

# orbex WEEKLY MARKETS REPORT



OVERWEEK  
BULLET POINTS



THE WEEK  
AHEAD



MARKETS  
PREVIEW



THE CHART OF  
THE WEEK

# OVERWEEK BULLET POINTS



Last Week: 11<sup>th</sup> of September 2017, to 15<sup>th</sup> of September 2017

Date	Time	Currency	Event	Actual	Forecast	Previous
11-Sep	4:30am	JPY	Tertiary Industry Activity m/m	0.10%	0.10%	-0.20%
	5:58am	JPY	Prelim Machine Tool Orders y/y	36.30%		28.00%
	8:00am	EUR	Italian Industrial Production m/m	0.10%	-0.50%	1.10%
	12:13pm	CAD	Housing Starts	223K	216K	222K
12-Sep	1:30am	AUD	NAB Business Confidence	5		12
	5:30am	EUR	French Final Private Payrolls q/q	0.40%	0.50%	0.50%
	8:00am	EUR	Italian Quarterly Unemployment Rate	11.20%	11.30%	11.60%
	8:30am	GBP	CPI y/y	2.90%	2.80%	2.60%
		GBP	PPI Input m/m	1.60%	1.20%	-0.20%
		GBP	RPI y/y	3.90%	3.70%	3.60%
		GBP	Core CPI y/y	2.70%	2.50%	2.40%
		GBP	HPI y/y	5.10%	4.80%	5.10%
		GBP	PPI Output m/m	0.40%	0.10%	0.10%
	10:00am	USD	NFIB Small Business Index	105.3	104.8	105.2
	2:00pm	USD	JOLTS Job Openings	6.17M	5.96M	6.12M
	5:01pm	USD	10-y Bond Auction	2.18 2.3		2.25 2.2
	10:45pm	NZD	FPI m/m	0.60%		-0.20%
	11:50pm	JPY	BSI Manufacturing Index	9.4	4.8	-2.9
	JPY	PPI y/y	2.90%	3.00%	2.60%	
13-Sep	12:30am	AUD	Westpac Consumer Sentiment	2.50%		-1.20%
	6:00am	EUR	German Final CPI m/m	0.10%	0.10%	0.10%
		EUR	German WPI m/m	0.30%	0.10%	-0.10%
	7:00am	EUR	Employment Change q/q	0.40%	0.30%	0.50%
	7:15am	CHF	PPI m/m	0.30%	0.20%	0.00%
	8:30am	GBP	Average Earnings Index 3m/y	2.10%	2.30%	2.10%
		GBP	Claimant Count Change	-2.8K	0.8K	-2.9K
		GBP	Unemployment Rate	4.30%	4.40%	4.40%
	9:00am	EUR	Industrial Production m/m	0.10%	0.10%	-0.60%
	9:35am	EUR	German 10-y Bond Auction	0.39 1.6		0.41 1.3
	9:38am	GBP	10-y Bond Auction	1.16 2.2		1.27 2.6
	12:30pm	USD	PPI m/m	0.20%	0.30%	-0.10%
		USD	Core PPI m/m	0.10%	0.20%	-0.10%
	2:30pm	USD	Crude Oil Inventories	5.9M	4.1M	4.6M
5:01pm	USD	30-y Bond Auction	2.79 2.2		2.82 2.3	
5:59pm	USD	Federal Budget Balance	-107.7B	-118.6B	-42.9B	
11:00pm	GBP	RICS House Price Balance	6%	0%	1%	

	11:15pm	AUD	RBA Assist Gov Debelle Speaks			
14-Sep	1:00am	AUD	MI Inflation Expectations	3.80%		4.20%
	1:30am	AUD	Employment Change	54.2K	17.5K	29.3K
		AUD	Unemployment Rate	5.60%	5.60%	5.60%
	2:00am	CNY	Industrial Production y/y	6.00%	6.60%	6.40%
		CNY	Fixed Asset Investment ytd/y	7.80%	8.20%	8.30%
		CNY	Retail Sales y/y	10.10%	10.50%	10.40%
	Jul Data	CNY	Foreign Direct Investment ytd/y	-1.20%		-0.10%
	2:13am	CNY	Foreign Direct Investment ytd/y	-0.20%		-1.20%
	4:32am	JPY	Revised Industrial Production m/m	-0.80%	-0.80%	-0.80%
	6:45am	EUR	French Final CPI m/m	0.50%	0.50%	0.50%
	7:30am	CHF	Libor Rate	-0.75%	-0.75%	-0.75%
		CHF	SNB Monetary Policy Assessment			
	11:00am	GBP	MPC Official Bank Rate Votes	2-0-7	2-0-7	2-0-6
		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	0-0-9	0-0-9	0-0-8
	12:30pm	CAD	NHPI m/m	0.40%	0.30%	0.20%
		USD	CPI m/m	0.40%	0.30%	0.10%
		USD	Core CPI m/m	0.20%	0.20%	0.10%
		USD	Unemployment Claims	284K	303K	298K
	2:30pm	USD	Natural Gas Storage	91B	80B	65B
	3:30pm	EUR	German Buba President Weidmann Speaks			
	10:30pm	NZD	Business NZ Manufacturing Index	57.9		55.5
15-Sep	8:00am	CNY	M2 Money Supply y/y	8.90%	9.10%	9.20%
		CNY	New Loans	1090B	933B	826B
	8:50am	GBP	MPC Member Vlieghe Speaks			
	9:00am	EUR	Trade Balance	18.6B	20.1B	21.7B
	11:00am	GBP	BOE Quarterly Bulletin			
	12:30pm	USD	Core Retail Sales m/m	0.20%	0.50%	0.40%
		USD	Retail Sales m/m	-0.20%	0.10%	0.30%
		USD	Empire State Manufacturing Index	24.4	18.2	25.2
	1:15pm	USD	Capacity Utilization Rate	76.10%	76.80%	76.90%
		USD	Industrial Production m/m	-0.90%	0.10%	0.40%
	1:30pm	GBP	CB Leading Index m/m	-0.10%		-0.20%
	2:00pm	USD	Prelim UoM Consumer Sentiment	95.3	95.1	96.8
		USD	Business Inventories m/m	0.20%	0.20%	0.50%
		USD	Prelim UoM Inflation Expectations	2.70%		2.60%

Time: GMT

# THE WEEK AHEAD



18<sup>th</sup> of September 2017, to 22<sup>nd</sup> of September 2017

## IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
18-Sep	1:30am	AUD	New Motor Vehicle Sales m/m		-2.00%
	8:00am	EUR	Italian Trade Balance	3.89B	4.50B
	9:00am	EUR	Final CPI y/y	1.50%	1.50%
		EUR	Final Core CPI y/y	1.20%	1.20%
	10:00am	EUR	German Buba Monthly Report		
	12:30pm	CAD	Foreign Securities Purchases	4.46B	-0.92B
	2:00pm	USD	NAHB Housing Market Index	67	68
	2:30pm	AUD	CB Leading Index m/m		0.50%
	8:00pm	USD	TIC Long-Term Purchases	42.3B	34.4B
	10:00pm	NZD	Westpac Consumer Sentiment		113.4
19-Sep	1:30am	AUD	Monetary Policy Meeting Minutes		
		AUD	HPI q/q	1.30%	2.20%
	8:00am	EUR	Current Account	22.3B	21.2B
	9:00am	EUR	German ZEW Economic Sentiment	12.3	10
		EUR	ZEW Economic Sentiment	32.4	29.3
	12:30pm	CAD	Manufacturing Sales m/m	-1.40%	-1.80%
		USD	Building Permits	1.22M	1.23M
		USD	Current Account	-113B	-117B
		USD	Housing Starts	1.18M	1.16M
		USD	Import Prices m/m	0.40%	0.10%
	Tentative	NZD	GDT Price Index		0.30%
	10:45pm	NZD	Current Account	-0.89B	0.24B
	11:50pm	JPY	Trade Balance	0.41T	0.34T
20-Sep	12:30am	AUD	MI Leading Index m/m		0.10%
	6:00am	EUR	German PPI m/m	0.10%	0.20%
	8:30am	GBP	Retail Sales m/m	0.20%	0.30%
	1:00pm	CHF	SNB Quarterly Bulletin		
	2:00pm	USD	Existing Home Sales	5.46M	5.44M
	2:30pm	USD	Crude Oil Inventories		5.9M
	6:00pm	USD	FOMC Economic Projections		
		USD	FOMC Statement		
		USD	Federal Funds Rate	<1.25%	<1.25%
	6:30pm	USD	FOMC Press Conference		
	10:45pm	NZD	GDP q/q	0.80%	0.50%
		NZD	Visitor Arrivals m/m		-5.30%
21-Sep	1:30am	AUD	RBA Bulletin		

	Tentative	JPY	Monetary Policy Statement		
	3:00am	NZD	Credit Card Spending y/y		7.20%
	Tentative	JPY	BOJ Policy Rate	-0.10%	-0.10%
	4:30am	JPY	All Industries Activity m/m	0.00%	0.40%
	5:45am	CHF	SECO Economic Forecasts		
	6:00am	CHF	Trade Balance	2.41B	3.51B
	Tentative	JPY	BOJ Press Conference		
	8:00am	EUR	ECB Economic Bulletin		
	8:30am	GBP	Public Sector Net Borrowing	6.5B	-0.8B
		GBP	High Street Lending	41.7K	41.6K
	12:30pm	CAD	Wholesale Sales m/m	-0.90%	-0.50%
		USD	Unemployment Claims	300K	284K
		USD	Philly Fed Manufacturing Index	17.2	18.9
	1:00pm	USD	HPI m/m	0.40%	0.10%
	2:00pm	EUR	Consumer Confidence	-2	-2
		USD	CB Leading Index m/m	0.30%	0.30%
	2:30pm	USD	Natural Gas Storage		91B
22-Sep	7:00am	EUR	French Flash Manufacturing PMI	55.6	55.8
		EUR	French Flash Services PMI	54.8	54.9
	7:30am	EUR	German Flash Manufacturing PMI	59	59.3
		EUR	German Flash Services PMI	53.8	53.5
	8:00am	EUR	Flash Manufacturing PMI	57.2	57.4
		EUR	Flash Services PMI	54.8	54.7
	10:00am	GBP	CBI Industrial Order Expectations	13	13
	12:30pm	CAD	CPI m/m	0.20%	0.00%
		CAD	Core Retail Sales m/m	0.40%	0.70%
		CAD	Common CPI y/y		1.40%
		CAD	Median CPI y/y		1.70%
		CAD	Retail Sales m/m	0.10%	0.10%
		CAD	Trimmed CPI y/y		1.30%
		CAD	Core CPI m/m		-0.10%
	1:00pm	EUR	Belgian NBB Business Climate	-2	-2.1
	1:45pm	USD	Flash Manufacturing PMI	53.1	52.8
		USD	Flash Services PMI	55.9	56
	All Day	NZD	Parliamentary Elections		

Time: GMT

# MARKETS RECAP



Last Week: 11<sup>th</sup> of September 2017, to 15<sup>th</sup> of September 2017

The British pound saw a busy week as economic data alongside central bank meetings kept the volatility alive. Starting the week with economic data, the UK's consumer prices rose 2.9%. However, wage growth failed to keep up the pace, rising just 2.1%. This was however met with a surprise hawkish forward guidance from the BoE which signaled that interest rates could rise in the coming months.

## Australia unemployment rate steady at 5.6%

The latest labor market statistics from Australia showed that the unemployment rate was steady at 5.6% for August. Data from the Australian Bureau of Statistics showed that the unemployment rate was in-line with the expectations and remained unchanged from July's unemployment rate.



Australia Unemployment Rate: 5.6%, August 2017. Source: Tradingview.com

During the month, the Australian economy was seen adding 54k jobs to a total of 12.26 million in August. This beat forecasts which called for an addition of just 20k jobs. July's numbers were also revised higher by adding 27,900 jobs during the month. Besides the uptick in the number of jobs, the nation's participation rate was also seen rising to 65.3% which beat expectations that called for an unchanged print at 65.1%. The participation rate was also the highest in nearly five years.

**"Employment growth has been phenomenal and there has been a gradual tightening in the labour market,"** noted Commonwealth Bank economist Gareth Aird. Most of the gains in the employment was said to have come on account of more women entering the workforce.

Digging deeper into the data, the unemployment report showed that full-time employment had increased 40,100 to 8.4 million while part-time employment rose by 14,100 to 3.8 million. There was also a decline in the unemployment by 1,100.

## SNB Meeting: No changes to interest rates but language tweaked

The Swiss National Bank's monetary policy meeting held last week saw no changes being made to the 3-month LIBOR rate. The central bank's statement however surprised the markets.

The central bank was seen softening its stand on the exchange rate, which it maintained for a long time that the Swiss franc was significantly overvalued. The language saw the SNB changing the words "significantly overvalued" to "**highly valued.**" The Swiss franc however weakened after the statement being released. This came despite the SNB giving an upbeat assessment on the Swiss franc.

***“Overall, this development is helping to reduce, to some extent, the significant overvaluation of the currency. The Swiss franc nevertheless remains highly valued, and the situation on the foreign exchange market is still fragile.”*** the central bank's statement showed.

The euro maintained its gains against the Swiss franc as investors shrugged off the central bank's comments. Investors are convinced that economic growth in the Eurozone will see faster policy tightening from the ECB, which is likely to bode well for the peripheral currencies such as the Swiss franc. Further to this, the Swiss franc has been trending weaker and was seen down 6% since the previous SNB's meeting in June.

Despite coming out slightly hawkish, the Swiss National Bank said that it was determined to intervene in the currency markets, giving a veiled warning to speculators.

## U.S. consumer prices accelerate in August

Consumer prices in the August showed a much welcomed increase. The monthly inflation data suggested that the U.S. economy might be coming back on track. This could bode well for the Federal Reserve which could still hike interest rates in the coming months. Data showed that headline consumer prices rose 0.4% on a month over month basis, marking the biggest increase since January this year.

The core consumer prices also increased 0.2% on the month which was the biggest monthly increase since February this year. On a year over year basis, headline CPI was up 1.9% in August while core CPI rose 1.7% in August.

# MARKETS PREVIEW

18<sup>th</sup> of September 2017, to 22<sup>nd</sup> of September 2017



*The week ahead will be marked by the central bank meetings from the U.S. Federal Reserve and the Bank of Japan. No changes are expected from either of the central banks, although the Fed is likely to announce its balance sheet normalization. Besides the central bank meetings, New Zealand will be reporting on its quarterly GDP numbers. The data comes ahead of the crucial New Zealand parliamentary elections due over the weekend. Elsewhere, Canada will be reporting on the monthly inflation figures while from the UK, the monthly retail sales numbers will be coming out.*

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## FOMC expected to keep interest rates unchanged

The week ahead will be dominated by the FOMC meeting that is due on Wednesday. A majority of economists polled expect no changes to the Fed funds rate, which will keep the short term interest rates steady at 1.25%. However, the Fed is expected to start its balance sheet normalization operations. Standing at over \$4 trillion, the Fed is expected to slowly shrink its balance sheet.

The balance sheet normalization is expected to start with a modest \$10 billion and is expected to slowly increase in size. The balance sheet normalization process will mean that the Fed will begin to let the Treasuries and the mortgage-backed securities to start maturing. This is in contrast to the current operations where the proceeds were being reinvested.

The balance sheet normalization was one of the key things that almost all Fed officials agreed upon, as compared to the forward guidance on interest rates. However, with recent inflation data showing an increase, the Fed could likely maintain its stance of hiking interest rates one more time this year.

According to the estimates previously projected by the FOMC, the Fed will start at a pace of \$10 billion per month and increasing the size by \$10 billion every three months. The Fed hopes to reach \$50 billion per month by October 2018.

## New Zealand GDP and parliamentary elections

New Zealand will be holding its elections over the weekend to determine the 52 Parliament. Elections are expected to influence the currency markets to a certain extent. With the elections due on Saturday, 23 September, the kiwi dollar could be seen coming under pressure in the short term. Earlier in the week, economic data from New Zealand will include the quarterly GDP numbers.

According to economists polled, New Zealand's GDP is expected to rise 0.8% on a quarterly basis. This is a slight improvement from the 0.5% quarterly GDP growth rate seen in the first quarter. On an annualized basis, New Zealand's GDP is expected to rise 2.5%, keeping the same pace of expansion as the previous quarter. In an otherwise quiet week, the GDP and the elections will remain the key topics that will keep the NZD busy over the week.



# TECHNICAL CORNER



*Downside risks mount for gold prices*

Gold prices opened last week gapping lower. Price action closed at 1321.25 by Friday's close. The declines in gold prices came about despite North Korea seen test firing new missiles over Japan. Despite a brief risk-off sentiment, investors shrugged aside the news as gold prices settled to push lower. The precious metal also lost some of the shine as central bank meetings over the week saw more banks turning hawkish on monetary policy.



**XAUUSD (1321.25) – Daily Chart**

The week ahead will be an important one for gold prices as the FOMC meeting is due on Wednesday. The central bank is expected to announce its balance sheet normalization. Previously, the Fed's QE program has helped to push gold prices higher. But with the unwinding of the balance sheet, gold prices are expected to settle into a range.

Despite an unfilled gap remaining at 1346.23, gold prices could be seen pushing lower into the week. Support is seen at 1300.00 - 1291.11 which could be tested. However, the declines could remain supported to this level with the potential for the precious metal to push higher back to 1334.42 level. In the event that gold prices fall below 1291.11 - 1300 support level we can expect stronger declines that will push the precious metal down to 1200 - 1207 levels.

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