

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 10th of July 2017, to 14th of July 2017

Date	Time	Currency	Event	Actual	Forecast	Previous
10-Jul	12:50am	JPY	Bank Lending y/y	3.30%		3.20%
		JPY	Core Machinery Orders m/m	-3.60%	1.70%	-3.10%
		JPY	Current Account	1.40T	1.63T	1.81T
	2:30am	CNY	CPI y/y	1.50%	1.60%	1.50%
		CNY	PPI y/y	5.50%	5.50%	5.50%
	6:00am	JPY	Economy Watchers Sentiment	50	49	48.6
	7:00am	EUR	German Trade Balance	20.3B	20.3B	19.7B
	9:30am	EUR	Sentix Investor Confidence	28.3	28.1	28.4
	3:00pm	USD	Labor Market Conditions Index m/m	1.5		3.3
	8:00pm	USD	Consumer Credit m/m	18.4B	12.1B	12.9B
11-Jul	12:01am	GBP	BRC Retail Sales Monitor y/y	1.20%		-0.40%
	12:50am	JPY	M2 Money Stock y/y	3.90%		3.80%
	2:30am	AUD	NAB Business Confidence	9		8
		AUD	Home Loans m/m	1.00%	1.50%	-1.90%
	6:57am	JPY	Prelim Machine Tool Orders y/y	31.10%		24.50%
	9:00am	EUR	Italian Industrial Production m/m	0.70%	0.50%	-0.50%
	11:00am	GBP	MPC Member Haldane Speaks			
		USD	NFIB Small Business Index	103.6	104.4	104.5
	1:13pm	CAD	Housing Starts	213K	200K	195K
	1:30pm	GBP	MPC Member Broadbent Speaks			
	2:30pm	GBP	CB Leading Index m/m	-0.10%		-0.30%
	3:00pm	USD	JOLTS Job Openings	5.67M	5.98M	5.97M
	USD	Final Wholesale Inventories m/m	0.40%	0.30%	0.30%	
	5:30pm	USD	FOMC Member Brainard Speaks			
	6:20pm	USD	FOMC Member Kashkari Speaks			
12-Jul	12:50am	JPY	PPI y/y	2.10%	2.10%	2.10%
	1:30am	AUD	Westpac Consumer Sentiment	0.40%		-1.80%
	5:30am	JPY	Tertiary Industry Activity m/m	-0.10%	-0.50%	1.40%
	7:00am	EUR	German WPI m/m	0.00%	0.20%	-0.70%
	9:00am	CNY	M2 Money Supply y/y	9.40%	9.50%	9.60%
		CNY	New Loans	1540B	1258B	1110B
	9:30am	GBP	Average Earnings Index 3m/y	1.80%	1.80%	2.10%
		GBP	Claimant Count Change	6.0K	10.5K	7.5K
		GBP	Unemployment Rate	4.50%	4.60%	4.60%

	10:00am	EUR	Industrial Production m/m	1.30%	1.00%	0.30%
	3:00pm	CAD	BOC Monetary Policy Report			
		CAD	BOC Rate Statement			
		CAD	Overnight Rate	0.75%	0.75%	0.50%
		USD	Fed Chair Yellen Testifies			
	3:30pm	USD	Crude Oil Inventories	-7.6M	-3.2M	-6.3M
	4:15pm	CAD	BOC Press Conference			
	7:00pm	USD	Beige Book			
	11:45pm	NZD	FPI m/m	0.20%		2.40%
13-Jul	12:01am	GBP	RICS House Price Balance	7%	15%	17%
	2:00am	AUD	MI Inflation Expectations	4.40%		3.60%
	3:07am	CNY	Foreign Direct Investment ytd/y	-0.10%		-0.70%
	4:20am	CNY	Trade Balance	294B	273B	282B
	4:22am	CNY	USD-Denominated Trade Balance	42.8B	42.9B	40.8B
	7:00am	EUR	German Final CPI m/m	0.20%	0.20%	0.20%
	7:45am	EUR	French Final CPI m/m	0.00%	0.00%	0.00%
	8:15am	CHF	PPI m/m	-0.10%	0.00%	-0.30%
	9:30am	GBP	BOE Credit Conditions Survey			
	1:30pm	CAD	NHPI m/m	0.70%	0.30%	0.80%
		USD	PPI m/m	0.10%	0.00%	0.00%
		USD	Unemployment Claims	247K	245K	250K
		USD	Core PPI m/m	0.10%	0.20%	0.30%
	2:30pm	USD	Fed Chair Yellen Testifies			
	3:30pm	USD	Natural Gas Storage	57B	59B	72B
	6:00pm	USD	FOMC Member Brainard Speaks			
	6:58pm	USD	Federal Budget Balance	-90.2B	-36.2B	-88.4B
	11:30pm	NZD	Business NZ Manufacturing Index	56.2		58.2
14-Jul	5:32am	JPY	Revised Industrial Production m/m	-3.60%	-3.30%	-3.30%
	10:00am	EUR	Italian Trade Balance	4.34B	2.43B	3.60B
		EUR	Trade Balance	19.7B	20.3B	18.6B
	1:30pm	USD	CPI m/m	0.00%	0.10%	-0.10%
		USD	Core CPI m/m	0.10%	0.20%	0.10%
		USD	Core Retail Sales m/m	-0.20%	0.20%	-0.30%
		USD	Retail Sales m/m	-0.20%	0.10%	-0.10%
	2:15pm	USD	Capacity Utilization Rate	76.60%	76.70%	76.40%
		USD	Industrial Production m/m	0.40%	0.30%	0.10%
	2:30pm	USD	FOMC Member Kaplan Speaks			
	3:00pm	USD	Prelim UoM Consumer Sentiment	93.1	95.1	95.1
		USD	Business Inventories m/m	0.30%	0.30%	-0.20%
		USD	Prelim UoM Inflation Expectations	2.70%		2.60%

Time: GMT

THE WEEK AHEAD



17th of July 2017, to 21st of July 2017

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
17-Jul	12:01am	GBP	Rightmove HPI m/m		-0.40%
	3:00am	CNY	GDP q/y	6.80%	6.90%
		CNY	Industrial Production y/y	6.50%	6.50%
		CNY	Fixed Asset Investment ytd/y	8.50%	8.60%
		CNY	NBS Press Conference		
		CNY	Retail Sales y/y	10.60%	10.70%
	10:00am	EUR	Final CPI y/y	1.30%	1.30%
		EUR	Final Core CPI y/y	1.10%	1.10%
	1:30pm	CAD	Foreign Securities Purchases	9.78B	10.60B
		USD	Empire State Manufacturing Index	15.2	19.8
	11:45pm	NZD	CPI q/q	0.20%	1.00%
18-Jul	2:30am	AUD	Monetary Policy Meeting Minutes		
		AUD	New Motor Vehicle Sales m/m		2.90%
	9:30am	GBP	CPI y/y	2.90%	2.90%
		GBP	PPI Input m/m	-0.80%	-1.30%
		GBP	RPI y/y	3.60%	3.70%
		GBP	Core CPI y/y	2.60%	2.60%
		GBP	HPI y/y	3.20%	5.60%
		GBP	PPI Output m/m	0.10%	0.10%
	10:00am	EUR	German ZEW Economic Sentiment	17.6	18.6
		EUR	ZEW Economic Sentiment	37.2	37.7
	1:30pm	USD	Import Prices m/m	-0.20%	-0.30%
2:30pm	GBP	BOE Gov Carney Speaks			
3:00pm	USD	NAHB Housing Market Index	67	67	
Tentative	NZD	GDT Price Index		-0.40%	
9:00pm	USD	TIC Long-Term Purchases	20.3B	1.8B	
19-Jul	1:30am	AUD	MI Leading Index m/m		0.00%
	1:30pm	CAD	Manufacturing Sales m/m	0.80%	1.10%
		USD	Building Permits	1.20M	1.17M
		USD	Housing Starts	1.16M	1.09M
	3:30pm	AUD	CB Leading Index m/m		0.50%
		USD	Crude Oil Inventories		-7.6M
20-Jul	12:50am	JPY	Trade Balance	0.12T	0.13T
	2:30am	AUD	Employment Change	15.3K	42.0K

		AUD	Unemployment Rate	5.60%	5.50%
		AUD	NAB Quarterly Business Confidence		6
	Tentative	JPY	Monetary Policy Statement		
	Tentative	JPY	BOJ Outlook Report		
	Tentative	JPY	BOJ Policy Rate	-0.10%	-0.10%
	5:30am	JPY	All Industries Activity m/m	-0.80%	2.10%
	7:00am	CHF	Trade Balance	2.89B	3.40B
		EUR	German PPI m/m	-0.10%	-0.20%
	7:30am	JPY	BOJ Press Conference		
	9:00am	EUR	Current Account	23.3B	22.2B
	9:30am	GBP	Retail Sales m/m	0.30%	-1.20%
	12:45pm	EUR	Minimum Bid Rate	0.00%	0.00%
	1:30pm	EUR	ECB Press Conference		
		USD	Unemployment Claims	245K	247K
		USD	Philly Fed Manufacturing Index	23.8	27.6
	3:00pm	EUR	Consumer Confidence	-1	-1
		USD	CB Leading Index m/m	0.40%	0.30%
	11:45pm	NZD	Visitor Arrivals m/m		-3.00%
21-Jul	4:00am	NZD	Credit Card Spending y/y		7.60%
	4:40am	AUD	RBA Assist Gov DeBelle Speaks		
	5:15am	AUD	RBA Assist Gov Bullock Speaks		
	9:30am	GBP	Public Sector Net Borrowing	4.3B	6.0B
	1:30pm	CAD	CPI m/m	0.00%	0.10%
		CAD	Core Retail Sales m/m	0.40%	1.50%
		CAD	Common CPI y/y		1.30%
		CAD	Median CPI y/y		1.50%
		CAD	Retail Sales m/m	0.50%	0.80%
		CAD	Trimmed CPI y/y		1.20%
		CAD	Core CPI m/m		0.10%

Time: GMT

MARKETS RECAP



Last Week: 10th of July 2017, to 14th of July 2017

The markets were treated to a first rate hike by the Bank of Canada this week as interest rates were hiked by 25 basis points in nearly seven years. In the UK, the unemployment rate fell to a historic 43 year low at 4.5%, although wages continued to paint a mixed picture. The Fed Chair Janet Yellen gave her testimony to Congress but did not give any specifics on the timing of the next rate hike.

China inflation steady at 1.5% for June

Consumer prices in China rose 1.5% on a year over year basis in June, data from China's National Bureau of Statistics showed on Monday. This was slightly below the economists' forecasts of 1.6% and was unchanged from May's increase of 1.5% in consumer prices.



China Inflation Rate (Y/y): 1.5%, June 2017

On a monthly basis, China's inflation fell 0.2% in June. This was after consumer prices rose 0.1% in the previous month. In a separate report, the producer prices index was also unchanged, rising 5.5% on the year. This was the same pace of gains seen the month before in May. The PPI data in June was equal to the lowest level since December.

China's producer prices have been steadily increasing in more than a year and returned to positive territory only since October last year. PPI hit a high of 7.8% in February this year before easing back. In

May, the PPI data posted a third consecutive month of declines since peaking in February, while June's data remained same as that of the previous month.

Analysts are expecting that the recovery in the Chinese economy could be driven by gains in the producer prices index. Growth in the economy is expected to moderate by the second half of the year following a better than expected first half economic growth.

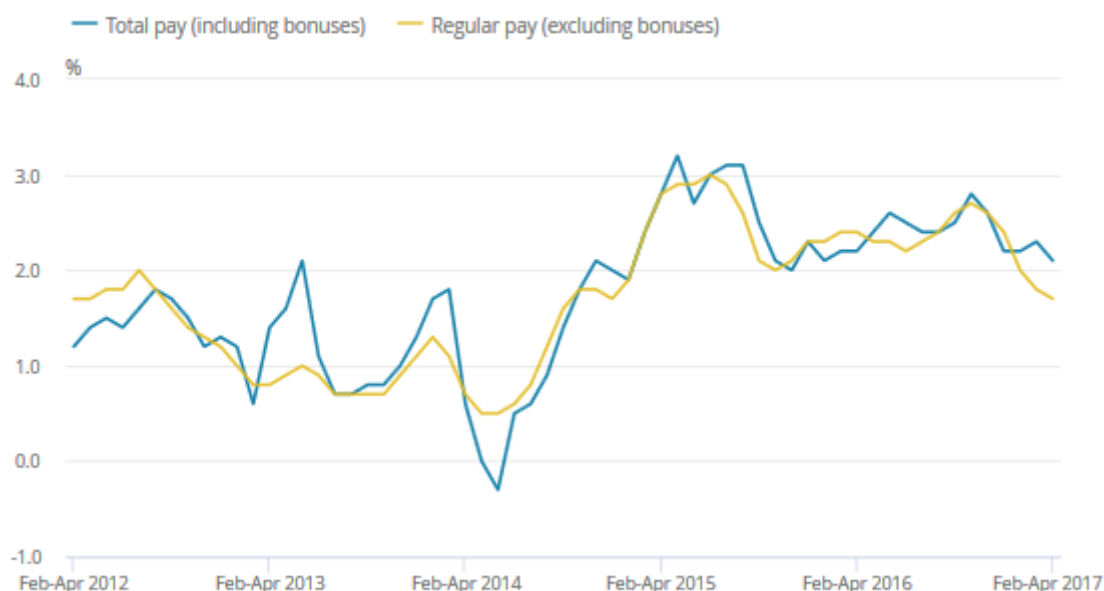
China is seen currently targeting a growth rate of 6.5% in the year 2017. Strong infrastructure investment is expected to have already played a role in pushing growth to the target levels during the first half.

On inflation, the nation is targeting a 3% inflation rate, which is the same target rate that was projected last year. However, international trade and economic uncertainty continues to weigh in on both growth as well as inflation.

UK Jobless rate falls to a 43-year low

The UK's labor market continues to baffle policy makers as the unemployment rate hit a new historical low but wages continued to lag behind inflation. Data from the UK's Office for National Statistics showed earlier this week that the unemployment rate in the UK fell to 4.5%.

February to April 2012 to February to April 2017



Source: Monthly Wages and Salaries Survey, Office for National Statistics
UK Wage Growth (1.8% including bonuses)

This was better than expected as the economists polled forecast an unchanged print in the unemployment rate at 4.6% from the previous month. The decline in UK's unemployment rate was the lowest level since 1975.

There was also better data in store as the number of unemployed people seeking benefits decreased by 64,000 from the previous three months to a total of 1.49 million. The claimant count change was unchanged at 2.3% in June. The employment rate or the number of people in work also increased to 74.9% which marked the highest levels since 1971.

Despite the better than expected data, average wages continued to weaken but painted a mixed picture. Excluding bonuses, earnings rose 2% compared to the year before. This was a slight improvement from the previous levels. However, including bonuses, the average earnings rose just 1.8%, which was as expected and slowed from the previous 2.0%.

Nominal wages, which includes the inflation rate turned negative for the first time, contracting 0.5%.

Bank of Canada hikes interest rates

As widely expected, the Bank of Canada hiked interest rates by 25 basis points at today's meeting. This brings Canada's interest rates to 0.75% up from 0.50% previously. The Bank of Canada's rate hike was the first in more than seven years.

By hiking interest rates, Canada has become the second G7 nation besides the United States in raising interest rates. However, economists are calling the BoC's rate hike as a "cautious hike." The BoC said that it would remain prudent and warned that further tightening would be based off how the economic data will perform.

"Monetary policy is not on a predetermined path," the BoC Governor Stephen Poloz said in the opening remarks ahead of a press conference in Ottawa. He said that he didn't doubt that interest rates would be higher over time. ***"It will remain highly data-dependent as we move forward,"*** Poloz said..

The BoC's rate hike has also signaled to the markets that central bankers are slowly entering a tightening period in the markets. Just a few weeks ago, central bankers convened in Portugal where the likes of ECB and the BoE signaled that rates could be increased.

MARKETS PREVIEW



17th of July 2017, to 21st of July 2017

The U.S. dollar takes a backseat this week as focus turns to the central bank meetings from the ECB and the BoJ. No policy changes are expected this week but the ECB could begin its forward guidance for tightening policy. Elsewhere, inflation data from New Zealand and Australia will also be coming out while China will kick off the week with the GDP data.

ECB expected to keep monetary policy steady

The European Central Bank will be meeting this week for its monthly monetary policy outlook. Economists are expecting the central bank to not make any changes at this month's meeting. However, there is a consensus building up that the ECB's governing council will discuss on the forward guidance.

Previously, many officials from the ECB have noted that the balance of risks have lifted to the upside. The ECB could therefore be considering removing some of the dovish rhetoric. This could mean that the central bank officials will likely remove references to taking the main refinancing and deposit rates lower.

The markets will be mostly anticipating ECB's Draghi to signal the central bank's intention to further shrink its bond purchases. The last taper from the ECB was in March, where the central bank reduced its bond purchases by 20 billion, bringing it to the current 60 billion euro.

A further reduction could be announced starting September for another taper of 20 billion euro. In March, despite the tapering, Mario Draghi managed to talk down the euro noting the downside risks.

Some of the policy makers are also seen to be concerned about inflation and the risks of a premature end to the bond purchases. As a result, despite announcing another taper, ECB officials could continue to stay dovish in a bid to keep the common currency subdued.

Bank of Japan monetary policy meeting to be a non-event

The ECB's meeting this week could rightfully overshadow the meeting from the Bank of Japan (BoJ). No major policy changes are expected from the central bank at this week's meeting.

Markets are contemplating that the BoJ officials could potentially announce tapering to its QE program, noting that this could be the next policy move. However, recent comments from central bank officials at the BoJ showed their willingness to continue with QE and potentially expand on it if need be.

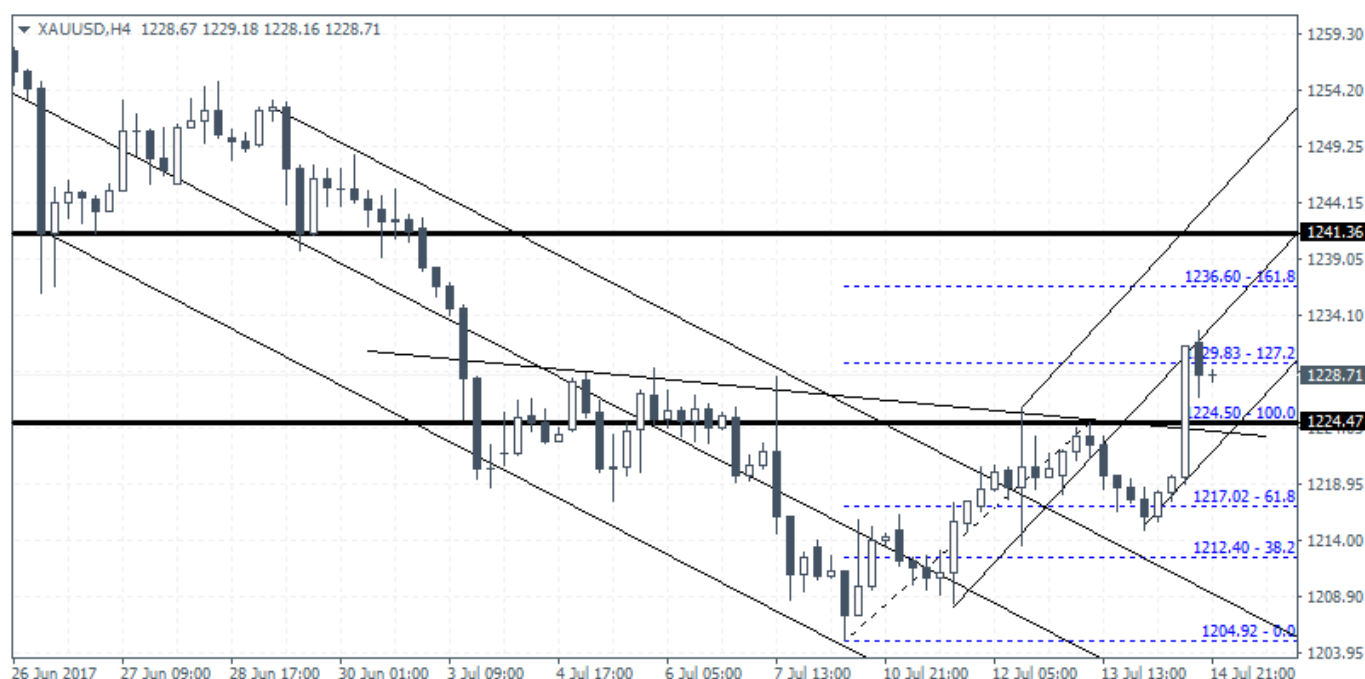
At this week's meeting, the BoJ could strike an optimistic tone especially after the BoJ's core CPI data showed a modest improvement of 0.3% increase on a month over month basis.

TECHNICAL CORNER



XAUUSD – Bullish bias is building

Gold prices have started to begin their ascent following a steady decline the lows of 1204 just a few weeks ago. Currently, the 4-hour chart shows price action breaking past the 1224.50 resistance level. This level marks the inverse head and shoulders pattern's resistance level that was breached. A decline back to this level could indicate support being established, following which we could expect to see further upside in gold prices in the near term.



XAUUSD (1228.71) – H4 Chart

A retest of the support/resistance at 1224.50 will signal a reversal and put gold on a bullish trend. The upside could see gold prices initially target the 161.8% Fibonacci level at 1236.60 which is likely to be the minimum upside target. Above this level, the major resistance at 1241.36 will be tested as well. As this level previously served as support, establishing resistance here could be crucial.

A breakout above the 1241.36 resistance will see gold prices maintain the bullish momentum with the potential to extend the gains towards the 1250 handle. However, if resistance holds up, then expect gold prices to remain trading within the range of 1241.36 resistance and 1224.47 support levels in the near term. A breakout from either of these levels will most likely determine the future trend in the precious metal.

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