

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



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

- UK BRC Shop price index y/y -2.0% vs. -1.60% previously
- Australia AIG services Index 45.0 vs. 53.9 previously
- Japan average cash earnings y/y 1.40% vs. 0.50%
- Australia MI inflation gauge m/m 0.20% vs. -0.30% previously
- New Zealand ANZ commodity prices m/m 3.20% vs. 2.10% previously
- Australia company operating profits q/q 6.90% vs. 2.10%
- China Caixin services PMI 52.1 vs. 51.9
- BoJ Gov. Kuroda Speech
- Spain services PMI 56.0 vs. 55.1
- French services PMI 52.3 vs. 52.0
- Italy services PMI 52.3 vs. 51.8
- German services PMI 51.7 vs. 53.3
- Eurozone final services PMI 52.8 vs. 52.1
- Eurozone Sentix investor confidence 5.6 vs. 5.1
- UK services PMI 52.9 vs. 49.1
- Eurozone retail sales m/m 1.10% vs. 0.50%
- BRC retail sales monitor y/y -0.90% vs. 1.10% previously
- Australia current account -15.5bn vs. -20.2bn
- RBA cash rate unchanged at 1.50%
- Switzerland GDP q/q 0.60% vs. 0.20%
- German factory orders m/m 0.20% vs. 0.50%
- Switzerland CPI m/m -0.10% vs. -0.10%
- Eurozone retail PMI 51.0 vs. 48.9 previously
- Eurozone GDP q/q 0.30% vs. 0.30%
- US ISM non-manufacturing PMI 51.4 vs. 55.4

- Australia AIG construction index 46.6 vs. 51.6 previously
- Australia GDP q/q 0.50% vs. 0.60%
- Japan leading indicators 100.0% vs. 98.60%
- Germany industrial production m/m -1.50% vs. 0.0%
- French trade balance -4.5bn vs. -3.7bn
- Swiss foreign currency reserves 627bn vs. 615bn
- UK manufacturing production m/m -0.90% vs. -0.40%; y/y 0.80% vs. 1.70%
- UK industrial production m/m 0.10% vs. -0.20%; y/y 2.10% vs. 1.90%
- Canada Ivey PMI 52.3 vs. 55.5
- UK RICS house price balance 12% vs. 5%
- Japan current account 1.45tn vs. 1.59tn
- Japan Final GDP q/q 0.20% vs. 0.0%
- Japan bank lending y/y 2.0% vs. 2.10% previously
- Japan final GDP price index y/y 0.70% vs. 0.80%
- Australia trade balance -2.41bn vs. -2.65bn
- China trade balance 346bn vs. 372bn
- Japan economy watchers sentiment 45.6 vs. 45.2
- French final nonfarm payrolls q/q 0.20% vs. 0.20%
- ECB leaves minimum bid rate unchanged at 0.0%
- Canada building permits m/m
- US weekly unemployment claims 259k vs. 264k
- US crude oil inventories -14.5 million vs. 0.6 million
- Canada building permits m/m 0.80% vs. 3.0%
- Japan M2 money stock y/y 3.30% vs. 3.30%
- Australia home loans m/m -4.20% vs. -1.30%
- China CPI y/y 1.30% vs. 1.70%
- China PPI y/y -0.80% vs. -1.0%
- Japan tertiary industry activity m/m 0.30% vs. 0.40%
- Switzerland unemployment rate 3.40% vs. 3.30%
- German trade balance 19.4bn vs. 21.2bn

- French industrial production m/m -0.60% vs. 0.20%
- UK goods trade balance -11.8bn vs. -11.7bn
- UK construction output m/m 0.0% vs. -1.0%
- UK consumer inflation expectations 2.20% vs. 2.0% previously
- Canada unemployment rate 7.0% vs. 6.90%
- Canada employment change 26.2k vs. 15k

THE WEEK AHEAD



12th of September 2016, to 16th of September 2016

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
12-Sep	0:50	JPY	Core Machinery Orders m/m	-2.80%	8.30%
		JPY	PPI y/y	-3.50%	-3.90%
	07:00	JPY	Prelim Machine Tool Orders y/y		-19.70%
	18:00	USD	FOMC Member Brainard Speaks		
13-Sep	03:00	CNY	Industrial Production y/y	0.062	0.06
		CNY	Fixed Asset Investment ytd/y	7.90%	8.10%
		CNY	Retail Sales y/y	10.20%	10.20%
	07:00	EUR	German Final CPI m/m	0.00%	0.00%
		EUR	German WPI m/m	0.10%	0.20%
	08:15	CHF	PPI m/m	-0.20%	-0.10%
	09:30	GBP	CPI y/y	0.70%	0.60%
		GBP	PPI Input m/m	0.60%	3.30%
		GBP	Core CPI y/y	1.40%	1.30%
	10:00	GBP	PPI Output m/m	0.30%	0.30%
		EUR	ECB President Draghi Speaks		
		EUR	German ZEW Economic Sentiment	2.8	0.5
		EUR	ZEW Economic Sentiment	6.7	4.6
		EUR	Employment Change q/q	0.20%	0.30%
23:45	NZD	Current Account	-0.30B	1.31B	
14-Sep	05:30	JPY	Revised Industrial Production m/m	0.00%	0.00%
	07:45	EUR	French Final CPI m/m	0.30%	0.30%
	09:30	GBP	Average Earnings Index 3m/y	2.10%	2.40%
		GBP	Claimant Count Change	1.7K	-8.6K
		GBP	Unemployment Rate	4.90%	4.90%
		EUR	Industrial Production m/m	-0.80%	0.60%
	13:30	USD	Import Prices m/m	-0.10%	0.10%
	23:45	NZD	GDP q/q	1.10%	0.70%
15-Sep	02:30	AUD	Employment Change	15.2K	26.2K
		AUD	Unemployment Rate	5.70%	5.70%
		AUD	RBA Bulletin		
	08:30	CHF	Libor Rate	-0.75%	-0.75%

		CHF	SNB Monetary Policy Assessment		
	09:30	GBP	Retail Sales m/m	-0.40%	1.40%
	10:00	EUR	Final CPI y/y	0.20%	0.20%
		EUR	Final Core CPI y/y	0.80%	0.80%
		EUR	Trade Balance	22.1B	23.4B
	12:00	GBP	MPC Official Bank Rate Votes	0-0-9	0-9-0
		GBP	Monetary Policy Summary		
		GBP	Official Bank Rate	0.25%	0.25%
		GBP	Asset Purchase Facility	435B	435B
		GBP	MPC Asset Purchase Facility Votes	0-0-9	6-0-3
	13:30	USD	Core Retail Sales m/m	0.30%	-0.30%
		USD	PPI m/m	0.10%	-0.40%
		USD	Philly Fed Manufacturing Index	1.1	2
		USD	Retail Sales m/m	-0.10%	0.00%
		USD	Unemployment Claims	262K	259K
		USD	Core PPI m/m	0.10%	-0.30%
		USD	Current Account	-120B	-125B
		USD	Empire State Manufacturing Index	-0.9	-4.2
	14:15	USD	Capacity Utilization Rate	75.80%	75.90%
		USD	Industrial Production m/m	-0.20%	0.70%
	15:00	USD	Business Inventories m/m	0.10%	0.20%
16-Sep	13:30	CAD	Manufacturing Sales m/m	0.60%	0.80%
		CAD	Foreign Securities Purchases	10.12B	9.02B
		USD	CPI m/m	0.10%	0.00%
		USD	Core CPI m/m	0.20%	0.10%
	15:00	USD	Prelim UoM Consumer Sentiment	91	89.8
		USD	Prelim UoM Inflation Expectations		2.50%

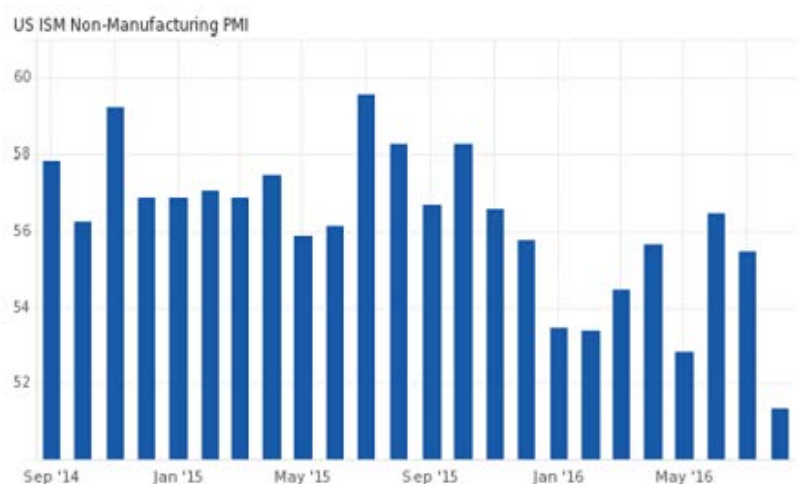
Time: GMT+1



MARKETS PREVIEW

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

After opening the markets on Tuesday, coming off Monday's labor day holiday in the US, the ISM's non-manufacturing index posted a surprise which sent the dollar plunging. Hot on the heels of the previous week's manufacturing PMI report which showed a contraction in the manufacturing sector, the services index was also weaker. The ISM's PMI index fell to 51.4 in August, compared to 55.5 in July, which was well below market estimates. Almost all the subcomponents of the index were lower in August, but with the index still above 50, the services sector was expanding, albeit slowly.

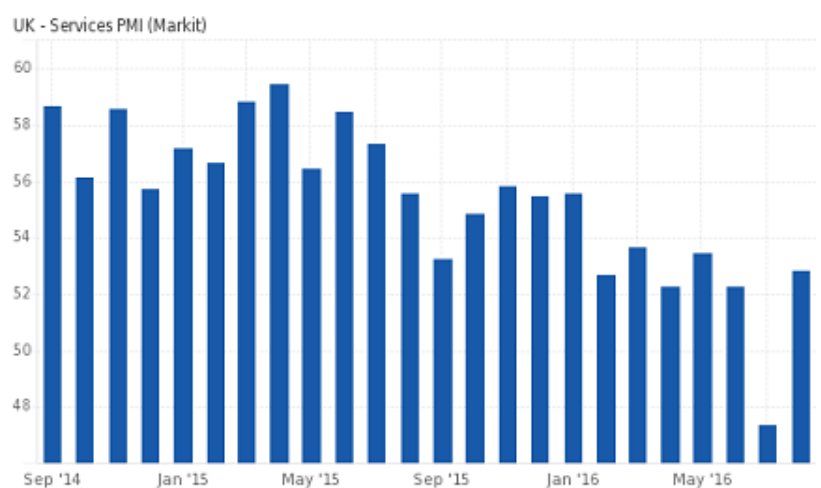


US ISM Non-manufacturing PMI: 51.4, August 2016

The markets interpreted the data as signs of a weakening economy which saw investors shed their long exposures on the greenback. Gold prices and silver surged strongly on the day as the price action showed a quick unwinding. However, only two days later, the greenback was seen making a comeback.

In the UK, services PMI showed a rebound and similar to that of the manufacturing PMI, services sector moved back into expansion. The British pound managed to gain on the positive data albeit the sterling lost ground following the BoE's inflation report hearings. Mark Carney defended the BoE's actions following the Brexit verdict and reassured that the central bank will dip into more QE if needed. The sterling also weakened following subdued manufacturing production. For August, manufacturing contracted 0.90% more than the forecasts of 0.40%.

Previous month was revised higher to show a contraction of 0.20%. Industrial production managed to expand, rising 0.10% on the month. This was better than the estimates of a 0.30% decline.



UK Services PMI (Markit): 52.9, August 2016

The European Central Bank's meeting on Thursday was yet another non-event. Third in a row since June. The markets scaled back expectations at this meeting, although some were optimistic that the ECB would shed light on tweaking its QE or even addressing the bond shortage problem.

The staff economic projections, which could have been a market mover also came in line with expectations. According to the ECB, inflation is expected to grow at a gradual pace of 0.20%, and rising to 1.20% next year. GDP is expected to rise 1.70%, slightly higher than the June's estimates of 1.60%.

The euro briefly jumped but only to close the day giving up most of its gains. European stocks and government bonds also sold off following the event. The yield on the 10-year German government bonds posted a modest recovery to -0.06% while the Stoxx Europe 600 slipped over 1%, after Draghi ruled out buying shares under its QE program.

The broadly muted reaction to the ECB yesterday saw Draghi managing market expectations, having learned from their lessons. Last December, the euro surged after the markets built upon expectations that the ECB would ease monetary policy. This time around, Draghi's statement and the Q&A showed a more guarded response.

The week ahead will see investors turn focus to the UK. The Bank of England's meeting on Thursday is widely expected to be a non-event. Still, BoE Governor Carney is expected to maintain an easing bias. Last week, in the BoE's inflation report hearing, Carney said that he was comfortable in the way the central bank acted after the Brexit vote. *"I'm absolutely serene about the comments—the judgements, I should say—made both by the MPC and the FPC [ahead of the referendum]."* Carney told the UK Treasury select committee. The BoE meets ahead of Tuesday's inflation data, which could see a modest increase from the previous month.

Focus will also be on the economic releases which will include the monthly retail sales for August. In July, following the Brexit vote, British consumers continued with their spending, with the rise in retail sales attributed to the weaker exchange rate, leading many to take advantage. However, for the most part of August, the sterling has been relatively stable, albeit still lower.

The monthly jobs report will also gain attention following a better than expected print in July. The UK's unemployment rate has been steady at 4.90% while average earnings index has continued to post a steady increase. The number of jobless claims also continued to fall at a steady pace indicating that the labor market was yet to see the effects of Brexit.

Data from the US will see some final economic indicators before the Fed meeting on September 21st. US consumer price index will be released over the week with forecasts showing a modest pickup in inflation. US industrial production and retail sales will also be closely watched. With the ISM surveys pointing to weakness, both the reports could get more than the required attention.

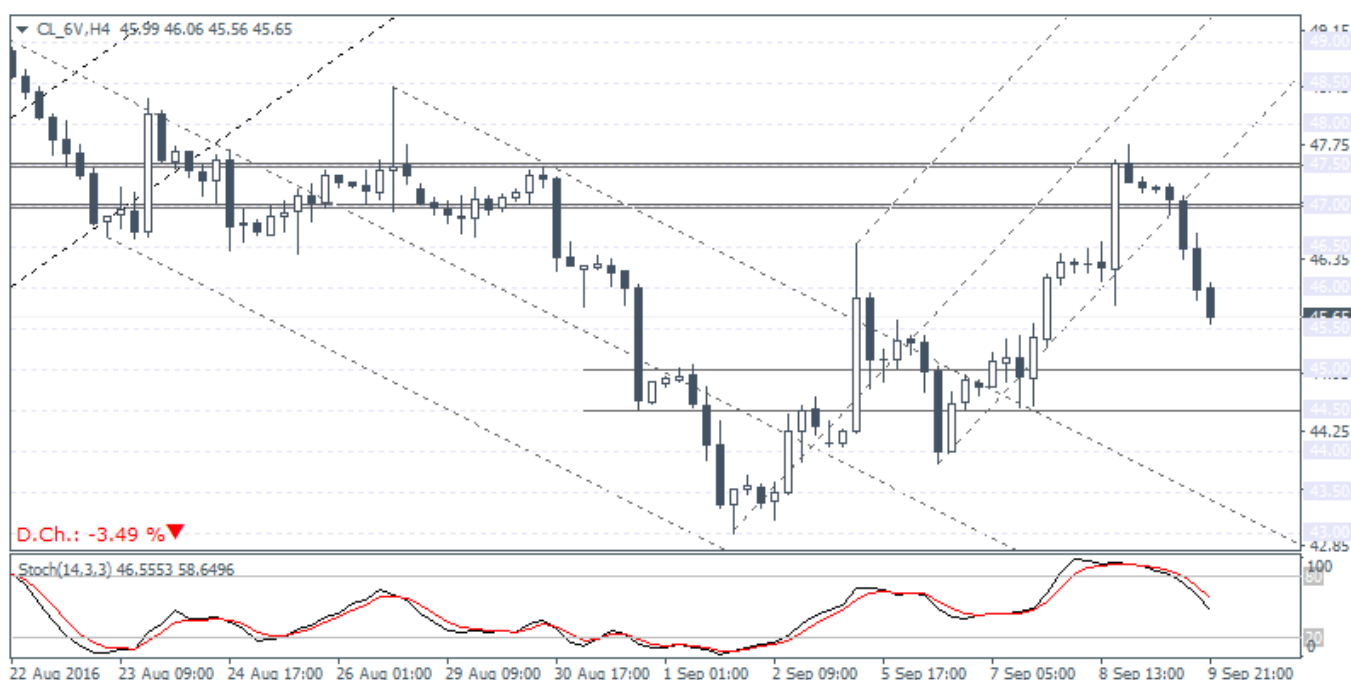
From Switzerland, the Swiss national bank will be meeting for its quarterly monetary policy which does not include a press conference. Expectations call for no change to monetary policy at this event.

Other data over the week includes Australia's monthly jobs report and quarterly GDP data from New Zealand. However, it will be the US dollar and the September FOMC meeting which will be the main driver of the markets this week.

TECHNICAL CORNER



CL_6V, Crude oil futures contract for October delivery posted a strong rally last week to test \$47.00 - \$47.50 handle but prices soon gave way as Friday saw a reversal from the resistance level. Oil prices failed to hold on the gains from the previous after the EIA report had shown over 12 million barrels in drawdown. Still, the current declines are only a pull back. In the near term, oil prices are likely to remain range bound with the \$47.50 - \$47.00 resistance and \$45.00 - \$44.50 support..



CL_6V (45.65) – H4 Chart

Long positions are ideal from the support level at \$45.00 - \$44.50, targeting \$47.00, while alternately, short positions are ideal on a retracement back to \$47.50 targeting \$45.00. Oil prices will continue to remain range bound for the most part, into the late September Algeria Oil forum meet where OPEC leaders are expected meet on the sidelines to discuss production freeze.

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