

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS

22nd of February 2016, to 27th of February 2016



- Japan Q4 2015, preliminary GDP m/m -0.40% (below forecast) vs. -0.20%
- Japan Q4 2015, preliminary GDP y/y -1.40% (below forecast) vs. -0.80%
- RBA meeting minutes released
- UK Core CPI y/y 1.20% (below forecast) vs. 1.30%; CPI y/y 0.30% (as expected) vs. 0.30%
- UK Unemployment rate 5.10% (below forecast) vs. 5.0%
- UK average weekly earnings 3m/y 1.90% (as expected) vs. 1.90%
- FOMC meeting minutes released
- Australia unemployment rate 6.0% (above forecast) vs. 5.80%
- China CPI y/y 1.80% (below forecast) vs. 1.90%
- UK retail sales core m/m 2.30% (above forecast) vs. 0.70%; retail sales m/m 2.30% (above forecast) vs. 0.70%
- US CPI core m/m 0.30% (above forecast) vs. 0.20%; CPI m/m 0.0% (below forecast) vs. -0.10%
- Canada retail sales core m/m -1.60% (below forecast) vs. -0.70%; retail sales m/m -2.20% (below forecast) vs. -0.90%
- Canada BoC CPI core m/m 0.30% (above forecast) vs. 0.20%; y/y 2.0% (above forecast) vs. 1.90%.

THE WEEK AHEAD

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THE MOST IMPORTANT ECONOMIC RELEASE OF THE WEEK

Date	Time	Currency	Detail	Forecast	Previous
22-Feb	04:00	JPY	Flash Manufacturing PMI	52	52.3
	10:00	EUR	French Flash Manufacturing PMI	49.9	50
		EUR	French Flash Services PMI	50.4	50.3
	10:15	CHF	PPI m/m	-0.20%	-0.40%
	10:30	EUR	German Flash Manufacturing PMI	52.1	52.3
		EUR	German Flash Services PMI	54.8	55
	11:00	EUR	Flash Manufacturing PMI	52.1	52.3
		EUR	Flash Services PMI	53.4	53.6
	16:45	USD	Flash Manufacturing PMI	52.5	52.4
	23-Feb	09:00	EUR	German Final GDP q/q	0.30%
11:00		EUR	German Ifo Business Climate	107	107.3
13:15		CHF	SNB Chairman Jordan Speaks		
		USD	S&P/CS Composite-20 HPI y/y	5.60%	5.80%
17:00		USD	CB Consumer Confidence	97.6	98.1
		USD	Existing Home Sales	5.42M	5.46M
		USD	Richmond Manufacturing Index	2	2
24-Feb	02:30	AUD	Construction Work Done q/q	-2.10%	-3.60%
		AUD	Wage Price Index q/q	0.60%	0.60%
	16:45	USD	Flash Services PMI	53.6	53.2
	17:00	USD	New Home Sales	522K	544K
	17:30	USD	Crude Oil Inventories		2.1M
	19:50	CAD	Gov Council Member Schembri Speaks		
25-Feb	02:00	USD	FOMC Member Bullard Speaks		
	02:30	AUD	Private Capital Expenditure q/q	-3.00%	-9.20%
	09:00	EUR	GfK German Consumer Climate	9.2	9.4
		EUR	Private Loans y/y	1.50%	1.40%
	11:30	GBP	Second Estimate GDP q/q	0.50%	0.50%
		GBP	Prelim Business Investment q/q	0.60%	2.20%
		GBP	Index of Services 3m/3m	0.70%	0.60%
	12:00	EUR	Final CPI y/y	0.40%	0.40%
		EUR	Final Core CPI y/y	1.00%	1.00%
	15:30	CAD	Corporate Profits q/q		-5.40%
	USD	Core Durable Goods Orders m/m	0.10%	-1.00%	

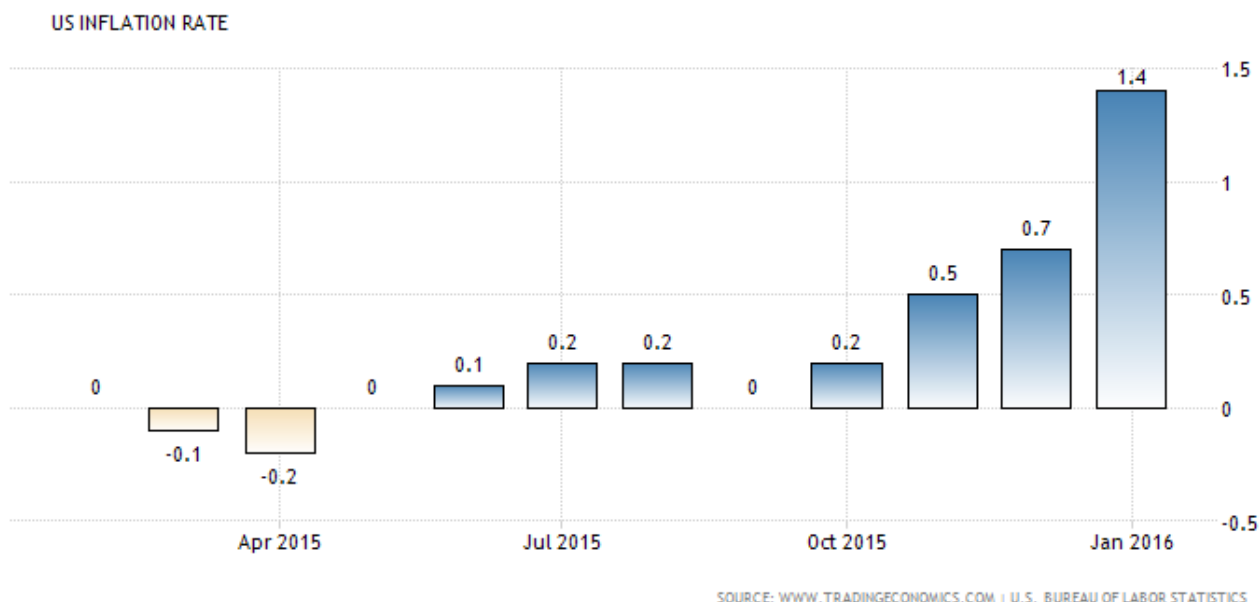
		USD	Unemployment Claims	271K	262K
		USD	Durable Goods Orders m/m	2.60%	-5.00%
	16:00	USD	HPI m/m	0.50%	0.50%
26-Feb	07:00	JPY	BOJ Core CPI y/y	1.20%	1.30%
	All Day	EUR	German Prelim CPI m/m	0.60%	-0.80%
	15:30	USD	Prelim GDP q/q	0.50%	0.70%
		USD	Core PCE Price Index m/m	0.10%	0.00%
		USD	Goods Trade Balance	-61.1B	-61.5B
		USD	Personal Spending m/m	0.30%	0.00%
		USD	Personal Income m/m	0.40%	0.30%
		USD	Prelim GDP Price Index q/q	0.80%	0.80%
	17:00	USD	Revised UoM Consumer Sentiment	91.1	90.7
		USD	Revised UoM Inflation Expectations		2.50%



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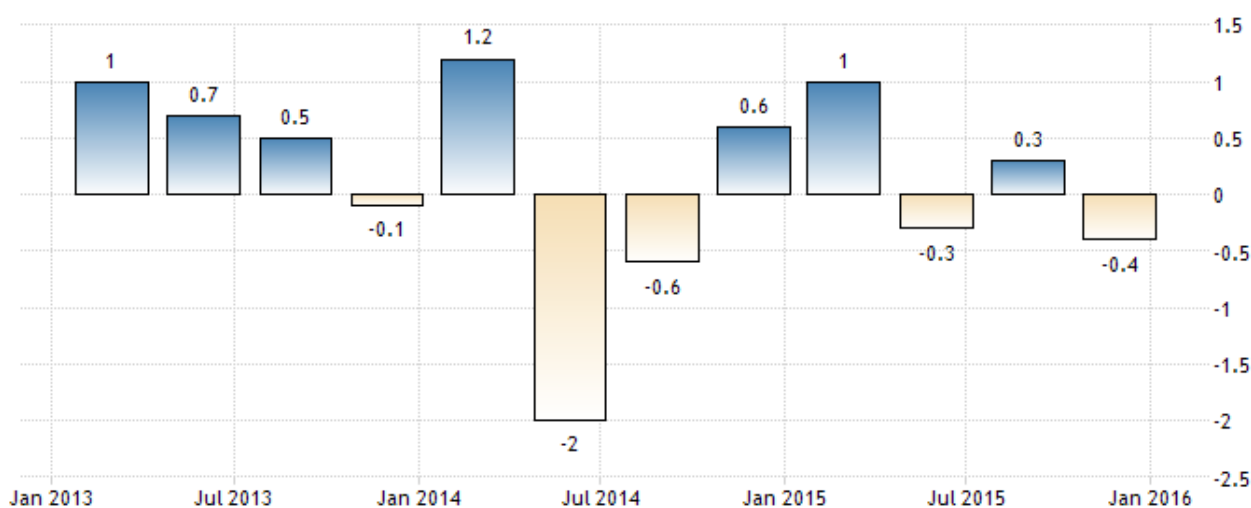
US Consumer inflation rose at one of the fastest pace hitting a 4-year high, according to data released from the US labor department. Consumer prices in the US were up 1.40% in January compared to a year before. Excluding the volatile components of food and energy, consumer prices were higher, rising 2.20% on the year, the largest jump since 2012. The inflation data however adds to the complexity of the US monetary policy which has until now been plagued by weak inflation. At 1.40%, US consumer inflation is still below the 2.0% target range. Moreover, the Federal Reserve watches the PCE as a gauge of inflation rather than the CPI until the PCE numbers reflect the same as in the CPI; the Fed is likely to stay on the sidelines. Earlier in the week, the FOMC meeting minutes from January showed that Federal Reserve members were starting to be concerned on the drag on inflation with Oil prices staying low. The Fed members agreed that future rate hikes would be gradual and would be dependent on data.



Consumer Price Index (Compared) Core CPI - Monthly

Earlier in the week, Japan's GDP data for the fourth quarter of 2014 was weaker according to preliminary estimates. Japan's economy contracted -0.40% for the quarter and fell -1.40% compared to a year before. With Japan's inflation staying flat and wages showing no signs of growth combined with weaker Oil prices putting a drag on inflation, the markets are expecting to see further stimulus being added by the Bank of Japan when it meets in March. The Yen was however stronger during the week but supported above the 112Yen handle. USDJPY was mostly range bound for the week.

JAPAN GDP GROWTH RATE



SOURCE: WWW.TRADINGECONOMICS.COM | CABINET OFFICE, JAPAN

Japan Quarterly GDP Growth Rate (Q4 2015)

The other major economic news over the week was from the UK. Monthly inflation numbers were flat with no surprises. UK's core CPI year-on-year increased at a slower pace, rising 1.20%, down from 1.40% previously and fell below estimates of 1.30%. The headline CPI for the year managed to rise 0.30%, up from 0.20% from a month ago matching estimates. UK's labor market data released during the week showed the average weekly earnings rising 1.90% a modest pace of growth, down from 2.0% previously. The unemployment rate, which was expected to fall to 5.0%, remained unchanged at 5.10%. On Friday, UK retail sales showed one of the best months, rising 5.20% on a yearly basis, while core retail sales increased 5.0%. The British Pound shrugged aside the retail sales numbers as focus turns to the UK – EU negotiations in Brussels, where UK's premier, David Cameron is expected to seek reforms in order for the UK to stay in the EU.

Oil prices saw a volatile week as prices gained after news release of Saudi Arabia and Russia striking a deal to freeze Oil production at January levels. Other countries that joined the deal included Qatar and Venezuela. Iran, which remained skeptical earlier on also finally managed to agree to the production freeze. WTI Crude Oil rallied strongly for the week testing weekly highs of \$31.94 a barrel but gave back the gains after the weekly US Crude Oil inventories report showed a build-up in commercial stock piles.

TECHNICAL CORNER



The rally in Gold prices over the past month and a half has seen one of the strongest rallies in recent times. Gold briefly traded above the \$1260 handle before easing back lower. We expect to see prices looking to correct lower in the near term based on the bearish divergence that is now established and an interim lower high being formed.

The downside correction in Gold should see prices dip to \$1110 support which is pending to be tested after failing as resistance. \$1200 level will be a key level to watch as prices need to convincingly close below this level in order for Gold to decline lower to \$1110. As long as \$1240 - \$1250 resistance is not broken, the downside bias in Gold prevails.



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