

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 13th of March 2017 to 17th of March 2017

- Japan tertiary industry activity m/m 0.0% vs. 0.2%
- Eurozone industrial production m/m -2.3% vs. -0.6%
- ECB President Mario Draghi speech
- Australia NAB business confidence 7 vs. 10
- China industrial production y/y 6.3% vs. 6.2%
- China fixed asset investment ytd/y 8.9% vs. 8.2%
- China retail sales y/y 9.5% vs. 10.5%
- Germany final CPI m/m 0.6% vs. 0.6%
- Germany ZEW economy sentiment 12.8 vs. 13.2
- Eurozone industrial production m/m 0.9% vs. 1.2%
- Eurozone ZEW economic sentiment 25.6 vs. 19.3
- U.S. NFIB Small business index 105.3 vs. 106.1
- U.S. core PPI m/m 0.3% vs. 0.2%; PPI m/m 0.3% vs. 0.1%
- UK CB leading index m/m 0.4% vs. 0.1% previously
- New Zealand current account -2.34bn vs. -2.43bn
- Australia Westpac consumer sentiment 0.1% vs. 2.3% previously
- Australia New motor vehicle sales m/m -2.7% vs. 0.5% previously
- Japan revised industrial production m/m -0.4% vs. -0.8%
- French final CPI m/m 0.1% vs. 0.1%
- Switzerland PPI m/m -0.2% vs. 0.4%
- Italy retail sales m/m 1.4% vs. 0.1%
- UK Average earnings index 3m/y 2.2% vs. 2.4%
- UK claimant count change -11.3k vs. 3.2k
- UK unemployment rate 4.7% vs. 4.8%
- Eurozone employment change q/q 0.3% vs. 0.2%
- U.S. CPI m/m 0.1% vs. 0.0%; core CPI m/m 0.2% vs. 0.2%
- U.S. retail sales m/m 0.1% vs. 0.2%; core retail sales m/m 0.2% vs. 0.1%
- U.S. empire state manufacturing index 16.4 vs. 15.3
- U.S. business inventories m/m 0.3% vs. 0.3%
- U.S. NAHB housing market index 71 vs. 65
- U.S. crude oil inventories -0.2mn vs. 3.3mn
- FOMC economic projections
- FOMC releases monetary policy statement
- FOMC Fed funds rate <1.00% vs. <1.00%
- FOMC press conference
- New Zealand GDP q/q 0.4% vs. 0.7%
- Australia MI inflation expectations 4.0% vs. 4.1% previously
- Australia employment change -6.4k vs. 16.3k
- Australia unemployment rate 5.9% vs. 5.7%
- BoJ policy rate -0.10% vs. -0.10%
- BoJ monetary policy statement
- BoJ press conference

- SNB Libor rate -0.75% vs. -0.75%
- SNB releases monetary policy assessment
- Eurozone final CPI y/y 2.0% vs. 2.0%; core CPI y/y 0.9% vs. 0.9%
- BoE leaves interest rates unchanged at 0.25%
- BoE monetary policy statement
- Canada foreign securities purchases 6.20bn vs. 9.45bn
- U.S. building permits 1.21mn vs. 1.26mn
- U.S. Philly Fed manufacturing index 32.8 vs. 30.2
- U.S. unemployment claims 241k vs. 245k
- U.S. housing starts 1.29mn vs. 1.26mn
- U.S. JOLTS job openings 5.63mn vs. 5.45mn
- Italy trade balance -0.57bn vs. 3.45bn
- Eurozone trade balance 15.7bn vs. 22.3bn
- BoE quarterly bulletin
- Canada manufacturing sales m/m 0.6% vs. 2.1% previously
- U.S. capacity utilization rate 75.4% vs. 75.5%
- U.S. industrial production m/m 0.0% vs. 0.3%
- U.S. preliminary UoM consumer sentiment 97.6 vs. 97.1
- U.S. CB leading index m/m 0.6% vs. 0.4%
- U.S. preliminary UoM inflation expectations 2.4% vs. 2.7% previously

THE WEEK AHEAD



20th of March 2017, to 24th of March 2017

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
20-Mar	00:01	GBP	Rightmove HPI m/m		2.00%
	07:00	EUR	German PPI m/m	0.40%	0.70%
	11:00	EUR	German Buba Monthly Report		
	12:30	CAD	Wholesale Sales m/m	0.30%	0.70%
	14:30	AUD	CB Leading Index m/m		-0.10%
	16:45	EUR	German Buba President Weidmann Speaks		
	17:10	USD	FOMC Member Evans Speaks		
	21:45	NZD	Visitor Arrivals m/m		1.90%
	23:30	USD	President Trump Speaks		
	21-Mar	00:30	AUD	Monetary Policy Meeting Minutes	
		AUD	HPI q/q	2.40%	1.50%
02:00		NZD	Credit Card Spending y/y		7.10%
06:45		CHF	SECO Economic Forecasts		
07:00		CHF	Trade Balance	3.85B	4.73B
09:30		GBP	CPI y/y	2.10%	1.80%
		GBP	PPI Input m/m	0.20%	1.70%
		GBP	Public Sector Net Borrowing	2.9B	-9.8B
		GBP	RPI y/y	2.90%	2.60%
		GBP	Core CPI y/y	1.70%	1.60%
		GBP	HPI y/y	6.40%	7.20%
		GBP	PPI Output m/m	0.30%	0.60%
10:00		USD	FOMC Member Dudley Speaks		
11:00		GBP	CBI Industrial Order Expectations	6	8
12:30		CAD	Core Retail Sales m/m		-0.30%
		CAD	Retail Sales m/m		-0.50%
		USD	Current Account	-129B	-113B
13:00		CNY	CB Leading Index m/m		1.10%
23:30		AUD	MI Leading Index m/m		0.00%
23:50		JPY	Monetary Policy Meeting Minutes		
	JPY	Trade Balance	0.55T	0.16T	
22-Mar	01:40	AUD	RBA Assist Gov Debelle Speaks		
	04:30	JPY	All Industries Activity m/m	0.10%	-0.30%
	09:00	EUR	Current Account	29.3B	31.0B
	13:00	USD	HPI m/m	0.40%	0.40%
	14:00	CHF	SNB Quarterly Bulletin		
		USD	Existing Home Sales	5.59M	5.69M
	14:30	USD	Crude Oil Inventories		-0.2M
	19:45	CAD	Gov Council Member Schembri Speaks		
	20:00	CAD	Annual Budget Release		
		NZD	Official Cash Rate	1.75%	1.75%

		NZD	RBNZ Rate Statement		
23-Mar	07:00	EUR	GfK German Consumer Climate	10.1	10
	09:00	EUR	ECB Economic Bulletin		
	09:30	GBP	Retail Sales m/m	0.40%	-0.30%
	11:00	GBP	CBI Realized Sales	4	9
	Tentative	EUR	Long Term Refinancing Operation		62.2B
	12:30	USD	Unemployment Claims	240K	241K
	12:45	USD	Fed Chair Yellen Speaks		
		USD	New Home Sales	566K	555K
	14:30	USD	Natural Gas Storage		-53B
	15:00	EUR	Consumer Confidence	-6	-6
	16:30	USD	FOMC Member Kashkari Speaks		
	17:00	CHF	Gov Board Member Maechler Speaks		
	21:45	NZD	Trade Balance	160M	-285M
	23:00	USD	FOMC Member Kaplan Speaks		
	24-Mar	00:30	JPY	Flash Manufacturing PMI	53.5
08:00		EUR	French Flash Manufacturing PMI	52.4	52.2
		EUR	French Flash Services PMI	56.2	56.4
08:30		EUR	German Flash Manufacturing PMI	56.6	56.8
		EUR	German Flash Services PMI	54.5	54.4
09:00		EUR	Flash Manufacturing PMI	55.3	55.4
		EUR	Flash Services PMI	55.4	55.5
09:30		GBP	BBA Mortgage Approvals	44.9K	44.7K
12:00		USD	FOMC Member Evans Speaks		
12:30		CAD	CPI m/m		0.90%
		CAD	Common CPI y/y		1.30%
		CAD	Median CPI y/y		1.90%
		CAD	Trimmed CPI y/y		1.70%
		CAD	Core CPI m/m		0.50%
		USD	Core Durable Goods Orders m/m	0.50%	0.00%
		USD	Durable Goods Orders m/m	1.10%	2.00%
13:45		USD	Flash Manufacturing PMI	54.9	54.2
		USD	Flash Services PMI	53.9	53.8

Time: GMT

MARKETS RECAP

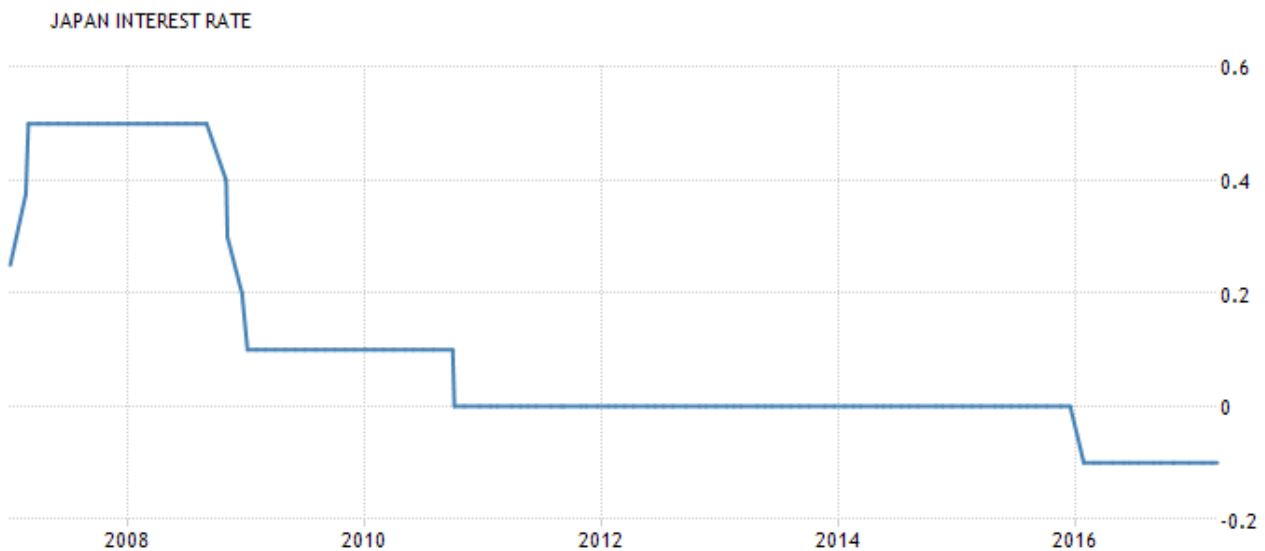


Last Week: 13th of March 2017 to 17th of March 2017

It was a week of central banks as traders braced for a busy Wednesday-Thursday. The FOMC as widely expected increased the short term interest rates by 25 basis points and maintained its view for two more rate hikes later this year. The central bank did not make any major changes to its economic projections. Elsewhere, other central banks were seen holding back from making any changes to interest rates. In the Eurozone, exit polls showed that the incumbent Dutch leader Rutte was leading in the polls. Results are expected to be announced on March 21.

Bank of Japan leaves monetary policy unchanged

The Bank of Japan's monetary policy meeting on Thursday saw the central bank leaving the monetary stimulus unchanged, following the U.S. rate hike.



SOURCE: WWW.TRADINGECONOMICS.COM | BANK OF JAPAN

BoJ Governor, Haruhiko Kuroda and other members of the BoJ's monetary policy committee voted 7 - 2 to leave the central bank's target of raising the amount of outstanding Japan Government Bonds (JGB) unchanged at 80 trillion yen.

The BoJ's board also voted to leave the interest rates at -0.10% on the current accounts.

The BoJ's decision was widely expected with nearly all economists polled expected no changes from the central bank amid rising protectionist sentiment and series of rate hikes from the FOMC.

In its monetary policy statement, the BoJ said that it will continue to purchase the JGB's so as to keep the yield on the 10-year JGB's at zero percent. The markets have already begun speculation on when the BoJ

will start to taper its QE. However many experts argue that the central bank could be seen leaving its policy unchanged for the near future.

"We think the BOJ will raise the 10-year government bond yield target between July and September," said Yuichiro Nagai, an economist at Barclays Securities, adding that ***"It's possible consumer inflation may hit 1 per cent as early as August, and the BOJ might adjust the yield target around that time as the economy recovers as a trend."***

The BoJ Governor Kuroda is expected to arrive in Germany for the G-20 finance leaders meeting. He is expected to defend his central bank's ultra-loose monetary policy to U.S. officials as the battle for currency wars continues.

New Zealand GDP expands at a slower pace of 0.4%

The fourth quarter economic activity in New Zealand expanded at a pace of 0.4%, data from Statistics New Zealand showed on Thursday. The increase in the quarterly pace of GDP was lower than 0.7% increase that was forecast by economists.



Business services were seen adding 1.7% to the GDP while arts, recreation and other services rose 3.8%. The fourth quarter GDP numbers were seen as being soft after growth in the previous quarter was revised to 0.8% from the previously reported 1.1% increase.

The revision to Q3 GDP alongside weaker Q4 GDP numbers saw the annual GDP rate coming out at 2.7%. Services sector added 0.7% in aggregate while business services added 1.7%.

The primary sector and food and beverage manufacturing, posted the biggest drag on growth during the quarter. Poor spring weather weighed on milk production and meat processing, while forestry pared back some of September's strong gains and mining production also fell.

Agriculture sector fell 0.6% on account of milk production while manufacturing fell 1.6%. The expenditure on gross domestic product grew at a pace of 0.2%. Investment in fixed assets was up 0.7 percent, due to increased investment in plant, machinery and equipment.

"Growth in service industries was partly offset by weaker activity in primary industries also flowing through into manufacturing," national accounts senior manager Gary Dunnet said. ***"At an industry level, growth was a mixed bag, with only half of our 16 industries rising."***

Swiss National Bank keeps monetary policy unchanged

The Swiss National Bank (SNB) quarterly monetary policy meeting last week saw the central bank reaffirming its stance in maintaining the interest rate on sight deposits at -0.75%. The central bank also confirmed its commitment to being active in the foreign exchange market to prevent the Swiss franc from being overvalued.

Striking a familiar tone the SNB's meeting did not waver from the general economist' views. The central bank maintained the target rate for the 3-month LIBOR at -1.25%. The Swiss franc was still seen by the SNB as being ***"significantly overvalued"*** and the central bank said that it will continue to take necessary steps when needed to curb the exchange rate in the CHF from appreciating further.

An economist from Capital Economics said that ***"with euro-zone political developments likely to put upward pressure on the franc, the SNB is likely to intervene even more actively."*** The comments were made in reference to the upcoming French and German elections.

Analysts expect the Swiss national bank to maintain the sight deposit interest rates at -0.75% for until the end of 2018 at the very least.

Bank of England leaves interest rates unchanged

As widely expected by economists, the Bank of England left its monetary policy unchanged at its meeting last week, keeping interest rates steady at 0.25% and the central bank's asset purchases at 435 billion.

The markets were a little surprised however after one of the MPC members, Kristin Forbes dissented, voting for a rate hike instead. Thus, the decision to keep interest rates steady at 0.25% was not unanimous.

Although the British pound rallied on the news, there is little evidence to suggest that the British pound will maintain its gains. This comes amid the fact that the UK parliament finally managed to pass the Brexit bill which also received the Royal Assent last week making it into law.

This paves way for the British PM to formally invoke Article 50 of the Lisbon Treaty and being the exit process with the EU.

MARKETS PREVIEW



20th of March 2017, to 24th of March 2017

After a rather busy week, the markets will be heading into a period of lull. Still, there are a few main economic events that stand out. This week, fresh inflation reports from the UK will reveal more insights into how consumer prices fared. The RBNZ will be holding its monetary policy meeting this week but no changes is expected from the central bank. On the political front, the Dutch election results will be officially announced.

UK consumer prices expected to rise 2%

Consumer prices in the UK are forecast to 2.0% according to economists polled. This would put the headline CPI right at the Bank of England's 2% inflation target rate. The increase in inflation is expected following January's 1.8% increase. Back in January, the rate of increase in inflation was slightly lower than the forecasts of 1.9%.

Higher energy prices are also likely to contribute to the upward trend in consumer prices. The Bank of England had previously reiterated its stance that it would tolerate an overshoot of the inflation target. However, last week's monetary policy meeting revealed that there were some MPC members who voted for a rate hike.

Previously, some members of the monetary policy committee from the Bank of England said that interest rates must rise if inflation rises closer to the BoE's 2% target rate. This would put the BoE behind the curve. However, wages have been a serious concern which has failed to rise at the same pace as before.

The Bank of England will no doubt be closely watching the inflation figures this week as a 2% inflation target rate would be that the gap between the wage growth and inflation is now down to just 3 basis points or 0.3%.

RBNZ expected to keep interest rates unchanged

The RBNZ monetary policy meeting is scheduled for this week and the markets are not expecting much from the central bank. That's because inflation risks remain balanced, with the declining New Zealand dollar and drop in dairy prices roughly cancelling each other out.

The central bank is expected to maintain the official cash rate at 1.75% through late 2018 while maintaining a neutral bias. The RBNZ is also expected to reiterate the risks from the global economic outlook as well.

One of the reasons for the RBNZ not to make any shift in its monetary policy comes on the back of the fourth quarter GDP growth.

Analysts at Credit Suisse expect that ***"In particular, we anticipate that as headline inflation gradually begins to move back towards the 2.0% targeted mid-point, the RBNZ will begin the process of removing its accommodative monetary policy settings at its May 2018 monetary policy statement."***

The key risks for NZ's economy in the year ahead appear to be international, particularly policy moves from the Trump administration that could result in a "heightened state of market agitation," it says. In NZ, any major policy changes in migrant numbers following the Sept. 23 election could hold back GDP growth. The RBNZ is expected to keep the official cash rate at 1.75% when it meets next Thursday.

Busy week for Canada – Retail sales, inflation

The week ahead is busy for Canada with lots of economic data scheduled from throughout the day. On Monday, the wholesale sales figures are expected to come out for the month of January.

In December last year, wholesale sales rose 0.7% to a seasonally adjusted \$57.3 billion posting a third monthly gain with six out of seven subsectors representing 82% of the total wholesale sales. Later in the week on Tuesday, retail sales figures will be coming out for January.

In December, Canada's retail sales fell 0.5% despite a holiday month. Excluding autos retail sales were down 0.3% with sales coming out week in nearly 9 out of the 11 sectors. On Friday, the inflation figures will be coming out. The data comes after inflation rose to the highest level in two years in January.

However, the data is unlikely to see any major policy shifts from the Bank of Canada which reiterated that interest rates will be bound to 0.5% in the near term with the potential for a rate cut even further.

TECHNICAL CORNER



GBPUSD – Time to sell!

The British pound posted strong gains after falling to levels below 1.2160. Price quickly posted a recovery braving the FOMC rate hike and the Bank of England meeting. The British pound also ignored the fact that last week the UK parliament paved way for the British PM to invoke Article 50.



GBPUSD (1.2363) – H4 Chart

Although the cable has posted strong gains, it is unlikely to see further upside in the near term, as price action approaches the familiar resistance level at 1.2400. This price level previously acted as support following the break down which saw prices slide towards 1.2121, resulting in the descending triangle target break down, although GBPUSD reversed before testing 1.2100 levels.

The current rally to 1.2400 will establish resistance level near the previously broken support level and could renew the downside in the British pound. Next week, the UK's inflation report will be the main economic release that could influence prices in the short term. For the moment, watch out for the reversal near 1.2400 which could see prices decline towards 1.2200 support level.

Alternately, in the event that GBPUSD breaks out above 1.2400, the bearish outlook would remain invalidated. This could potentially shift the bias to the upside in GBPUSD. However, for further gains to be establish, support at 1.2400 will need to be formed while prices could be potentially targeting 1.2700.

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