

# orbex WEEKLY MARKETS REPORT



OVERWEEK  
BULLET POINTS



THE WEEK  
AHEAD



MARKETS  
PREVIEW



THE CHART OF  
THE WEEK

# OVERWEEK BULLET POINTS



Last Week: 31<sup>st</sup> of July 2017, to 4<sup>th</sup> of August 2017

Date	Time	Currency	Event	Actual	Forecast	Previous
31-Jul	12:50am	JPY	Prelim Industrial Production m/m	1.60%	1.60%	-3.60%
	2:00am	AUD	HIA New Home Sales m/m	-6.90%		1.10%
		AUD	MI Inflation Gauge m/m	0.10%		0.10%
		CNY	Manufacturing PMI	51.4	51.5	51.7
		CNY	Non-Manufacturing PMI	54.5		54.9
		NZD	ANZ Business Confidence	19.4		24.8
	2:30am	AUD	Private Sector Credit m/m	0.60%	0.40%	0.40%
	6:00am	JPY	Housing Starts y/y	1.70%	0.10%	-0.30%
	7:00am	EUR	German Retail Sales m/m	1.10%	0.10%	0.50%
	9:00am	EUR	Italian Monthly Unemployment Rate	11.10%	11.20%	11.30%
	9:30am	GBP	Net Lending to Individuals m/m	5.6B	4.9B	5.7B
		GBP	M4 Money Supply m/m	-0.20%	0.20%	-0.10%
		GBP	Mortgage Approvals	65K	65K	65K
	10:00am	EUR	CPI Flash Estimate y/y	1.30%	1.30%	1.30%
		EUR	Core CPI Flash Estimate y/y	1.20%	1.10%	1.10%
		EUR	Italian Prelim CPI m/m	0.10%	0.00%	-0.10%
		EUR	Unemployment Rate	9.10%	9.20%	9.20%
	1:30pm	CAD	RMPI m/m	-3.70%	-3.20%	-1.70%
		CAD	IPPI m/m	-1.00%	-0.30%	0.10%
	2:45pm	USD	Chicago PMI	58.9	60.8	65.7
	3:00pm	USD	Pending Home Sales m/m	1.50%	0.90%	-0.70%
	7:00pm	USD	Loan Officer Survey			
01-Aug	12:30am	AUD	AIG Manufacturing Index	56		55
	1:30am	JPY	Final Manufacturing PMI	52.1	52.2	52.2
	2:45am	CNY	Caixin Manufacturing PMI	51.1	50.5	50.4
	4:45am	JPY	10-y Bond Auction	0.07 4.2		0.08 4.8
	5:30am	AUD	RBA Rate Statement			
		AUD	Cash Rate	1.50%	1.50%	1.50%
	6:00am	JPY	BOJ Core CPI y/y	0.30%	0.20%	0.30%
	7:00am	GBP	Nationwide HPI m/m	0.30%	-0.10%	1.10%
	7:30am	AUD	Commodity Prices y/y	17.10%		23.70%
	8:15am	EUR	Spanish Manufacturing PMI	54	54.9	54.7
	8:45am	EUR	Italian Manufacturing PMI	55.1	55.2	55.2
	8:50am	EUR	French Final Manufacturing PMI	54.9	55.4	55.4
	8:55am	EUR	German Final Manufacturing PMI	58.1	58.3	58.3
		EUR	German Unemployment Change	-9K	-4K	6K

	9:00am	EUR	Final Manufacturing PMI	56.6	56.8	56.8
	9:30am	GBP	Manufacturing PMI	55.1	54.4	54.2
	10:00am	EUR	Prelim Flash GDP q/q	0.60%	0.60%	0.60%
	10:38am	GBP	10-y Bond Auction	1.27 2.6		1.38 2.3
	1:30pm	USD	Core PCE Price Index m/m	0.10%	0.10%	0.10%
		USD	Personal Spending m/m	0.10%	0.10%	0.20%
		USD	Personal Income m/m	0.00%	0.40%	0.30%
	2:30pm	CAD	Manufacturing PMI	55.5		54.7
	2:45pm	USD	Final Manufacturing PMI	53.3	53.2	53.2
	3:00pm	USD	ISM Manufacturing PMI	56.3	56.4	57.8
		USD	Construction Spending m/m	-1.30%	0.40%	0.30%
		USD	ISM Manufacturing Prices	62	56.5	55
	3:18pm	NZD	GDT Price Index	-1.60%		0.20%
	All Day	USD	Total Vehicle Sales	16.7M	16.8M	16.5M
	11:45pm	NZD	Employment Change q/q	-0.20%	0.70%	1.10%
		NZD	Unemployment Rate	4.80%	4.80%	4.90%
		NZD	Labor Cost Index q/q	0.40%	0.50%	0.40%
02-Aug	12:01am	GBP	BRC Shop Price Index y/y	-0.40%		-0.30%
	12:50am	JPY	Monetary Base y/y	15.60%	16.60%	17.00%
	2:30am	AUD	Building Approvals m/m	10.90%	1.20%	-5.40%
	6:00am	JPY	Consumer Confidence	43.8	43.5	43.3
	6:45am	CHF	SECO Consumer Climate	-3	-3	-8
	8:00am	EUR	Spanish Unemployment Change	-26.9K	-66.5K	-98.3K
	8:15am	CHF	Retail Sales y/y	1.50%	1.30%	-0.80%
	8:30am	CHF	Manufacturing PMI	60.9	58.9	60.1
	9:30am	GBP	Construction PMI	51.9	54.3	54.8
	10:00am	EUR	PPI m/m	-0.10%	-0.10%	-0.30%
	10:34am	EUR	German 10-y Bond Auction	0.49 1.5		0.59 1.4
	1:15pm	USD	ADP Non-Farm Employment Change	178K	187K	191K
	3:30pm	USD	Crude Oil Inventories	-1.5M	-3.2M	-7.2M
03-Aug	12:30am	AUD	AIG Services Index	56.4		54.8
	1:58am	NZD	ANZ Commodity Prices m/m	-0.80%		2.10%
	2:30am	AUD	Trade Balance	0.86B	1.78B	2.02B
	2:45am	CNY	Caixin Services PMI	51.5	51.9	51.6
	8:15am	EUR	Spanish Services PMI	57.6	58.4	58.3
	8:45am	EUR	Italian Services PMI	56.3	54.2	53.6
	8:50am	EUR	French Final Services PMI	56	55.9	55.9
	8:55am	EUR	German Final Services PMI	53.1	53.5	53.5
	9:00am	EUR	ECB Economic Bulletin			
		EUR	Final Services PMI	55.4	55.4	55.4
	9:30am	GBP	Services PMI	53.8	53.6	53.4
	9:45am	EUR	Spanish 10-y Bond Auction	1.27 1.9		1.65 1.2
	10:00am	EUR	Retail Sales m/m	0.50%	0.00%	0.40%
	10:06am	EUR	French 10-y Bond Auction	0.75 2.1		0.82 2.0
	12:00pm	GBP	BOE Inflation Report			

		GBP	MPC Official Bank Rate Votes	2-0-6	2-0-6	3-0-5
		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
	12:30pm	GBP	BOE Gov Carney Speaks			
		USD	Challenger Job Cuts y/y	-37.60%		-19.30%
	1:30pm	USD	Unemployment Claims	240K	242K	245K
	2:45pm	USD	Final Services PMI	54.7	54.2	54.2
	3:00pm	USD	ISM Non-Manufacturing PMI	53.9	56.9	57.4
		USD	Factory Orders m/m	3.00%	2.90%	-0.30%
	3:30pm	USD	Natural Gas Storage	20B	23B	17B
04-Aug	1:00am	JPY	Average Cash Earnings y/y	-0.40%	0.50%	0.60%
	2:30am	AUD	RBA Monetary Policy Statement			
		AUD	Retail Sales m/m	0.30%	0.20%	0.60%
	7:00am	EUR	German Factory Orders m/m	1.00%	0.60%	1.10%
	9:00am	EUR	Italian Retail Sales m/m	0.60%	0.10%	0.00%
	9:10am	EUR	Retail PMI	51		53.2
	1:30pm	CAD	Employment Change	10.9K	13.1K	45.3K
		CAD	Trade Balance	-3.6B	-1.3B	-1.4B
		CAD	Unemployment Rate	6.30%	6.50%	6.50%
		USD	Average Hourly Earnings m/m	0.30%	0.30%	0.20%
		USD	Non-Farm Employment Change	209K	182K	231K
		USD	Unemployment Rate	4.30%	4.30%	4.40%
		USD	Trade Balance	-43.6B	-43.9B	-46.4B
	3:00pm	CAD	Ivey PMI	60	59.2	61.6

Time: GMT

# THE WEEK AHEAD



7<sup>th</sup> of August 2017, to 11<sup>th</sup> of August 2017

## IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
07-Aug	12:30am	AUD	AIG Construction Index		56
	2:30am	AUD	ANZ Job Advertisements m/m		2.70%
	4:00am	NZD	Inflation Expectations q/q		1.90%
	6:00am	JPY	Leading Indicators	106.20%	104.60%
	7:00am	EUR	German Industrial Production m/m	0.20%	1.20%
	8:00am	CHF	Foreign Currency Reserves		693B
	8:15am	CHF	CPI m/m	-0.30%	-0.10%
	8:30am	GBP	Halifax HPI m/m	0.30%	-1.00%
	9:30am	EUR	Sentix Investor Confidence	27.8	28.3
	3:00pm	USD	Labor Market Conditions Index m/m		1.5
	6:25pm	USD	FOMC Member Kashkari Speaks		
	8:00pm	USD	Consumer Credit m/m	15.6B	18.4B
08-Aug	12:01am	GBP	BRC Retail Sales Monitor y/y		1.20%
	12:50am	JPY	Bank Lending y/y	3.30%	3.30%
		JPY	Current Account	1.51T	1.40T
	2:30am	AUD	NAB Business Confidence		9
	Tentative	CNY	Trade Balance	292B	294B
	Tentative	CNY	USD-Denominated Trade Balance	45.3B	42.8B
	6:00am	JPY	Economy Watchers Sentiment	49.8	50
	6:45am	CHF	Unemployment Rate	3.20%	3.20%
	7:00am	EUR	German Trade Balance	22.3B	20.3B
	7:45am	EUR	French Gov Budget Balance		-66.4B
		EUR	French Trade Balance	-5.1B	-4.9B
	11:00am	USD	NFIB Small Business Index	103.6	103.6
	1:15pm	CAD	Housing Starts	206K	213K
	3:00pm	USD	JOLTS Job Openings	5.66M	5.67M
	8th-12th	USD	Mortgage Delinquencies		4.71%
	3:00pm	USD	IBD/TIPP Economic Optimism	50.6	50.2
	11:35pm	AUD	RBA Assist Gov Kent Speaks		
09-Aug	12:50am	JPY	M2 Money Stock y/y	3.90%	3.90%
	1:30am	AUD	Westpac Consumer Sentiment		0.40%
	2:30am	AUD	Home Loans m/m	1.60%	1.00%
		CNY	CPI y/y	1.50%	1.50%
		CNY	PPI y/y	5.60%	5.50%
	7:00am	JPY	Prelim Machine Tool Orders y/y		31.10%
	9:00am	EUR	Italian Industrial Production m/m	0.20%	0.70%

	1:30pm	CAD	Building Permits m/m	-1.80%	8.90%
		USD	Prelim Nonfarm Productivity q/q	0.80%	0.00%
		USD	Prelim Unit Labor Costs q/q	1.20%	2.20%
	3:00pm	USD	Final Wholesale Inventories m/m	0.60%	0.60%
	10:00pm	NZD	Official Cash Rate	1.75%	1.75%
		NZD	RBNZ Rate Statement		
		NZD	RBNZ Monetary Policy Statement		
	11:00pm	NZD	RBNZ Press Conference		
10-Aug	12:01am	GBP	RICS House Price Balance	9%	7%
	12:50am	JPY	Core Machinery Orders m/m	3.70%	-3.60%
		JPY	PPI y/y	2.30%	2.10%
	2:00am	AUD	MI Inflation Expectations		4.40%
	2:10am	NZD	RBNZ Gov Wheeler Speaks		
	5:30am	JPY	Tertiary Industry Activity m/m	0.20%	-0.10%
	7:45am	EUR	French Industrial Production m/m	-0.60%	1.90%
	9:00am	EUR	Italian Trade Balance	3.87B	4.34B
	10th-16th	CNY	M2 Money Supply y/y	9.40%	9.40%
	10th-16th	CNY	New Loans	790B	1540B
	9:30am	GBP	Manufacturing Production m/m	0.00%	-0.20%
		GBP	Goods Trade Balance	-11.0B	-11.9B
		GBP	Construction Output m/m	1.20%	-1.20%
		GBP	Industrial Production m/m	0.10%	-0.10%
	1:00pm	GBP	NIESR GDP Estimate		0.30%
	1:30pm	CAD	NHPI m/m	0.50%	0.70%
		USD	PPI m/m	0.10%	0.10%
		USD	Unemployment Claims	244K	240K
		USD	Core PPI m/m	0.20%	0.10%
	3:00pm	USD	FOMC Member Dudley Speaks		
	7:00pm	USD	Federal Budget Balance	-55.5B	-90.2B
	11:30pm	NZD	Business NZ Manufacturing Index		56.2
	11:45pm	NZD	FPI m/m		0.20%
11-Aug	12:30am	AUD	RBA Gov Lowe Speaks		
	7:00am	EUR	German Final CPI m/m	0.40%	0.40%
		EUR	German WPI m/m	0.30%	0.00%
	7:45am	EUR	French Final CPI m/m	-0.30%	-0.30%
		EUR	French Prelim Non-Farm Payrolls q/q	0.40%	0.40%
	1:30pm	USD	CPI m/m	0.20%	0.00%
		USD	Core CPI m/m	0.20%	0.10%
	2:40pm	USD	FOMC Member Kaplan Speaks		
	4:30pm	USD	FOMC Member Kashkari Speaks		

Time: GMT

# MARKETS RECAP



Last Week: 31<sup>st</sup> of July 2017, to 4<sup>th</sup> of August 2017

The U.S. dollar continued its decline for yet another week. Despite a strong rush of economic data, various key indicators failed to impress. The ISM's both measures of manufacturing and non-manufacturing stayed weak after posting a rebound in June. The Bank of England's meeting was also a major point this week. The central bank signaled that interest rates will rise only in 2018, putting to rest any speculation of an imminent rate hike.

## New Zealand unemployment rate falls to 4.8% in Q2

New Zealand's quarterly unemployment report showed that the nation's unemployment rate fell 0.1 percentage points to 4.8% in the three months ending June 2017. The unemployment rate was as expected after posting a 4.9% unemployment rate last month.



### New Zealand Quarterly Unemployment Rate: 4.8% (Q2 2017)

On the quarter, the employment change was lower falling 0.2% which missed forecasts of a 0.7% increase. The decline in the employment change comes after posting a 1.1% increase the month before. On the year, New Zealand's employment increased 3.1% which was lower than the forecasts of 4.1%. The second quarter data was also lower than the 5.7% increase posted in the first quarter.

Diane Ramsey, the labor market senior manager said, ***"In the June 2017 quarter, 3,000 fewer people were unemployed. The unemployment rate for women fell to 4.9 percent, with 10,000 fewer women unemployed - the lowest it's been since March 2009."***

The participation rate was at 70.0%, missing forecasts of 70.6%. The employment rate or the number of people in employment fell to 66.7% during the quarter ending June. This was lower than 67.1% that was registered in the previous quarter. The decline in the employment rate comes after New Zealand's employment rose for six consecutive months.

## Bank of England forecasts first rate hike in Q3 2018

The Bank of England monetary policy meeting yesterday was rather surprising. The Monetary policy committee of the BoE voted 6 - 2 to keep rates unchanged at 0.25%. At the last meeting, there were 3 dissenting votes in favor of a rate hike.

The central bank said that it will maintain its stocks level of government bonds at 435 billion and corporate bonds at 10 billion, unchanged. The central bank also gave its forecasts for rate hikes. According to the BoE, interest rates are expected to rise twice in the next three year period.

The BoE Governor, Carney said that the first interest rate hike would come in the third quarter of 2018, thus putting to rest any speculation of an earlier than expected rate hike. The BoE's meeting minutes which were released simultaneously said, ***"if the economy follows a path broadly consistent with the August central projection, then monetary policy could need to be tightened by a somewhat greater extent over the forecast period."***

The central bank said that growth outlook did not change much from its previous forecast. For 2017, growth prospects were reduced. The central bank now expects a 1.7% increase in the annual GDP rate. This was lower than the 1.9% that was projected in May.

On inflation, the central bank said that inflation forecasts did not change much but that there was upward pressure from the import prices in the coming months.

## U.S Nonfarm payrolls rises more than expected in July

The most watched employment report from the U.S. Labor Department showed on Friday that the unemployment rate fell from, 4.4% to 4.3% in July, while the U.S. economy was seen adding 209k jobs in the month of July. On all counts, the payrolls report came out better than expected. The monthly nonfarm payrolls employment rose 209k in July, following an upwardly revised 231k jobs created in June. The data was better than expected as economists were forecasting a headline print of 183k.

The revisions to June and May numbers saw a net change of 2k jobs being added. According to the labor market report, there was an increase of 16k jobs in the manufacturing sector. The payrolls report was a welcome report after earlier in the week, the ISM's manufacturing and non-manufacturing PMI reports came out weaker than expected. The better than expected payrolls data was a welcome and a reassuring change for the markets.



# MARKETS PREVIEW



7<sup>th</sup> of August 2017, to 11<sup>th</sup> of August 2017

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*The week ahead is relatively quiet as far as economic data is concerned. Trading volumes are also expected to remain subdued with August traditionally seen as a holiday month. The RBNZ's monetary policy meeting will of course be the main event this week. No changes are expected from the central bank. In the U.S. Friday will see the release of the inflation report which will provide further evidence if inflationary pressures have returned.*

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## RBNZ expected to keep monetary policy unchanged

The RBNZ's monetary policy meeting is scheduled for this week. The central bank is widely expected to keep its overnight cash rate (OCR) on hold at 1.75%. The RBNZ could also use this week's meeting to potentially come out dovish in its statement. This is because of recent economic data which continues to remain weak which suggests that the current monetary policy will continue.

Most recently, inflation data from New Zealand showed that consumer prices eased back. On an annual basis, New Zealand's headline consumer price index was seen rising just 1.7% on the quarter ending June 2017. On a quarterly basis, inflation was flat. This falls in line with the RBNZ's view that inflation is likely to remain subdued for the near term.

As far as GDP data is concerned, New Zealand's second quarter gross domestic product report is expected to be released only in September. This gives the central bank further breathing space to keep monetary policy unchanged. For the moment, the markets have been expecting the RBNZ to be tightening monetary policy once again. However, with the recent weak tranche of data, the market expectations could fall in line with that of the RBNZ's dovish stance.

## Focus turns to consumer prices in the U.S.

After a rather busy week from the U.S. last week, the markets head into a relatively quiet period. The focus will of course turn to this Friday's consumer price data. The economic release will be of importance as further deterioration in the inflation could potentially upset the Fed's plans for any further tightening.

However, the economists polled are expecting to see a surprise. Headline consumer prices are expected to rise 1.8% on the month in July. This would make it a stronger increase after inflation rose just 1.6% in the previous month. Core consumer price index, which strips the volatile food and energy prices is expected to remain steady, rising 1.5%.

Besides the consumer price index data, the week ahead will also see key speeches from some of the FOMC voting members. The speeches include that from Dudley and Kashkari. Traders are likely to see what the FOMC voting members will have to say on the Fed's plans for balance sheet normalization and interest rates.

# TECHNICAL CORNER



XAUUSD - Is gold due for a correction to 1225?

Gold prices have managed to maintain the gains after rallying above 1260 handle. However, since breaching this level, gold prices have turned rather flat. Price briefly tested highs of 1272 but failed to build further on those gains. On Friday, gold prices broke below the 1259 support but managed to close back at this level.



XAUUSD (1259.22) – D1 Chart

On the daily chart, gold prices have been closing with a doji pattern for the past few days. This was followed by Friday's bearish candlestick close. However, on the daily chart, gold prices were seen pulling back from the 1259 support. This could suggest that gold prices could see some near term bounce above the 1259 handle. Further downside can be expected only on a break down in prices below the 1259 level on a daily basis.

If gold prices break down below 1259, then price action could be seen correcting to 1225 - 1223 levels in the near term. This would mark a correction to the support level which previously served as resistance. Price action broke this resistance and posted a strong rally. In terms of the fundamentals, the week ahead is relatively quiet which could keep gold prices range bound. Friday's U.S. inflation data will of course be the key aspect that could determine the strength and direction in gold prices..

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