

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 17th of April 2017, to 21st of April 2017

- China GDP q/y 6.9% vs. 6.8%
- China industrial production y/y 7.6% vs. 6.2%
- China fixed asset investment ytd/y 9.2% v. 8.8%
- China NBS press conference
- China retail sales y/y 10.9% vs. 9.7%
- BoJ Gov. Kuroda speech
- U.S. Empire state manufacturing index 5.2 vs. 15.2
- U.S. NAHB housing market index 68 vs. 70
- U.S. TIC Long-term purchases 53.4 vs. 12.4bn
- RBA releases monetary policy meeting minutes
- UK Prime minister May speaks
- Canada foreign securities purchases 38.84bn vs. 5.12bn
- U.S. building permits 1.26mn vs. 1.25mn
- U.S. housing starts 1.22mn vs. 1.25mn
- U.S. capacity utilization rate 76.1% vs. 76.3%
- U.S. industrial production m/m 0.5% vs. 0.5%
- New Zealand GDT price index 3.1% vs. 1.6% previously
- Australia CB leading index m/m 0.4% vs. 0.4% previously
- BoC Gov. council member Wilkins speech
- MI leading index m/m 0.1% vs. -0.1% previously
- Australia new motor vehicle sales m/m 1.9% vs. -2.7% previously
- Italian trade balance 1.88bn vs. 2.24bn
- Eurozone final CPI y/y 1.5% vs. 1.5%; core CPI y/y 0.7% vs. 0.7%
- Eurozone trade balance 19.2bn vs. 18.6bn
- U.S. crude oil inventories -1.0mn vs. -1.0mn
- BoC Gov. Council member Wilkins speech
- U.S. Fed releases Beige Book report
- FOMC Member Fischer speech
- New Zealand CPI q/q 1.0% vs. 0.8%
- Japan trade balance 0.17tn vs. 0.61tn
- Australia NAB quarterly business confidence 6 vs. 6 previously
- Germany PPI m/m 0.0% vs. 0.2%
- U.S. Philly Fed manufacturing index 22.0 vs. 25.6
- U.S. unemployment claims 244k vs. 241k
- Eurozone consumer confidence -4 vs. -5
- U.S. Conference Board leading index m/m 0.4% vs. 0.2%
- BoE Gov. Carney speech
- U.S. Treasury secretary Mnuchin speech
- Japan flash manufacturing PMI 52.8 vs. 52.5
- Japan Tertiary industry activity m/m 0.2% vs. 0.3%
- France flash manufacturing PMI 55.1 vs. 53.2; flash services PMI 57.7 vs. 57.2
- Germany flash manufacturing PMI 58.2 vs. 58.1; flash services PMI 54.7 vs. 55.5

- Eurozone flash manufacturing PMI 56.8 vs. 56.1; flash services PMI 56.2 vs. 56.0
- Eurozone current account 37.9bn vs. 26.3bn
- UK retail sales m/m -1.8% vs. -0.3%
- BoE MPC Member Saunders speech
- Canada CPI m/m 0.2% vs. 0.4%
- Canada common CPI y/y 1.3% vs. 1.3% previously; median CPI y/y 1.7% vs. 1.8% previously; Trimmed CPI y/y 1.4% vs. 1.5% previously
- Canada core CPI m/m 0.3% vs. 0.4% previously
- FOMC Member Kashkari speech
- U.S. flash manufacturing PMI 52.8 vs. 53.9
- U.S. flash services PMI 52.5 vs. 53.7
- U.S. existing home sales 5.71mn vs. 5.61mn

THE WEEK AHEAD



24th of April 2017, to 28th of April 2017

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
24-Apr	00:01	GBP	Rightmove HPI m/m		1.30%
	09:00	EUR	German Ifo Business Climate	112.4	112.3
	11:00	EUR	German Buba Monthly Report		
		GBP	CBI Industrial Order Expectations	9	8
	13:30	CAD	Wholesale Sales m/m	2.10%	3.30%
	14:00	CNY	CB Leading Index m/m		1.20%
	16:30	USD	FOMC Member Kashkari Speaks		
	20:15	USD	FOMC Member Kashkari Speaks		
25-Apr	00:50	JPY	SPPI y/y	0.70%	0.80%
	09:30	GBP	Public Sector Net Borrowing	2.6B	1.1B
	14:00	EUR	Belgian NBB Business Climate	-1.4	-1.6
		USD	HPI m/m	0.10%	0.00%
		USD	S&P/CS Composite-20 HPI y/y	5.70%	5.70%
	15:00	USD	CB Consumer Confidence	123.7	125.6
		USD	New Home Sales	590K	592K
		USD	Richmond Manufacturing Index	18	22
	23:45	NZD	Visitor Arrivals m/m		-1.90%
26-Apr	02:30	AUD	CPI q/q	0.60%	0.50%
		AUD	Trimmed Mean CPI q/q	0.50%	0.40%
	04:00	NZD	Credit Card Spending y/y		5.30%
	05:30	JPY	All Industries Activity m/m	0.80%	0.10%
	07:00	CHF	UBS Consumption Indicator		1.5
	09:00	CHF	Credit Suisse Economic Expectations		29.6
	13:30	CAD	Core Retail Sales m/m		1.70%
		CAD	Retail Sales m/m		2.20%
	USD	Crude Oil Inventories		-1.0M	
27-Apr	02:30	AUD	Import Prices q/q	-0.40%	0.20%
	04:50	JPY	Monetary Policy Statement		
	Tentative	JPY	BOJ Outlook Report		
	Tentative	JPY	BOJ Policy Rate	-0.10%	-0.10%
	07:00	CHF	Trade Balance	3.01B	3.12B
		EUR	Spanish Unemployment Rate	18.60%	18.60%
		EUR	GfK German Consumer Climate	9.9	9.8
	All Day	EUR	German Prelim CPI m/m	-0.10%	0.20%
	07:30	JPY	BOJ Press Conference		
	08:00	EUR	Spanish Flash CPI y/y	2.50%	2.30%

	Tentative	EUR	Italian 10-y Bond Auction		
	11:00	GBP	CBI Realized Sales	6	9
	12:45	EUR	Minimum Bid Rate	0.00%	0.00%
	13:30	EUR	ECB Press Conference		
		USD	Core Durable Goods Orders m/m	0.40%	0.50%
		USD	Unemployment Claims	241K	244K
		USD	Durable Goods Orders m/m	1.50%	1.80%
		USD	Goods Trade Balance	-65.2B	-63.9B
		USD	Prelim Wholesale Inventories m/m	0.30%	0.40%
	15:00	USD	Pending Home Sales m/m	-0.60%	5.50%
	15:30	USD	Natural Gas Storage		54B
	23:45	NZD	Building Consents m/m		14.00%
		NZD	Trade Balance	375M	-18M
28-Apr	00:01	GBP	GfK Consumer Confidence	-7	-6
	00:30	JPY	Household Spending y/y	-0.60%	-3.80%
		JPY	National Core CPI y/y	0.20%	0.20%
		JPY	Tokyo Core CPI y/y	-0.20%	-0.40%
		JPY	Unemployment Rate	2.90%	2.80%
	00:50	JPY	Prelim Industrial Production m/m	-0.60%	3.20%
		JPY	Retail Sales y/y	1.60%	0.20%
	02:00	NZD	ANZ Business Confidence		11.3
	02:30	AUD	PPI q/q	0.30%	0.50%
		AUD	Private Sector Credit m/m	0.50%	0.30%
	06:00	JPY	Housing Starts y/y	-2.50%	-2.60%
	07:00	EUR	German Retail Sales m/m	0.10%	1.80%
	07:45	EUR	French Consumer Spending m/m	0.60%	-0.80%
		EUR	French Prelim CPI m/m	0.20%	0.60%
	08:00	CHF	KOF Economic Barometer	107.7	107.6
		EUR	Spanish Flash GDP q/q	0.70%	0.70%
	09:00	EUR	M3 Money Supply y/y	4.70%	4.70%
		EUR	Private Loans y/y	2.40%	2.30%
	09:30	GBP	Prelim GDP q/q	0.40%	0.60%
		GBP	BBA Mortgage Approvals	42.1K	42.6K
		GBP	Index of Services 3m/3m	0.50%	0.60%
	10:00	EUR	CPI Flash Estimate y/y	1.80%	1.50%
		EUR	Core CPI Flash Estimate y/y	1.00%	0.70%
		EUR	Italian Prelim CPI m/m	0.20%	0.00%
	13:30	CAD	GDP m/m		0.60%
		CAD	RMPI m/m		1.20%
		CAD	IPPI m/m		0.10%
		USD	Advance GDP q/q	1.30%	2.10%
		USD	Advance GDP Price Index q/q	2.00%	2.10%
		USD	Employment Cost Index q/q	0.60%	0.50%
	14:45	USD	Chicago PMI	56.9	57.7
	15:00	USD	Revised UoM Consumer Sentiment	98.1	98
		USD	Revised UoM Inflation Expectations		2.50%

Time: GMT

MARKETS RECAP



Last Week: 17th of April 2017, to 28th of April 2017

Risk aversion continued in the markets this week as investors began to brace for the weekend impact from the French elections. The euro managed to post some gains in the mean time with opinion polls putting the first round of French voting into a tight race. Elsewhere, the British Prime Minister Theresa May surprised the markets by announcing snap elections which was approved by the Parliament as well, due to be held on June 8th.

China GDP expands 6.9% in Q1 of 2017

The Chinese economic growth accelerated modestly in the first quarter of 2017, fuelled by government spending. Putting aside concerns of a slowdown in the GDP, the official data released by the National Bureau of Statistics showed that China's gross domestic product (GDP) expanded at a pace of 6.9% on an annualized basis in the first quarter of 2017.



SOURCE: WWW.TRADINGECONOMICS.COM | NATIONAL BUREAU OF STATISTICS OF CHINA

China GDP Growth Rate: 6.9% YoY

The first quarter GDP data was slightly higher than the 6.8% increase that was forecast, and the fourth quarter GDP growth rate of 6.8%. The official data puts China's GDP within the range of 6.5% and 7% growth target currently being pursued by the government.

On a quarterly basis, China's GDP expanded 1.3% from the fourth quarter of 2016. Despite the upbeat data, the fact remains that China's GDP has been posting slower pace of growth, but it has been consistent so far. Most of the GDP gains came off the government outlays and cheap growth of credit.

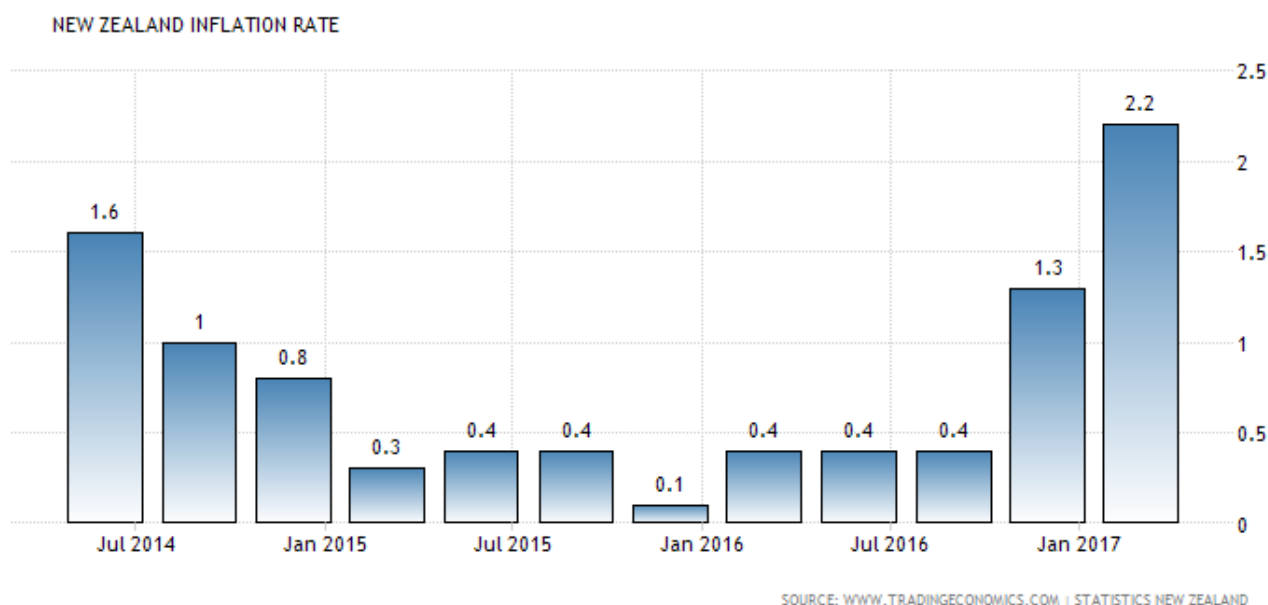
Besides the GDP figures, data released on Monday also showed that the nation's industrial production rose 7.6% in the twelve months ending March 2017. A measure of the retail sales numbers showed a 10.9% expansion during the month of March, beating forecasts of a 9.7% increase and higher than 9.5% expansion posted in February.

Economists surveyed expected retail sales to improve in March while expecting industrial production and fixed asset investments to ease slightly during the period.

The NBS, in its statement called the data "a good start" noting that *"as positive changes kept emerging and major indicators performed better than expected, the national economy maintained the momentum of steady and sound development from the second half of last year, getting off to a good start in 2017 and laying a solid foundation for accomplishing the whole-year growth target."*

New Zealand consumer prices strengthen in the first quarter

Headline inflation in New Zealand rose 1.0% in the three months ending March 2017, data from Statistics New Zealand showed last week. The data helped to push the annual inflation rate from 1.3% to 2.2%.



New Zealand Quarterly Inflation Rate: 2.2%

New Zealand's annual inflation rose above 2% for the first time since 2011 and the data was above forecasts which pointed to median estimates of a 0.8% increase. The inflation data was also above the Reserve Bank of New Zealand's forecast of 0.3% on the quarter.

Higher food prices played a larger impact on the broader inflation as poor weather saw prices rising in some fresh produce. Prices also increased in goods such as clothing and electronics.

The stronger than expected result, including signs that tradables inflation may have more momentum than we had anticipated, does suggest some upside risk to the view for the Official Cash Rate. The RBNZ's February forecasts assumed inflation wouldn't be back at these sort of levels until 2019.

Prices senior manager, Jason Attewel said, ***"Rising petrol prices along with the annual rise in cigarette and tobacco tax lifted inflation."*** Fuel prices were largely responsible for boosting inflation alongside food prices which are expected to be temporary factors.

Housing related prices rose 3.3% on the year while transport prices rose 3.5% posting the second largest contribution along fuel prices which rose 12%.

British Prime Minister May announces snap elections

The British Prime Minister, Theresa May called for a surprise snap elections to be held on June 8. The move was seen by political analysts as a means to consolidate her position and to strengthen Mrs. May ahead of the trade negotiations with the European Union.

Announcing her plans for a snap election, the British Prime Minister hopes that the election will give the conservative party a big lead and increase the party's majority in the House of Commons. This move is said to lessen Mrs. May reliance on outside support such as the UKIP.

The British pound rallied on the news in hopes that the UK elections will pave way for a smoother exit and with lesser economic disruption.

Opinion polls are suggesting that Mrs. May's gamble for early elections will be favorable to the party. According to a YouGov poll that was taken last week, the Conservative party was said to be leading with a 44% support compared to the Labor party's 23% and the pro-EU Liberal Democrats getting 12%.

The reaction in the British pound was seen by many as the likelihood of a reduced economic disruption from the Brexit negotiations. However, a lot will depend on the EU members as well as any deal will need to be agreed upon by all 27 member nations.

Mrs. May's announcement for the snap elections adds to the growing lists of elections in Europe. France will be holding the first round of elections in late April, followed by the second round in May. After the June elections in Britain, Germany will be going to the polls in September this year.

It is unlikely that there will be any Brexit negotiations until the elections in France and Germany are completed.

MARKETS PREVIEW



24th of April 2017, to 28th of April 2017

The markets head into the final week of trading for the month of April. Australia and New Zealand are closed on Monday on account of Anzac day. In terms of economic data, focus will be on Australia's quarterly inflation report. Among the central bank meetings this week, the Bank of Japan and the European central bank are scheduled to meet but both the central banks are expected to keep monetary policy on hold. Sunday will see the French elections take center stage and could spark a crucial week for the shared currency.

ECB expected to keep monetary policy steady

The European Central Bank's monetary policy meeting this week is expected to see the central bank maintain the interest rates and its QE bond purchases unchanged. The meeting comes in a highly eventful week as the first round of the French elections is held this Sunday. With the anti-EU candidate, Marine Le Pen tipped to sail through to the second round, a similar outcome could keep the euro under pressure.

For ECB officials, maintaining the status quo is the ideal policy response amid no significant changes from the economy. The recent decline in inflation is expected to reinforce the dovish outlook from the central bank officials. At the previous meeting, officials had initially sent out hawkish signals but were later concerned on sending the wrong message.

With inflation seen sliding back after hitting 2% on the headline and the core CPI rising at an even slower pace of 0.7%, Mario Draghi is likely to use the opportunity to further drive home a dovish message on the monetary policy.

The euro currency could therefore come under a lot of volatility this week amid the French election uncertainty and the ECB's monetary policy meeting which is held later in the week.

The next round of French elections are expected to be held in the first week of May, and the one week could see some strong volatility in the euro as the race to the presidential elections tighten even further.

U.S. first quarter advance GDP in focus

The first quarter advance GDP growth figures will be the focus this week and initial expectations are pointing to a possible miss on the estimates. According to the Atlanta Federal Reserve's GDPNow model, the U.S economy is estimated to have increased at a pace of just 0.5% in the first three months ending March.

The slower pace of growth is expected as a result of the housing starts and the industrial output figures. Housing starts are barely above 1.2 million on an annualized rate. Weak vehicle sales in the first quarter were also said to be one of the reasons. After rising 18 million in annualized sales in the fourth quarter of 2016, vehicles sales slowed to a pace of 17.3 million.

Considering the fact that President Trump promised to push the U.S. growth to a 3% pace, the first quarter results are likely to be a disappointment for the U.S. administration.

BoJ monetary policy meeting – No changes expected

The Bank of Japan's monetary policy meeting is scheduled this week for Thursday. The central bank has largely remained on the sidelines and it expected to do so at this month's meeting as well, as the central bank still has a long way to go to hit the inflation target.

Last week, the Bank of Japan governor, Kuroda said that consumer spending still remained weak but that there were some positive signs showing a recovery. The governor said that the economy was also showing a moderate recovery in the trend. In his comments, the governor said that there was a need to maintain an easy monetary policy to achieve the price target.

With inflation still far away from reaching the 2% goal, the central bank is expected to maintain a dovish tone in the markets. There is also scope for the central bank officials coming out strongly dovish as the yen could be seen strengthening in an apparent risk off mode due to the French elections this week.

Australia first quarter inflation expected to rise

With inflation data showing a modest pick out across the developed economies in the first quarter, focus will be on Australia's quarterly inflation report coming out this week.

The annualized inflation in Australia is expected to rise to 2.3% on a year over year basis or about 0.6% on a quarterly basis from the fourth quarter of 2016. The seasonal jump in pharmaceuticals alongside higher utility bills is expected to push inflationary pressures higher.

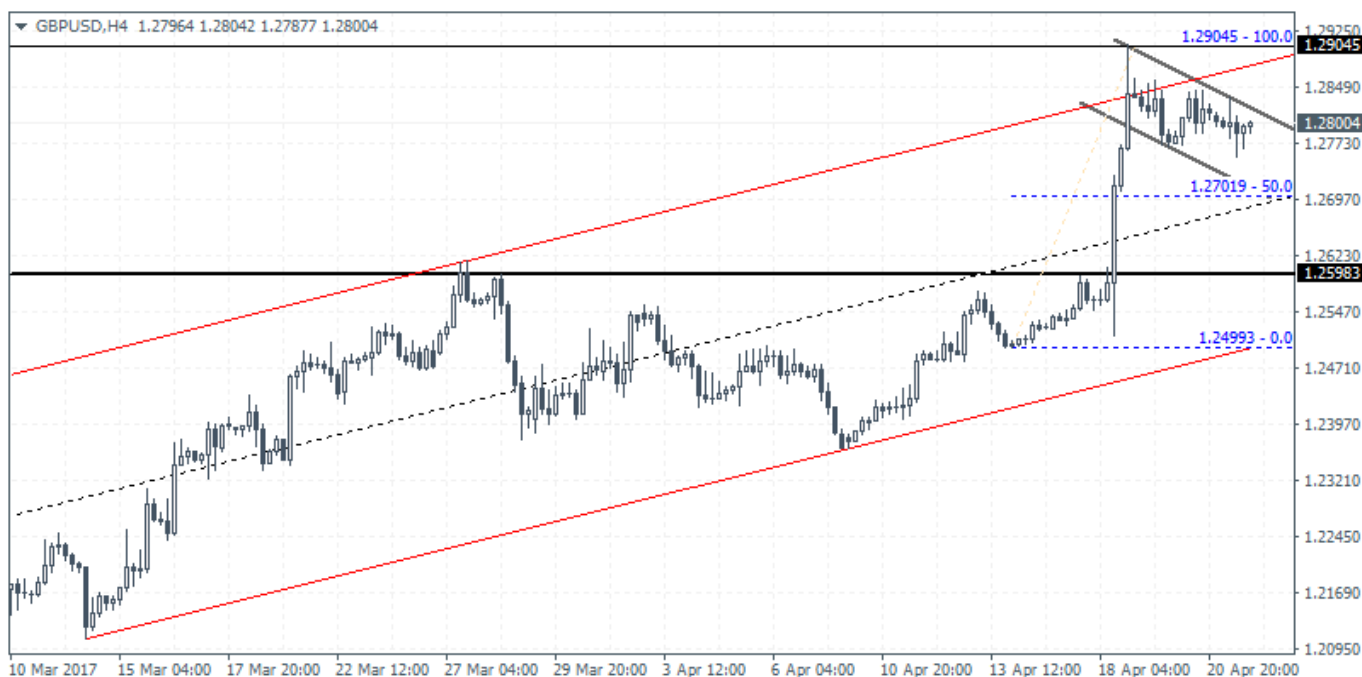
However weaker pace of increase in food and vegetable prices could be seen cooling down inflation. Overall, data is expected to come out on the upside which could mean that the Australian inflation trend will be similar to that from New Zealand which showed a sharp increase in the first quarter.

TECHNICAL CORNER



GBPUSD – Bullish flag, but strong chance of an invalidation

The British pound is looking bullish in the near term with a multitude of themes responsible for the short term bullishness. After the British Prime Minister Theresa May called for snap elections last week, the move was quickly approved in the UK's Parliament with election campaigning getting underway as well. For some market participants, there is a glimmer of hope that a new referendum on Brexit could be held to undo the June 26 referendum results. A lot could happen and it entirely depends on the outcome of the elections due to be held on June 8, 2017.



GBPUSD (1.2800) – 4-hr Chart

This uncertainty will no doubt bring some volatility to the British pound, which looks to be poised to make a move higher. Following the strong rally on the announcement of the snap elections last week, GBPUSD has been consolidating into a bullish flag pattern. The price action comes within the larger bullish price channel as well.

A successful breakout of the bullish flag pattern will signal a continuation to the upside following the breakout from the initial resistance level seen at 1.2904. To the upside, the bullish flag will target 1.3014 and 1.3158 as the minimum upside targets in prices. However, despite the bullish outlook, GBPUSD poses a strong risk of a correction lower towards 1.2598 which is a support level that could be tested.

After previously serving as a resistance level, last week's news pushed prices higher. Thus, there is a strong chance for price to revisit this level which could potentially trap weak long positions at the current levels.

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