

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



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

- Australia building approvals m/m -5.20% vs. -3.60%
- UK construction PMI 46.0 vs. 50.6
- Eurozone PPI m/m 0.60% vs. 0.30%
- Australia retail sales m/m 0.20% vs. 0.30%
- Australia trade balance -2.22bn vs. -1.72bn
- China Caixin services PMI 52.7 vs. 52.3
- RBA leaves cash rate unchanged at 1.75%
- UK services PMI 52.3 vs. 53.1
- Eurozone retail sales 0.40% vs. 0.40%
- BoE releases financial stability report
- BoE Carney speech
- US factory orders -1.0% vs. -0.80%
- Germany factor orders m/m 0.00% vs. 1.0%; y/y -0.20% vs. 0.90%
- SRB leaves rates unchanged at -0.50%
- Canada trade balance -3.28bn vs. -2.6bn
- US trade balance -41.1bn vs. -40.0bn
- US Final services PMI 51.4 vs. 51.5
- US ISM non-manufacturing PMI 56.5 vs. 53.3
- German industrial production m/m -1.30% vs. 0.10%
- Switzerland CPI m/m 0.10% vs. 0.0%
- UK manufacturing production m/m -0.50% vs. -1.20%
- UK industrial production m/m -0.50% vs. -1.0%
- ECB releases monetary policy meeting accounts
- ADP nonfarm employment change 172k vs. 158k
- US Weekly unemployment claims 254k vs. 269k

- Canada building permits m/m -1.90% vs. 2.10%
- US Crude oil inventories -2.2 million vs. -2.1 million
- Germany exports m/m -1.80% vs. 0.40%; imports m/m 0.10% vs. 0.70%
- Canada employment change -0.7k vs. 5.5k
- Canada unemployment rate 6.80% vs. 6.90%
- US nonfarm payroll change 287k vs. 175k
- US unemployment rate 4.90% vs. 4.80%
- US average hourly earnings 0.10% vs. 0.20%

THE WEEK AHEAD

11th of July 2016, to 15th of July 2016



IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Detail	Forecast	Previous
11-Jul	00:50	JPY	Core Machinery Orders m/m	2.80%	-11.00%
		JPY	M2 Money Stock y/y	3.40%	3.40%
	02:30	AUD	Home Loans m/m	-1.90%	1.70%
	07:00	JPY	Prelim Machine Tool Orders y/y		-24.70%
	All Day	EUR	Eurogroup Meetings		
	13:15	CAD	Housing Starts	192K	189K
	15:00	USD	FOMC Member George Speaks		
		USD	Labor Market Conditions Index m/m		-4.8
12-Jul	00:50	JPY	PPI y/y	-4.10%	-4.20%
	07:00	EUR	German Final CPI m/m	0.10%	0.10%
		EUR	German WPI m/m	0.30%	0.90%
	09:30	GBP	FPC Meeting Minutes		
	Tentative	GBP	Inflation Report Hearings		
	11:00	USD	NFIB Small Business Index	94.1	93.8
	12:00	GBP	BOE Quarterly Bulletin		
	14:35	USD	FOMC Member Bullard Speaks		
USD		Wholesale Inventories m/m	0.20%	0.60%	
13-Jul	Tentative	CNY	Trade Balance	320B	325B
	Tentative	CNY	USD-Denominated Trade Balance	46.0B	50.0B
	05:30	JPY	Revised Industrial Production m/m	-2.20%	-2.30%
	07:45	EUR	French Final CPI m/m	0.20%	0.20%
	10:00	EUR	Industrial Production m/m	-0.80%	1.10%
	13:30	USD	Import Prices m/m	0.60%	1.40%
	15:00	CAD	BOC Monetary Policy Report		
		CAD	BOC Rate Statement		
		CAD	Overnight Rate	0.50%	0.50%
16:15	CAD	BOC Press Conference			
14-Jul	02:30	AUD	Employment Change	10.1K	17.9K
		AUD	Unemployment Rate	5.80%	5.70%
	08:15	CHF	PPI m/m	0.20%	0.40%
	12:00	GBP	MPC Official Bank Rate Votes	0-9-0	0-0-9
		GBP	Monetary Policy Summary		

		GBP	Official Bank Rate	0.25%	0.50%
		GBP	Asset Purchase Facility	375B	375B
		GBP	MPC Asset Purchase Facility Votes	0-0-9	0-0-9
	13:30	CAD	NHPI m/m	0.20%	0.30%
		USD	PPI m/m	0.30%	0.40%
		USD	Unemployment Claims	263K	254K
		USD	Core PPI m/m	0.10%	0.30%
15-Jul	03:00	CNY	GDP q/y	6.60%	6.70%
		CNY	Industrial Production y/y	5.90%	6.00%
		CNY	Fixed Asset Investment ytd/y	9.40%	9.60%
		CNY	NBS Press Conference		
		CNY	Retail Sales y/y	9.90%	10.00%
	09:30	GBP	Construction Output m/m	-1.10%	2.50%
	10:00	EUR	Final CPI y/y	0.10%	0.10%
		EUR	Final Core CPI y/y	0.90%	0.90%
		EUR	Trade Balance	25.2B	28.0B
	13:00	GBP	BOE Gov Carney Speaks		
		USD	CPI m/m	0.20%	0.20%
		USD	Core CPI m/m	0.20%	0.20%
		USD	Core Retail Sales m/m	0.40%	0.40%
		USD	Retail Sales m/m	0.10%	0.50%
		USD	Empire State Manufacturing Index	5.1	6
	14:15	USD	Capacity Utilization Rate	75.20%	74.90%
		USD	Industrial Production m/m	0.20%	-0.40%
	15:00	USD	Prelim UoM Consumer Sentiment	93.7	93.5
		USD	Business Inventories m/m	0.10%	0.10%
		USD	Prelim UoM Inflation Expectations		2.60%

Time: GMT+1



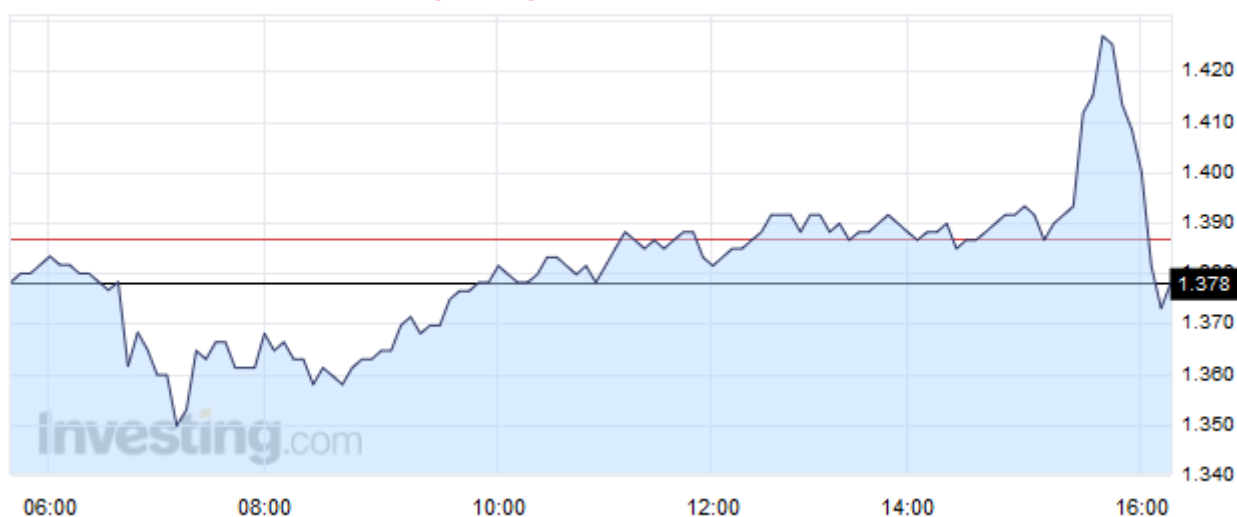
MARKETS PREVIEW

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

The markets were broadly mixed with the British pound seen resuming its declines this week after what seemed like a fairly decent recovery last week. The sterling fell after Bank of England Governor Mark Carney came out dovish in his speech following the release of the Financial Stability Report. The Bank of England also lowered its capital buffer requirements to zero in a bid to boost lending in the UK. The property markets continued to reel under the Brexit with three hedge funds with large exposure to the UK's real estate market being forced to suspend trading as investors rush to pull out their funds.

The risk aversion sent gold prices to fresh 2-year highs this week, briefly trading above \$1375 before pulling back later in the week. Bond markets also continued to feel the pressure with yields falling to record lows. In the US, the 10-year bonds fell to 1.33%, marking a new all time low. Economic data from the UK also added to the downside risks with services and construction hit new 7-month lows. The construction sector in particular fell to 46.00, marking a contraction in the sector.

U.S. 10-Year ▼ **1.378** -0.009 (-0.64%)

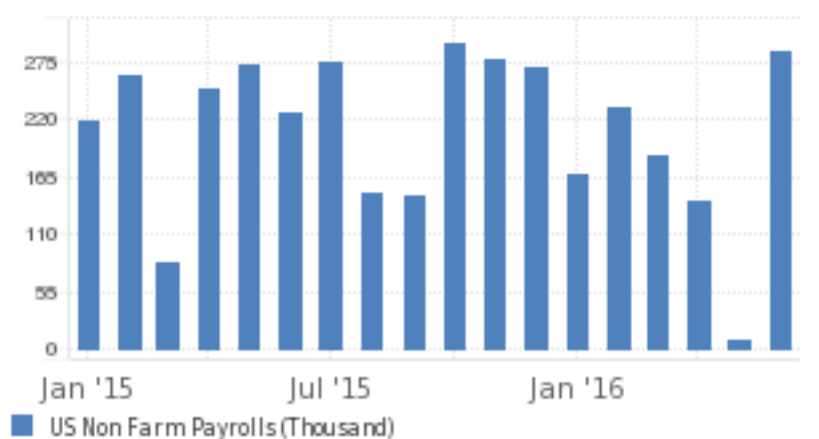


US – 10 Year Bond Yield (1.378%)

In Australia, the weekend elections saw no clear winner emerge leading to a political deadlock. Global ratings agencies were quick to issue warnings with Standard and Poors putting Australia

on a negative watch list. Moody's also joined the list of ratings agencies warning that Australia could lose its investment grade status. The Reserve Bank of Australia met over the week and opted to keep interest rates unchanged at 1.75%. The central bank said that further economic data was required in order to assess the effects of the May rate cuts.

In the US, economic data started to pick up, but not before the FOMC meeting minutes which showed that Fed members were largely divided on the course of rate hikes. Many however agreed that the May's job report wasn't going to change their view. There was some relief for the Fed members, as Friday's payroll numbers for June showed that the US economy added 287k jobs on the month, beating estimates of 180k.



US Nonfarm payrolls, June 2016 (287k vs. 180k)

The US unemployment rate jumped to 4.90% on the data as more workers were seen returning to the labor market. Average hourly earnings however dipped, rising 0.10% on the month, less than the expected 0.20% increase. However, there was bad news for May as the latest revisions put the total jobs at 11k, down from 38k as previously estimated.

Ahead of the Friday's payrolls report, private payroll firm ADP released the private sector jobs which showed that the private employers in the US added 172k jobs, more than the expected 158k. However, the construction and manufacturing sectors continued to shed jobs.

Week Ahead: 11th of July 2016, to 15th of July 2016

The week ahead will be marked by the Bank of England's monetary policy meeting. In the aftermath of the UK's decision to leave the EU, the Bank of England previously assessed that

the UK's economy could take a toll as a result. Last week, the central bank cut the capital buffer requirements to zero percent from 0.50% previously. This eased up close to 160 billion GBP which the central bank expects can be used to boost lending to households and businesses. The week before, Mark Carney, the BoE Governor said that the central bank will release a full assessment of the UK's economy by August. There is possibility that based on the outcome of the report; the BoE could be looking at cutting rates or boosting QE, or both in August. However, some economists already expect to see a 25bps rate cut from the Bank of England this week. In this aspect, this week's BoE meeting will likely provide more clues on the central bank's forward guidance. No matter how one looks at this, the scope for a dovish BoE remains the base case.

The Bank of Canada will be another central bank to watch for this week. However, the BoC could remain in the sidelines with economic data released over the past month unlikely to prompt the BoC to make major policy changes at this week's meeting.

Other economic data to look forward to during the week includes China's inflation data due for release on Sunday. Expectations show a 1.90% increase in inflation on a year over year basis in June.

In the US, inflation numbers will be released on Friday. The headline inflation is expected to show a 0.20% month over month increase in June, following May's reading of 0.20% while core CPI is also expected to rise 0.20%, same as the month before.

Australia's employment report will also be up this week with forecasts calling for the unemployment rate to rise to 5.80%, after staying at 5.70% for the past three months. China's GDP will be also coming out this week and the data is expected to show a slower growth, forecast to rise only 6.6%, less than the previous GDP growth rate of 6.70%.

TECHNICAL CORNER



USDCAD shows a very interesting pattern that is taking shape currently. Following the strong declines since early January this year, USDCAD has moved into a basing pattern since late April. Currently, we notice a potential for a bullish ascending triangle taking shape with the resistance seen at 1.31250 - 1.3080 levels. An upside breakout above this resistance could trigger further rally towards 1.34078, which marks a correction of around 38.20% of the declines from January's high at 1.45782 through April lows of 1.25297.



USDCAD (1.303) – D1 Chart

Alternately, note the bearish flag pattern as well. Failure to breakout above the identified resistance (1.3125 - 1.3080) could trigger further declines. Support at 1.2597 remains a key support level, which needs to be broken to validate further downside. Lower targets are seen at 1.19725. The monthly chart for USDCAD shows June's price action closing in an inside bar after the range established from May seen at 1.2461 lows and 1.31884 highs, both of which validate the support/resistance levels from the daily chart and also showing that further continuation to the upside or the downside is likely only on a breakout above these levels.

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