

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 21st of August 2017, to 25th of August 2017

Date	Time	Currency	Event	Actual	Forecast	Previous
21-Aug	3:00am	NZD	Credit Card Spending y/y	7.20%		8.30%
	4:30am	JPY	All Industries Activity m/m	0.40%	0.50%	-0.80%
	10:00am	EUR	German Buba Monthly Report			
	12:30pm	CAD	Wholesale Sales m/m	-0.50%	0.60%	1.00%
	2:30pm	AUD	CB Leading Index m/m	0.50%		0.00%
22-Aug	6:00am	CHF	Trade Balance	3.51B	2.88B	2.76B
	8:30am	GBP	Public Sector Net Borrowing	-0.8B	0.0B	5.7B
	9:00am	EUR	German ZEW Economic Sentiment	10	14.8	17.5
		EUR	ZEW Economic Sentiment	29.3	34.2	35.6
	10:00am	GBP	CBI Industrial Order Expectations	13	8	10
	12:30pm	CAD	Core Retail Sales m/m	0.70%	0.00%	-0.10%
		CAD	Retail Sales m/m	0.10%	0.20%	0.50%
	1:00pm	CNY	CB Leading Index m/m	0.90%		1.70%
		USD	HPI m/m	0.10%	0.50%	0.30%
	1:59pm	USD	Richmond Manufacturing Index	14	11	14
23-Aug	12:30am	JPY	Flash Manufacturing PMI	52.8	52.3	52.1
	7:00am	EUR	French Flash Manufacturing PMI	55.8	54.5	54.9
		EUR	French Flash Services PMI	55.5	55.9	56
	7:25am	EUR	ECB President Draghi Speaks			
	7:30am	EUR	German Flash Manufacturing PMI	59.4	57.7	58.1
		EUR	German Flash Services PMI	53.4	53.4	53.1
	8:00am	EUR	Flash Manufacturing PMI	57.4	56.3	56.6
		EUR	Flash Services PMI	54.9	55.4	55.4
	1:05pm	USD	FOMC Member Kaplan Speaks			
	1:45pm	USD	Flash Manufacturing PMI	52.5	53.4	53.3
		USD	Flash Services PMI	56.9	55	54.7
	1:56pm	EUR	Consumer Confidence	-2	-2	-2
	2:00pm	USD	New Home Sales	571K	611K	630K
	2:30pm	USD	Crude Oil Inventories	-3.3M	-3.3M	-8.9M
	10:45pm	NZD	Trade Balance	85M	-200M	246M
24-Aug	8:30am	GBP	Second Estimate GDP q/q	0.30%	0.30%	0.30%
		GBP	Prelim Business Investment q/q	0.00%	0.20%	0.60%
		GBP	Index of Services 3m/3m	0.50%	0.50%	0.30%
		GBP	UK Finance Mortgage Approvals	41.6K		40.4K
	10:00am	GBP	CBI Realized Sales	-10	15	22
	12:30pm	CAD	Corporate Profits q/q	0.10%		-7.40%

		USD	Unemployment Claims	234K	237K	232K
	12:59pm	EUR	Belgian NBB Business Climate	-2.1	-1.6	-1.5
	2:00pm	USD	Existing Home Sales	5.44M	5.55M	5.51M
		USD	Mortgage Delinquencies	4.24%		4.71%
	2:30pm	USD	Natural Gas Storage	43B	44B	53B
	Day 1	All	Jackson Hole Symposium			
	11:30pm	JPY	National Core CPI y/y	0.50%	0.50%	0.40%
		JPY	Tokyo Core CPI y/y	0.40%	0.30%	0.20%
	11:50pm	JPY	SPPI y/y	0.60%	0.80%	0.70%
25-Aug	6:00am	EUR	German Final GDP q/q	0.60%	0.60%	0.60%
		EUR	German Import Prices m/m	-0.40%		-1.10%
	8:00am	EUR	German Ifo Business Climate	115.9	115.5	116
	12:30pm	USD	Core Durable Goods Orders m/m	0.50%	0.40%	0.10%
		USD	Durable Goods Orders m/m	-6.80%	-6.00%	6.40%
	2:00pm	USD	Fed Chair Yellen Speaks			
	Day 2	All	Jackson Hole Symposium			
	7:00pm	EUR	ECB President Draghi Speaks			

Time: GMT+1

THE WEEK AHEAD



28th of August 2017, to 1st of September 2017

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous	
28-Aug	8:00am	EUR	M3 Money Supply y/y	4.90%	5.00%	
		EUR	Private Loans y/y	2.70%	2.60%	
	12:30pm	USD	Goods Trade Balance	-64.5B	-64.0B	
		USD	Prelim Wholesale Inventories m/m	0.30%	0.70%	
	11:30pm	JPY	Household Spending y/y	0.80%	2.30%	
		JPY	Unemployment Rate	2.80%	2.80%	
29-Aug	5:00am	JPY	BOJ Core CPI y/y		0.30%	
	6:00am	EUR	German GfK Consumer Climate	10.8	10.8	
		GBP	Nationwide HPI m/m	0.10%	0.30%	
	6:45am	EUR	French Consumer Spending m/m	0.70%	-0.80%	
		EUR	French Prelim GDP q/q	0.50%	0.50%	
	12:30pm	CAD	RMPI m/m	-2.50%	-3.70%	
		CAD	IPPI m/m	-0.20%	-1.00%	
	1:00pm	USD	S&P/CS Composite-20 HPI y/y	5.60%	5.70%	
	2:00pm	USD	CB Consumer Confidence	120.3	121.1	
	10:45pm	NZD	Building Consents m/m		-1.00%	
	11:01pm	GBP	BRC Shop Price Index y/y		-0.40%	
	11:50pm	JPY	Retail Sales y/y	1.10%	2.20%	
	30-Aug	1:30am	AUD	Building Approvals m/m	-5.10%	10.90%
			AUD	Construction Work Done q/q	1.10%	-0.70%
		29th-30th	CNY	Foreign Direct Investment ytd/y		-0.10%
6:00am		CHF	UBS Consumption Indicator		1.38	
All Day		EUR	German Prelim CPI m/m	0.10%	0.40%	
7:00am		CHF	KOF Economic Barometer	107	106.8	
		EUR	Spanish Flash CPI y/y	1.70%	1.50%	
8:00am		CHF	Credit Suisse Economic Expectations		34.7	
8:30am		GBP	Net Lending to Individuals m/m	5.3B	5.6B	
		GBP	M4 Money Supply m/m	0.40%	-0.20%	
		GBP	Mortgage Approvals	66K	65K	
Tentative		EUR	Italian 10-y Bond Auction		2.16 1.7	
12:15pm		USD	ADP Non-Farm Employment Change	186K	178K	
12:30pm		CAD	Current Account	-17.2B	-14.1B	
	USD	Prelim GDP q/q	2.70%	2.60%		
	USD	Prelim GDP Price Index q/q	1.00%	1.00%		
1:15pm	USD	FOMC Member Powell Speaks				

	2:30pm	USD	Crude Oil Inventories		-3.3M
	11:01pm	GBP	GfK Consumer Confidence	-13	-12
	11:50pm	JPY	Prelim Industrial Production m/m	0.20%	2.20%
31-Aug	1:00am	AUD	HIA New Home Sales m/m		-6.90%
		CNY	Manufacturing PMI	51.3	51.4
		CNY	Non-Manufacturing PMI		54.5
		NZD	ANZ Business Confidence		19.4
	1:30am	AUD	Private Capital Expenditure q/q	0.20%	0.30%
		AUD	Private Sector Credit m/m	0.50%	0.60%
	5:00am	JPY	Housing Starts y/y	-0.20%	1.70%
	6:00am	EUR	German Retail Sales m/m	-0.60%	1.10%
	6:45am	EUR	French Prelim CPI m/m	0.50%	-0.30%
	7:25am	GBP	MPC Member Saunders Speaks		
	7:55am	EUR	German Unemployment Change	-5K	-9K
	8:00am	EUR	Italian Monthly Unemployment Rate	11.10%	11.10%
	9:00am	EUR	CPI Flash Estimate y/y	1.40%	1.30%
		EUR	Core CPI Flash Estimate y/y	1.20%	1.20%
		EUR	Italian Prelim CPI m/m	0.20%	0.10%
		EUR	Unemployment Rate	9.10%	9.10%
	11:30am	USD	Challenger Job Cuts y/y		-37.60%
	12:30pm	CAD	GDP m/m	0.10%	0.60%
		USD	Unemployment Claims	237K	234K
		USD	Core PCE Price Index m/m	0.10%	0.10%
		USD	Personal Spending m/m	0.40%	0.10%
		USD	Personal Income m/m	0.30%	0.00%
	1:45pm	USD	Chicago PMI	59.6	58.9
	2:00pm	USD	Pending Home Sales m/m	0.60%	1.50%
	2:30pm	USD	Natural Gas Storage		43B
	10:45pm	NZD	Overseas Trade Index q/q	3.10%	5.10%
	11:30pm	AUD	AIG Manufacturing Index		56
	11:50pm	JPY	Capital Spending q/y	8.30%	4.50%
01-Sep	12:30am	JPY	Final Manufacturing PMI	52.8	52.8
	1:45am	CNY	Caixin Manufacturing PMI	51	51.1
	5:00am	JPY	Consumer Confidence	43.7	43.8
	6:30am	AUD	Commodity Prices y/y		17.10%
	7:15am	CHF	Retail Sales y/y	1.70%	1.50%
		EUR	Spanish Manufacturing PMI	54.40%	54
	7:30am	CHF	Manufacturing PMI	60.3	60.9
	7:45am	EUR	Italian Manufacturing PMI	55.4	55.1
	7:50am	EUR	French Final Manufacturing PMI	55.8	55.8
	7:55am	EUR	German Final Manufacturing PMI	59.4	59.4
	8:00am	EUR	Final Manufacturing PMI	57.4	57.4
	8:30am	GBP	Manufacturing PMI	55	55.1
	12:30pm	USD	Average Hourly Earnings m/m	0.20%	0.30%
		USD	Non-Farm Employment Change	180K	209K

		USD	Unemployment Rate	4.30%	4.30%
	1:30pm	CAD	Manufacturing PMI		55.5
	1:45pm	USD	Final Manufacturing PMI	52.5	52.5
	2:00pm	USD	ISM Manufacturing PMI	56.5	56.3
		USD	Revised UoM Consumer Sentiment	97.4	97.6
		USD	Construction Spending m/m	0.50%	-1.30%
		USD	ISM Manufacturing Prices	64	62
		USD	Revised UoM Inflation Expectations		2.60%
	All Day	USD	Total Vehicle Sales	16.6M	16.7M

Time: GMT +1

MARKETS RECAP



Last Week: 21st of August 2017, to 25th of August 2017

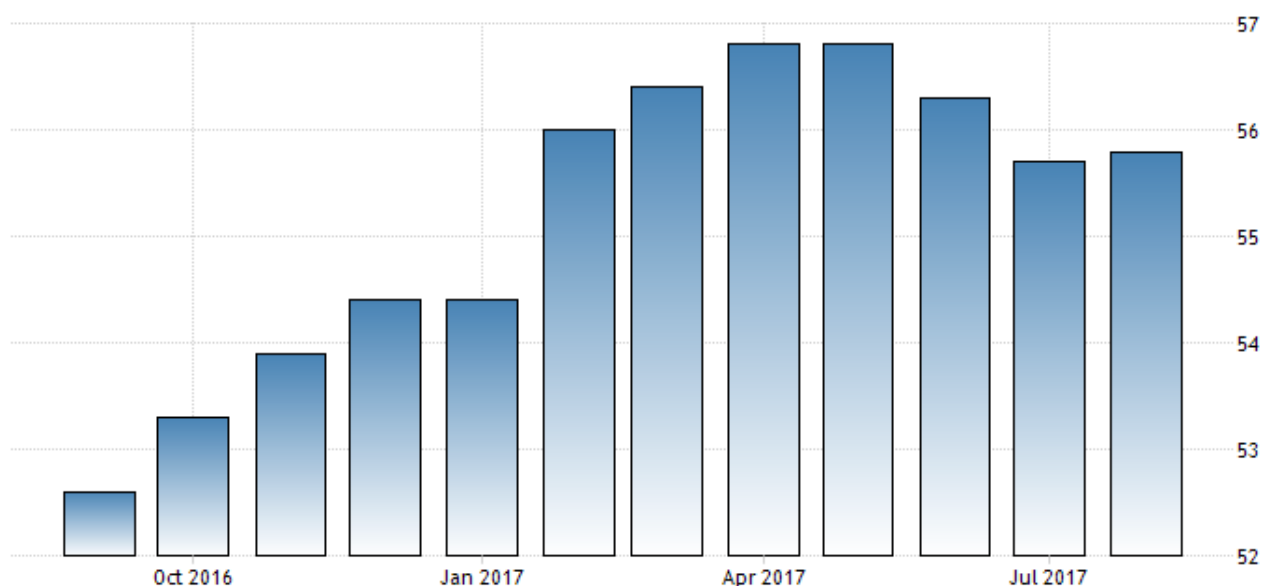
Last week, all eyes were on the Jackson Hole Symposium in the United States. Focus was particularly on the central bankers from the ECB and the Federal Reserve. However, failure to address monetary policy by Fed Chair Janet Yellen saw investors dumping the U.S. dollar, while the euro managed to resume its bullish rally. ECB President Draghi also did not offer much clues but the markets maintained the bullish bets on the euro

Eurozone flash PMI rises on manufacturing sector

boost

Private sector activity in the Eurozone continued to expand at a solid pace in the month of August, preliminary data from the IHS Markit showed last week. The strong expansion came on the back of a better than expected boost in the manufacturing sector.

Data showed that the flash composite output index of the PMI survey hit a two month high at 55.8 in August, rising from 55.7 in July. This was better than the estimates of 55.4. Data above 50 in the PMI suggests continued expansion in the sector.



Eurozone flash composite PMI, August 2017: 55.8. Source: Tradingeconomics.com

The manufacturing PMI showed an increase to 57.4 in August, rising from 56.6 in July. This was the strongest pace of expansion in six and half years. The data also beat estimates that forecast a decline to 56.3. The output index for the manufacturing PMI also increased to a two-month high at 58.1, rising from 56.5 in July.

Despite the upbeat news, services sector failed to catch up. On the contrary, the Eurozone services PMI slipped to a 7-month low, falling to 54.9 in August. This was below July's 55.4. Andrew Harker from IHS Markit said, *"The latest PMI readings for the Eurozone signal a continuation of the recent strong performance of the currency bloc's economy. Overall, this is another positive set of numbers for the euro area, which continues to enjoy its best growth spell for a number of years."*

UK second quarter GDP unchanged at 0.3%

The second quarter GDP in the UK was left unrevised to show a 0.3% increase on a quarterly basis. This was widely in line with economists' expectations and slightly higher than the 0.2% quarterly growth that was witnessed in the previous quarter. On a year over year basis, the UK's annual GDP growth rate rose 1.7% in the second quarter.

Growth in the UK's economy during the quarter ending June came mostly from the services sector which managed to rise 0.4%. On the contrary, both manufacturing and construction sectors fell by 0.5% 0.8% respectively. Demand on the consumer side was also seen to be weakening. Household spending was seen rising just 0.1% which marked the weakest pace of growth since the fourth quarter of 2014.

Imports of goods and services showed an increase of 0.4% and 1.8%, respectively. Exports of goods on the other hand increased 1.5%, while exports of services dropped 0.4%.

Overall, the second revised estimate confirmed that economic growth in the UK continued to rise a sluggish pace. However, institutions such as the International Monetary Fund (IMF) project that the UK economy will be able to maintain the current 1.7% trend in the GDP this year. But this is expected to weaken to 1.5% on an annual basis by 2019.

Business investment was also seen slowing as the revised estimates showed a flat print. This was worse than the 0.2% increase that was forecast and was down from 0.6% previously.

Canada retail sales slows in June

The retail sales in Canada showed some cooling off in June. This comes after nearly three consecutive months of solid growth. Despite the decline, economists are hopeful that Canada's economy was still strong enough to withstand another rate hike this year.

According to data released by Statistics Canada last week, retail sales rose just 0.1% in June on a month over month basis. This was lower than the median estimates which forecast a 0.3% increase. Previous month's data was also revised down to 0.5% from 0.6% which was initially reported.

Core retail sales however outperformed, rising 0.7% on the month. The core retail sales was better than the forecasts of a 0.1% increase and offset the 0.1% decline that was seen in May.



MARKETS PREVIEW

28th of August 2017, to 1st of September 2017

The economic calendar, for the week ahead, will most likely mark an end to volatility as trading activity is likely to pick up. The week starts off on a quiet note but picks up momentum thereafter. It will be no doubt a very busy week for the U.S. dollar with key releases including the GDP estimates for the second quarter. On Friday, the ISM's manufacturing PMI and the payrolls report will be coming out. Canada will also be releasing its monthly GDP numbers while the Eurozone will see the flash inflation estimates for the month of August.

U.S. GDP, manufacturing PMI and payrolls

It will be a busy week for the U.S. dollar with tier-1 economic data either likely to help the U.S. dollar to post a recovery or continue to weaken even further. The week starts off with the ADP private payrolls for the month of August. Estimates point to a headline print of 186k, slightly higher from July's 178k. The GDP data is also coming out. This will be the second revised estimates. Economists are hopeful that the U.S. economy expanded at a pace of 2.7% in the second quarter, slightly higher than 2.6% that was registered at the first estimates.

Later in the week, with the start of a new trading month, economic data focuses on the performance from August. The Institute of Supply Management (ISM) will be releasing the manufacturing PMI for August. Economists have penciled in a forecast of 56.5 for August. This is slightly higher from July's reading of 56.3 but still lower than June's highs of 57.8.

Focus will of course turn to the monthly payrolls report on Friday. Estimates show that the U.S. economy added 180k jobs in August, down from 209k that was seen just the month before. The U.S. unemployment rate is expected to remain steady though at 4.3%. Average wages are however expected to rise at a slower pace. Expectations point to a 0.2% increase in average hourly earnings, down from 0.3% that was seen in July.

Eurozone inflation expected to rise in August

Amid a rather slow week from the eurozone, the flash inflation estimates will be the major talking point. According to estimates, inflation in the eurozone is expected to rise further in August. Estimates point to the headline inflation rising 1.4% on the year, accelerating from 1.3% in July. Core consumer prices are however expected to remain steady at 1.2%. The slightly better estimates could potentially give the euro additional reason to maintain its strong gains.

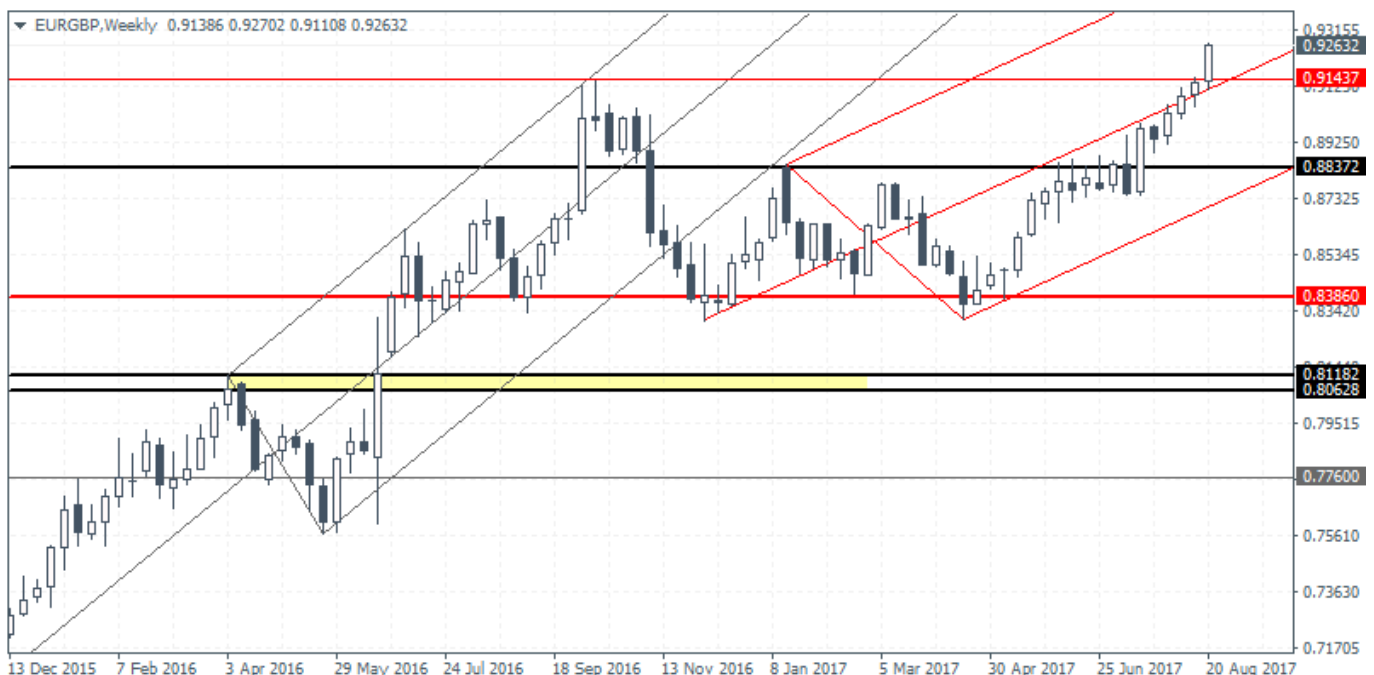
Regional inflation figures will be released this week from Germany and Spain. German inflation is expected to cool with estimates point to just a 0.1% increase on a month over month basis. This is lower than the 0.4% increase that was seen during the previous month.

TECHNICAL CORNER



EURGBP – Further gains in store but watch for a pull back

The euro posted strong gains against the British pound last week as the bullish momentum over the past three weeks led to the currency pair rising to a fresh 7-year high last week. The euro closed at 0.9263 by Friday's close with the gains coming on the back of speculators betting that the European Central Bank will be tapering its quantitative easing sovereign bond purchases over the coming months.



EURGBP (0.9263) – Weekly Chart

The British pound has been hit by a weak sentiment especially after the second quarter GDP released last week. Data confirmed that the UK's economy expanded at a pace of 0.3% in the quarter ending June. This was slightly better than the 0.2% increase seen in the first quarter but still posted a weak pace of growth.

Technically, the EURGBP could be seen posting further gains with the euro seen strongly in favor. Therefore, a potential for a short term decline in the EURGBP is quite likely. With price breaking past the support at 0.8837, we expect to see a near term pullback in prices. Watch for a short term break down below 0.9143 which will trigger the downside towards 0.8837.

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