

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



27th of June 2016, to 1st of July 2016

- New Zealand trade balance 358mn vs. 185mn
- Eurozone M3 money supply y/y 4.90% vs. 4.80%
- Eurozone private loans 1/60% vs. 1.60%
- US goods trade balance -60.6bn vs. -59.5bn
- US flash services PMI 51.3 vs. 52.0
- German import prices m/m 0.90% vs. 0.60%
- EU economic summit
- US final GDP q/q (Q1) 1.10% vs. 1.0%
- US final GDP price index q/q 0.40% vs. 0.60%
- US S&P/CS HPI m/m 5.40% vs. 5.50%
- US CB consumer confidence 98.0 vs. 93.20
- Japan retail sales y/y -1.90% vs. -1.60%
- Australia HIA new home sales m/m -4.40% vs. -4.70% previously
- German Gfk consumer climate 10.1 vs. 9.8
- UK net lending to individuals m/m 4.3 billion vs. 2.9 billion
- UK M4 money supply m/m 1.20% vs. 0.10%
- UK mortgage approvals 67k vs. 65k
- US Core PCE price index m/m 0.20% vs. 0.20%
- US personal spending m/m 0.40% vs. 0.40%; personal income m/m 0.20% vs. 0.30%
- Pending home sales m/m -3.70% vs. -0.90%
- Japan industrial production preliminary m/m -2.30% vs. -0.10%
- German retail sales m/m 0.90% vs. 0.70%
- French consumer spending m/m -0.70% vs. -0.10%
- France preliminary CPI m/m 0.20% vs. 0.20%
- UK current account -32.6bn vs. -27.3bn

- UK final GDP q/q 0.40% vs. 0.40%; index of services 3m/3m 0.50% vs. 0.40%
- Eurozone flash estimate y/y 0.10% vs. 0.0%; core CPI y/y 0.90% vs. 0.80%
- Canada GDP m/m 0.10% vs. 0.10%
- US weekly unemployment claims 268k vs. 267k
- Japan BoJ Core CPI y/y 0.80% vs. 0.80%
- Japan Tankan manufacturing index 6 vs. 4; Tankan non-manufacturing index 19 vs. 19
- China manufacturing PMI 50 vs. 50; non-manufacturing PMI 53.7 vs. 53.1 previously
- Japan final manufacturing PMI 48.1 vs. 47.9
- Japan consumer confidence 41.8 vs. 41.1
- Swiss retail sales y/y -1.60% vs. -1.70%
- Eurozone final manufacturing PMI 52.8 vs. 52.6
- UK manufacturing PMI 52.1 vs. 50.0
- Eurozone unemployment rate 10.10% vs. 10.10%
- US ISM manufacturing PMI 53.2 vs. 51.3
- US final manufacturing PMI 51.3 vs. 51.4
- US construction spending m/m -0.80% vs. 0.50%

THE WEEK AHEAD

4th of July 2016, to 8th of July 2016



IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Detail	Forecast	Previous
05-Jul	02:45	CNY	Caixin Services PMI	52.3	51.2
	08:15	EUR	Spanish Services PMI	55.2	55.4
	08:45	EUR	Italian Services PMI	50.3	49.8
	08:50	EUR	French Final Services PMI	49.9	49.9
	08:55	EUR	German Final Services PMI	53.2	53.2
	09:00	EUR	Final Services PMI	52.5	52.4
	09:30	GBP	Services PMI	53.1	53.5
	10:00	EUR	Retail Sales m/m	0.60%	0.00%
	10:30	GBP	BOE Gov Carney Speaks		
		GBP	BOE Financial Stability Report		
	15:00	USD	Factory Orders m/m	-0.70%	1.90%
		USD	IBD/TIPP Economic Optimism	49.3	48.2
	19:30	USD	FOMC Member Dudley Speaks		
06-Jul	07:00	EUR	German Factory Orders m/m	1.10%	-2.00%
	09:30	GBP	Housing Equity Withdrawal q/q	-10.1B	-9.5B
	13:30	CAD	Trade Balance	-2.7B	-2.9B
		USD	Trade Balance	-40.0B	-37.4B
	14:45	USD	Final Services PMI	51.5	51.3
	15:00	USD	ISM Non-Manufacturing PMI	53.5	52.9
	19:00	USD	FOMC Meeting Minutes		
07-Jul	07:00	EUR	German Industrial Production m/m	0.10%	0.80%
	07:45	EUR	French Trade Balance	-4.8B	-5.2B
	08:00	CHF	Foreign Currency Reserves		602B
	08:15	CHF	CPI m/m	0.10%	0.10%
	08:30	GBP	Halifax HPI m/m	0.40%	0.60%
	09:30	GBP	Manufacturing Production m/m	-1.40%	2.30%
		GBP	Industrial Production m/m	-1.00%	2.00%
	12:30	EUR	ECB Monetary Policy Meeting Accounts		
	13:15	USD	ADP Non-Farm Employment Change	151K	173K

	13:30	CAD	Building Permits m/m	2.10%	-0.30%
		USD	Unemployment Claims	272K	268K
	15:00	CAD	Ivey PMI	50.2	49.4
08-Jul	06:45	CHF	Unemployment Rate	3.50%	3.50%
	07:00	EUR	German Trade Balance	22.3B	24.0B
		EUR	French Industrial Production m/m	-0.40%	1.20%
	09:30	GBP	Goods Trade Balance	-10.2B	-10.5B
	13:30	CAD	Employment Change	6.9K	13.8K
		CAD	Unemployment Rate	7.00%	6.90%
		USD	Average Hourly Earnings m/m	0.20%	0.20%
		USD	Non-Farm Employment Change	181K	38K
		USD	Unemployment Rate	4.80%	4.70%
		20:00	USD	Consumer Credit m/m	17.3B

Time: GMT+1



MARKETS PREVIEW

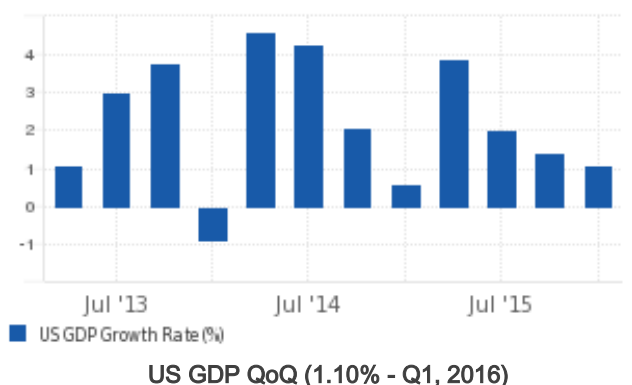
27th of June 2016, to 1st of July 2016

After a brief spell of declines earlier this week, the markets gained some normalcy as the reality of Brexit sank in. Investors rush back to risk assets but the markets remained mixed. Gold hardly budged, sitting well support above \$1300 an ounce level but bond yields continued to tumble. While the markets were posting a steady recovery for the most part last week, including the British pound, Mark Carney's comments that the BoE could cut interest rates and look at expanding monetary policy stimulus as early as August sent the pound lower again. Ratings agencies were busy. S&P Global Ratings stripped UK of its AAA ratings to AA+ and put the economy on a 'negative' watch list. Later in the week, Eurozone credit ratings were also cut from AA+ to AA but maintained a 'stable' outlook.

Economic data from Japan continues to remain weak. Last week, retail sales numbers out of Japan showed a 2.30% decrease, while industrial production also showed declines. On Friday, fresh data from June saw the quarterly Tankan reports suggesting that manufacturing stabilized, staying steady at 6, same as the first quarter, while non-manufacturing edged down from 22 to 19. Inflation continues to remain a worry with the BoJ's Core CPI gauge showing that inflation grew at a pace of 0.80% in June, rising at the same pace as in May. The weak set of economic reports continues to put pressure on the Bank of Japan which could act as early as its July monetary policy meeting.

Data from the US this week included the final revision to the first quarter GDP. Growth was revised higher to 1.10%, exceeding forecasts of a 1.0% increase. In the second revision, the US GDP was revised higher to 0.80%. The increase in the GDP came as non-residential investment and exports were revised higher. But on the flipside, domestic consumption one of the main drivers of the GDP was revised down to 1.50% from previous estimates of 1.90%. At the final revised GDP growth rate of 1.10%, it is now nearly double the initial GDP estimates of 0.50%, still growth was subdued, following the fourth quarter's 1.40% increase.

The biggest drag on the GDP came amid a setback in gross private domestic investment which fell 1.80% on an annualized basis, from previous estimates of 2.60%. This shed 0.29 percent points off the final GDP figure. The upward revision came as non-residential investment subtracted 0.58 percent points from growth, compared to the previously reported 0.81 percent points. Domestic spending also decelerated more than previously expected, falling to 1.50% from 1.90% previously and down from the fourth quarter's 2.40%. US personal consumption added 1.02% to growth during the reported period.



Week Ahead: 4th of July 2016, to 8th of July 2016

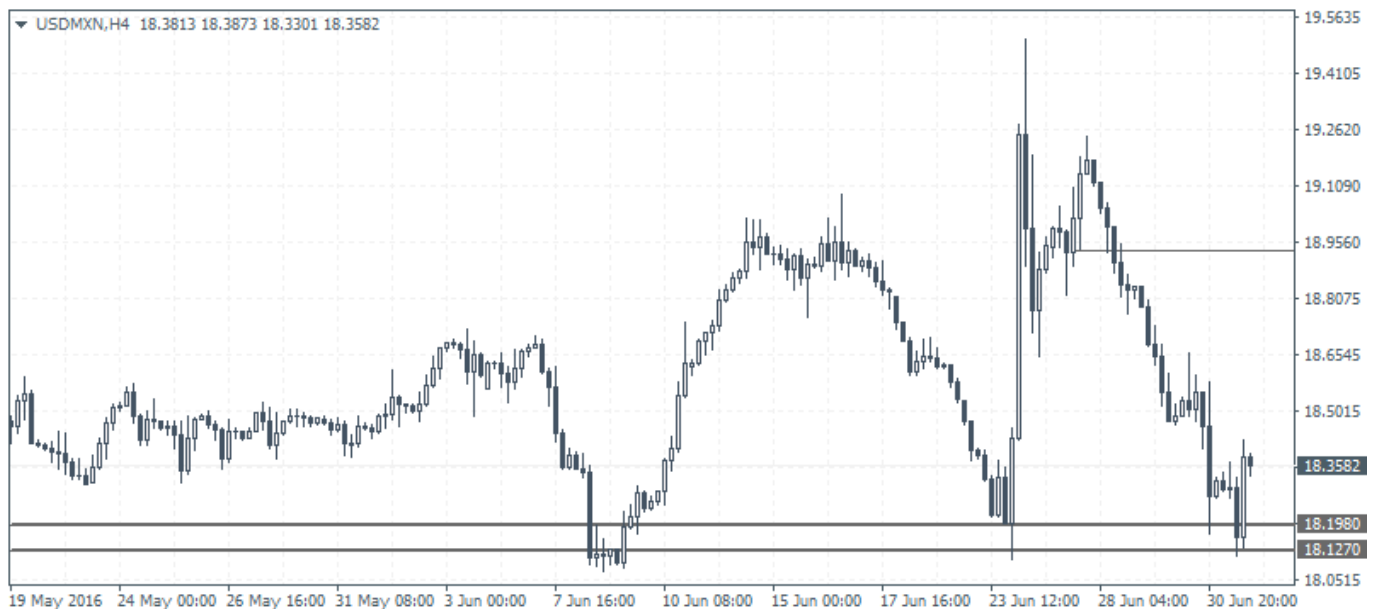
The big event from next week will undoubtedly be the US nonfarm payrolls report. After last month's surprisingly weak data, the US unemployment report will be the main focus as the report is likely to attract more than usual attention as concerns about a near term recession looms. The markets are currently bracing up to see a 180k - 175k jobs being added on the month with the US unemployment rate likely to have increased to 4.80% following last month's decline to 4.70%. The US markets are closed on Monday, due to the Independence Day holiday.

From the Euro area, Brexit is likely to remain the dominating theme with BoE's Mark Carney due to speak once again next week and also the central bank is expected to release its financial stability report. Meanwhile services PMI numbers out of the Euro area, US and the UK will be released over the week. Canada's jobs report will also be released alongside the US NFP report. Following last month's strong gains in the Canadian economy, which saw the number of jobs rise 13.8k the markets are expecting to see a modest 6.9k jobs added during June, while the unemployment rate is forecast to rise back to 7.0%.

TECHNICAL CORNER



USDMXN is currently trading near a long term support level of 18.198 - 18.1270. The US dollar fell sharply over the past four days. Last week, on Wednesday, the Bank Mexico went all out against currency speculators by surprising with a strong interest rate hike and a new intervention policy. The MXN surged nearly 3% after the central bank offered US dollars directly to banks while also hiking interest rates by 50bps to 3.75%. The surprise move came as the central bank did not inform the markets that it was meeting for a policy decision..



USDMXN (18.35) – H4 Chart

Following the US dollar's decline to 18.127MXN, the support level is likely to see a near term reversal. Note that price action could be setting up for a potential head and shoulders pattern which could see USDMXN rally back towards the 18.89 - 19.0 levels. Forming a right shoulder at this level could potentially see USDMXN form the head and shoulders pattern that could eventually fall back to the neckline support. A break below the H&S neckline at 18.19 - 19.0 could trigger further declines down to 17.0 as the minimum downside target.

DISCLAIMER

The information contained in this publication is produced by ORBEX LTD and not intended as an offer or solicitation for the purchase or sale of any financial instrument. Any opinion offered herein reflects ORBEX LTD current judgment and may change without notice. This message is for information purposes only and is not intended as an offer, recommendation or solicitation to buy or sell, nor is it an official confirmation of terms. No representation or warranty is made that this information is complete or accurate. Any views or opinions expressed do not necessarily represent those ORBEX LTD. This email and the information it contains may be confidential, proprietary or legally privileged. If you receive this message in error, please notify the sender and delete it from your system. You must not, directly or indirectly, use, disclose, distribute, copy or store this message or any part of it if you are not the intended recipient. Unless otherwise stated, any pricing information given in this email is indicative only, is subject to changes and does not constitute an offer to deal at any price quoted.