

# orbex WEEKLY MARKETS REPORT



OVERWEEK  
BULLET POINTS



THE WEEK  
AHEAD



MARKETS  
PREVIEW



THE CHART OF  
THE WEEK

# OVERWEEK BULLET POINTS



Last Week: 14<sup>th</sup> of August 2017, to 18<sup>th</sup> of August 2017

Date	Time	Currency	Event	Actual	Forecast	Previous
13-Aug	10:45pm	NZD	Retail Sales q/q	2.00%		1.60%
		NZD	Core Retail Sales q/q	2.10%		1.50%
	11:35pm	AUD	RBA Assist Gov Kent Speaks			
	11:50pm	JPY	Prelim GDP q/q	1.00%		0.30%
		JPY	Prelim GDP Price Index y/y	-0.40%		-0.80%
14-Aug	2:00am	CNY	Industrial Production y/y	6.40%	7.10%	7.60%
		CNY	Fixed Asset Investment ytd/y	8.30%	8.60%	8.60%
		CNY	Retail Sales y/y	10.40%	10.90%	11.00%
	9:00am	EUR	Industrial Production m/m	-0.60%	-0.40%	1.20%
15-Aug	1:30am	AUD	Monetary Policy Meeting Minutes			
		AUD	New Motor Vehicle Sales m/m	-2.00%		1.10%
	4:30am	JPY	Revised Industrial Production m/m	2.20%	1.60%	1.60%
	6:00am	EUR	German Prelim GDP q/q	0.60%	0.70%	0.70%
	7:15am	CHF	PPI m/m	0.00%	0.00%	-0.10%
	8:00am	CNY	M2 Money Supply y/y	9.20%	9.50%	9.40%
		CNY	New Loans	826B	810B	1540B
	8:30am	GBP	CPI y/y	2.60%	2.70%	2.60%
		GBP	PPI Input m/m	0.00%	0.40%	-0.30%
		GBP	RPI y/y	3.60%	3.50%	3.50%
		GBP	Core CPI y/y	2.40%	2.50%	2.40%
		GBP	HPI y/y	4.90%	4.30%	5.00%
		GBP	PPI Output m/m	0.10%	0.00%	0.00%
	12:30pm	USD	Core Retail Sales m/m	0.50%	0.30%	0.10%
		USD	Retail Sales m/m	0.60%	0.30%	0.30%
		USD	Empire State Manufacturing Index	25.2	10.1	9.8
		USD	Import Prices m/m	0.10%	0.10%	-0.20%
	1:30pm	GBP	CB Leading Index m/m	-0.10%		-0.10%
	2:00pm	USD	Business Inventories m/m	0.50%	0.40%	0.30%
		USD	NAHB Housing Market Index	68	64	64
	2:10pm	NZD	GDT Price Index	-0.40%		-1.60%
	8:00pm	USD	TIC Long-Term Purchases	34.4B	28.3B	91.9B
16-Aug	12:30am	AUD	MI Leading Index m/m	0.10%		-0.20%
	1:30am	AUD	Wage Price Index q/q	0.50%	0.50%	0.60%
	8:00am	EUR	Italian Prelim GDP q/q	0.40%	0.40%	0.20%
	8:30am	GBP	Average Earnings Index 3m/y	2.10%	1.80%	1.90%
GBP		Claimant Count Change	-4.2K	3.2K	3.5K	

		GBP	Unemployment Rate	4.40%	4.50%	4.50%
	9:00am	EUR	Flash GDP q/q	0.60%	0.60%	0.60%
	12:30pm	CAD	Foreign Securities Purchases	-0.92B	23.45B	29.44B
		USD	Building Permits	1.22M	1.25M	1.28M
		USD	Housing Starts	1.16M	1.22M	1.21M
	2:30pm	USD	Crude Oil Inventories	-8.9M	-3.0M	-6.5M
	6:00pm	USD	FOMC Meeting Minutes			
	10:45pm	NZD	PPI Input q/q	1.40%	0.90%	0.80%
		NZD	PPI Output q/q	1.30%	0.70%	1.40%
	11:50pm	JPY	Trade Balance	0.34T	0.20T	0.09T
17-Aug	1:30am	AUD	Employment Change	27.9K	19.8K	20.0K
		AUD	Unemployment Rate	5.60%	5.60%	5.70%
	8:20am	AUD	RBA Assist Gov Ellis Speaks			
	8:30am	GBP	Retail Sales m/m	0.30%	0.20%	0.30%
	9:00am	EUR	Final CPI y/y	1.30%	1.30%	1.30%
		EUR	Final Core CPI y/y	1.20%	1.20%	1.20%
		EUR	Trade Balance	22.3B	20.4B	19.0B
	11:30am	EUR	ECB Monetary Policy Meeting Accounts			
	12:30pm	CAD	Manufacturing Sales m/m	-1.80%	-1.00%	1.30%
		USD	Unemployment Claims	232K	240K	244K
		USD	Philly Fed Manufacturing Index	18.9	18.3	19.5
	12:47pm	USD	Capacity Utilization Rate	76.70%	76.70%	76.70%
		USD	Industrial Production m/m	0.20%	0.30%	0.40%
	2:00pm	USD	CB Leading Index m/m	0.30%	0.30%	0.60%
	2:30pm	USD	Natural Gas Storage	53B	47B	28B
	4:30pm	USD	FOMC Member Kaplan Speaks			
18-Aug	6:00am	EUR	German PPI m/m	0.20%	0.00%	0.00%
	8:00am	EUR	Current Account	21.2B	27.3B	30.5B
	12:30pm	CAD	CPI m/m	0.00%	0.00%	-0.10%
		CAD	Common CPI y/y	1.40%		1.40%
		CAD	Median CPI y/y	1.70%		1.60%
		CAD	Trimmed CPI y/y	1.30%		1.20%
		CAD	Core CPI m/m	-0.10%		0.10%
	2:00pm	USD	Prelim UoM Consumer Sentiment	97.6	94	93.4
		USD	Prelim UoM Inflation Expectations	2.60%		2.60%
	2:15pm	USD	FOMC Member Kaplan Speaks			

Time: GMT+1

# THE WEEK AHEAD



21<sup>st</sup> of August 2017, to 25<sup>th</sup> of August 2017

## IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
21-Aug	21st-24th	CNY	Foreign Direct Investment ytd/y		-0.10%
	3:00am	NZD	Credit Card Spending y/y		8.30%
	4:30am	JPY	All Industries Activity m/m	0.50%	-0.90%
	10:00am	EUR	German Buba Monthly Report		
	12:30pm	CAD	Wholesale Sales m/m	0.60%	0.90%
	2:30pm	AUD	CB Leading Index m/m		0.10%
22-Aug	6:00am	CHF	Trade Balance	2.88B	2.81B
	8:30am	GBP	Public Sector Net Borrowing	0.4B	6.3B
	9:00am	EUR	German ZEW Economic Sentiment	15.3	17.5
		EUR	ZEW Economic Sentiment	34.2	35.6
	10:00am	GBP	CBI Industrial Order Expectations	10	10
	12:30pm	CAD	Core Retail Sales m/m	0.30%	-0.10%
		CAD	Retail Sales m/m	0.30%	0.60%
	1:00pm	CNY	CB Leading Index m/m		1.60%
		USD	HPI m/m	0.40%	0.40%
	22nd-25th	USD	Mortgage Delinquencies		4.71%
	2:00pm	USD	Richmond Manufacturing Index	12	14
23-Aug	12:30am	JPY	Flash Manufacturing PMI	52.3	52.1
	7:00am	EUR	ECB President Draghi Speaks		
		EUR	French Flash Manufacturing PMI	54.6	54.9
		EUR	French Flash Services PMI	55.8	56
	7:30am	EUR	German Flash Manufacturing PMI	57.8	58.1
		EUR	German Flash Services PMI	53.3	53.1
	8:00am	EUR	Flash Manufacturing PMI	56.3	56.6
		EUR	Flash Services PMI	55.4	55.4
	Tentative	EUR	German 10-y Bond Auction		0.49 1.5
	1:05pm	USD	FOMC Member Kaplan Speaks		
	1:45pm	USD	Flash Manufacturing PMI	53.3	53.3
		USD	Flash Services PMI	54.9	54.7
	2:00pm	EUR	Consumer Confidence	-2	-2
		USD	New Home Sales	615K	610K
	2:30pm	USD	Crude Oil Inventories		-8.9M
	10:45pm	NZD	Trade Balance	-200M	242M
14-Aug	8:30am	GBP	Second Estimate GDP q/q	0.30%	0.30%
		GBP	Prelim Business Investment q/q	-0.10%	0.60%
		GBP	Index of Services 3m/3m	0.50%	0.40%

		GBP	UK Finance Mortgage Approvals		40.2K
	10:00am	GBP	CBI Realized Sales	15	22
	12:30pm	CAD	Corporate Profits q/q		-7.40%
		USD	Unemployment Claims	237K	232K
	1:00pm	EUR	Belgian NBB Business Climate	-1.6	-1.5
	2:00pm	USD	Existing Home Sales	5.57M	5.52M
	2:30pm	USD	Natural Gas Storage		53B
	Day 1	All	Jackson Hole Symposium		
	11:30pm	JPY	National Core CPI y/y	0.50%	0.40%
		JPY	Tokyo Core CPI y/y	0.30%	0.20%
	11:50pm	JPY	SPPI y/y	0.80%	0.80%
25-Aug	6:00am	EUR	German Final GDP q/q	0.60%	0.60%
	8:00am	EUR	German Ifo Business Climate	115.7	116
	12:30pm	USD	Core Durable Goods Orders m/m	0.40%	0.10%
		USD	Durable Goods Orders m/m	-5.70%	6.40%
	Day 2	All	Jackson Hole Symposium		
	7:00pm	EUR	ECB President Draghi Speaks		

Time: GMT +1

# MARKETS RECAP



Last Week: 14<sup>th</sup> of August 2017, to 18<sup>th</sup> of August 2017

The markets opened last week on a cautious note following the ongoing war of words between the United States and North Korea. This led to a modest risk off sentiment in the market. However, over the week, the U.S. dollar managed to improve with retail sales performing better than expected. The FOMC meeting minutes however stalled the U.S. dollar's gains as members were concerned on the slow pace of increase in inflation.

## UK consumer price index stable in July

Consumer prices in the United Kingdom remained steady for the month of July, official data from the UK's Office for National Statistics showed last week. However, producer prices or factory gate inflation slowed, falling to the lowest levels this year. Combined, the data suggested that the Bank of England is likely to remain on the sidelines with inflationary pressures easing.



### UK Consumer Prices, July 2017: 2.6% Y/Y

According to data released this week, UK's consumer prices rose at a pace of 2.6% on an annual basis in July. This was the same pace of increase that was registered in June. The annual inflation rate was forecast to rise 2.7% in July. On a month over month basis, UK's consumer prices declined 0.1% in July. This was below estimates which called for a flat reading during the period.

Housing costs however continued to rise 2.6% in July on an annual basis. In a separate report, the producer price index data showed a decline for the third time. The declines came mostly on account of the price movements from the year before. Output prices remained weak, rising 3.2% on an annual basis. This was slower than June's 3.3% increase. However, this was above the median estimates of 3.1%.

Input price inflation also eased more than expected, falling to a one-year low to 6.5% in July. In June, input price inflation was registered at 10%. Forecasts pointed to a 6.9% increase for July.

## **FOMC meeting minutes: Concerns on low inflation growth**

The FOMC meeting minutes from the early August meeting was released last week. The minutes showed that while the central bank was on track to normalize its balance sheet, most likely at the next meeting, there were still concerns about the low growth of inflation.

Policy makers had left the key short term interest rates unchanged at its meeting earlier in the month. The minutes showed that officials were also hopeful to raise the interest rates by another 25 basis points within the end of the year.

The minutes showed that some policy makers wanted to stay patient in regards to hiking interest rates. Few even lowered their forecasts for the underlying inflation expectations. The minutes showed that members expressed concerns that inflation could remain below the Fed's 2% inflation target rate longer than initially anticipated.

The U.S. dollar which managed to start the week on a strong note was seen weakening as a result on account of the split of views from the policy makers.

On the hawkish side, some policy makers were worried about the risks on account of a tightening labor market which is already well below the Fed's "full employment" mandate.

## **Australian unemployment rate unchanged at 5.6% in July**

Data from the Australian Bureau of Statistics showed last week that Australia's unemployment rate was unchanged at 5.6% on a seasonally adjusted basis. This was broadly in line with the median estimates and showed the same rate as in June. During July, the Australian economy was seen adding 27,900 jobs to a total of 12.2 million during the month. This was higher than the estimates which showed a potential increase of just 20k for the period. Previous month's data was also revised higher to show an additional 14k jobs being added.

There was also an uptick in the participation rate which rose to 65.1% beating estimates of 65.0%. Bruce Hockman, the chief economists from ABS said that further stable trend figures showed that full time employment continued to rise for the tenth consecutive month. His comments came amid concerns that part-time jobs were rising faster than full-time jobs.



# MARKETS PREVIEW

21<sup>st</sup> of August 2017, to 25<sup>th</sup> of August 2017

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*The week ahead is relatively quiet. The Jackson Hole symposium will of course be the main highlight of the week amid a lack of any big market movers this week. In the UK, the second GDP estimates for the second quarter will be released. No changes are expected to the UK's economic activity. In the Eurozone, flash PMI's will be dominating the headlines from the region.*

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## Jackson Hole Symposium in focus

The annual Jackson Hole symposium will be held this week starting Thursday. With no major economic drivers coming up this week, the symposium will no doubt stand out for the week. Among a number of speakers, the Fed Chair Janet Yellen and the ECB President Mario Draghi will be the key speakers. Draghi is expected to repeat the same message which he did from Sintra, Portugal few weeks ago.

The markets had back then interpreted Draghi's speech as hawkish, which was in reality a dovish speech. The central bank chief maintained that the ECB will remain patient in maintaining the current monetary policy. Thus, it is quite possible that Draghi will like stick to the same tone at this week's event as well. However, given the modest improvement in GDP and inflation figures that came out last week, the euro could be in for some volatility depending on how the markets interpret Draghi's speech.

From the Federal Reserve, traders will be looking for any clues from Ms. Yellen. The recently released meeting minutes showed that officials were divided on the monetary policy. Some members flagged concerns of weaker inflation which others were concerned that inflation might overshoot. As a result, traders will be keen to hear what the Fed Chair will be saying at the event.

## Norway GDP expected to remain stable at 0.6% in Q2

Norway will be releasing its quarterly GDP figures this week. Economists expect that economic activity expanded at a pace of 0.6% in the second quarter of the year. Driving the economy is the modest increase in the manufacturing production. Data showed earlier that manufacturing activity expanded 0.4% on the quarter. There were also sizeable gains from the construction sector as well.

The economic activity is also expected to reflect the modest increase from household demand. Retail sales numbers were seen rising strongly in the second quarter, giving basis to this view. Overall, the second quarter GDP data is expected to show that Norway's economy was recovery at a healthy pace.

This comes despite the fall in oil prices and could be reflected in a downturn in the oil related industries and sectors. The GDP expectations of 0.6% on the quarter fall in line with the Norges bank forecasts as well.



# TECHNICAL CORNER



USDCAD – A modest rebound in store

The USDCAD resumed its decline this week as the U.S. dollar fell to the technical support at 1.2558. This was something that we outlined in last week's technical outlook. In the near term, the overall view is for a modest recovery in USDCAD. We expect to see some short term consolidation at 1.2558 before the U.S. dollar is likely to attempt to post a modest recovery in the short term.



USDCAD (1.2573) – H4 Chart

On the economic front, the key driver for the markets this week will be the Jackson Hole symposium. Comments from the Fed Chair, Janet Yellen could bring some volatility to the U.S. dollar. However, from a technical outlook, the decline in USDCAD is likely to continue. As a result the modest recovery in USDCAD could potentially attract new sellers into the market. However, ahead of this recovery we expect to see USDCAD consolidate near the current support level for a while.

Economic data from Canada next week will show the retail sales figures. Core retail sales is expected to rise 0.3% on the month. This is likely to reverse the 0.1% declines posted the month before. Headline retail sales are however expected to rise just 0.3%, slowing from the 0.6% increase registered previously. Last week, data from Canada showed that consumer prices remained flat on the headline and broadly unchanged based on other measures.

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