

# orbex WEEKLY MARKETS REPORT



OVERWEEK  
BULLET POINTS



THE WEEK  
AHEAD



MARKETS  
PREVIEW



THE CHART OF  
THE WEEK

# OVERWEEK BULLET POINTS



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

Date	Time	Currency	Event	Actual	Forecast	Previous
18-Sep	1:30am	AUD	New Motor Vehicle Sales m/m	0.00%		-2.40%
	8:02am	EUR	Italian Trade Balance	6.56B	3.89B	4.50B
	9:00am	EUR	Final CPI y/y	1.50%	1.50%	1.50%
		EUR	Final Core CPI y/y	1.20%	1.20%	1.20%
	10:00am	EUR	German Buba Monthly Report			
	12:30pm	CAD	Foreign Securities Purchases	23.95B	4.46B	-0.86B
	2:00pm	USD	NAHB Housing Market Index	64	67	67
	2:30pm	AUD	CB Leading Index m/m	0.10%		0.40%
	3:00pm	GBP	BOE Gov Carney Speaks			
	6:00pm	CAD	Gov Council Member Lane Speaks			
	8:00pm	USD	TIC Long-Term Purchases	1.3B	42.3B	34.4B
	9:29pm	NZD	Westpac Consumer Sentiment	112.4		113.4
19-Sep	1:30am	AUD	Monetary Policy Meeting Minutes			
		AUD	HPI q/q	1.90%	1.20%	2.20%
	8:00am	EUR	Current Account	25.1B	22.3B	22.8B
	9:00am	EUR	German ZEW Economic Sentiment	17	12.3	10
		EUR	ZEW Economic Sentiment	31.7	32.4	29.3
	9:35am	GBP	30-y Bond Auction	1.87 2.0		1.83 2.2
	12:30pm	CAD	Manufacturing Sales m/m	-2.60%	-1.70%	-1.90%
		USD	Building Permits	1.30M	1.22M	1.23M
		USD	Current Account	-123B	-115B	-114B
		USD	Housing Starts	1.18M	1.17M	1.19M
		USD	Import Prices m/m	0.60%	0.40%	-0.10%
	2:33pm	NZD	GDT Price Index	0.90%		0.30%
	10:45pm	NZD	Current Account	-0.62B	-0.82B	0.22B
	11:50pm	JPY	Trade Balance	0.37T	0.41T	0.36T
20-Sep	12:30am	AUD	MI Leading Index m/m	-0.10%		0.10%
	3:05am	AUD	RBA Assist Gov Ellis Speaks			
	6:00am	EUR	German PPI m/m	0.20%	0.10%	0.20%
	8:30am	GBP	Retail Sales m/m	1.00%	0.20%	0.60%
	1:00pm	CHF	SNB Quarterly Bulletin			
	2:00pm	USD	Existing Home Sales	5.35M	5.46M	5.44M
	2:30pm	USD	Crude Oil Inventories	4.6M	2.8M	5.9M
	6:00pm	USD	FOMC Economic Projections			
		USD	FOMC Statement			
		USD	Federal Funds Rate	<1.25%	<1.25%	<1.25%

	6:30pm	USD	FOMC Press Conference			
	10:45pm	NZD	GDP q/q	0.80%	0.80%	0.60%
	10:48pm	NZD	Visitor Arrivals m/m	-0.30%		-5.30%
21-Sep	1:30am	AUD	RBA Bulletin			
	3:00am	NZD	Credit Card Spending y/y	6.40%		7.10%
	3:15am	JPY	BOJ Policy Rate	-0.10%	-0.10%	-0.10%
		JPY	Monetary Policy Statement			
	4:30am	JPY	All Industries Activity m/m	-0.10%	-0.10%	0.20%
	5:10am	AUD	RBA Gov Lowe Speaks			
	5:45am	CHF	SECO Economic Forecasts			
	6:00am	CHF	Trade Balance	2.17B	2.41B	3.49B
	6:30am	JPY	BOJ Press Conference			
	8:00am	EUR	ECB Economic Bulletin			
	8:30am	GBP	Public Sector Net Borrowing	5.1B	6.5B	-1.3B
	12:30pm	CAD	Wholesale Sales m/m	1.50%	-0.70%	-0.60%
		USD	Unemployment Claims	259K	302K	282K
		USD	Philly Fed Manufacturing Index	23.8	17.3	18.9
	1:00pm	USD	HPI m/m	0.20%	0.40%	0.10%
	1:30pm	EUR	ECB President Draghi Speaks			
	1:55pm	EUR	Consumer Confidence	-1	-2	-2
	2:00pm	USD	CB Leading Index m/m	0.40%	0.30%	0.30%
	2:30pm	USD	Natural Gas Storage	97B	93B	91B
22-Sep	7:00am	EUR	French Flash Manufacturing PMI	56	55.6	55.8
		EUR	French Flash Services PMI	57.1	54.8	54.9
	7:30am	EUR	German Flash Manufacturing PMI	60.6	59	59.3
		EUR	German Flash Services PMI	55.6	53.8	53.5
	8:00am	EUR	Flash Manufacturing PMI	58.2	57.2	57.4
		EUR	Flash Services PMI	55.6	54.7	54.7
	8:30am	EUR	ECB President Draghi Speaks			
	10:00am	GBP	CBI Industrial Order Expectations	7	13	13
	12:30pm	CAD	CPI m/m	0.10%	0.20%	0.00%
		CAD	Core Retail Sales m/m	0.20%	0.40%	0.40%
		CAD	Common CPI y/y	1.50%		1.40%
		CAD	Median CPI y/y	1.70%		1.70%
		CAD	Retail Sales m/m	0.40%	0.20%	0.10%
		CAD	Trimmed CPI y/y	1.40%		1.30%
	12:34pm	CAD	Core CPI m/m	0.00%		-0.10%
	12:59pm	EUR	Belgian NBB Business Climate	-3.5	-2	-2.1
	1:29pm	GBP	Prime Minister May Speaks			
	1:45pm	USD	Flash Manufacturing PMI	53	52.9	52.8
		USD	Flash Services PMI	55.1	55.8	56

Time: GMT

# THE WEEK AHEAD



25<sup>th</sup> of September 2017, to 29<sup>th</sup> of September 2017

## IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
25-Sep	12:30am	JPY	Flash Manufacturing PMI	53.4	52.2
	8:00am	EUR	German Ifo Business Climate	116	115.9
	9:30am	GBP	FPC Statement		
	1:00pm	CNY	CB Leading Index m/m		0.90%
	9:45pm	NZD	Trade Balance	-825M	85M
	11:50pm	JPY	Monetary Policy Meeting Minutes		
		JPY	SPPI y/y	0.70%	0.60%
26-Sep	12:00am	NZD	ANZ Business Confidence		18.3
	6:00am	EUR	German Import Prices m/m	-0.10%	-0.40%
	8:30am	GBP	High Street Lending	41.7K	41.6K
	1:00pm	USD	S&P/CS Composite-20 HPI y/y	5.80%	5.70%
	2:00pm	USD	CB Consumer Confidence	119.6	122.9
		USD	New Home Sales	591K	571K
		USD	Richmond Manufacturing Index	13	14
27-Sep	6:00am	CHF	UBS Consumption Indicator		1.38
	27th-29th	GBP	Nationwide HPI m/m	0.30%	-0.10%
	8:00am	CHF	Credit Suisse Economic Expectations		25
		EUR	M3 Money Supply y/y	4.60%	4.50%
		EUR	Private Loans y/y	2.70%	2.60%
	10:00am	GBP	CBI Realized Sales	8	-10
	12:30pm	USD	Core Durable Goods Orders m/m	0.20%	0.60%
		USD	Durable Goods Orders m/m	1.10%	-6.80%
	2:00pm	USD	Pending Home Sales m/m	-0.50%	-0.80%
	2:30pm	USD	Crude Oil Inventories		4.6M
	8:00pm	NZD	Official Cash Rate	1.75%	1.75%
		NZD	RBNZ Rate Statement		
28-Sep	6:00am	EUR	German GfK Consumer Climate	11.1	10.9
	All Day	EUR	German Prelim CPI m/m	0.10%	0.10%
	7:00am	EUR	Spanish Flash CPI y/y	1.80%	1.60%
	Tentative	EUR	Italian 10-y Bond Auction		
	12:30pm	USD	Final GDP q/q	3.10%	3.00%
		USD	Unemployment Claims	269K	259K
		USD	Final GDP Price Index q/q	1.00%	1.00%
		USD	Goods Trade Balance	-65.0B	-65.1B
		USD	Prelim Wholesale Inventories m/m	0.50%	0.60%

	2:30pm	USD	Natural Gas Storage		97B
	9:45pm	NZD	Building Consents m/m		-0.70%
	11:01pm	GBP	GfK Consumer Confidence	-11	-10
	11:30pm	JPY	Household Spending y/y	0.90%	-0.20%
		JPY	National Core CPI y/y	0.70%	0.50%
		JPY	Tokyo Core CPI y/y	0.50%	0.40%
		JPY	Unemployment Rate	2.80%	2.80%
	11:50pm	JPY	BOJ Summary of Opinions		
		JPY	Prelim Industrial Production m/m	1.80%	-0.80%
		JPY	Retail Sales y/y	2.50%	1.80%
29-Sep	1:30am	AUD	Private Sector Credit m/m	0.50%	0.50%
	1:45am	CNY	Caixin Manufacturing PMI	51.5	51.6
	5:00am	JPY	Housing Starts y/y	0.70%	-2.30%
	6:00am	EUR	German Retail Sales m/m		0.60%
	6:45am	EUR	French Consumer Spending m/m	0.20%	0.70%
		EUR	French Prelim CPI m/m	0.20%	0.50%
	7:00am	CHF	KOF Economic Barometer	106.1	104.1
	7:55am	EUR	German Unemployment Change	-5K	-5K
	8:30am	GBP	Current Account	-15.8B	-16.9B
		GBP	Final GDP q/q	0.30%	0.30%
		GBP	Net Lending to Individuals m/m	5.0B	4.8B
		GBP	Index of Services 3m/3m	0.70%	0.50%
		GBP	M4 Money Supply m/m	0.20%	0.50%
		GBP	Mortgage Approvals	67K	69K
		GBP	Revised Business Investment q/q	0.00%	0.00%
	9:00am	EUR	CPI Flash Estimate y/y	1.60%	1.50%
		EUR	Core CPI Flash Estimate y/y	1.20%	1.20%
		EUR	Italian Prelim CPI m/m	-0.10%	0.30%
	12:30pm	CAD	GDP m/m		0.30%
		CAD	RMPI m/m		-0.60%
		CAD	IPPI m/m		-1.50%
		USD	Core PCE Price Index m/m	0.20%	0.10%
		USD	Personal Spending m/m	0.10%	0.30%
		USD	Personal Income m/m	0.20%	0.40%
	1:45pm	USD	Chicago PMI	58.5	58.9
	2:00pm	USD	Revised UoM Consumer Sentiment	95.3	95.3
		USD	Revised UoM Inflation Expectations		2.70%

Time: GMT

# MARKETS RECAP



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

The FOMC meeting last week saw the central bank keeping interest rates unchanged. However, the Fed signaled that it could hike rates one more time this year. This led to the markets bidding up the U.S. dollar to re-price the December rate hike. The Federal Reserve also announced that it will start its balance sheet normalization operations starting October with \$10 billion per month in the first three months.

## Eurozone inflation reaches a 4-month high

Consumer prices in the Eurozone set a new record, rising to four-month high in August, data from the European statistics agency, Eurostat showed last week.

According to the official data, consumer prices rose 1.5% on the year in August, accelerating from 1.3% increase the month before. This marked the highest inflation rate since April this year and was in line with the preliminary estimates that were published end of August.



**Eurozone inflation rate: 1.5%, August 2017. Source: Tradingeconomics.com**

Despite bringing some cheer, inflation remains well below the ECB's target of 2%. On a month over month basis, inflation was seen rising 0.3%. Core inflation was seen holding steady at 1.2%, rising at the same pace as the month before. Food, alcohol and tobacco prices rose 1.4% for the third consecutive month. The services sector logged a 1.6% increase for the third consecutive month as well.

Price gains were seen with non-energy industrial goods prices rising 0.5% while energy prices rose 4% in August on a year over year basis, up from 2.2% previously.

The European Central Bank however said that it expects inflation rate to slide below 1% next year, attributing this decline to a "statistical quirk."

The news comes as the ECB is preparing to taper its QE purchases. The ECB said in its monthly report that inflation in the Eurozone might fall to 0.9% in the first quarter of 2018. The slump in inflation was said to come on account of year over year developments in the oil and unprocessed food prices which were volatile and impacted the broader inflation data.

## **New Zealand quarterly GDP rises as expected**

New Zealand's quarterly GDP numbers for the quarter ending June 2017 came in at 0.8% as widely expected. The first quarter GDP figures were also slightly revised higher to show a 0.6% expansion on a quarterly basis.

The biggest boost to GDP came from tourist spending. Overall, retail spending rose 1.7% while accommodation was up 5.4%. On a year over year basis, New Zealand's annual GDP growth rate was at 2.5%, unchanged from the previous quarter. The data was also in line with the RBNZ's forecasts and is unlikely to change anything when the central bank meets next week. The RBNZ is widely expected to keep the OCR unchanged at 1.75%.

Manufacturing sector added to push the GDP higher, but construction spending continued to remain weak. Financial services also weakened as the housing sector was seen cooling. Rental and real estate was seen rising 0.8%.

Earlier in the week, the current account deficit showed a narrowing in the deficit to 2.8% of the GDP. This was a slight improvement from 2.9% deficit that was logged in the same quarter the year before. The decline in the deficit came on exports from goods and services which outstripped the imports. The data also underlined the quarterly pace of GDP expansion. The markets were expecting to see the trade deficit widen to 3.1% on the quarter.

## **BoJ keeps monetary policy on hold**

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**



*The final week of September will see the last of the remaining central bank meetings. This week, the Reserve Bank of New Zealand will be holding its monetary policy meeting on Wednesday. The RBNZ's OCR is expected to remain unchanged at 1.75%. On the economic front, the final revised GDP figures from the U.S., UK and Canada will also be coming out this week. From the Eurozone, preliminary inflation estimates for September will be released on Friday which is likely to set the tone for the ECB's taper announcement later in October.*

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## **RBNZ expected to keep OCR unchanged**

The Reserve Bank of New Zealand will be holding its monthly monetary policy meeting this week. According to economists polled, the RBNZ is expected to keep the overnight cash rate unchanged at 1.75%. The central bank had previously signaled that interest rates will remain accommodative on account of numerous uncertainties and this is not expected to change at this week's meeting.

Last week, the second quarter GDP data was released. According to official estimates, New Zealand's economic activity expanded at a pace of 0.8% in the second quarter. This put the annual GDP rate for New Zealand to 2.5% which was in line with estimates. The data is unlikely to make any material changes to the RBNZ's statement this week. Inflation in New Zealand continues to remain subdued.

Among the data points, the construction spending data showed a steady decline which fell below the RBNZ's forecasts. Data showed that construction spending fell at an annual rate of 3.2% during the first six months of the year. The housing market was also seen to be much weaker than forecasted by the central bank.

In the August monetary policy statement, the central bank forecasted that housing prices would rise 3.2% on the six months to September. But the actual data showed that housing prices fell 1.5%. Based on the above, the RBNZ is expected to remain on the sidelines.

## **Final GDP revisions from UK, U.S. and Canada**

On the economic front, GDP numbers will be coming out from the United States, UK and Canada. The U.S. GDP figures will be in focus but no changes are expected on the GDP figures, which remain at 3.0% for the second quarter. On a year over year basis, the U.S. annual GDP is expected to remain steady at 2.2%. In the UK, the GDP number is also expected to remain steady at 0.3%.

Besides the GDP numbers from the U.S., the core PCE price index data will also be released. Data is expected to show that core PCE price index will rise 1.2% on the year. This is still below the Fed's 2.0% inflation target rate. Markets will also be looking to the Fed speeches this week. The Fed Chair, Janet Yellen will be speaking mid-week. Her speech comes after the Fed left interest rates unchanged but signaled that interest rates could rise in the next few months by December.

# **TECHNICAL CORNER**

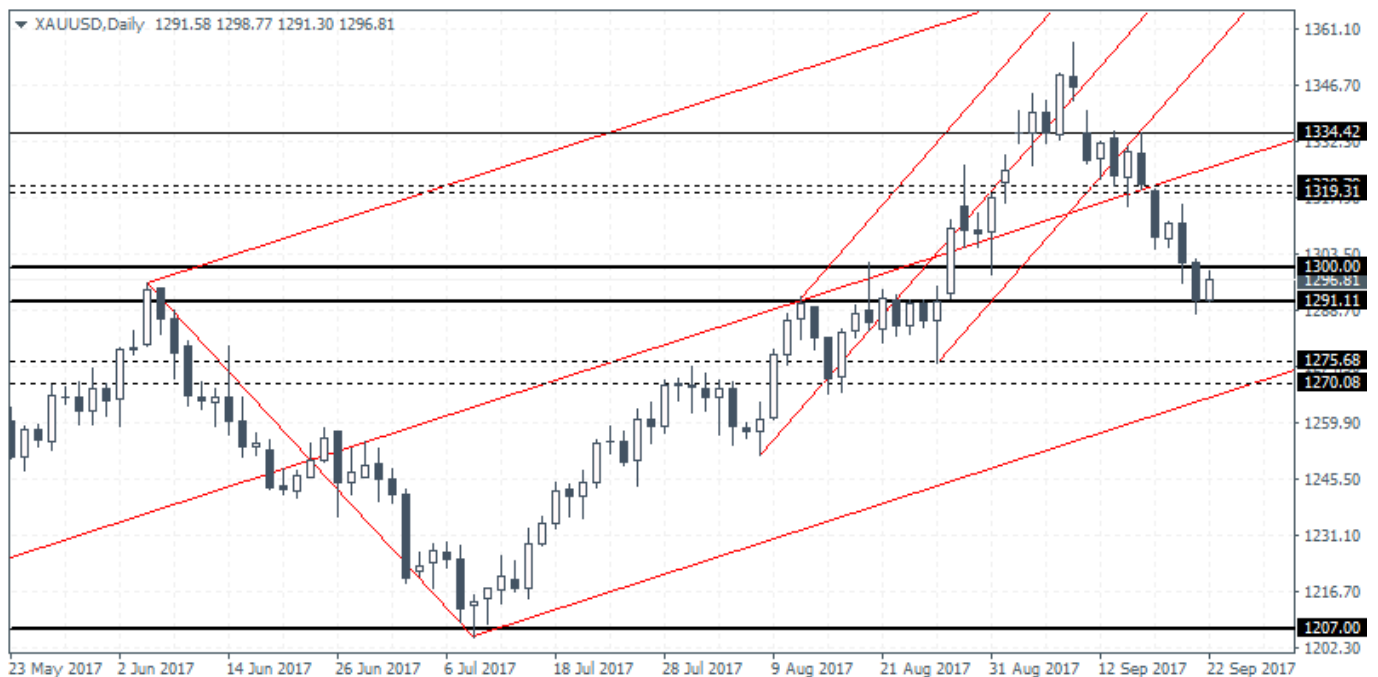
*Downside risks mount for gold prices*





Gold prices posted a steady decline towards the 1300 - 1291 support level as expected and noted in our last week's commentary. The sharp declines in gold came about on improved global sentiment and a brief strength in the U.S. dollar. Last week's FOMC meeting saw the Fed holding rates steady but signaled that it would start to unwind its balance sheet from October while signaling that rates could rise one more time.

This led the markets to re-price the Fed's rate hike for the remainder of the year. The odds had previously fallen with the markets expecting no further rate hikes. Although inflation remains weak in the longer term, the Hurricanes, Irma, Harvey are expected to push short term inflation higher.



**XAUUSD (1296.81) – Daily Chart**

After falling to the support level, gold prices are likely to post a rebound in the near term. The daily chart for gold shows that price settled in an inside bar near the support level. This suggests an upside rebound in prices. We expect to see gold prices potentially retracing the losses from last week. A few gaps that were left in the decline could also be filled as a result. The first target is expected to be at 1319 - 1320 level, following which further gains could send gold prices higher towards 1334.42 where resistance is most likely to be formed.

However, in the event of a downside breakout near the support at 1291 from the inside bar, gold prices could be in for further declines. The next support is seen coming in at 1275 - 1270 levels and a decline from here on could send gold falling lower towards the 1200 region. However, there is scope for an upside bias given that price is at support.

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