

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 12th of June 2017, to 16th of June 2017

Date	Time	Currency	Event	Actual	Forecast	Previous	
12-Jun	05:59	JPY	Prelim Machine Tool Orders y/y	24.40%		34.70%	
	08:00	EUR	Italian Industrial Production m/m	-0.40%	0.20%	0.40%	
	08:30	AUD	RBA Assist Gov DeBelle Speaks				
	18:00	USD	Federal Budget Balance	-88.4B	-87.3B	182.4B	
	23:50	JPY	BSI Manufacturing Index	-2.9	1.5	1.1	
13-Jun	01:30	AUD	NAB Business Confidence	7		13	
	05:30	EUR	French Final Non-Farm Payrolls q/q	0.40%	0.30%	0.30%	
	06:00	EUR	German WPI m/m	-0.70%	0.20%	0.30%	
	08:30	GBP	CPI y/y	2.90%	2.70%	2.70%	
		GBP	PPI Input m/m	-1.30%	-0.50%	-0.30%	
		GBP	RPI y/y	3.70%	3.50%	3.50%	
	09:00	GBP	Core CPI y/y	2.60%	2.30%	2.40%	
		GBP	HPI y/y	5.60%	3.70%	4.50%	
		GBP	PPI Output m/m	0.10%	0.20%	0.40%	
	09:57	EUR	German ZEW Economic Sentiment	18.6	21.6	20.6	
		EUR	ZEW Economic Sentiment	37.7	37.2	35.1	
	09:57	USD	NFIB Small Business Index	104.5	105.2	104.5	
	12:30	USD	PPI m/m	0.00%	0.00%	0.50%	
		USD	Core PPI m/m	0.30%	0.20%	0.40%	
	22:45	NZD	Current Account	0.24B	0.95B	-2.42B	
NZD		FPI m/m	2.40%		-0.80%		
14-Jun	00:30	AUD	Westpac Consumer Sentiment	-1.80%		-1.10%	
	02:00	CNY	Industrial Production y/y	6.50%	6.40%	6.50%	
		CNY	Fixed Asset Investment ytd/y	8.60%	8.80%	8.90%	
		CNY	Retail Sales y/y	10.70%	10.80%	10.70%	
	04:30	JPY	Revised Industrial Production m/m	4.00%	4.10%	4.00%	
	06:00	EUR	German Final CPI m/m	-0.20%	0.50%	-0.20%	
	08:30	GBP	Average Earnings Index 3m/y	2.10%	2.40%	2.30%	
		GBP	Claimant Count Change	7.3K	12.5K	22.0K	
	09:00	GBP	Unemployment Rate	4.60%	4.60%	4.60%	
		EUR	Employment Change q/q	0.40%	0.30%	0.40%	
	09:08	EUR	Industrial Production m/m	0.50%	0.50%	0.20%	
		CNY	M2 Money Supply y/y	9.60%	10.40%	10.50%	
	12:30	CNY	New Loans	1110B	1000B	1100B	
		USD	CPI m/m	-0.10%	0.20%	0.20%	
		USD	Core CPI m/m	0.10%	0.20%	0.10%	
		USD	Core Retail Sales m/m	-0.30%	0.20%	0.30%	
		USD	Retail Sales m/m	-0.30%	0.10%	0.40%	
		13:30	GBP	CB Leading Index m/m	-0.30%		-0.10%
		14:00	USD	Business Inventories m/m	-0.20%	-0.10%	0.20%
	14:30	USD	Crude Oil Inventories	-1.7M	-2.3M	3.3M	
	18:00	USD	FOMC Economic Projections				
USD		FOMC Statement					
USD		Federal Funds Rate	<1.25%	<1.25%	<1.00%		

	18:30	USD	FOMC Press Conference			
	22:45	NZD	GDP q/q	0.50%	0.70%	0.40%
15-Jun	01:00	AUD	MI Inflation Expectations	3.60%		4.00%
	01:30	AUD	Employment Change	42.0K	9.7K	46.1K
		AUD	Unemployment Rate	5.50%	5.70%	5.70%
		AUD	RBA Bulletin			
	04:30	CHF	SNB Financial Stability Report			
	06:38	CNY	Foreign Direct Investment ytd/y	-0.70%		-0.10%
	06:45	EUR	French Final CPI m/m	0.00%	0.10%	0.10%
	07:15	CHF	PPI m/m	-0.30%	-0.10%	-0.20%
	07:30	CHF	Libor Rate	-0.75%	-0.75%	-0.75%
		CHF	SNB Monetary Policy Assessment			
	07:40	AUD	RBA Assist Gov DeBelle Speaks			
	08:00	CHF	SNB Press Conference			
	08:30	GBP	Retail Sales m/m	-1.20%	-0.90%	2.50%
	08:49	EUR	Spanish 10-y Bond Auction	1.40 1.8		1.55 1.4
	09:00	EUR	Trade Balance	19.6B	22.4B	22.2B
	All Day	EUR	Eurogroup Meetings			
	11:00	GBP	MPC Official Bank Rate Votes	3-0-5	1-0-7	1-0-7
		GBP	Monetary Policy Summary			
		GBP	Official Bank Rate	0.25%	0.25%	0.25%
		GBP	Asset Purchase Facility	435B	435B	435B
		GBP	MPC Asset Purchase Facility Votes	0-0-8	0-0-8	0-0-8
	12:30	CAD	Manufacturing Sales m/m	1.10%	0.90%	0.80%
		USD	Unemployment Claims	237K	241K	245K
		USD	Empire State Manufacturing Index	19.8	5.2	-1
		USD	Import Prices m/m	-0.30%	0.10%	0.20%
		USD	Philly Fed Manufacturing Index	27.6	25.5	38.8
	13:15	USD	Capacity Utilization Rate	76.60%	76.80%	76.70%
	USD	Industrial Production m/m	0.00%	0.20%	1.10%	
14:00	USD	NAHB Housing Market Index	67	70	69	
14:30	USD	Natural Gas Storage	78B	88B	106B	
20:00	USD	TIC Long-Term Purchases	1.8B	37.3B	59.7B	
22:30	NZD	Business NZ Manufacturing Index	58.5		56.9	
16-Jun	02:54	JPY	BOJ Policy Rate	-0.10%	-0.10%	-0.10%
		JPY	Monetary Policy Statement			
	06:30	JPY	BOJ Press Conference			
	08:00	EUR	Italian Trade Balance	3.60B	3.41B	5.31B
	09:00	EUR	Final CPI y/y	1.40%	1.40%	1.40%
		EUR	Final Core CPI y/y	0.90%	0.90%	0.90%
	All Day	EUR	ECOFIN Meetings			
	11:00	GBP	BOE Quarterly Bulletin			
	12:30	CAD	Foreign Securities Purchases	10.60B	12.14B	15.05B
		USD	Building Permits	1.17M	1.25M	1.23M
		USD	Housing Starts	1.09M	1.23M	1.16M
	14:00	USD	Prelim UoM Consumer Sentiment	94.5	97.2	97.1
		USD	Labor Market Conditions Index			
		USD	m/m	2.3		3.7
	USD	Prelim UoM Inflation Expectations	2.60%		2.60%	
16:45	USD	FOMC Member Kaplan Speaks				

Time: GMT

THE WEEK AHEAD



19th of June 2017, to 23rd of June 2017

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
19-Jun	01:30	AUD	New Motor Vehicle Sales m/m		0.30%
	12:00	USD	FOMC Member Dudley Speaks		
	14:30	AUD	CB Leading Index m/m		0.50%
	15:00	EUR	German Buba President Weidmann Speaks		
	23:00	USD	FOMC Member Evans Speaks		
20-Jun	01:30	AUD	Monetary Policy Meeting Minutes		
		AUD	HPI q/q	2.20%	4.10%
	05:45	CHF	SECO Economic Forecasts		
	06:00	EUR	German PPI m/m	-0.10%	0.40%
	06:30	CHF	SNB Chairman Jordan Speaks		
	07:30	GBP	BOE Gov Carney Speaks		
	08:00	EUR	Current Account	31.3B	34.1B
	08:45	CHF	SNB Chairman Jordan Speaks		
	12:00	USD	FOMC Member Fischer Speaks		
	12:30	CAD	Wholesale Sales m/m		0.90%
		USD	Current Account	-124B	-112B
	13:00	CNY	CB Leading Index m/m		1.20%
	Tentative	NZD	GDT Price Index		0.60%
	19:00	USD	FOMC Member Kaplan Speaks		
23:50	JPY	Monetary Policy Meeting Minutes			
21-Jun	00:30	AUD	MI Leading Index m/m		-0.10%
	04:30	JPY	All Industries Activity m/m	1.70%	-0.60%
	08:30	GBP	Public Sector Net Borrowing	7.3B	9.6B
	11:00	GBP	MPC Member Haldane Speaks		
	13:00	CHF	SNB Quarterly Bulletin		
	14:00	USD	Existing Home Sales	5.54M	5.57M
	14:30	USD	Crude Oil Inventories		-1.7M
	20:00	NZD	RBNZ Rate Statement		
	21:00	NZD	Official Cash Rate	1.75%	1.75%
	22:45	NZD	Visitor Arrivals m/m		3.50%
	22-Jun	03:00	NZD	Credit Card Spending y/y	
06:00		CHF	Trade Balance	2.44B	1.97B
08:00		EUR	ECB Economic Bulletin		
10:00		GBP	CBI Industrial Order Expectations	7	9
12:30		CAD	Core Retail Sales m/m		-0.20%
		CAD	Retail Sales m/m		0.70%
		USD	Unemployment Claims	241K	237K
13:00		USD	HPI m/m	0.40%	0.60%
14:00		EUR	Consumer Confidence	-3	-3
		USD	CB Leading Index m/m	0.40%	0.30%
14:30		USD	Natural Gas Storage		78B

	18:00	GBP	MPC Member Forbes Speaks		
23-Jun	00:30	JPY	Flash Manufacturing PMI	53.4	53.1
	07:00	EUR	French Flash Manufacturing PMI	54.1	53.8
		EUR	French Flash Services PMI	57.1	57.2
	07:30	EUR	German Flash Manufacturing PMI	59.1	59.5
		EUR	German Flash Services PMI	55.4	55.4
	08:00	EUR	Flash Manufacturing PMI	56.9	57
		EUR	Flash Services PMI	56.2	56.3
	12:30	CAD	CPI m/m		0.40%
		CAD	Common CPI y/y		1.30%
		CAD	Median CPI y/y		1.60%
		CAD	Trimmed CPI y/y		1.30%
		CAD	Core CPI m/m		0.00%
	13:00	EUR	Belgian NBB Business Climate	-0.8	-1.1
	13:45	USD	Flash Manufacturing PMI	53.1	52.7
		USD	Flash Services PMI	53.9	53.6
	14:00	USD	New Home Sales	599K	569K

Time: GMT

MARKETS RECAP



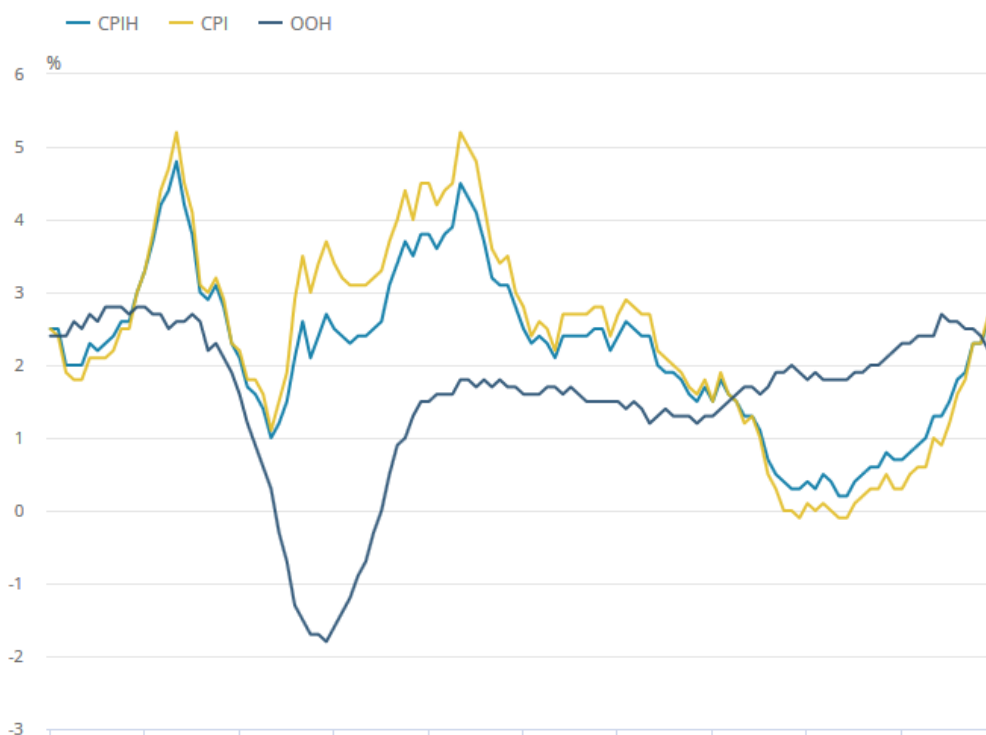
Last Week: 12th of June 2017, to 16th of June 2017

The markets last week focused on the FOMC meeting among a host of other central bank meetings. While monetary policy was left unchanged among the major central banks, the FOMC hiked interest rates by 25 basis points. It also maintained a hawkish bias in the markets and noted that it would soon begin unwinding its balance sheet starting October, giving out the plans on how it intends to do so.

UK inflation rises to a 4-year high

Last week, the UK's Office for National Statistics released the monthly inflation figures. Data showed that consumer prices in the UK accelerated more than expected, rising to a 4-year high.

Headline consumer prices rose 2.9% in May, according to the ONS' data released on Tuesday last week. Inflation accelerated from 2.7% in the previous month, and beat expectations of a 2.7% increase.



UK Inflation (CPI): 2.9%, May 2017

The inflation increase was the highest since June 2013, according to the statisticians and rose past the Bank of England's 2.0% inflation target. Consumer prices are now close to 3% if this trend continues.

Despite the increase in inflation, some economists note that the rise in inflation was not away from the peak. The increase in prices is however expected to put a squeeze on the household spending as wages continue to rise at a slower pace.

Core inflation, which strips the volatile components also increased from 2.4% in April to 2.6% in May. On a month over month basis, consumer prices rose 0.3% up from 0.2% increase seen the month before. The output price inflation however held steady at 3.6%, according to the ONS.

Fed turns hawkish with rate hikes and balance sheet unwinding

The U.S. Federal Reserve bank raised interest rates on Wednesday for the third time despite lingering questions on the apparent slowdown in the economy.

The FOMC voted to rise the Fed funds rates to 1.0% - 1.25% and said that it will begin a gradual unwinding of the balance sheet. The Fed has accumulated a total of \$4.5 trillion in Treasuries and Mortgage Backed Securities (MBS) since 2008.

The Fed, whose mandate it is to promote full employment and inflation has been caught in a policy mix. While unemployment levels have fallen to the lowest in 16-years, inflation briefly spiked to 2% before easing back.

The markets were apparently interested in the forward guidance from the Fed. Surprisingly, the Fed maintained that it will hike interest rates one more time this year. The markets were expecting to see a dovish stance from the Fed at this meeting.

"Information received since the Federal Open Market Committee met in May indicates that the labor market has continued to strengthen and that economic activity has been rising moderately so far this year," the Fed said.

The Fed also gave out clear plans on how it will begin to unwind the balance sheet with a gradual tightening at the pace of \$10 billion per month. From this \$6 billion would be from Treasuries and \$4 billion from the MBS. Every three months, the Fed is expected to increase this by \$10 billion, while maintaining the proportion of 60 - 40, until it reaches the pace of \$50 billion.

The market reaction was broadly muted as the rate hike was already priced in. The U.S. dollar initially fell on the FOMC's statement, but later managed to recover from the lows.

New Zealand GDP rises less than expected

The latest quarterly GDP data from New Zealand showed that the gross domestic product rose 0.5% in the March quarter. This was less than forecast of 0.7% and the data was also lower than the RBNZ's forecast of 0.9%.

Growth in the quarter ending March came mostly due to the softness from the primary sector. Agriculture production was seen rising 4.3% underpinned by higher dairy output. There were also some broad based gains in retail spending and accomodation which rose 1.8% on a combined basis.



New Zealand GDP Annual Growth Rate: 2.5% (March 2017)

Manufacturing contributed 1% during the quarter while services grew just 0.4%. Construction activity rose 2.1% during the period.

"Much lower building activity combined with mixed results for the service sector took the shine off higher dairy production and saw a second quarter of moderate overall GDP growth," national accounts senior manager Gary Dunnet said.

Despite the weaker than expected GDP growth, expectations still remain high that the GDP growth could bounce back in the second quarter. From a monetary policy point of view, the data suggests that the RBNZ will continue to keep monetary policy steady.

Previously, the markets were expecting the RBNZ to start being its rate hike cycle, but given the latest developments in the GDP, the market expectations are beginning to align more closely with that of the central bank.

MARKETS PREVIEW



19th of June 2017, to 23rd of June 2017

Following a rather hectic central bank meetings last week, the week ahead will see the markets take a backseat. On the economic calendar is the RBNZ's interest rate decision. For the most part, data for next week will be focusing on the Canadian retail sales and inflation figures. In the Eurozone, the flash manufacturing and services PMI will be released. The RBA will also be releasing the monetary policy statement this week on Monday.

RBNZ meeting: No changes to monetary policy expected

The Reserve Bank of New Zealand will be meeting this week for its monetary policy review. The RBNZ's Overnight Cash Rate (OCR) is expected to remain unchanged and based on the recent set of data, the RBNZ's neutral tone is but expected.

While the RBNZ's previous statements on monetary policy was viewed as being "**aggressively neutral**," the recent string of softness especially in the area of gross domestic product is likely to ascertain the RBNZ's view.

The NZD's exchange rate is also likely to become a concern for the RBNZ against a soft patch of economic growth. Since the May policy statement, GDP growth has been somewhat disappointing according to some economists. Rising just 0.5% in the quarter ending March 2017, the GDP growth figures were slower than forecast, including that of the RBNZ's which expected a 0.9% increase in GDP.

Given that the RBNZ has brushed aside the recent increase in inflation as only temporary, the overall bias from the central bank could be neutral or somewhat bearish. This will possibly weigh on the New Zealand dollar as a result.

US: Fed speech

A rather quiet week from the U.S. will see focus turning to central bank speeches. A number of FOMC members will be speaking, including Kaplan and Dudley. The members are likely to speak more on the recent FOMC decision to hike interest rates.

There is also the possibility that the Fed members will talk about the proposed balance sheet reduction. Although this sounded hawkish, the Federal Reserve noted that the central bank could look to further easing if the economy witnessed a downturn. However, considering the current jobless rate and inflation rate that is somewhat stable, this (further easing) is unlikely to happen.

Besides the Fed speak, economic data is mostly relegated to second tier data. This includes the weekly jobless claims, new home sales data and flash manufacturing PMI numbers for the month of June.

Brexit negotiations to start this week

The UK and the EU are expected to meet this week on Monday, 19th June. Nearly a year after the Brexit referendum was held and the UK voted to leave the EU, it has been a long and tough road for the UK.

Compared to the UK, the EU27 is well prepared. This comes partly due to the fact that the political headwinds have receded. There is also an uptick in the Eurozone economy. The markets are expecting to see the ECB begin its tightening process by early next year or perhaps even sooner if inflation picks up.

The UK on the other hand is plagued by political uncertainty. With no clear leadership in place, it is quite likely that negotiation with the EU will be difficult. In the event that there is some consensus formed and a coalition government being put in place, the Brexit deal will need wider approval, not just from the Conservatives Party, which is in majority but short of the number needed to govern as a ruling majority party in the UK.

Economic data from the UK is also quiet this week, which means that focus will purely shift to the EU – UK talks. Expect to see some volatility in the EURGBP currency pair.

Eurozone flash manufacturing and services PMI

In the Eurozone, data will be on Germany's PPI and the flash manufacturing and services PMI numbers for the month of June. The forward looking PMI's will suggest how the economy fared in the month of June in the eurozone.

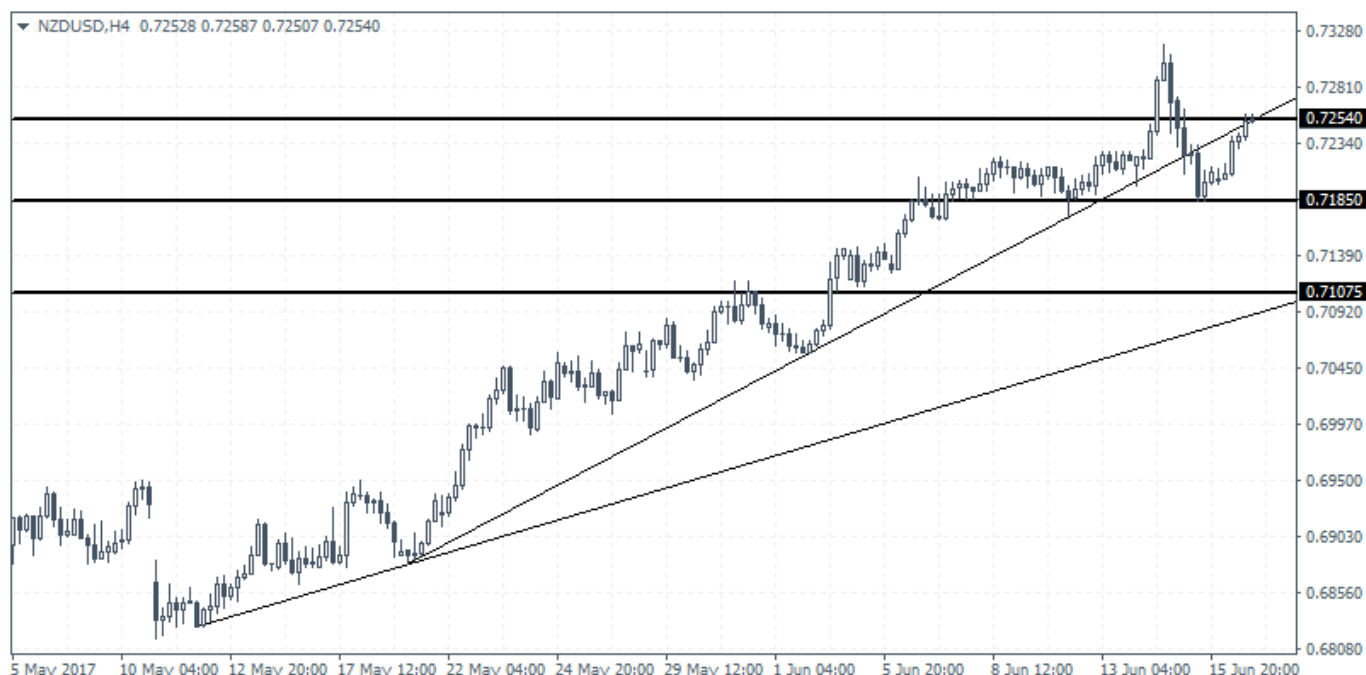
A positive upbeat tone is likely to see the euro gain some ground, especially against the British pound, if not the U.S. dollar. Signs of continued momentum in the eurozone economy could possibly build up expectations for ECB policy tightening.

TECHNICAL CORNER



NZDUSD – Will RBNZ knock down the New Zealand dollar?

The New Zealand dollar has been one of the strong performing currencies this year. The gains in the NZD came amid the market expectation that the RBNZ could begin hiking rates earlier than expected. However, recent economic data showed that the RBNZ's "wait and watch" approach was the more appropriate monetary policy stance. Recent economic indicators included strong inflation figures which was brushed aside by the RBNZ governor. This was later followed by the quarterly GDP numbers which was softer than expected.



NZDUSD (0.7254) – H4 Chart

In the quarter ending March, New Zealand's GDP rose 0.5%. This was slower than the RBNZ's 0.9% increase and validates the central bank's view that interest rates are unlikely to be unchanged. The New Zealand dollar's exchange rate is now likely to be a concern for the RBNZ which could potentially jawbone the NZD at this week's meeting.

From a technical outlook, the NZDUSD has broken past the rising trend line, only to rise and retest the break out level. A reversal here is required to validate the decline to the downside. The reversal at 0.7254 will signal a resistance level at this point. To the downside, the first support is seen at 0.7185. A break down below this level will indicate further downside towards 0.7107.

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