

# orbex WEEKLY MARKETS REPORT



OVERWEEK  
BULLET POINTS



THE WEEK  
AHEAD



MARKETS  
PREVIEW



THE CHART OF  
THE WEEK

# OVERWEEK BULLET POINTS



15<sup>th</sup> of August 2016, to 19<sup>th</sup> of August 2016

- UK Rightmove HPI m/m -1.20% vs. -0.90%
- Japan preliminary GDP q/q 0.0% vs. 0.20%
- Japan preliminary GDP price index y/y 0.80% vs. 0.70%
- Japan revised industrial production m/m 2.30% vs. 1.90%
- Switzerland PPI m/m -0.10% vs. -0.20%
- US Empire state manufacturing index -4.2 vs. 2.1
- RBA releases monetary policy meeting minutes
- Australia new motor vehicle sales m/m -1.30% vs. 3.50% previously
- UK CPI y/y 0.60% vs. 0.50%; Core CPI y/y 1.30% vs. 1.30%
- UK PPI input m/m 3.30% vs. 0.60%; PPI output m/m 0.30% vs. 0.30%
- Eurozone ZEW economic sentiment 4.6 vs. -6.3
- German ZEW economic sentiment 0.5 vs. 2.1
- Eurozone trade balance 23.4bn vs. 23.2bn
- Canada manufacturing sales m/m 0.80% vs. 0.80%
- US CPI m/m 0.0% vs. 0.0%; Core CPI m/m 0.10% vs. 0.20%
- US housing starts m/m 2.10% vs. 0.60%
- US building permits m/m -0.10% vs. 0.50%
- US capacity utilization rate 75.90% vs. 75.70%
- US industrial production m/m 0.70% vs. 0.20%
- New Zealand employment change q/q 2.40% vs. 0.60%
- New Zealand PPI input q/q 0.90% vs. 0.50%; PPI output q/q 0.20% vs. 0.20%
- New Zealand unemployment rate 5.10% vs. 5.30%
- Australia MI leading index m/m 0.10% vs. -0.20% previously
- Australia wage price index q/q 0.50% vs. 0.50%
- UK average earnings index 3m/y 2.40% vs. 2.50%

- UK claimant count change -8.6k vs. 5.2k
- UK unemployment rate 4.90% vs. 4.90%
- Crude oil inventories -2.5 million vs. 0.3 million
- FOMC Member Bullard speech
- FOMC meeting minutes released
- Japan Trade balance 0.32 trillion vs. 0.14 trillion
- Australia employment change 26.2k vs. 10.2k
- Australia unemployment rate 5.70% vs. 5.80%
- UK retail sales m/m 1.40% vs. 0.0%; y/y 5.90% vs. 4.10%
- UK core retail sales m/m 1.50% vs. 0.10%; y/y 5.40% vs. 3.60%
- Eurozone current account s.a 28.2bn vs. 27.3bn
- Eurozone CPI y/y 0.20% vs. 0.20%
- Eurozone core CPI y/y 0.90% vs. 0.90%
- ECB releases monetary policy meeting minutes
- US jobless claims 262k vs. 266k
- Philly Fed manufacturing index 2.0 vs. 1.4
- Japan all industries activity m/m 1.0% vs. 0.90%
- Germany PPI m/m 0.20% vs. 0.10%
- Canada CPI m/m 0.00% vs. 0.20%
- Canada Core CPI m/m 0.10% vs. 0.20%
- Canada retail sales m/m -0.10% vs. 0.70%
- Canada core retail sales m/m -0.80% vs. 0.40%

# THE WEEK AHEAD



22<sup>nd</sup> of August 2016, to 26<sup>th</sup> of August 2016

## IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Detail	Forecast	Previous
22-Aug	13:30	CAD	Wholesale Sales m/m	0.50%	1.80%
23-Aug	03:00	JPY	Flash Manufacturing PMI	49.5	49.3
	05:00	JPY	BOJ Gov Kuroda Speaks		
	07:00	CHF	Trade Balance	3.79B	3.55B
	08:00	EUR	French Flash Manufacturing PMI	49.1	48.6
		EUR	French Flash Services PMI	50.6	50.5
	08:30	EUR	German Flash Manufacturing PMI	53.7	53.8
		EUR	German Flash Services PMI	54.3	54.4
	09:00	EUR	Flash Manufacturing PMI	52.1	52
		EUR	Flash Services PMI	53	52.9
	14:45	USD	Flash Manufacturing PMI	53.1	52.9
	15:00	EUR	Consumer Confidence	-8	-8
		USD	New Home Sales	575K	592K
		USD	Richmond Manufacturing Index	6	10
		23:45	NZD	Trade Balance	-320M
24-Aug	02:30	AUD	Construction Work Done q/q	-1.90%	-2.60%
	07:00	EUR	German Final GDP q/q	0.30%	0.40%
	09:30	GBP	BBA Mortgage Approvals	38.5K	40.1K
		USD	HPI m/m	0.30%	0.20%
	15:00	USD	Existing Home Sales	5.55M	5.57M
25-Aug	09:00	EUR	German Ifo Business Climate	108.5	108.3
	13:30	CAD	Corporate Profits q/q		-4.60%
		USD	Core Durable Goods Orders m/m	0.40%	-0.40%
		USD	Unemployment Claims	265K	262K
		USD	Durable Goods Orders m/m	3.50%	-3.90%
	14:45	USD	Flash Services PMI	52.2	51.4
	All Day	ALL	Jackson Hole Symposium		
26-Aug	00:30	JPY	Tokyo Core CPI y/y	-0.40%	-0.40%
		JPY	National Core CPI y/y	-0.40%	-0.50%
	06:00	JPY	BOJ Core CPI y/y		0.80%
	07:00	EUR	GfK German Consumer Climate	10.2	10
	09:00	EUR	M3 Money Supply y/y	5.00%	5.00%
		EUR	Private Loans y/y	1.80%	1.70%
	09:30	GBP	Second Estimate GDP q/q	0.60%	0.60%
		GBP	Prelim Business Investment q/q	-0.90%	-0.60%

		GBP	Index of Services 3m/3m	0.40%	0.30%
	13:30	USD	Prelim GDP q/q	1.10%	1.20%
		USD	Goods Trade Balance	-62.3B	-63.3B
		USD	Prelim GDP Price Index q/q	2.20%	2.20%
	Tentative	USD	Fed Chair Yellen Speaks		
	15:00	USD	Revised UoM Consumer Sentiment	90.6	90.4
		USD	Revised UoM Inflation Expectations		2.50%
	All Day	ALL	Jackson Hole Symposium		

Time: GMT+1

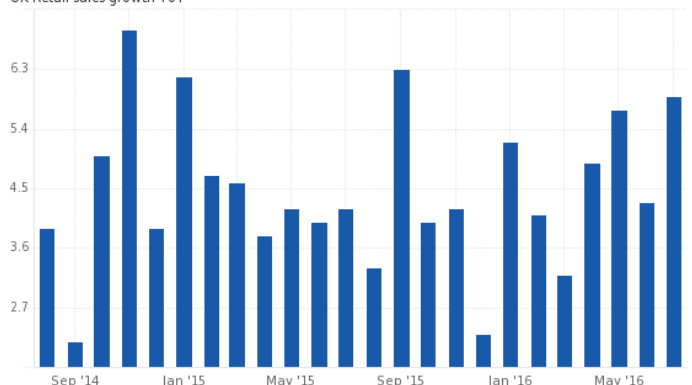


# MARKETS PREVIEW

15<sup>th</sup> of August 2016, to 19<sup>th</sup> of August 2016

**E**conomic data from the UK last week painted a mixed picture. While the forecasts are poised towards a weaker than expected growth, data proved to be otherwise. Firstly, **UK consumer prices grew at a pace of 0.60% on a year over year basis**, up from 0.50% in June. Excluding the energy and food prices, Core CPI in the UK was recorded at 1.30%, matching estimates but slower than June's 1.40% increase. The labor market data released over the week showed a modest increase in the **average weekly earnings which rose 2.30% on the month in June**, excluding bonuses. The UK's **unemployment rate was steady at 4.90%** highlighting the fact that the labor market continued to grow in strength despite the referendum vote to leave the EU.

UK Retail sales growth YoY



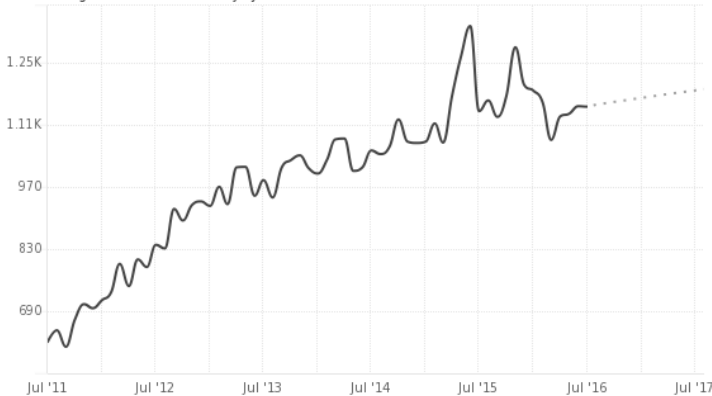
The bullish wage data was followed up by solid retail sales numbers. Data from the ONS showed that **UK's retail sales jumped 1.40% on the month in July**, reversing the 0.90% decline seen just a month ago. **Excluding auto fuel, retail sales jumped 1.50% from 0.90% declines posted in June.** Warm weather lent support to consumers who took advantage of a weaker exchange rate.

Consumer demand picked up both domestically and from overseas shoppers.

Economic data from the US this week included housing starts and building permits. **Housing starts rose 2.10% in July to 1.211 million at an annualized rate.** This beat market estimates of 1.180 million. **Housing starts are up 5.60%** compared to a year ago in July with most of the gains coming from multi-family units and modest gains from single-family units as well, which are up 1.30% compared to a year ago. Multi-family units in comparison are up 14.0% on a yearly basis.

**New building permits were weaker in July, falling 0.10% to 1.15 million missing estimates of 1.16 million. But on a yearly basis, permits for single family units are up 2.40%. Home building**

US Building Permits: 1.15 Million, July 2016



has remained a bright spot for the US economy. Last week also saw **industrial production data which showed a 0.70% increase in July, beating estimates of a 0.30%.** Utility output increased 2.10% while mining increased 0.70%.

Manufacturing, excluding mining and utilities rose 0.50% on the month, while auto production edged 1.90% higher in

July. Overall, **industrial production in the US saw the fastest pace of gains since 2014** and extending the gains from June. The strength in the sector has found a firm footing. Although industrial production was down 0.60% compared to last year, it is 0.80% higher over the past six months.

The economic data was however ignored as the **FOMC meeting minutes overshadowed** most of the US economic releases the past week. The FOMC minutes did not reveal anything hawkish with the **members staying divided on rate hikes.** Still, some Fed members including **William Dudley, the NY Fed president has been making hawkish comments with September as the probable date for a rate hike from the Fed.**

On the commodity front, Oil prices continued to surge this week, closing Friday's session at \$48.48 a barrel. Oil prices have been posting a steady rally over the past week. The latest EIA reports showed that crude oil inventories posted a drawdown, against expectations of a modest build up in oil stockpiles. Lending support to the bullish rally in oil prices was the upcoming OPEC meeting in September. Speculation is rife that OPEC members could look at coordinated output cuts. However, last week Saudi Arabia is reported to look at increasing oil production to meet the summer demand, while Iran oil exports continue to surge ahead at over 2 million barrels per day in production.

**T**he Jackson Hole symposium which starts later next week will be the main focus for traders. Fed Chair, Janet Yellen is expected to speak at the event with traders likely to look for any clues for the Fed's view on interest rates. The economic landscape in the US has been somewhat mixed and the FOMC's meeting minutes last week helped little to soothe investor concerns. Meanwhile, Fed President Dudley from the NY Federal Reserve and Williams from San Francisco have been vocal about rate hikes in September. In this context, Ms. Yellen's speech will likely be a key market moving event.

Besides the speech from Yellen, US GDP revisions are due this week. Market expectations point to a downward revision to 1.10% in the second quarter; this is slightly down from 1.20% GDP growth estimated in the preliminary report. US durable goods orders and housing data make up for other economic events during the week.

In the Eurozone, economic data is largely limited to flash PMI numbers. In July, the Eurozone PMI's in the manufacturing and services sectors surprised to the upside despite the risks from the Brexit vote. Expectations remain in favor of the PMI's staying near July levels in August.

From the UK, the week ahead is quiet with only Friday's GDP numbers likely to play an impact. Forecasts show no change to the Q2 GDP growth rate in the UK which is reported at 0.60% according to the preliminary estimates.

The week ahead is quiet for economic releases from Australia and New Zealand. In Japan, the monthly inflation report will be a key market moving event. Inflation in Japan is expected to remain subdued in July. Ahead of the report, on Tuesday, BoJ Governor Kuroda is expected to speak which could be a key event risk for the Japanese yen.



# TECHNICAL CORNER



USDMXN has been hovering near 18.198 - 18.127 over the past few months. Price action near this support has seen a bounce to the upside, but forming lower highs. The potential descending triangle pattern formed as a result could signal a near term decline in the US dollar as a result. Watch for a potential breakout from the support level at 18.198 - 18.127 which could see USDMXN slide towards the lower support at 17.885 followed by 17.562.



**USDMXN (18.235) – D1 Chart, Descending Triangle**

The falling median line acts a guideline to the declines. In the event of prices breaking out from the outer median line above 18.127 - 18.198 we could expect another leg to the upside towards 18.550 which could potentially remain a strong level to sell USDMXN from, targeting the support at 18.198 followed by 17.885.

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