

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



29th of August 2016, to 2nd of September 2016

- Australia HIA new home sales m/m -9.70% vs. 8.20% previously
- Sweden retail sales m/m -0.90% vs. -0.70% previously
- Sweden trade balance m/m 0.5bn vs. 0.6bn previously
- US core PCE price index m/m 0.10% vs. 0.1%
- US personal spending m/m 0.30% vs. 0.30%
- US personal income m/m 0.40% vs. 0.40%
- New Zealand building consents m/m -10.50% vs. 21.90% previously
- Japan household spending y/y -0.50% vs. -1.30%
- Japan unemployment rate 3.0% vs. 3.10%
- Japan retail sales y/y -0.20% vs. -0.90%
- Australia building approvals m/m 11.30% vs. 0.0%
- German import prices m/m 0.10% vs. -0.10%
- Spain flash CPI y/y -0.10% vs. -0.50%
- UK Mortgage Approvals 61k vs. 63k
- UK M4 money supply m/m 1.20% vs. 1.20%
- Germany CPI m/m 0.0% vs. 0.10%; y/y 0.40% vs. 0.40%
- Germany HICP m/m -0.10% vs. 0.10%; y/y 0.30% vs. 0.40%
- Canada current account -19.9bn vs. -20.6bn
- Canada RMPI m/m -2.70% vs. -1.30%; IPPI m/m 0.20% vs. -0.10%
- US S&P HPI y/y 5.10% vs. 5.0%
- US consumer confidence 101.1 vs. 97.20
- Japan preliminary industrial production m/m 0.0% vs. 0.70%
- New Zealand ANZ Business Confidence 15.5 vs. 16.0 previously
- Australia private sector credit m/m 0.40% vs. 0.40%
- Japan housing starts y/y 8.90% vs. 7.60%

- Germany retail sales m/m 1.70% vs. 0.50%
- UK, Nationwide HPI m/m 0.60% vs. -0.10%
- French consumer spending m/m -0.20% vs. 0.30%
- French preliminary CPI m/m 0.30% vs. 0.40%
- Eurozone CPI y/y flash estimate 0.20% vs. 0.30%; Core CPI y/y flash estimate 0.80% vs. 0.90%
- Eurozone unemployment rate 10.10% vs. 10.0%
- ADP payrolls, 177k vs. 175k
- Canada GDP m/m 0.60% vs. 0.50%; GDP y/y 1.10% vs. 1.10%
- US pending home sales m/m 1.30% vs. 0.70%
- Crude oil inventories 2.3 million vs. 1.1 million
- New Zealand overseas trade index q/q -1.20% vs. -1.40%
- Australia AIG Manufacturing Index 46.9 vs. 56.4 previously
- Japan capital spending q/y 3.10% vs. 5.60%
- Japan final manufacturing PMI 49.5 vs. 49.6
- China manufacturing PMI 50.4 vs. 49.9
- Australia private capital expenditure q/q -5.40% vs. -4.0%
- Australia retail sales m/m 0.0% vs. 0.30%
- China Caixin manufacturing PMI 50.0 vs. 50.1
- Switzerland retail sales y/y -2.20% vs. -3.10%
- Switzerland manufacturing PMI 51.0 vs. 50.5
- French final manufacturing PMI 48.3 vs. 48.5
- Germany final manufacturing PMI 53.6 vs. 53.6
- Eurozone final manufacturing PMI 51.7 vs. 51.8
- UK manufacturing PMI 53.3 vs. 49.1
- Weekly unemployment claims 263k vs. 265k
- Revised nonfarm productivity q/q -0.60% vs. -0.60%
- Revised unit labor costs q/q 4.30% vs. 2.0%
- Canada RBC manufacturing PMI 51.1 vs. 51.9 previously
- US final manufacturing PMI 52.0 vs. 52.1

- ISM manufacturing PMI 49.4 vs. 52.0
- US construction spending m/m 0.0% vs. 0.60%
- ISM manufacturing prices 53.0 vs. 54.5
- Japan monetary base y/y 24.20% vs. 23.10%
- Japan consumer confidence 42.0 vs. 41.6
- UK construction PMI 49.2 vs. 46.6
- Eurozone PPI m/m 0.10% vs. 0.10%
- Canada trade balance -2.5bn vs. -3.2bn
- Canada labor productivity q/q -0.30% vs. 0.20%
- US average hourly earnings m/m 0.10% 0.20%
- US nonfarm employment change 151k vs. 181k
- US unemployment rate 4.90% vs. 4.80%
- US trade balance -39.5bn vs. -43.0bn

THE WEEK AHEAD



5th of September 2016, to 9th of September 2016

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
05-Sep	01:00	JPY	Average Cash Earnings y/y	0.50%	1.40%
	02:30	AUD	Company Operating Profits q/q	2.10%	-4.70%
	02:45	CNY	Caixin Services PMI	51.9	51.7
	03:30	JPY	BOJ Gov Kuroda Speaks		
	08:15	EUR	Spanish Services PMI	55.1	54.1
	08:45	EUR	Italian Services PMI	51.8	52
	08:50	EUR	French Final Services PMI	52	52
	08:55	EUR	German Final Services PMI	53.3	53.3
	09:00	EUR	Final Services PMI	53.1	53.1
	09:30	EUR	Sentix Investor Confidence	5.1	4.2
	09:30	GBP	Services PMI	49.1	47.4
	10:00	EUR	Retail Sales m/m	0.50%	0.00%
	06-Sep	02:30	AUD	Current Account	-20.2B
05:30		AUD	Cash Rate	1.50%	1.50%
		AUD	RBA Rate Statement		
06:45		CHF	GDP q/q	0.20%	0.10%
07:00		EUR	German Factory Orders m/m	0.50%	-0.40%
08:15		CHF	CPI m/m	-0.10%	-0.40%
09:10		EUR	Retail PMI		48.9
10:00		EUR	Revised GDP q/q	0.30%	0.30%
14:45		USD	Final Services PMI	51.2	50.9
15:00		USD	ISM Non-Manufacturing PMI	55.4	55.5
17:15		CHF	SNB Chairman Jordan Speaks		
23:45	NZD	Manufacturing Sales q/q		-2.60%	
07-Sep	02:30	AUD	GDP q/q	0.40%	1.10%
	06:00	JPY	Leading Indicators	98.60%	99.20%
	07:00	EUR	German Industrial Production m/m	0.10%	0.80%
	07:45	EUR	French Trade Balance	-3.7B	-3.4B
	08:00	CHF	Foreign Currency Reserves		615B
	09:30	GBP	Manufacturing Production m/m	-0.40%	-0.30%
		GBP	Industrial Production m/m	-0.30%	0.10%

	10:15	GBP	MPC Member Cunliffe Speaks		
	14:15	GBP	Inflation Report Hearings		
	15:00	CAD	BOC Rate Statement		
		CAD	Overnight Rate	0.50%	0.50%
		CAD	Ivey PMI	56.3	57
08-Sep	00:01	GBP	RICS House Price Balance	2%	5%
	00:50	JPY	Current Account	1.59T	1.65T
		JPY	Final GDP q/q	0.00%	0.00%
		JPY	Bank Lending y/y		2.10%
		JPY	Final GDP Price Index y/y	0.80%	0.80%
	02:30	AUD	Trade Balance	-2.65B	-3.20B
	Tentative	CNY	Trade Balance	372B	343B
	Tentative	CNY	USD-Denominated Trade Balance	58.3B	52.3B
	06:00	JPY	Economy Watchers Sentiment	45.2	45.1
	06:30	EUR	French Final Non-Farm Payrolls q/q	0.20%	0.20%
	12:45	EUR	Minimum Bid Rate	0.00%	0.00%
	13:30	CAD	Building Permits m/m	2.10%	-5.50%
		CAD	NHPI m/m	0.20%	0.10%
		CAD	Capacity Utilization Rate	81.50%	81.40%
		EUR	ECB Press Conference		
		USD	Unemployment Claims		263K
	20:00	USD	Consumer Credit m/m	15.1B	12.3B
09-Sep	00:50	JPY	M2 Money Stock y/y	3.30%	3.30%
	02:30	AUD	Home Loans m/m	-1.30%	1.20%
		CNY	CPI y/y	1.70%	1.80%
		CNY	PPI y/y	-1.00%	-1.70%
	05:30	JPY	Tertiary Industry Activity m/m	0.40%	0.80%
	06:45	CHF	Unemployment Rate	3.30%	3.30%
	07:00	EUR	German Trade Balance	21.2B	21.7B
	07:45	EUR	French Gov Budget Balance		-61.8B
		EUR	French Industrial Production m/m	0.20%	-0.80%
	09:30	GBP	Goods Trade Balance	-11.7B	-12.4B
		GBP	Construction Output m/m	-1.00%	-0.90%
		GBP	Consumer Inflation Expectations		2.00%
	12:45	USD	FOMC Member Rosengren Speaks		
	13:15	CAD	Housing Starts	194K	195K
	13:30	CAD	Employment Change		-31.2K
		CAD	Unemployment Rate		6.90%
	15:00	USD	Wholesale Inventories m/m	0.10%	0.30%

Time: GMT+1



MARKETS PREVIEW

29th of August 2016, to 2nd of September 2016

This week was all about the US dollar and the economic data. With the Fed Chair, Janet Yellen setting the stage last week for a potential rate hike at the September FOMC meeting, economic data continued to remain the key focus for the US markets.

The week was mixed with some disappointments in the economic data. Firstly, the US non-farm productivity data showed a decline of 0.60% at an annual rate in the second quarter. It was higher than the previous estimates of 0.50% declines. On a year over year basis, US non-farm productivity declined 0.40%. Real inflation adjusted compensation on an hourly basis in the nonfarm sector was seen rising 1.10% annualized in Q2.

On Thursday, the US ISM manufacturing index showed a surprised decline to 49.4 in August falling well short of forecasts of 52.0. It was down from 56.9 in July. The strong decline in the

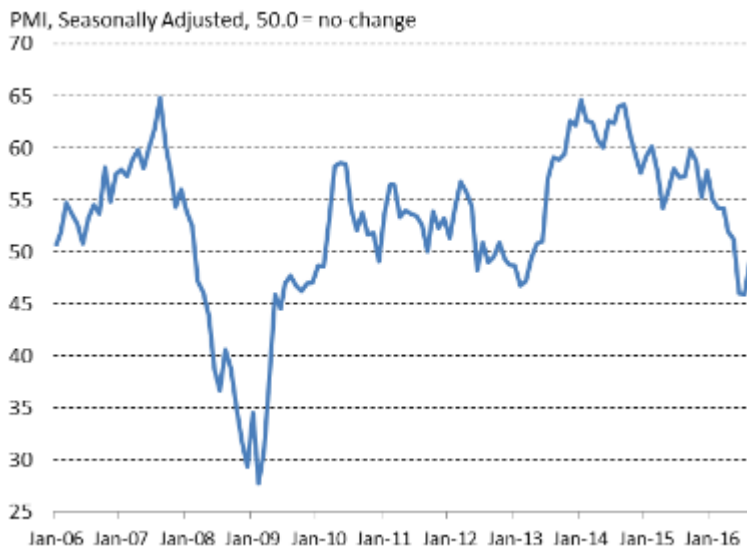


ISM index sent the dollar lower. The report showed that new orders index fell to 49.1 from 56.9 during July while production index decline to 49.6 from 55.4. The employment index was also lower, falling to 48.3 from 49.4. The markets were mixed on the data with

some calling the decline would unlikely put brakes on the Fed's plans for a rate hike. The ISM index slipped after nearly 5-months of expansion.

Friday's payrolls report lived up to the hype of August. Known for coming below estimates, the August payrolls report showed 151k jobs being added on the month, missing estimates of 181k. The US unemployment rate was unchanged at 4.90%, again missing forecasts of 4.80%. Average hourly earnings growth was also slower rising only 0.10% on a month over month basis. However, July saw strong revisions. Payrolls for July increased by 20k to 275k while the average hourly earnings, on a year over year basis was increased to 2.70% from 2.60%.

In the UK, the surprise came from the manufacturing sector. Markit's manufacturing PMI



showed a surprise and a strong increase in the manufacturing PMI which soared to a 10-month high to 53.3 in August. This strong upturn came after the manufacturing PMI fell to a 41-month low in July at 48.3. Markit's PMI report showed that new business increased at one of the quickest paces this year, with most of the gains in the index being attributed to a weaker exchange rate of the

sterling. production rose across the board, with the strongest expansion being registered in the consumer goods sector. CIPS group CEO David Noble said "*Brexit brakes are off*" He said "*Fuelled by a combination of export and domestic orders, the increase in the level of the headline PMI equalled its best during the survey's quarter of a century history.*"

However the rebound in the manufacturing sector was limited as Friday's construction PMI failed to impress by the same measure. Still, the UK's construction PMI edged higher, rising to 49.2 in August. This was a moderate recovery although still in contraction, from July's 45.9 which was an 85-month low. Markit said that UK construction companies indicated a sustained reduction in business activity during August, but the pace of decline was only marginal and much softer than the seven-year record seen during July. New order volumes also moved closer to stabilization, with the latest reduction the least marked since May.

Week Ahead: 5th of September 2016, to 9th of September 2016

The week ahead is relatively quiet from the US with the US and Canada markets closed on Monday due to Labor Day holiday. Later in the week, the ISM non-manufacturing PMI data will be key, for the markets especially after manufacturing PMI slowed down and fell into contraction. Estimates point to little or no change in the non-manufacturing PMI data. After a rather mixed payrolls report, the fate of US rate hikes continues to remain a puzzle with the

markets therefore looking to see more evidence of weakness or strength in the US economy and thus adjust expectations accordingly for the upcoming September FOMC meeting.

Looking ahead, the ECB's meeting will be the main event this week. The central bank is expected not to make any changes to its monetary policies but Draghi's speech and wording of his statement will be closely watched for any clues on forward guidance. Besides the ECB, the second quarter GDP numbers will also be coming out, earlier on Tuesday.

From the UK, the services PMI will be out on Monday followed by industrial production numbers on Wednesday. With manufacturing surging to a 10-month high, the industrial and manufacturing numbers will be closely watched. From the central bank aspect, Bank of England's Governor Mark Carney will be testifying before the UK parliament.

Canada and Australia will see the monetary policy meetings coming up over the week although no major policy changes are expected from either of them. In Australia, the quarterly GDP numbers will be coming out later in the week with forecasts showing a slower pace of growth at 0.40%.



EURUSD closed on Friday near 1.1150 support level after failing to close above 1.1200 resistance level. However, the daily chart shows a hidden bullish divergence with the higher low in EURUSD being reflected by a lower low in the Stochastics. This could mean that EURUSD could see a near term upside in prices. While on the weekly chart, after the inside bar was formed, EURUSD tested the low only to close back above the inside bar's low. This confirms a near term pull back to the upside.



EURUSD (1.1155) – D1 Chart

Look for long positions above 1.1150 - 1.1200 targeting 1.1250 and 1.1300 for EURUSD to form a lower high. The near term bullish bias is likely to see a minor pull back in EURUSD following which after a lower high is formed, EURUSD could be looking to push lower towards 1.0900.

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