b>29-Feb</b>	01:50	JPY	Retail Sales y/y	0.20%	-1.10%
		JPY	Prelim Industrial Production m/m	3.20%	-1.70%
	02:00	AUD	MI Inflation Gauge m/m		0.40%
		NZD	ANZ Business Confidence		23
	02:30	AUD	Company Operating Profits q/q	-1.70%	1.30%
		AUD	Private Sector Credit m/m	0.50%	0.50%
	07:00	JPY	Housing Starts y/y	-0.20%	-1.30%
		09:00	EUR	German Retail Sales m/m	0.30%
	EUR		German Import Prices m/m	-0.90%	-1.20%
	11:30	GBP	Net Lending to Individuals m/m	5.2B	4.4B
		GBP	M4 Money Supply m/m	0.30%	-0.20%
	12:00	EUR	CPI Flash Estimate y/y	0.00%	0.30%
		EUR	Core CPI Flash Estimate y/y	0.90%	1.00%
	15:30	EUR	Italian Prelim CPI m/m	0.10%	-0.20%
		CAD	CAD	Current Account	-16.8B
	CAD		RMPI m/m		-5.00%
	CAD	IPPI m/m		-0.20%	
	16:45	USD	Chicago PMI	52.1	55.6
	17:00	USD	Pending Home Sales m/m	0.60%	0.10%
	23:45	NZD	Overseas Trade Index q/q		-3.70%
<b>01-Mar</b>	00:30	AUD	AIG Manufacturing Index		51.5
	01:30	JPY	Household Spending y/y	-2.50%	-4.40%
		JPY	Unemployment Rate	3.30%	3.30%
	01:50	JPY	Capital Spending q/y	8.80%	11.20%
	02:30	AUD	Building Approvals m/m	-2.90%	9.20%
		AUD	Current Account	-19.8B	-18.1B
	03:00	CNY	Manufacturing PMI	49.4	49.4
		CNY	Non-Manufacturing PMI		53.5
	03:45	CNY	Caixin Manufacturing PMI	48.4	48.4
	04:00	JPY	Final Manufacturing PMI	50.2	50.2
	05:30	AUD	Cash Rate	2.00%	2.00%
		AUD	RBA Rate Statement		
	06:30	USD	FOMC Member Dudley Speaks		
1st-4th	GBP	Nationwide HPI m/m		0.30%	
10:15	CHF	Retail Sales y/y	-1.20%	-1.60%	

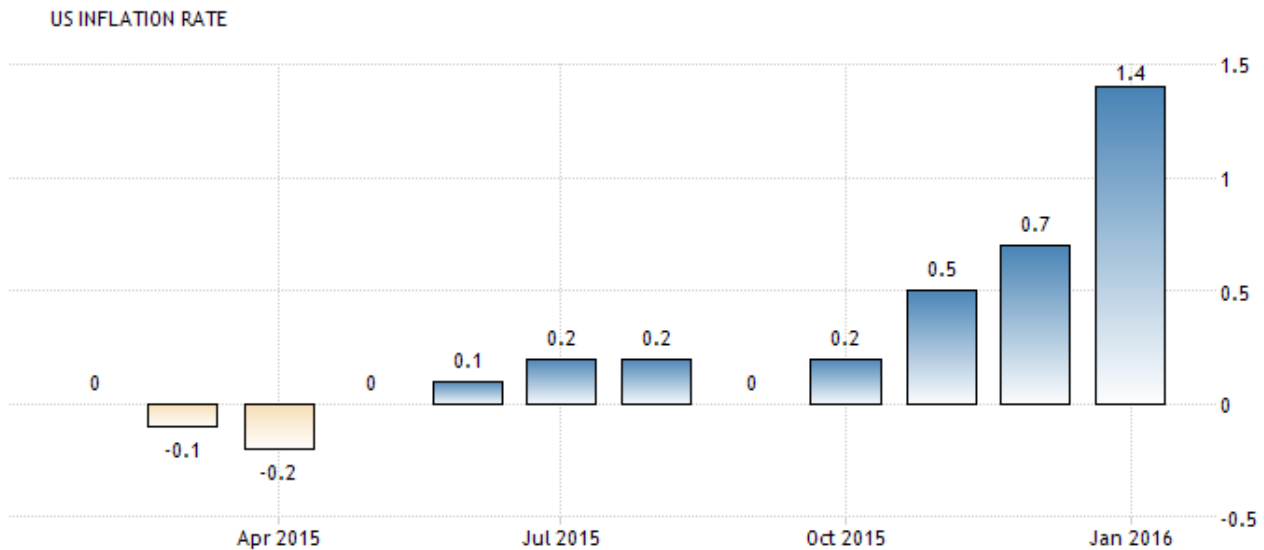
	10:30	CHF	Manufacturing PMI	49.6	50
		EUR	German Final Manufacturing PMI	50.2	50.2
	11:00	EUR	Final Manufacturing PMI	51	51
	11:30	GBP	Manufacturing PMI	52.3	52.9
	12:00	EUR	Unemployment Rate	10.40%	10.40%
	15:30	CAD	GDP m/m	0.10%	0.30%
	16:30	CAD	RBC Manufacturing PMI		49.3
	Tentative	NZD	GDT Price Index		-2.80%
	16:45	USD	Final Manufacturing PMI	51	51
	17:00	USD	ISM Manufacturing PMI	48.5	48.2
		USD	Construction Spending m/m	0.50%	0.10%
		USD	ISM Manufacturing Prices	35.5	33.5
<b>02-Mar</b>	02:00	AUD	HIA New Home Sales m/m		6.00%
	02:30	AUD	GDP q/q	0.50%	0.90%
	08:45	CHF	GDP q/q	0.20%	0.00%
	11:30	GBP	Construction PMI	55.5	55
	12:00	EUR	PPI m/m	-0.90%	-0.80%
		GBP	MPC Member Broadbent Speaks		
	15:15	USD	ADP Non-Farm Employment Change	185K	205K
	16:00	GBP	MPC Member Cunliffe Speaks		
	17:30	USD	Crude Oil Inventories		3.5M
<b>03-Mar</b>	00:30	AUD	AIG Services Index		48.4
	02:30	AUD	Trade Balance	-3.22B	-3.54B
	03:45	CNY	Caixin Services PMI	52.6	52.4
	10:50	EUR	French Final Services PMI	49.8	49.8
	10:55	EUR	German Final Services PMI	55.1	55.1
	11:00	EUR	Final Services PMI	53	53
	11:30	GBP	Services PMI	55.1	55.6
	12:00	EUR	Retail Sales m/m	0.10%	0.30%
	15:30	USD	Unemployment Claims	271K	272K
		USD	Revised Nonfarm Productivity q/q	-3.20%	-3.00%
		USD	Revised Unit Labor Costs q/q	4.80%	4.50%
	16:45	USD	Final Services PMI	49.8	49.8
	17:00	USD	ISM Non-Manufacturing PMI	49.8	53.5
		USD	Factory Orders m/m	2.10%	-2.90%
	19:45	GBP	MPC Member Haldane Speaks		
<b>04-Mar</b>	02:30	AUD	Retail Sales m/m	0.40%	0.00%
	03:30	JPY	Average Cash Earnings y/y	0.20%	-0.20%
	15:30	CAD	Trade Balance	-1.0B	-0.6B
		CAD	Labor Productivity q/q	0.20%	0.10%
		USD	Average Hourly Earnings m/m	0.20%	0.50%
		USD	Non-Farm Employment Change	195K	151K
		USD	Trade Balance	-43.5B	-43.4B
		USD	Unemployment Rate	4.90%	4.90%
	17:00	CAD	Ivey PMI		66

# MARKETS PREVIEW

29th of February 2016, to 4th of March 2016



The British Pound was the big news this week as the Pound Sterling saw sharp declines since the start of the trading day on Monday. The Pound fell as the UK's Brexit referendum date was announced for June 23rd which was followed by many popular politicians in the UK joining the 'Out' camp. GBPUSD saw strong losses on Monday, losing over 2.0% and fell to 2009 lows at \$1.394 by Friday's trading session. The Euro on the other hand, managed to gain strongly, rising to 0.79 against the Pound.



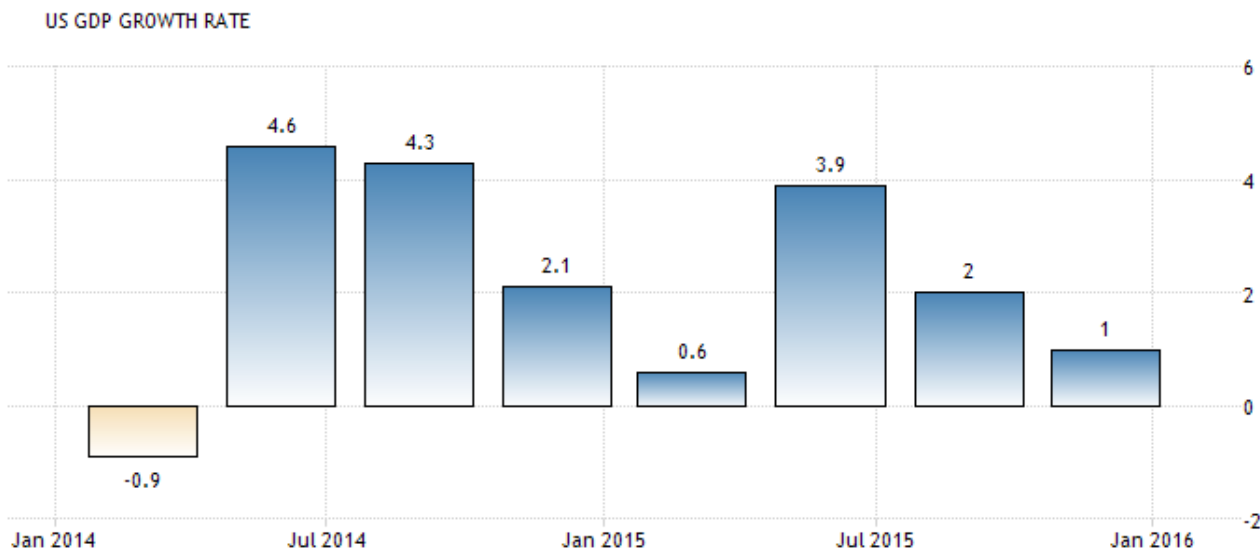
SOURCE: WWW.TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

## GBPUSD – Weekly Chart (Week ending 26/02)

In the Eurozone, inflation continues to remain weak including the major economies such as Germany and France. Flash CPI estimates released during the week showed Eurozone headline inflation at 0.30% below estimates of 0.40% on a year over year basis, while the core CPI was up 1.0% matching estimates. Later in the week, Germany's monthly CPI was up 0.40%, below forecasts, while inflation in Eurozone's largest economy was flat on a year over year basis. The Euro was trading weaker for the most part falling over 1.93% during the week.

US Commerce Department released the second estimates to the US GDP in the fourth quarter of 2015, which showed an increase of 1.0% in economic activity, up from the preliminary estimates of 0.70%. The upward revision came on inventories and a reduction in the net trade deficit. Mining, construction and utilities were some of the sectors which contributed to the growth. Following the GDP data, the PCE data, which is the Fed's preferred gauge of inflation showed a strong increase, with the core PCE rising to the highest level since 2012 at 1.70%. Headline PCE was up 1.30%, but below the Fed's 2.0% inflation target rate. US consumer confidence showed a modest rebound pointing to signs of a slower but steadier economic growth. The University of Michigan final consumer confidence sentiment index for February was at 91.7, compared to February's

preliminary reading of 90.7. The index was however lower from January's reading of 92.0. Analysts expected to see the index hold steady at 90.7



SOURCE: WWW.TRADINGECONOMICS.COM | U.S. BUREAU OF ECONOMIC ANALYSIS

### US Quarterly GDP Growth Rate – 1.0% (Q4 2015)

On the commodity front, WTI Crude Oil rallied on Friday in what was a volatile week. Shrugging off a build up in the weekly Crude Oil inventory, prices in WTI for April delivery closed on a higher note this week after trading briefly near \$34 a barrel on Friday. Oil managed to keep its gains despite negative comments over the week, which saw the Saudi Oil minister refusing to cut production.

The week ahead will be marked with a new trading month. Manufacturing, Services and Construction PMI numbers are due from the UK and the Eurozone. Australia's Reserve Bank will be holding its monetary policy meeting next week and expectations are for the RBA to hold rates steady at 2.0%. Quarterly GDP data from Australia is also due, with forecasts pointing to a slower pace of growth at 0.50%. Other GDP data during the week includes Switzerland quarterly GDP which is expected to rise 0.20%, up from 0.0% previously. Canada's monthly GDP is expected to rise 0.10%, a slower pace compared to 0.30% increase from a month ago.

The biggest market event next week will of course be the US monthly NFP data. Forecast for the US jobs report for the month of February is expected to show an increase of 191k jobs while the US unemployment rate is expected to remain unchanged at 4.90%.

# TECHNICAL CORNER



USDJPY has reversed strongly after a second test to the 111 level. Price action on the daily chart has shown price breaking out from a descending triangle pattern following the second dip to 111. This breakout could potentially see a continuation to 116.5 - 117 level where support was established followed by a breakdown of prices. A retest to 116.5 - 117 would see a retest of this level establishing resistance.

A near term pullback to the downside is likely, but prices could remain well supported above 113. A higher low above 112 could potentially mark the confirmation ahead of a rally to 117.



**USDJPY (113.964) – Daily Chart**

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