

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 20th of February 2017 to 24th of February 2017

- UK Rightmove HPI m/m 2.0% vs. 0.4% previously
- Germany PPI m/m 0.7% vs. 0.3%
- Euro group meetings
- Germany Bundesbank monthly report
- UK CBI industrial order expectations 8 vs. 5
- Canada wholesale sales m/m 0.7% vs. 0.4%
- Eurozone consumer confidence -6 vs. -5
- RBA releases monetary policy meeting minutes
- Japan flash manufacturing PMI 53.5 vs. 52.1
- Japan all industries activity m/m -0.3% vs. -0.3%
- Switzerland trade balance 4.73bn vs. 3.03bn
- France final CPI m/m -0.2% vs. -0.2%
- France flash manufacturing PMI 52.3 vs. 53.5; flash services PMI 56.7 vs. 53.8
- Germany flash manufacturing PMI 57.0 vs. 56.2; flash services PMI 54.4 vs. 53.6
- Eurozone flash manufacturing PMI 55.5 vs. 55.0; flash services PMI 55.6 vs. 53.7
- UK public sector net borrowing -9.8bn vs. -14.4bn
- UK inflation report hearings
- FOMC Member Kashkari speech
- New Zealand GDP price index -3.2% vs. 1.3% previously
- U.S. flash manufacturing PMI 54.3 vs. 54.7
- U.S. flash services PMI 53.9 vs. 55.8
- Australia CB leading index m/m -0.1% vs. 0.5% previously
- FOMC Member Harker speech
- RBA Gov. Low Speech
- Australia construction work done q/q -0.2% vs. 0.55%
- Australia wage price index q/q 0.5% vs. 0.5%
- New Zealand credit card spending y/y 7.1% vs. 8.6% previously
- Switzerland Credit Suisse economic expectations 19.4 vs. 18.5 previously
- Germany Ifo business climate 111.0 vs. 109.6
- UK second estimate GDP q/q 0.7% vs. 0.6%
- UK prelim business investment q/q -1.0% vs. 0.0%
- UK index of services 3m/3m 0.8% vs. 0.8%
- Eurozone core CPI y/y 1.8% vs. 1.8%; core CPI y/y 0.9% vs. 0.9%
- Canada core retail sales m/m -0.3% vs. 0.8%
- Canada retail sales m/m -0.5% vs. 0.1%
- China CB leading index m/m 1.1% vs. 0.8% previously
- U.S. existing home sales 5.69mn vs. 5.55mn
- FOMC member Powell speech
- FOMC meeting minutes
- BoE member Shafik speech
- Japan SPPI y/y 0.5% vs. 0.4%
- Australia private capital expenditure q/q -2.1% vs. -0.4%

- Germany final GDP q/q 0.4% vs. 0.4%
- Eurozone Gfk consumer climate 10.0 vs. 10.3
- Italy retail sales m/m -0.5% vs. 0.2%
- UK CBI realized sales 9 vs. 5
- Canada corporate profits q/q 3.6% vs. 14.0% previously
- U.S. unemployment claims 244k vs. 242k
- U.S. HPI m/m 0.4 vs. 0.4%
- UK BBA mortgage approvals 44.7k vs. 41.9k
- Canada CPI m/m 0.9% vs. 0.3%
- Canada common CPI y/y 1.3% vs. 1.4% previously; Median CPI y/y 1.9% vs. 1.9% previously
- Canada core CPI m/m 0.55% vs. -0.1%

THE WEEK AHEAD



27th of February 2017, to 3rd of March 2017

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

| Date | Time | Currency | Event | Forecast | Previous |
|--------|-------|------------------|----------------------------------|----------|----------|
| 27-Feb | 00:30 | AUD | Company Operating Profits q/q | 8.00% | 1.00% |
| | 08:00 | EUR | Spanish Flash CPI y/y | 3.30% | 3.00% |
| | 09:00 | EUR | M3 Money Supply y/y | 4.90% | 5.00% |
| | | EUR | Private Loans y/y | 2.10% | 2.00% |
| | 12:30 | CHF | Gov Board Member Zurbrugg Speaks | | |
| | 13:30 | USD | Core Durable Goods Orders m/m | 0.50% | 0.50% |
| | | USD | Durable Goods Orders m/m | 1.60% | -0.50% |
| | 15:00 | USD | Pending Home Sales m/m | 1.10% | 1.60% |
| | 16:00 | USD | FOMC Member Kaplan Speaks | | |
| | 21:45 | NZD | Trade Balance | -3M | -41M |
| | 23:50 | JPY | Prelim Industrial Production m/m | 0.40% | 0.70% |
| JPY | | Retail Sales y/y | 1.00% | 0.70% | |
| 28-Feb | 00:00 | AUD | HIA New Home Sales m/m | | 0.20% |
| | 00:01 | GBP | GfK Consumer Confidence | -6 | -5 |
| | 00:30 | AUD | Current Account | -4.1B | -11.4B |
| | | AUD | Private Sector Credit m/m | 0.50% | 0.70% |
| | 05:00 | JPY | Housing Starts y/y | 3.40% | 3.90% |
| | 07:45 | EUR | French Consumer Spending m/m | 0.60% | -0.80% |
| | | EUR | French Prelim CPI m/m | 0.40% | -0.20% |
| | | EUR | French Prelim GDP q/q | | 0.40% |
| | 08:00 | CHF | KOF Economic Barometer | 102.3 | 101.7 |

| | | | | | |
|--------|---------|-----|----------------------------------|--------|--------|
| | 10:00 | EUR | Italian Prelim CPI m/m | 0.10% | 0.20% |
| | 13:30 | CAD | RMPI m/m | | 6.50% |
| | | CAD | IPPI m/m | | 0.40% |
| | | USD | Prelim GDP q/q | 2.10% | 1.90% |
| | | USD | Goods Trade Balance | -66.0B | -64.4B |
| | | USD | Prelim GDP Price Index q/q | 2.10% | 2.10% |
| | | USD | Prelim Wholesale Inventories m/m | 0.50% | 1.00% |
| | 14:00 | USD | S&P/CS Composite-20 HPI y/y | 5.30% | 5.30% |
| | 14:45 | USD | Chicago PMI | 53.1 | 50.3 |
| | 15:00 | USD | CB Consumer Confidence | 111.1 | 111.8 |
| | | USD | Richmond Manufacturing Index | 10 | 12 |
| | 21:45 | NZD | Overseas Trade Index q/q | 4.10% | -1.80% |
| | 22:30 | AUD | AIG Manufacturing Index | | 51.2 |
| | 23:50 | JPY | Capital Spending q/y | 0.60% | -1.30% |
| 01-Mar | 00:30 | AUD | GDP q/q | 0.70% | -0.50% |
| | | JPY | Final Manufacturing PMI | 53.6 | 53.5 |
| | 01:00 | CNY | Manufacturing PMI | 51.2 | 51.3 |
| | | CNY | Non-Manufacturing PMI | | 54.6 |
| | 01:45 | CNY | Caixin Manufacturing PMI | 50.9 | 51 |
| | All Day | EUR | German Prelim CPI m/m | 0.60% | -0.60% |
| | 08:15 | EUR | Spanish Manufacturing PMI | 55.9 | 55.6 |
| | 08:30 | CHF | Manufacturing PMI | 55.6 | 54.6 |
| | 08:45 | EUR | Italian Manufacturing PMI | 53.6 | 53 |
| | 08:50 | EUR | French Final Manufacturing PMI | 52.3 | 52.3 |
| | 08:55 | EUR | German Unemployment Change | -10K | -26K |
| | | EUR | German Final Manufacturing PMI | 57 | 57 |
| | 09:00 | EUR | Final Manufacturing PMI | 55.5 | 55.5 |
| | 09:30 | GBP | Manufacturing PMI | 55.7 | 55.9 |

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|--------|---------|-----|-----------------------------------|--------|--------|
| | | GBP | Net Lending to Individuals m/m | 4.0B | 4.8B |
| | | GBP | M4 Money Supply m/m | -0.10% | -0.50% |
| | | GBP | Mortgage Approvals | 69K | 68K |
| | 13:30 | CAD | Current Account | | -18.3B |
| | | USD | Core PCE Price Index m/m | 0.30% | 0.10% |
| | | USD | Personal Spending m/m | 0.30% | 0.50% |
| | | USD | Personal Income m/m | -0.10% | 0.30% |
| | 14:30 | CAD | RBC Manufacturing PMI | | 53.5 |
| | 14:45 | USD | Final Manufacturing PMI | 54.4 | 54.3 |
| | 15:00 | CAD | BOC Rate Statement | | |
| | | CAD | Overnight Rate | 0.50% | 0.50% |
| | | USD | ISM Manufacturing PMI | 56.1 | 56 |
| | | USD | Construction Spending m/m | 0.70% | -0.20% |
| | | USD | ISM Manufacturing Prices | 68.5 | 69 |
| | 15:30 | USD | Crude Oil Inventories | | 0.6M |
| | All Day | USD | Total Vehicle Sales | 17.7M | 17.6M |
| | 18:00 | USD | FOMC Member Kaplan Speaks | | |
| | 23:00 | USD | FOMC Member Brainard Speaks | | |
| | 23:50 | JPY | Monetary Base y/y | 23.20% | 22.60% |
| 02-Mar | 00:30 | AUD | Building Approvals m/m | -0.40% | -1.20% |
| | | AUD | Trade Balance | 3.82B | 3.51B |
| | 06:45 | CHF | GDP q/q | 0.40% | 0.00% |
| | 07:00 | EUR | German Import Prices m/m | 0.50% | 1.90% |
| | 08:00 | EUR | Spanish Unemployment Change | 5.2K | 57.3K |
| | 08:15 | CHF | Retail Sales y/y | -2.00% | -3.50% |
| | 09:00 | EUR | Italian Monthly Unemployment Rate | 12.00% | 12.00% |
| | 09:30 | GBP | Construction PMI | 52.1 | 52.2 |
| | 10:00 | EUR | CPI Flash Estimate y/y | 1.80% | 1.80% |

| | | | | | |
|--------|-------|-----|-----------------------------|--------|--------|
| | | EUR | Core CPI Flash Estimate y/y | 0.90% | 0.90% |
| | | EUR | PPI m/m | 0.50% | 0.70% |
| | | EUR | Unemployment Rate | 9.60% | 9.60% |
| | 13:30 | CAD | GDP m/m | 0.30% | 0.40% |
| | | USD | Unemployment Claims | 245K | 244K |
| | 15:30 | USD | Natural Gas Storage | | -89B |
| | 23:30 | JPY | Household Spending y/y | -0.30% | -0.30% |
| | | JPY | National Core CPI y/y | 0.00% | -0.20% |
| | | JPY | Tokyo Core CPI y/y | 0.20% | -0.30% |
| | | JPY | Unemployment Rate | 3.00% | 3.10% |
| 03-Mar | 01:45 | CNY | Caixin Services PMI | 53.3 | 53.1 |
| | 05:00 | JPY | Consumer Confidence | 43.7 | 43.2 |
| | 07:00 | EUR | German Retail Sales m/m | 0.20% | -0.90% |
| | 08:15 | EUR | Spanish Services PMI | 55.1 | 54.2 |
| | 08:45 | EUR | Italian Services PMI | 53.1 | 52.4 |
| | 08:50 | EUR | French Final Services PMI | 56.7 | 56.7 |
| | 08:55 | EUR | German Final Services PMI | 54.4 | 54.4 |
| | 09:00 | EUR | Final Services PMI | 55.6 | 55.6 |
| | 09:30 | GBP | Services PMI | 54.2 | 54.5 |
| | 10:00 | EUR | Retail Sales m/m | 0.30% | -0.30% |
| | 14:45 | USD | Final Services PMI | 53.9 | 53.9 |
| | 15:00 | USD | ISM Non-Manufacturing PMI | 56.6 | 56.5 |
| | 15:15 | USD | FOMC Member Evans Speaks | | |
| | 17:15 | USD | FOMC Member Powell Speaks | | |
| | 18:00 | USD | Fed Chair Yellen Speaks | | |
| | | USD | FOMC Member Fischer Speaks | | |

Time: GMT

MARKETS RECAP



Last Week: 20th of February 2017 to 24th of February 2017

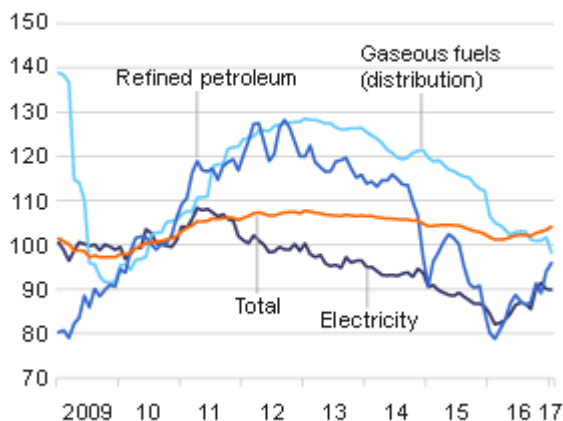
The U.S. dollar closed the week on a mixed note despite the U.S. Federal Reserve releasing the meeting minutes over the week. The minutes published from the January 31 - February 1 meeting showed that the Fed officials were looking at hiking interest rates sometime soon and also cited the new U.S. official's policies that are seen as hawkish for inflation.

German PPI rose at the fastest pace since 2012

Producer prices in Germany accelerated at the fastest pace in nearly five years in January, according to official data from statistics agency, Destatis. German PPI was seen rising 2.4% on a year over year basis in January, accelerating from the 1% increase registered in December. The increase in PPI was the third consecutive month of gains in producer prices and registered the fastest pace of increase since March 2012 when PPI jumped 2.6%.

Producer Price Indices

2010 = 100



© Statistisches Bundesamt (Destatis), 2017

The data beat estimates of an increase of 2%. On a monthly basis, producer prices rose 0.7%, above 0.4% registered in December and beat forecasts of a 0.3% increase. Excluding energy, core PPI increased 0.6% from December on a monthly basis and was seen 1.8% higher compared to a year ago.

Higher prices came from all main industrial groups which increased in January 2016, but energy prices jumped the most, rising 4%. Similarly, intermediate goods also increased 2.4% while non-durable consumer goods were up 2.2%.

In a separate report, preliminary data showed that Germany's private sector continued to post an expansion at the fastest pace in nearly ten years. Data from IHS Markit released during the week for the month of February showed that Germany's composite output index increased to a 34-month high of 56.1 in February compared to 54.8 in January. The manufacturing PMI was also seen rising strongly, registering a print of 57.0 from 56.4 in January.

"The latest PMI adds to our expectations that economic growth will strengthen in the first quarter to around 0.6 percent q-o-q, marking a strong start to 2017," Trevor Balchin, a senior economist at IHS Markit, said.

RBA Minutes focus on exports. Growth outlook is positive

The Reserve Bank of Australia released its meeting minutes from the early February meeting held on February 7th, where interest rates were left unchanged.

The minutes revealed that resources exports were expected to make a significant contribution to the overall output of the economy and thus policy members were optimistic that this could offset the drag from falling mining investments.

"The higher terms of trade represented a boost to national income, which provided some upside risks to the domestic forecasts," the Reserve Bank of Australia said in the statement.

The policy makers also said that the higher terms of trade represented a boost to the economy and national income which offers upside risks to the domestic forecasts. This was an upbeat assessment considering that the Australian economy posted a contraction in the third quarter of the year, although the declines were attributed to some temporary factors.



SOURCE: WWW.TRADINGECONOMICS.COM | AUSTRALIAN BUREAU OF STATISTICS

Australia Inflation Rate: 1.5%

Members of the board also remained optimistic that the weak consumption was likely to have been only temporary and expect the fourth quarter GDP numbers to come out stronger. As a result, policy makers now expect growth to pick up to 3% on a yearly basis by the end of 2017 and expect growth to remain above estimates thereafter. ***"The recent pick-up in global inflationary pressures could flow through to domestic inflation by more than expected,"*** the central bank added.

The central bank officials were also optimistic that inflation would gradually pick up, reflecting the rising unit labor costs and falling spare capacity.

UK's fourth quarter GDP revised higher

The second estimates for the fourth quarter GDP in the UK was revised higher, data from the UK's Office for national statistics showed on Wednesday. While this was good news on the headline print, the overall growth for the year 2016 slowed due to a weaker pace of stock-building.



UK Q4 GDP 2016: 0.7% q/q

GDP in the UK expanded at a pace of 0.7% in the three months ending December, data from ONS showed. This was slightly higher than the initial or preliminary report of 0.6% which was estimated on January 26 and marked a sixteenth consecutive quarterly increase in GDP with the strongest performance recorded since Q4 of 2015. On a yearly basis, UK's GDP was registered expanding at a pace of 2%, down from the previous year's 2.2% increase.

Pushing GDP numbers higher was an increase in manufacturing output which rose to 1.2% from previously reported figure of 0.7%. But mining and quarrying sectors posted a decline, falling 7% as compared to 6.9% decline that was previously reported. Services sector continued to be the main driving force, expanding at a pace of 0.8% and was unrevised from the previous estimates, while construction output showed a modest increase from 0.1% to 0.2% at the latest revision.

Expenditure and net trade continued to contribute to the GDP but gross capital formation fell. Expectations are gloomy as consumer spending is forecast to fall amid signs of slowdown and uncertainties that could be magnified by Brexit.

MARKETS PREVIEW



27th of February 2017, to 3rd of March 2017

The week ahead brings a new month into focus and with it, fresh set of economic reports. The pace of data gathers steam mid-week starting Wednesday with the global PMI reports coming out from the Eurozone, UK and the U.S. alongside GDP numbers from Australia, the U.S. and Canada as the busy week ends with Friday's ISM manufacturing PMI from the U.S. Among the central bank decisions, the Bank of Canada will be holding its monetary policy meeting during the week, but no changes to interest rates are expected at this meeting.

Global PMI's to continue to point to recovery

The week ahead will see the release of the new PMI numbers for the manufacturing sector. Data released will cover the Eurozone, the U.S., the UK, China and Japan. The global manufacturing sector has managed to maintain its bullish momentum since late last year. Data from the Eurozone has been surprisingly hawkish with last week's flash PMI's signaling that manufacturing activity continued to rise at a steady pace. The data also comes on the back of a solid economic performance from Germany which has continued to post a steady surplus.

Besides the Eurozone, focus this week will be on the UK's manufacturing sector which has managed to remain resilient but data from the past month has shown stagnating wage increases. Market participants will be looking to see if any of the slowdown in the wage increase has to come from a potential decline in the manufacturing or services sector in the UK.

U.S. President Trump to address Congress

President Trump will be addressing a joint session of the U.S. Congress on Tuesday. The speech is expected to be a mini-state of the Union address which is likely to see President Trump address the key aspects of this government so far. For the markets, the speech will be important as some expect the president to announce the details on the tax reforms which he has promised.

The markets will be keenly listening to president Trump to find out more about the tax reform proposals, infrastructure spending among other things which the president is yet to deliver upon. Focus will also be on lowering the taxes for corporate sector and the border tax that Trump has proposed.

The speech from the president comes at a time when later in the week, Fed Chair, Janet Yellen will be speaking on Friday. A hawkish commentary from the Fed chair could mean that the markets will start to increase further the odds of a rate hike at March, which are still low compared to the June rate hike probability.

Eurozone flash inflation data

The week ahead will see fresh flash inflation figures from the eurozone which will no doubt draw much attention from the investors. The data is due on Thursday. Headline consumer prices in the Eurozone were

confirmed at 1.8% on a year over year basis in January and the flash figures for February are expected to rise 2%. However, focus will be on the core inflation figures for the month, which is again expected to remain flat, rising at 0.9% on the year in February.

The European central bank has repeatedly stressed that the role of core inflation will be more significant in evaluating the sustainability of the price pressures. Therefore as a result, the core CPI numbers will garner more than the usual attention. A surprise increase in the core inflation data could be positive for the region.

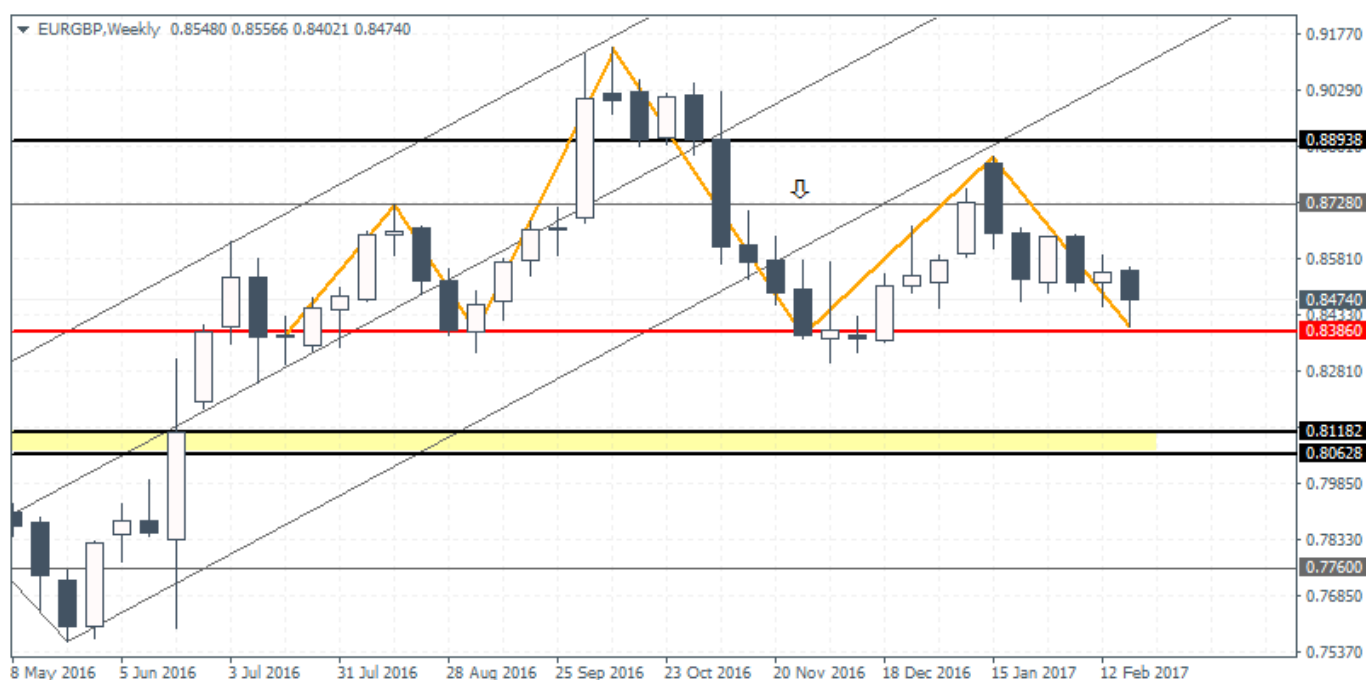
The week ahead will also see various regional flash inflation figures including Spain, France and Germany over the week. The week ahead will also see the Eurozone unemployment rate coming up which is expected to remain stable at 9.6%.

TECHNICAL CORNER



EURGBP – Head and shoulders pattern, nearing support

The EURGBP currency pair has been on our radar for the past couple of months and we have been steadily focusing on this pair since price rallied above 0.8728 in mid-January. The rally to this high saw the right shoulder being formed with the lower high compared to the previous high near 0.912. Technical support for the head and shoulders pattern was also identified at 0.8386 which is likely to be tested this coming week.



EURGBP (0.8474) – Weekly Chart

The price action is not conclusive yet on the weekly chart but watch for a possibility for price to break down below the technical support at 0.8386. A break down below this support could see the declines push EURGBP lower towards 0.8118 - 0.8062 which will complete the downside in EURGBP and could potentially see price action move into a sideways range before moving in either direction.

In terms of managing risks, short positions should be moved towards 0.8728 or towards 0.8640, but there could be a minor risk of price bouncing back higher if the support at 0.8386 holds out this week.

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