

# orbex WEEKLY MARKETS REPORT



OVERWEEK  
BULLET POINTS



THE WEEK  
AHEAD



MARKETS  
PREVIEW



THE CHART OF  
THE WEEK

# OVERWEEK BULLET POINTS

21st of March 2016, to 25th of March 2016



- Japan core machinery orders m/m 15.0% vs. 2.0%
- Eurozone industrial production m/m 2.10% vs. 1.70%
- RBA releases monetary policy minutes
- BoJ leaves interest rates and QQE unchanged
- Japan revised industrial production m/m 3.70% vs. 3.70%
- Eurozone employment change q/q 0.30% vs. 0.20%
- US core retail sales m/m -0.10% vs. -0.20%; retail sales m/m -0.10% vs. -0.10%
- US PPI m/m -0.20% vs. -0.20%; Core PPI m/m 0.0% vs. 0.10%
- US empire state manufacturing index 0.6 vs. -10.3
- New Zealand Global dairy trade index -2.90% vs. 1.40% previously
- UK average earnings index 2.10% vs. 2.0%
- UK unemployment rate 5.10% vs. 5.10%
- Canada manufacturing sales m/m 2.30% vs. 0.40%
- US building permits 1.17mn vs. 1.20mn
- US housing starts 1.18mn vs. 1.15mn
- US CPI m/m -0.20% vs. -0.20%; Core CPI m/m 0.30% vs. 0.20%
- FOMC leaves interest rates unchanged
- New Zealand GDP q/q 0.90% vs. 0.70%
- Australia unemployment rate 5.80% vs. 6.0%
- SNB leaves LIBOR rate unchanged at -0.75%
- Switzerland PPI m/m -0.60% vs. 0.20%
- Eurozone final CPI y/y -0.20% vs. -0.20%; Core CPI y/y 0.80% vs. 0.70%
- BoE leaves rates unchanged at 0.50%
- Philly Fed manufacturing index 12.4 vs. -1.4
- US weekly unemployment claims 265k vs. 267k
- Germany PPI m/m -0.50% vs. -0.20%
- Canada Core retail sales m/m 1.20% vs. 0.60%; retail sales m/m 2.10% vs. 0.70%
- Canada Core CPI m/m 0.50% vs. 0.50%; CPI m/m 0.20% vs. 0.30%

- **US Preliminary UoM Consumer Sentiment 90.0 vs. 92.1**
- **US Preliminary UoM Inflation Expectations 2.70% vs. 2.50%**

# THE WEEK AHEAD

21st of March 2016, to 25th of March 2016



## THE MOST IMPORTANT ECONOMIC RELEASE OF THE WEEK

Date	Time	Currency	Detail	Forecast	Previous
21-Mar	00:01	GBP	Rightmove HPI m/m		2.90%
	02:00	NZD	Credit Card Spending y/y		8.90%
	09:00	EUR	Current Account	26.3B	25.5B
	11:00	EUR	German Buba Monthly Report		
		GBP	CBI Industrial Order		
		GBP	Expectations	-13	-17
	14:00	USD	Existing Home Sales	5.32M	5.47M
	14:30	AUD	CB Leading Index m/m		-0.20%
	15:00	EUR	Consumer Confidence		-9
22-Mar	00:30	AUD	HPI q/q	0.10%	2.00%
	00:45	AUD	RBA Assist Gov Edey Speaks		
	02:00	JPY	Flash Manufacturing PMI	50.6	50.1
	04:30	JPY	All Industries Activity m/m	1.90%	-0.90%
	05:30	AUD	RBA Gov Stevens Speaks		
	07:00	CHF	Trade Balance	2.88B	3.51B
	08:00	EUR	French Flash Manufacturing PMI	50.2	50.2
		EUR	French Flash Services PMI	49.5	49.2
	08:30	EUR	German Flash Manufacturing PMI	50.9	50.5
		EUR	German Flash Services PMI	55.1	55.3
	09:00	EUR	German Ifo Business Climate	106.1	105.7
		EUR	Flash Manufacturing PMI	51.4	51.2
	09:30	EUR	Flash Services PMI	53.5	53.3
		GBP	CPI y/y	0.40%	0.30%
		GBP	PPI Input m/m	0.40%	-0.70%
		GBP	Public Sector Net Borrowing	5.4B	-11.8B
		GBP	RPI y/y	1.30%	1.30%
		GBP	Core CPI y/y	1.20%	1.20%
		GBP	HPI y/y	6.90%	6.70%
		GBP	PPI Output m/m	0.00%	-0.10%
	10:00	EUR	German ZEW Economic Sentiment	6.3	1
		EUR	ZEW Economic Sentiment	8.2	13.6
13:00	USD	HPI m/m	0.50%	0.40%	
13:45	USD	Flash Manufacturing PMI	51.6	51	
	USD	Richmond Manufacturing Index	-1	-4	
20:00	CAD	Annual Budget Release			
23-Mar	10:00	CHF	ZEW Economic Expectations		-5.9
	14:00	CHF	SNB Quarterly Bulletin		
		USD	New Home Sales	512K	494K
	21:45	NZD	Trade Balance		8M
	23:50	JPY	BOJ Summary of Opinions		
24-Mar	07:00	EUR	German Import Prices m/m		-1.50%
		EUR	GfK German Consumer Climate		9.5
	09:00	EUR	ECB Economic Bulletin		

	09:30	GBP	Retail Sales m/m		2.30%
		GBP	BBA Mortgage Approvals		47.5K
	10:15	EUR	Targeted LTRO		18.3B
	12:15	USD	FOMC Member Bullard Speaks		
	12:30	USD	Core Durable Goods Orders m/m	-0.20%	1.80%
		USD	Unemployment Claims		265K
		USD	Durable Goods Orders m/m	-2.50%	4.90%
	13:45	USD	Flash Services PMI		49.8
	23:30	JPY	Tokyo Core CPI y/y		-0.10%
		JPY	National Core CPI y/y		0.00%
	23:50	JPY	SPPI y/y		0.20%
25-Mar	05:00	JPY	BOJ Core CPI y/y		1.10%
	12:30	USD	Final GDP q/q	1.00%	1.00%
		USD	Final GDP Price Index q/q	0.90%	0.90%



# MARKETS PREVIEW

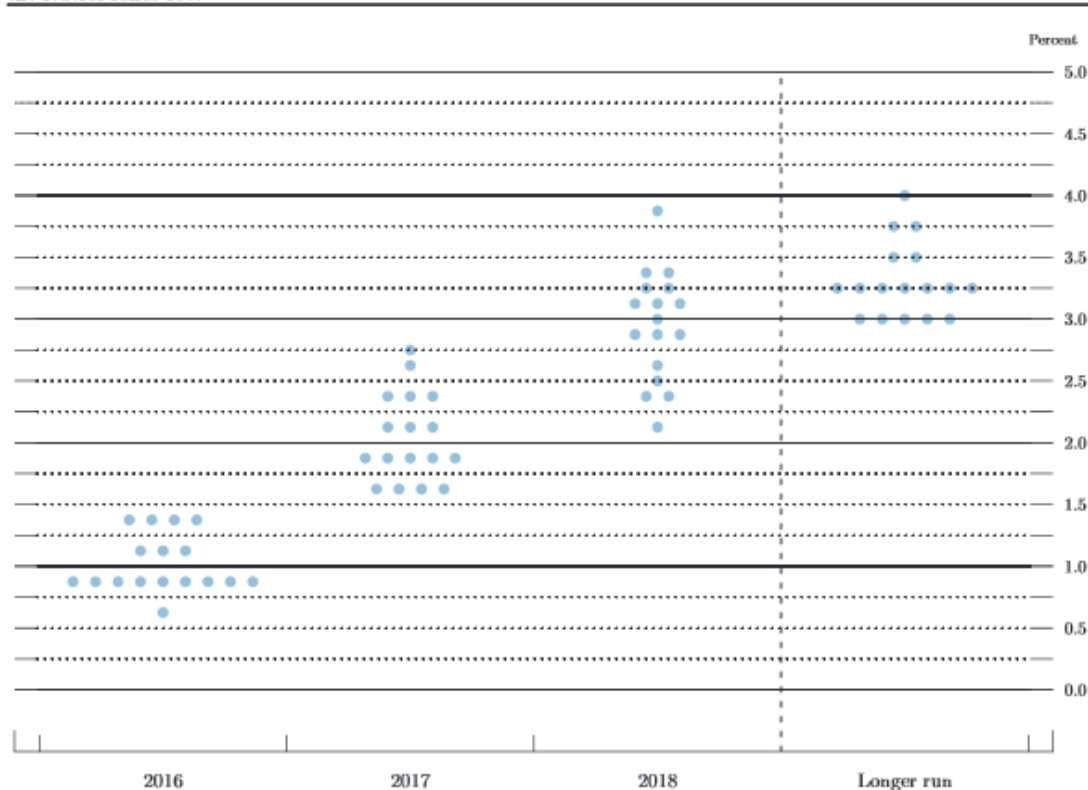
21st of March 2016, to 25th of March 2016

All four Central Bank decisions this week saw monetary policy being unchanged. But the statements were contrasting. While the BoJ left rates unchanged it did signal that QQE expansion could be around the corner with the markets now expecting to see this happen in April. The SNB also left rates unchanged but balanced it out with a reminder that it would not hesitate to cut rates and intervene in the currency markets if need be. The SNB stuck to its rhetoric that the Swiss Franc was overvalued. A separate report from the economics ministry saw GDP forecasts for Switzerland being slightly revised downwards, while unemployment rate was also expected to average around 3.60% - 3.50%. Swiss unemployment rate currently stands at 3.40%.

The Bank of England also kept rates unchanged but it said that interest rates were more likely to be hiked than cuts, which was seen as being bullish for the British Pound. The GBP also gained with a pickup in average wage earnings which increased to 2.10%, above the forecasts of 2.0%.

The main event of the week was however the Federal Reserve's meeting. Fed funds rates remained unchanged as widely expected and the Fed's projected rate hikes were cut down to only two for the remainder of this year. This saw the US Dollar weakening across the board with the commodity risk currencies posting new highs.

FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



**Fed Dot Plot – 2016 Interest Rates Projection**

The AUD and the NZD had a good week. Besides the weaker US Dollar adding to the rally, economic data was also supportive of the currencies. Australia's unemployment rate fell back to 5.80% following an increase to 6.0% a month ago, while New Zealand quarterly GDP data showed a better than expected performance of 0.90% against expectations of 0.70%. Despite the strong rallies in both the currencies, the market speculation is cautious as the recent appreciation in both these currencies could spark verbal intervention from their respective central banks.

WTI Crude Oil prices closed with a fifth straight week of gains, with prices settling Friday at \$39.4 a barrel. The gains came about as the US Dollar weakened and continues to weaken while at the same time the US Crude Oil inventories reports show a slower pace of inventory buildup. This comes at a time when Oil producing nations continue to discuss ways to stem the overproduction to curb the supply glut. While Iran reiterated this week that it would keep up with its production levels and increasing by over 33% from February's output, many are optimistic that Oil prices will likely stabilize in the near term with a bottom being formed already. Gold prices saw another week with gains but it was short lived. Gold's attempt to break above the \$1250 handle was successful, but prices failed near the previous highs. By Friday's close, Gold prices settled at \$1255 an ounce.

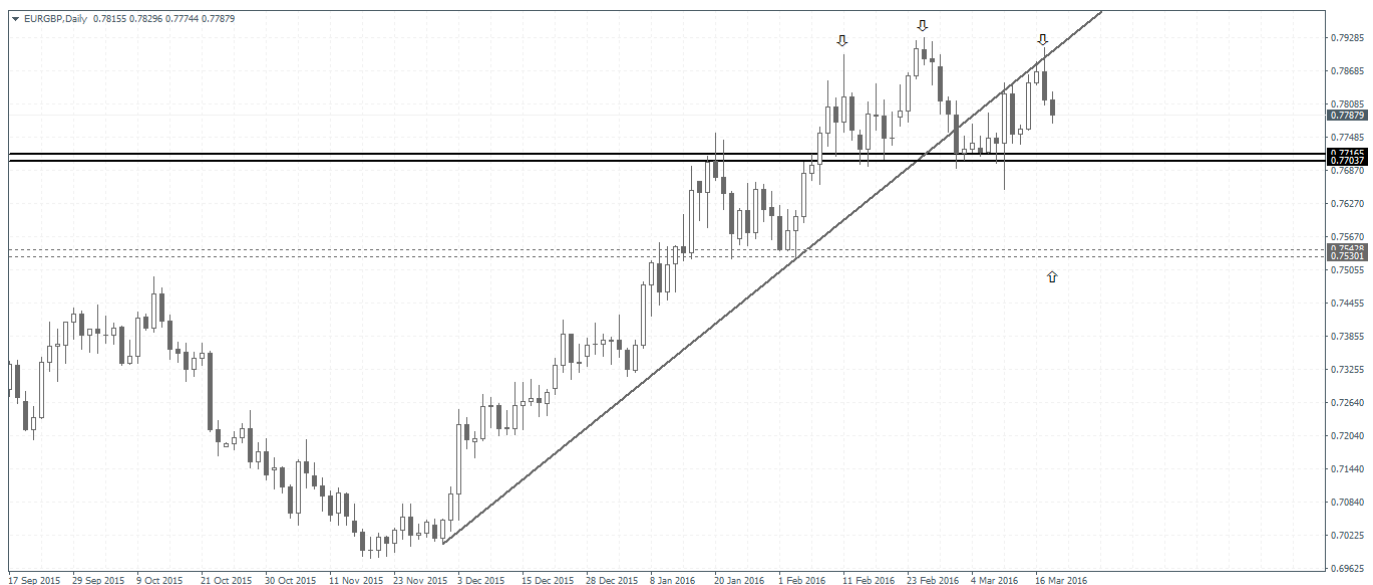
Following the busy first few weeks of March, the markets are looking to ease back with the fundamentals mostly limited to second tier economic data. On Tuesday, the German Ifo business climate data is due with expectations of a modest pick up after business sentiment declined to 105.7 a month ago. In the UK, consumer inflation data is due with expectations of a modest increase of 0.40% on a year over year basis on headline inflation while core inflation is expected to stay unchanged at 1.20%. Retail sales data is also due on Thursday. From the US data is limited to core durable goods orders and on Friday, the final revision to the fourth quarter GDP where expectations are for the US GDP growth to have stayed unchanged at 1.0%.

# TECHNICAL CORNER



EURGBP has been in a steady uptrend since last December and prices have shown the upside momentum stalling near the 0.79 - 0.80 levels over the past month. The rally in EURGBP came on a bullish momentum building into the Euro while the British Pound remains under pressure due to the Brexit uncertainty. Price action EURGBP's daily chart however shows a potential reversal on the horizon with a head and shoulders pattern building up.

Neckline support at 0.77165 - 0.7703 will be key to establish downside momentum. Currently, the left shoulder has been formed near 0.7868, while the head saw the highs above 0.785 which then saw a retest back to the support level. Over the last two days EURGBP has been bearish failing to post new highs and in the process, price action has declined to 0.77879 following the bearish engulfing candlestick. A dip back to the neckline support is therefore quite possible. A break below the support, which is also validated by the break of the rising trend line confirms the view that further downside is possible.



Below the neckline at 0.77165 - 0.77037, EURGBP is likely to test the next support at 0.75428 - 0.753 which marks the test of support formed around early February this year.



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