

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 22nd of May 2017, to 26th of May 2017

Date	Time	Currency	Event	Actual	Forecast	Previous
22-May	10:00	EUR	German Buba Monthly Report			
	All Day	EUR	Eurogroup Meetings			
	13:00	CNY	CB Leading Index m/m	1.20%		0.70%
	14:00	USD	FOMC Member Harker Speaks			
	14:30	AUD	CB Leading Index m/m	0.50%		0.40%
		USD	FOMC Member Kashkari Speaks			
	17:30	AUD	RBA Assist Gov Debelle Speaks			
	18:00	GBP	Prime Minister May Speaks			
	23:30	USD	FOMC Member Brainard Speaks			
23-May	00:30	JPY	Flash Manufacturing PMI	52	52.9	52.7
	01:10	USD	FOMC Member Evans Speaks			
	04:30	JPY	All Industries Activity m/m	-0.60%	-0.40%	0.70%
	06:00	CHF	Trade Balance	1.97B	2.87B	3.04B
		EUR	German Final GDP q/q	0.60%	0.60%	0.60%
	07:00	EUR	French Flash Manufacturing PMI	54	55.2	55.1
		EUR	French Flash Services PMI	58	56.8	56.7
	07:30	EUR	German Flash Manufacturing PMI	59.4	58	58.2
		EUR	German Flash Services PMI	55.2	55.5	55.4
	08:00	EUR	German Ifo Business Climate	114.6	113.1	113
		EUR	Flash Manufacturing PMI	57	56.5	56.7
		EUR	Flash Services PMI	56.2	56.5	56.4
	08:30	GBP	Public Sector Net Borrowing	9.6B	8.0B	2.3B
	10:00	GBP	CBI Realized Sales	2	12	38
	12:30	CAD	Wholesale Sales m/m	0.90%	1.10%	0.30%
	13:00	USD	FOMC Member Kashkari Speaks			
	13:45	USD	Flash Manufacturing PMI	52.5	53.2	52.8
		USD	Flash Services PMI	54	53.3	53.1
	13:59	USD	Richmond Manufacturing Index	1	15	20
	14:00	USD	New Home Sales	569K	611K	642K
19:00	USD	FOMC Member Kashkari Speaks				
21:00	USD	FOMC Member Harker Speaks				
	22:45	NZD	Trade Balance	578M	268M	277M
24-May	00:30	AUD	MI Leading Index m/m	-0.10%		0.10%
	01:30	AUD	Construction Work Done q/q	-0.70%	-0.50%	0.60%
	06:00	EUR	GfK German Consumer Climate	10.4	10.2	10.2
	08:00	EUR	ECB Financial Stability Review			
	09:35	EUR	German 10-y Bond Auction	0.39 1.5		0.33 1.5
	12:45	EUR	ECB President Draghi Speaks			
	12:58	USD	HPI m/m	0.60%	0.50%	0.80%
	13:03	EUR	Belgian NBB Business Climate	-1.1	-0.5	-0.8

	14:00	CAD	BOC Rate Statement			
		CAD	Overnight Rate	0.50%	0.50%	0.50%
		USD	Existing Home Sales	5.57M	5.65M	5.70M
	14:30	USD	Crude Oil Inventories	-4.4M	-2.4M	-1.8M
	18:00	USD	FOMC Meeting Minutes			
	22:00	USD	FOMC Member Kaplan Speaks			
25-May	02:00	NZD	Annual Budget Release			
	08:00	AUD	RBA Assist Gov DeBelle Speaks			
	08:30	GBP	Second Estimate GDP q/q	0.20%	0.30%	0.30%
		GBP	Prelim Business Investment q/q	0.60%	0.30%	-0.90%
		GBP	BBA Mortgage Approvals	40.8K	40.8K	40.9K
		GBP	Index of Services 3m/3m	0.20%	0.30%	0.40%
	All Day	ALL	OPEC Meetings			
	12:30	CAD	Corporate Profits q/q	-7.40%		3.60%
		USD	Unemployment Claims	234K	238K	233K
		USD	Goods Trade Balance	-67.6B	-64.7B	-65.1B
		USD	Prelim Wholesale Inventories m/m	-0.30%	0.20%	0.10%
	14:00	USD	FOMC Member Brainard Speaks			
	14:30	USD	Natural Gas Storage	75B	72B	68B
	16:00	CAD	Gov Council Member Leduc Speaks			
	23:30	JPY	National Core CPI y/y	0.30%	0.40%	0.20%
		JPY	Tokyo Core CPI y/y	0.10%	0.00%	-0.10%
	23:50	JPY	SPPI y/y	0.70%	0.90%	0.80%
26-May	Day 1	ALL	G7 Meetings			
	12:30	USD	Core Durable Goods Orders m/m	-0.40%	0.40%	0.00%
		USD	Prelim GDP q/q	1.20%	0.90%	0.70%
		USD	Durable Goods Orders m/m	-0.70%	-1.40%	0.90%
		USD	Prelim GDP Price Index q/q	2.20%	2.30%	2.30%
	14:00	USD	Revised UoM Consumer Sentiment	97.1	97.6	97.7
		USD	Revised UoM Inflation Expectations	2.60%		2.60%

Time: GMT

THE WEEK AHEAD



29th of May 2017, to 2nd of June 2017

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
29-May	8:00	EUR	M3 Money Supply y/y	5.20%	5.30%
		EUR	Private Loans y/y	2.50%	2.40%
	13:00	EUR	ECB President Draghi Speaks		
	22:45	NZD	Building Consents m/m		-1.80%
	23:30	JPY	Household Spending y/y	-0.70%	-1.30%
		JPY	Unemployment Rate	2.80%	2.80%
	23:50	JPY	Retail Sales y/y	2.20%	2.10%
30-May	01:30	AUD	Building Approvals m/m	3.20%	-13.40%
	05:00	JPY	BOJ Core CPI y/y		-0.10%
	06:00	EUR	German Import Prices m/m	0.20%	-0.50%
	All Day	EUR	German Prelim CPI m/m	-0.10%	0.00%
	06:45	EUR	French Consumer Spending m/m	0.80%	-0.40%
		EUR	French Prelim GDP q/q	0.30%	0.30%
	07:00	CHF	KOF Economic Barometer	106.2	106
		EUR	Spanish Flash CPI y/y	2.10%	2.60%
	12:30	CAD	Current Account	-11.4B	-10.7B
		CAD	RMPI m/m		-1.60%
		CAD	IPPI m/m		0.80%
		USD	Core PCE Price Index m/m	0.10%	-0.10%
		USD	Personal Spending m/m	0.40%	0.00%
		USD	Personal Income m/m	0.40%	0.20%
	13:00	USD	S&P/CS Composite-20 HPI y/y	5.60%	5.90%
	14:00	USD	CB Consumer Confidence	120.1	120.3
	21:00	NZD	RBNZ Financial Stability Report		
	23:01	GBP	BRC Shop Price Index y/y		-0.50%
		GBP	GfK Consumer Confidence	-8	-7
	23:50	JPY	Prelim Industrial Production m/m	4.20%	-1.90%
31-May	01:00	CNY	Manufacturing PMI	51	51.2
		CNY	Non-Manufacturing PMI		54
		NZD	ANZ Business Confidence		11
	01:30	AUD	Private Sector Credit m/m	0.40%	0.30%
	05:00	JPY	Housing Starts y/y	-1.40%	0.20%

	06:00	CHF	UBS Consumption Indicator		1.5
		EUR	German Retail Sales m/m	0.40%	0.10%
	06:45	EUR	French Prelim CPI m/m	0.20%	0.10%
	07:55	EUR	German Unemployment Change	-14K	-15K
	08:00	CHF	Credit Suisse Economic Expectations		22.2
		EUR	Italian Monthly Unemployment Rate	11.60%	11.70%
	08:30	GBP	Net Lending to Individuals m/m	4.5B	4.7B
		GBP	M4 Money Supply m/m	0.40%	0.30%
		GBP	Mortgage Approvals	66K	67K
	09:00	EUR	CPI Flash Estimate y/y	1.50%	1.90%
		EUR	Core CPI Flash Estimate y/y	1.00%	1.20%
		EUR	Italian Prelim CPI m/m	-0.20%	0.40%
		EUR	Unemployment Rate	9.40%	9.50%
	12:00	USD	FOMC Member Kaplan Speaks		
	12:30	CAD	GDP m/m	0.30%	0.00%
	13:45	USD	Chicago PMI	57	58.3
	14:00	USD	Pending Home Sales m/m	0.70%	-0.80%
	18:00	USD	Beige Book		
	22:45	NZD	Overseas Trade Index q/q	4.00%	5.70%
	23:30	AUD	AIG Manufacturing Index		59.2
	23:50	JPY	Capital Spending q/y	3.90%	3.80%
01-Jun	00:30	JPY	Final Manufacturing PMI	52	52
	01:30	AUD	Private Capital Expenditure q/q	0.60%	-2.10%
		AUD	Retail Sales m/m	0.30%	-0.10%
	01:45	CNY	Caixin Manufacturing PMI	50.2	50.3
	05:45	CHF	GDP q/q	0.50%	0.10%
	06:00	GBP	Nationwide HPI m/m	0.20%	-0.40%
	06:30	AUD	Commodity Prices y/y		38.60%
	07:15	CHF	Retail Sales y/y	2.40%	2.10%
		EUR	Spanish Manufacturing PMI	54.9	54.5
	07:30	CHF	Manufacturing PMI	57.8	57.4
	07:45	EUR	Italian Manufacturing PMI	56.1	56.2
	07:50	EUR	French Final Manufacturing PMI	54	54
	07:55	EUR	German Final Manufacturing PMI	59.4	59.4
	08:00	EUR	Final Manufacturing PMI	57	57
	08:30	GBP	Manufacturing PMI	56.5	57.3
	12:15	USD	ADP Non-Farm Employment Change	181K	177K
	12:30	USD	Unemployment Claims	239K	234K
		USD	Revised Nonfarm Productivity q/q	-0.60%	-0.60%
		USD	Revised Unit Labor Costs q/q	3.00%	3.00%
	13:30	CAD	Manufacturing PMI		55.9

	13:45	USD	Final Manufacturing PMI	52.5	52.5
	14:00	USD	ISM Manufacturing PMI	54.7	54.8
		USD	Construction Spending m/m	0.50%	-0.20%
		USD	ISM Manufacturing Prices	67	68.5
	All Day	USD	Total Vehicle Sales	17.0M	16.9M
	23:50	JPY	Monetary Base y/y	19.60%	19.80%
02-Jun	01:00	AUD	HIA New Home Sales m/m		-1.10%
	05:00	JPY	Consumer Confidence	43.6	43.2
	07:00	EUR	Spanish Unemployment Change	-110.2K	-129.3K
	08:30	GBP	Construction PMI	52.7	53.1
	09:00	EUR	PPI m/m	0.20%	-0.30%
	12:30	CAD	Trade Balance	0.0B	-0.1B
		CAD	Labor Productivity q/q	0.20%	0.40%
		USD	Average Hourly Earnings m/m	0.20%	0.30%
		USD	Non-Farm Employment Change	186K	211K
		USD	Unemployment Rate	4.40%	4.40%
		USD	Trade Balance	-45.5B	-43.7B

11-May	00:01	GBP	RICS House Price Balance	20%	22%
	00:50	JPY	Bank Lending y/y	3.20%	3.00%
		JPY	Current Account		2.21T
	02:00	AUD	MI Inflation Expectations		4.10%
	02:10	NZD	RBNZ Gov Wheeler Speaks		
	06:00	JPY	Economy Watchers Sentiment	47.9	47.4
	07:00	EUR	German WPI m/m	0.10%	0.00%
	08:15	CHF	CPI m/m	0.20%	0.20%
	11th-16th	CNY	M2 Money Supply y/y	10.80%	10.60%
	11th-16th	CNY	New Loans	800B	1020B
	09:00	EUR	ECB Economic Bulletin		
	09:30	GBP	Manufacturing Production m/m	-0.20%	-0.10%
		GBP	Goods Trade Balance	-11.6B	-12.5B
		GBP	Construction Output m/m	0.30%	-1.70%
		GBP	Industrial Production m/m	-0.40%	-0.70%
	10:00	EUR	EU Economic Forecasts		
	11:25	USD	FOMC Member Dudley Speaks		
	12:00	GBP	BOE Inflation Report		
		GBP	MPC Official Bank Rate Votes	1-0-8	1-0-8
		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	0-0-9
	13:00	GBP	NIESR GDP Estimate		0.50%
	13:30	CAD	NHPI m/m	0.30%	0.40%
		USD	PPI m/m	0.20%	-0.10%
		USD	Unemployment Claims	245K	238K
		USD	Core PPI m/m	0.20%	0.00%
	15:30	CAD	BOC Review		
		USD	Natural Gas Storage		67B
23:30	NZD	Business NZ Manufacturing Index		57.8	
12-May	00:50	JPY	M2 Money Stock y/y	4.30%	4.30%
	07:00	EUR	German Prelim GDP q/q	0.60%	0.40%
		EUR	German Final CPI m/m	0.00%	0.00%
	07:45	EUR	French Prelim Non-Farm Payrolls q/q	0.20%	0.40%
	10:00	EUR	Industrial Production m/m	0.30%	-0.30%
	Day 1	ALL	G7 Meetings		
	13:30	USD	CPI m/m	0.20%	-0.30%
		USD	Core CPI m/m	0.20%	-0.10%
		USD	Core Retail Sales m/m	0.50%	0.00%
		USD	Retail Sales m/m	0.60%	-0.20%
	14:00	USD	FOMC Member Evans Speaks		
	15:00	USD	Prelim UoM Consumer Sentiment	97	97
		USD	Business Inventories m/m	0.10%	0.30%
		USD	Prelim UoM Inflation Expectations		2.50%
17:30	USD	FOMC Member Harker Speaks			

Time: GMT

MARKETS RECAP



Last Week: 22nd of May 2017, to 26th of April 2017

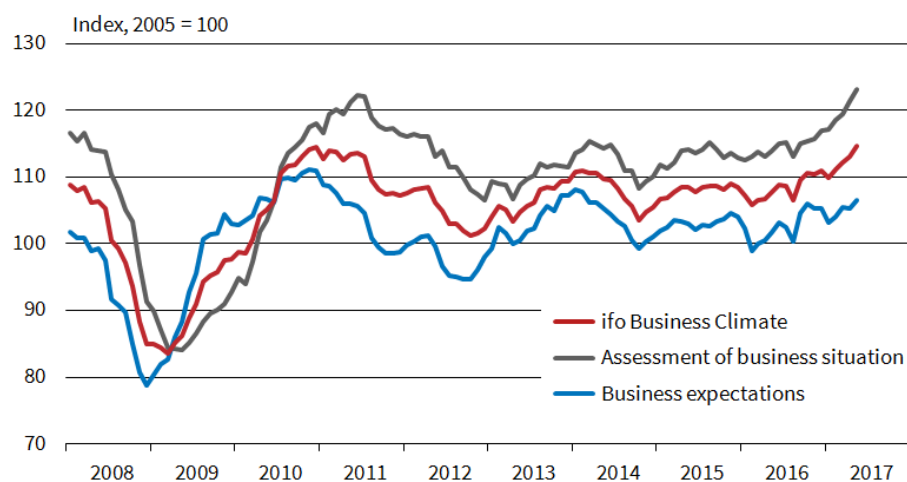
The U.S. dollar managed to recover into Friday despite starting the week on a bearish note. Key market events this week included the OPEC meeting which saw the member nations agree to cut production into March 2018. In the U.S., the second revised estimates for the GDP showed that the U.S. economy expanded 1.2%, compared to 0.7% that was reported initially. However, in the UK, the GDP was revised lower to 0.2% during the first quarter.

Germany Ifo business sentiment moves to record highs

The Ifo's business sentiment measure in Germany inched higher from already record highs. The forward-looking indicator rose to a one year high on economic growth. Even the private sector rose to a six-year high on strong positive momentum and growth in the German economy.

Companies that participated in the survey noted that they were upbeat about the future as current situation continued to improve. This sent the business sentiment index to record highs of 114.6, following a revised 113.0 in April.

ifo Business Climate for Industry and Trade^a
Seasonally adjusted



^a Manufacturing, construction, wholesaling and retailing.
Source: Ifo Business Survey, May 2017.

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German Ifo Business Climate, May 2017: 114.6

The business confidence was the highest ever recorded since 1991.

"Today's strong German data add to the evidence that, not only the German economy, but the entire Eurozone economy could become the positive growth surprise of 2017," Carsten Brzeski, an ING DiBa economist, said.

In a separate report, data from Destatis showed that the German economy expanded at a pace of 0.6% in the first quarter of the year. Growth came from spending, investment and exports.

The strong pace of growth is expected to continue into the second quarter of the year. The Purchase manager's index according to the preliminary estimates released last week suggests that the private sector growth in Germany grew at the fastest pace in nearly 6-years in May.

Bank of Canada keeps interest rates unchanged

The Bank of Canada's monetary policy meeting on Wednesday saw policy makers leaving interest rates unchanged at record lows of 0.5% as widely expected. The central bank's statement was however quite upbeat compared to the previous meeting.

The BoC said that the economic data in recent times was encouraging as indicators suggested improving outlook for businesses. The data reinforced the view that the first quarter GDP growth likely increased higher than what the central bank had forecasted, at 3.8% annualized.

Despite the upbeat tone, the BoC said that there was still excess slack in the economy based on the subdued pace of inflation and wage growth. The Bank of Canada also flagged external risks such as the revamped Nafta outlook and trade policies from the U.S. President Trump.

The central bank said in its statement that ***"The global economy continues to gain traction and recent developments reinforce the Bank's view that growth will gradually strengthen and broaden over the projection horizon."***

The central bank's comments suggested that there was no rush to hike interest rates. Trump's trade policies are expected post a drag on Canadian exports with the BoC statement noting that there were competitive challenges facing the export industry.

Canada will be releasing its monthly GDP numbers this coming week.

FOMC Meeting minutes signal June rate hike is still on

The FOMC meeting minutes released on Wednesday showed that policy makers were of the view that further tightening of monetary policy was required. There were some differences among policy makers on the recent string of weak economic data during the first quarter of the month. Some members expressed concerns that there was still a bit of slack left in the U.S. labor markets.

Members were also divided on the pace of the economic growth with inflation growth being seen as subdued. The policy makers also talked about unwinding the Fed's balance sheet which stands at \$4.5 trillion.

Members said that they will begin to gradually unwind the assets that has been amassed by the central bank over the years as it helped to stimulate the U.S. economy following the 2008 global financial crisis. The Federal Reserve is expected to gradually raise the cap on limiting the reinvestments from maturing assets.

The central bank also maintained its view to hike interest rates two more times this year. Following the meeting minutes, despite the U.S. dollar falling, the rate hike expectations continued to grow. According to the CME Group's Fed funds probability tool, the odds for a June rate hike rose to 83%, up from 60% from a week ago.

On Friday, the second revised estimates for the first quarter GDP showed that the U.S. economy expanded 1.2%, more than initially expected.

OPEC members extend production cuts

OPEC member nations met in Vienna last week where an agreement was formalized to extend oil production cuts into March 2018. The agreement extends the initial production cut that was agreed upon in November last year and came into effect since January this year.

According to the oil cartel, Russia is also participating in the production cuts, which has seen the oil prices stabilize. However, despite the position development, oil prices fell on the news as traders booked profits. Crude oil prices fell nearly 5% after the Vienna deal was struck.

UK first quarter GDP growth revised lower

The first quarter GDP growth in the UK was revised lower as data showed that the economy slowed more than expected in the first quarter. Data from the UK's Office for National Statistics showed that the UK's economy expanded at a pace of just 0.2%, down from 0.3% that was initially reported.

The first quarter GDP growth was slower than the 0.7% growth registered in the fourth quarter of 2016. With the latest revision to quarterly GDP growth, the UK's annualized GDP was revised down to 0.7%, down from 1.2% that was reported previously.

Consumer spending posted a drag as data showed that higher rising prices and modest wage growth put a squeeze on household budgets. Trade was also seen dragging GDP lower as imports outstripped exports.

MARKETS PREVIEW

29th of May 2017, to 2nd of June 2017



The week ahead will be likely busy as the markets head into a new trading month. For the U.S. dollar, it could be a key week as important indicators due over the week include the ISM manufacturing PMI and the monthly payrolls report for the month of May. With the June FOMC meeting coming up in a few weeks' time, this week's payrolls data could sway rate hike expectations in either direction.

U.S: May jobs report could cement rate hike expectations

It will be a busy and an important week for the U.S. dollar as key economic reports will come under the scanner ahead of the June 13 - 14 FOMC meeting. The expectations for an interest rate hike stands at 80% but the monthly jobs report has the potential to change expectations rather quickly.

Economists are expecting the U.S. unemployment rate to hold near 4.4%, while expecting to see another blockbuster month in terms of jobs. By some estimates, the May jobs report could potentially come up higher than 200k for the month of May.

While this might be a good report overall, the pace of wage growth will be important, considering that the Fed minutes revealed how some of the policy makers were concerned by the rather slow pace of wage growth.

Estimates are hawkish with the average hourly earnings expected to rise from 2.5% to 2.7%, which could possibly give the Fed, the go ahead for rate hikes.

Besides the jobs report, the monthly manufacturing activity as measured by the Institute of Supply Management (ISM) will also be release. The data is expected to show another month of decline although the index remains above 50 indicating expansion in the sector.

Eurozone: Flash inflation numbers for May

The flash inflation estimates for the month of May will most likely stand out in an otherwise quiet week of trading from the eurozone. Following the pressure that has been building up on the European Central Bank (ECB) to cut down on its bond purchases, the preliminary inflation report could keep the expectations in check this week.

By large, expectations call for the consumer prices to slip back in May following the sharp increase in April, for which most of the price gains was attributed to the Easter holiday. With broadly lower oil prices during the month, both the headline and core CPI numbers are expected to slip.

This will most likely give enough reasons for policymakers to hold back from many any changes to monetary policy when the European central bank meets in a few weeks' time.

Besides the inflation figures, other data includes regional CPI numbers out of Germany and Spain and the monthly manufacturing activity from the eurozone, which is expected to show that recovery in the region continued through the month of May.

Sweden: GDP and retail sales

Sweden will be releasing the quarterly GDP report on Tuesday. Expectations call for a GDP growth rate of 1.2% on a quarter over quarter basis, while the annualized GDP growth rate is expected to be around 3.2%.

A match on the estimates will put Sweden's GDP about 0.4 percentage points above the Swedish Riksbank economic forecasts. This is likely to put more pressure on the central bank which remains dovish, despite positive developments on growth.

The central bank which is already under pressure and only recently decided to expand its bond purchases will likely see some questions being raised in regards to its ultra-loose monetary policy.

Besides the GDP report, the retail sales numbers are expected this week as well. With the Easter month, retail sales number is expected to have increased. Other notable data from Sweden this coming week will include the trade balance and manufacturing PMI numbers.

TECHNICAL CORNER



GBPUSD – Bearish continuation to follow

The British pound posted strong losses on Friday after a prolonged period of consolidation above 1.2900 and 1.3000. The failure to break past the 1.3000 highs saw price action break to the downside and breaching past the 1.2800 level on Friday. The declines came on a mix of factors that included uncertainty from the UK and the brief strength in the U.S. dollar which rallied on a better than expected revised GDP numbers.



EURUSD (1.1205) – Daily Chart

On Friday, a new poll from YouGov showed that the UK's conservative party, led by the incumbent prime minister, Theresa May lost nearly 5 points in the lead. This news led to the potential possibility of a hung parliament that could be formed. Previously this thought did not occur to the markets who were expecting to see the Conservative party win by a strong margin.

The uncertainty led to strong declines in the GBPUSD. The U.S. dollar also turned stronger on Friday after the report from the U.S. commerce department showed that the U.S. economy expanded at a pace of 1.2%. This was a strong revision from the previously reported 0.7% quarterly GDP growth rate and the data allayed fears that the U.S. economy did not post one of the worst quarterly growths in recent times.

The upbeat GDP numbers stoked expectations for a rate hike from the Federal Reserve which meets in a few weeks. Technically, the GBPUSD is expected to continue to post the declines.

Any bounces are likely to be a sell towards 1.2600 where the next main support sits. In terms of any retracement look for 1.2800 and 1.2900 above as the ideal price levels where resistance is likely to be formed.

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