

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 27th of March 2017, to 31st of March 2017

- BoJ summary of opinions
- Japan SPPI y/y 0.8% vs. 0.5%
- Germany Ifo business climate 112.3 vs. 111.2
- Eurozone M3 money supply y/y 4.7% vs. 4.9%
- Eurozone private loans y/y 2.3% vs. 2.3%
- FOMC member Evans speech
- RBA assistant Gov. Debelle speech
- FOMC member Kaplan speech
- U.S. Goods trade balance -64.8bn vs. -66.6bn
- U.S. preliminary wholesale inventories m/m 0.4% vs. 0.2%
- U.S. S&P/CS composite-20 HPI y/y 5.7% vs. 5.7%
- U.S. CB consumer confidence 125.6 vs. 113.9
- U.S. Richmond Fed manufacturing index 22 vs. 16
- BoC Gov. Poloz speech
- FOMC member Kaplan speech
- Japan retail sales y/y 0.1% vs. 0.7%
- Switzerland UBS consumption indicator 1.50 vs. 1.44 previously
- Germany import prices m/m 0.7% vs. 0.4%
- Switzerland Credit Suisse economic expectations 29.6 vs. 19.4 previously
- UK Net lending to individuals m/m 4.9bn vs. 4.9bn
- UK M4 money supply m/m -0.3% vs. 0.5%
- UK mortgage approvals 68k vs. 70k
- FOMC member Evans speech
- U.S. pending home sales m/m 5.5% vs. 2.3%
- U.S. crude oil inventories 0.9mn vs. 1.2mn
- Australia HIA new home sales m/m 0.2% vs. -2.2% previously
- Switzerland KOF economic barometer 107.6 vs. 105.9
- Spain flash CPI y/y 2.3% vs. 2.6%
- Germany preliminary CPI m/m 0.2% vs. 0.44%
- Canada RMPI m/m 1.2% vs. 0.8%; IPPI m/m 0.1% vs. 0.4%
- U.S. final GDP q/q 2.1% vs. 2.0%
- U.S. unemployment claims 258k vs. 244k
- U.S. final GDP price index q/q 2.1% vs. 2.0%
- FOMC member Kaplan speech
- New Zealand building consents m/m 14.0% vs. 2.1% previously
- UK Gfk consumer confidence -6 vs. -7
- Japan household spending y/y -3.8% vs. -1.6%
- Japan national core CPI y/y 0.2% vs. 0.2%
- Japan Tokyo core CPI y/y -0.4% vs. -0.2%
- Japan unemployment rate 2.8% vs. 3.0%
- Japan preliminary industrial production m/m 2.0% vs. 1.3%
- New Zealand ANZ business confidence 11.3 vs. 16.6

- Australia private sector credit m/m 0.3% vs. 0.5%
- China non-manufacturing PMI 55.1 v. 54.2 previously
- China manufacturing PMI 51.8 vs. 51.7
- Japan housing starts y/y -2.6% vs. -1.2%
- Germany retail sales m/m 1.8% vs. 0.7%
- UK Nationwide HPI m/m -0.3% vs. 0.3%
- France consumer spending m/m -0.8% vs. 0.3%
- France preliminary CPI m/m 0.6% vs. 0.7%
- Germany unemployment change -30k vs. -10k
- UK current account -12.1bn vs. -16.3bn
- UK final GDP q/q 0.7% vs. 0.7%
- UK index of services 3m/3m 0.6% vs. 0.7%
- UK revised business investment q/q -0.9% vs. -1.0%
- Eurozone CPI flash estimates y/y 1.5% vs. 1.8%; core CPI flash estimates y/y 0.7% vs. 0.8%
- Italy preliminary CPI m/m 0.0% vs. 0.1%
- Canada GDP m/m 0.6% vs. 0.3%
- U.S. core PCE price index m/m 0.2% vs. 0.2%
- U.S. personal spending m/m 0.1% vs. 0.2%
- U.S. personal income m/m 0.4% vs. 0.4%
- FOMC member Dudley speech
- U.S. Chicago PMI 57.7 vs. 57.2
- FOMC member Kashkari speech
- Revised UoM consumer sentiment 96.9 vs. 97.8
- Revised UoM inflation expectations 2.5% vs. 2.4% previously
- BoE MPC Member Haldane speech

THE WEEK AHEAD



3rd of April 2017, to 7th of April 2017

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
03-Apr	00:50	JPY	Tankan Manufacturing Index	14	10
		JPY	Tankan Non-Manufacturing Index	19	18
	01:30	JPY	Final Manufacturing PMI	52.6	52.6
	02:00	AUD	MI Inflation Gauge m/m		-0.30%
	02:30	AUD	Retail Sales m/m	0.30%	0.40%
		AUD	Building Approvals m/m	-1.40%	1.80%
	07:30	AUD	Commodity Prices y/y		56.00%
	08:15	CHF	Retail Sales y/y	-0.80%	-1.40%
		EUR	Spanish Manufacturing PMI	54.6	54.8
	08:30	CHF	Manufacturing PMI	58.2	57.8
	08:45	EUR	Italian Manufacturing PMI	55.2	55
	08:50	EUR	French Final Manufacturing PMI	53.4	53.4
	08:55	EUR	German Final Manufacturing PMI	58.3	58.3
	09:00	EUR	Final Manufacturing PMI	56.3	56.2
		EUR	Italian Monthly Unemployment Rate	11.90%	11.90%
	09:30	GBP	Manufacturing PMI	55.1	54.6
	10:00	EUR	PPI m/m	0.20%	0.70%
		EUR	Unemployment Rate	9.50%	9.60%
	14:30	CAD	RBC Manufacturing PMI		54.7
	14:45	USD	Final Manufacturing PMI	53.5	53.4
	15:00	USD	ISM Manufacturing PMI	57.2	57.7
		USD	Construction Spending m/m	1.00%	-1.00%
		USD	ISM Manufacturing Prices	68.5	68
15:30	CAD	BOC Business Outlook Survey			
	USD	FOMC Member Dudley Speaks			
20:00	USD	FOMC Member Harker Speaks			
23:00	NZD	NZIER Business Confidence		28	
04-Apr	00:50	JPY	Monetary Base y/y	23.20%	21.40%
	02:30	AUD	Trade Balance	1.75B	1.30B
	05:30	AUD	Cash Rate	1.50%	1.50%
		AUD	RBA Rate Statement		
	06:00	JPY	BOJ Core CPI y/y	0.20%	0.20%
	08:00	EUR	Spanish Unemployment Change	-41.2K	-9.4K
	09:30	GBP	Construction PMI	52.5	52.5
	10:00	EUR	Retail Sales m/m	0.50%	-0.10%

	10:15	AUD	RBA Gov Lowe Speaks		
	13:30	CAD	Trade Balance	0.7B	0.8B
		USD	Trade Balance	-46.0B	-48.5B
	15:00	USD	Factory Orders m/m	1.00%	1.20%
		USD	IBD/TIPP Economic Optimism	53.2	55.3
	21:30	USD	FOMC Member Tarullo Speaks		
05-Apr	08:15	EUR	Spanish Services PMI	57.2	57.7
	08:45	EUR	Italian Services PMI	54.3	54.1
	08:50	EUR	French Final Services PMI	58.5	58.5
	08:55	EUR	German Final Services PMI	55.6	55.6
	09:00	EUR	Final Services PMI	56.5	56.5
	09:30	GBP	Services PMI	53.5	53.3
	13:15	USD	ADP Non-Farm Employment Change	191K	298K
	14:45	USD	Final Services PMI	53.1	52.9
	15:00	USD	ISM Non-Manufacturing PMI	57.1	57.6
	19:00	USD	FOMC Meeting Minutes		
	23:40	AUD	RBA Assist Gov DeBelle Speaks		
06-Apr	02:45	CNY	Caixin Services PMI	53.2	52.6
	06:00	JPY	Consumer Confidence	43.5	43.1
	07:00	EUR	German Factory Orders m/m	3.50%	-7.40%
	08:15	CHF	CPI m/m	0.20%	0.50%
	09:10	EUR	Retail PMI		49.9
	09:30	GBP	Housing Equity Withdrawal q/q	-9.5B	-10.9B
	12:30	EUR	ECB Monetary Policy Meeting Accounts		
		USD	Challenger Job Cuts y/y		-40.00%
	13:30	CAD	Building Permits m/m		5.40%
		USD	Unemployment Claims	251K	258K
07-Apr	00:30	AUD	AIG Construction Index		53.1
	01:00	JPY	Average Cash Earnings y/y	0.50%	0.30%
	06:00	JPY	Leading Indicators	104.70%	104.90%
	06:45	CHF	Unemployment Rate	3.30%	3.30%
	07:00	EUR	German Industrial Production m/m	-0.10%	2.80%
		EUR	German Trade Balance	19.4B	18.5B
	07:45	EUR	French Gov Budget Balance		-5.4B
		EUR	French Industrial Production m/m	0.50%	-0.30%
		EUR	French Trade Balance	-4.9B	-7.9B
	08:00	CHF	Foreign Currency Reserves		668B
	08:30	GBP	Halifax HPI m/m	0.20%	0.10%
	09:00	EUR	Italian Retail Sales m/m	-0.10%	1.40%
	09:30	GBP	Manufacturing Production m/m	0.30%	-0.90%
		GBP	Goods Trade Balance	-10.9B	-10.8B
		GBP	Construction Output m/m	0.10%	-0.40%
		GBP	Industrial Production m/m	0.20%	-0.40%
	13:00	GBP	NIESR GDP Estimate		0.60%
	13:30	CAD	Employment Change	5.7K	15.3K
		CAD	Unemployment Rate	6.70%	6.60%
		USD	Average Hourly Earnings m/m	0.20%	0.20%

		USD	Non-Farm Employment Change	176K	235K
		USD	Unemployment Rate	4.70%	4.70%
	15:00	CAD	Ivey PMI	56.3	55
		USD	Final Wholesale Inventories m/m	-0.10%	-0.10%
	20:00	USD	Consumer Credit m/m	12.5B	8.8B

Time: GMT

MARKETS RECAP



Last Week: 27th of March 2017, to 31st of March 2017

It was a rather slow week for the markets following the high impact events the week before. Still, this week saw some important developments for the markets, which included the UK finalizing March 29 as the Brexit date when it will formally invoke Article 50 with the EU and begin the exit negotiations. In the U.S. the markets continued to scale back their bets on the Trump trade, although it is still too early to tell if the trade will be rekindled. The U.S. dollar index fell below the psychological 100.00 level last week.

Retail sales growth in Sweden slows in February

Latest retail sales figures from Sweden showed a notable decline in the month of February, data from Statistics Sweden showed on Tuesday. According to the agency, retail sales rose 0.2% on a seasonally adjusted basis compared to January. This followed January's revised 1.7% increase. The growth rate in the retail sales was also lower than the forecasts of 0.3%.



On a year over year basis retail sales, adjusted by working-day rose 2.7% in February and it was slightly lower than 2.8% growth recorded in January, but was in line with expectations.

HUI Research analyst, Andreas Svensson said that the first few months data must be treated with caution. ***"January and February are the weakest months of the year in terms of sales, but the result follows the 2017 HUI forecast of 3 percent,"*** Svensson said.

In a separate report, producer price inflation figures released on Tuesday showed that the pace of increase had slowed. Sweden's PPI increased at a slower pace of 7.5% on a year over year basis in February, slower than the 8.2% increase registered in January.

Prices in the export and import markets rose 8.5% and 9.3% respectively, while prices in the domestic market rose 6.2%. On a month over month basis, Sweden's PPI fell 0.8% in February and reversed the 0.6% increase registered in January.

The decline in the import and export prices which was registered at 1.7% and 1.6% was attributed to an appreciation in the Swedish krona's exchange rate.

U.S. Consumer confidence rises to a 16-year high

The Conference Board's consumer confidence data released on Tuesday showed that Americans grew more optimistic about the economy in the month of March. The conference board (CB) said that the index of consumer confidence rose to 125.6 in March, rising from 116.1 in February.



Economists polled expected the index to fall to 113.8. In the survey, consumers were optimistic of their current business and labor market conditions with brighter outlook for jobs and personal income prospects. The reading for the month of March was the highest since the year 2000.

In a separate report, the Richmond manufacturing Fed's data showed that manufacturing activity across the central Atlantic states expanded at the fastest pace in 7-years.

The Richmond Fed's current conditions on manufacturing index rose to 22 in March. The data was seen accelerating from 17 in February. The data was the strongest reading registered since April 2010.

The Richmond manufacturing index data for March was a surprise as economists polled expected the index to fall to 14 instead. In the survey, firms were seen reporting longer work weeks and wage increases were also widespread. The index for shipments and new orders increased as well.

U.S. final revised GDP stronger than expected

The final revised GDP for the fourth quarter in the U.S. was revised higher to 2.1%, data from the U.S. Commerce department showed on Thursday. Analysts polled were expecting to see a fourth quarter GDP of 2.0%. In the second revised GDP, the fourth quarter data showed a 1.9% increase.

Personal consumption expenditures were revised up to a 3.5% pace from 3%, a welcome development that masks trouble in some other details. For example, business investment was revised down and trade was a bigger drag than previously thought. Inventories, meanwhile, were stronger than thought, a trend that's not always sustainable.

In any event, the big picture is little changed, with growth near the 2% mark that has typified the expansion. A key measure of corporate profits perked up a little in 4Q, a sign the private sector remained resilient despite uncertainty through the election cycle.

Profits after tax without inventory valuation and capital consumption adjustments, the Commerce Department figure that best aligns with corporate earnings statements, was up 3.7% from the prior quarter, a small improvement from the 2.6% gain in 3Q.

Other measures weren't as strong. Profits after tax with inventory valuation and capital consumption adjustments, the figure most commonly reported by the media, was up 2.3% in 4Q, compared with a 6.7% gain in 3Q.

No change to UK GDP at final revision

The final revision to the fourth quarter GDP in the UK was unrevised, confirming that the UK economy expanded at a pace of 0.7%. Third quarter growth was however revised lower by 0.1 percentage point to 0.5%, data from the UK's Office for National Statistics showed last week.

Service industry continued to drive the GDP growth in the UK. The final revision to the GDP confirmed that the UK economy expanded at a pace of 1.8% in 2016, which was slower than the 2.2% expansion recorded in 2015.

In a separate report, data showed that the UK's current account deficit was recorded at 12.1 billion GBP in the fourth quarter, which resulted in a narrowing of 13.6 billion GBP from a revised print of 25.7 billion GBP. In the fourth quarter, business investment in the UK fell 0.9% to 43.5 billion.

MARKETS PREVIEW



3rd of April 2017, to 7th of April 2017

The week ahead will be a busy one for the markets as fresh economic reports will keep the currency markets volatile. The data will also reflect the full first quarterly data which will give a better glimpse of the overall economy. Among the central bank meetings lined up over the week, the RBA is expected to hold the line, while the markets will be focusing on the FOMC meeting minutes this week.

U.S. payrolls and FOMC meeting minutes

The week ahead will be a busy one for the U.S. with the March payrolls report and the FOMC meeting minutes jostling for investor's attentions. This comes on top of the monthly PMI numbers from Markit and ISM.

The March jobs report will be an important data point for the markets as it could potentially rekindle expectations on the timing of the next Fed rate hike and also the total number of rate hikes this year.

Recent leading indicators data suggests that the pace of job gains continued to strengthen and that the February jobs report was not just a one-off fluke. Thus the stakes are high for the March payrolls report to show another strong performance. The markets are expecting to see the nonfarm payrolls rise in the range of 200k jobs for the month.

However, the wage data will be the focus once again given the fact that the U.S. economy is seen near full employment. The wages data could potentially alter the expectations of Fed's rate hikes as a result. On the unemployment rate, economists expect to see no change at 4.7%.

A better than expected or a match on the expectations on the March jobs report could potentially bring the next rate hike to June/July.

FOMC meeting minutes will be another key market event this week. The meeting minutes cover the recently concluded March FOMC meeting where the central bank hiked interest rates by 25 basis points.

The meeting minutes will be closely monitored by investors for clues on the economic conditions that could trigger the next rate hike. The minutes will also reveal the reasons behind the rate hike in March, including the lone dissenting vote from Neel Kashkari.

RBA expected to keep interest rates steady

The Reserve Bank of Australia's monetary policy meeting is scheduled for this week, on April 4. No policy changes are expected as the central bank is tipped to hold interest rates steady at 1.5%.

The central bank will be focusing on the housing markets, inflation and the labour markets which could be highlighted amid lack of any further data between the last RBA meeting and now. The unemployment rate jumped to 5.9% in February and the data was overall weak.

The RBA Governor Lowe is also expected to speak after the RBA's rate statement. Besides the RBA meeting, the week kicks off with the retail sales numbers due on Monday, followed by the building approvals data.

UK PMI numbers for March to set the tone

The week ahead will show the March PMI numbers across construction, services and manufacturing sectors. Recent economic data from February showed that the PMI's across all these sectors had weakened and this trend is expected to continue into March.

Recent data showed that consumer confidence index was stable at -6 in March, while three out of the five measures remained unchanged with only two measures seeing an increase.

Consumers in the UK continued to remain negative with Jo Staton, head of market Dynamics at Gfk noting that there was *"no real upsets this month as the Barometer continues to bump along in negative territory."*

Besides the PMI numbers, construction, manufacturing and industrial output data is also expected to be released over the week. All three sectors have also remained negative, showing a contraction in the activity in the month of February.

Sweden PMI numbers and Riksbank speeches due this week

Data from Sweden next week will focus on production including data from the manufacturing and the services sector. Data will also include the PMI figures from the region.

Manufacturing and services PMI numbers are expected to remain above the expansion territory. Besides the PMI, manufacturing production is also expected to be released this week. Economists polled are expecting to see manufacturing production increase 1.5% on a month over month basis and rising 2.5% on a year over year basis.

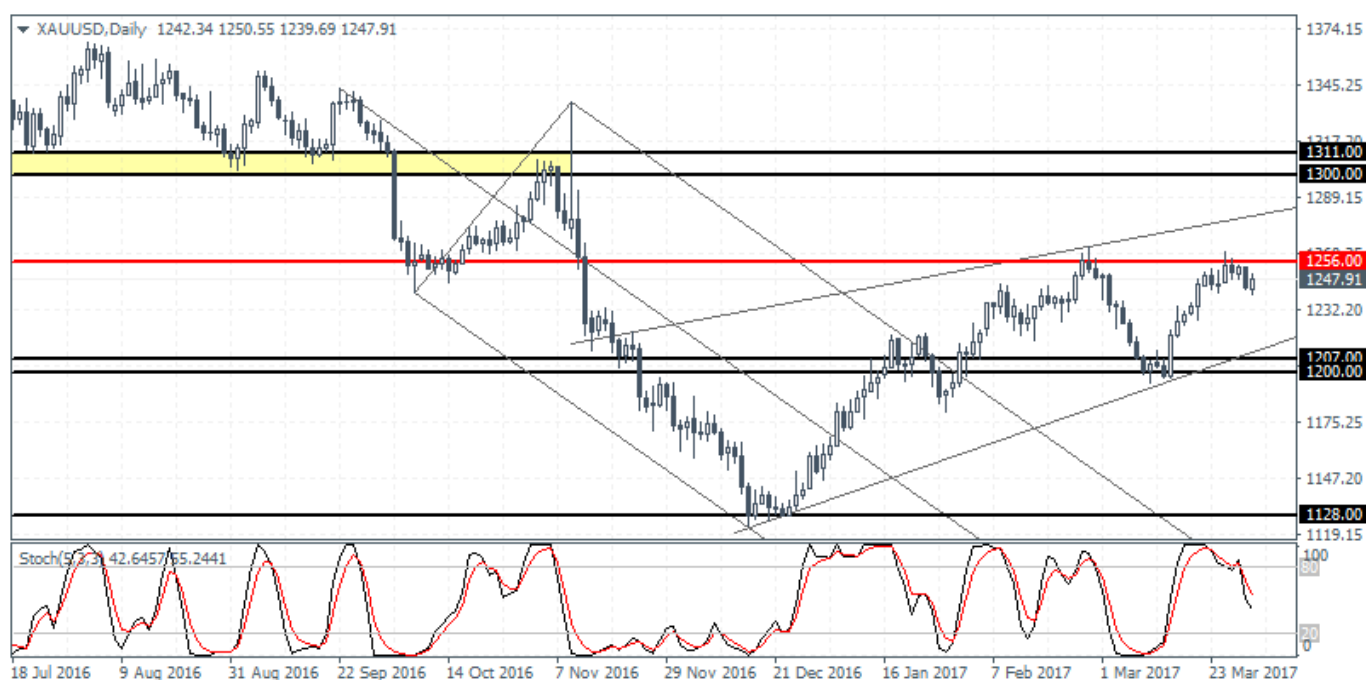
Besides the economic data, the Riksbank speeches are also lined up over the week, with the Riksbank's deputy governor, Floden and Ohlsson expected to speak over the week on monetary policy and income distribution.

TECHNICAL CORNER



XAUUSD – Gold prices poised to the downside

Gold prices have rallied strongly since prices touched 1200.00 where support level was established. After the rally from the support level, gold prices posted gains towards 1256.00 where resistance was established (twice). Following the reversal last week, gold prices edged lower by Friday's close. The weakness in the gold prices could be seen pushing lower as price action indicates a near term decline towards 1207 – 1200.



XAUUSD (1247.91) – Daily Chart

On the economic front, the week ahead is busy with lots of important data including the U.S. payrolls figures from March and the FOMC meeting minutes from March 2017. Combined, both these economic events will likely influence the price action and strength in the U.S. dollar. Although the upside seems limited it is likely that we can expect to see further bullish strength only above 1256.00 resistance level.

Gold prices are also consolidating within the rising wedge pattern, which points to the downside bias. Technical support at 1207 - 1200 will be the initial support where prices could see a short term bounce, but the longer term decline below this support level could see a move to 1128.00.

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