

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 25th of September 2017, to 29th of September 2017

Date	Time	Currency	Event	Actual	Forecast	Previous
25-Sep	12:30am	JPY	Flash Manufacturing PMI	52.6	53.4	52.2
	5:35am	JPY	BOJ Gov Kuroda Speaks			
	8:00am	EUR	German Ifo Business Climate	115.2	116	115.9
	8:30am	GBP	FPC Statement			
	12:30pm	USD	FOMC Member Dudley Speaks			
	1:00pm	CNY	CB Leading Index m/m	1.10%		1.00%
		EUR	ECB President Draghi Speaks			
	4:40pm	USD	FOMC Member Evans Speaks			
	9:15pm	AUD	RBA Assist Gov Bullock Speaks			
	9:45pm	NZD	Trade Balance	-1235M	-825M	98M
	10:30pm	USD	FOMC Member Kashkari Speaks			
	11:50pm	JPY	Monetary Policy Meeting Minutes			
		JPY	SPPI y/y	0.80%	0.70%	0.60%
26-Sep	12:00am	NZD	ANZ Business Confidence	0		18.3
	6:00am	EUR	German Import Prices m/m	0.00%	0.10%	-0.40%
	8:30am	GBP	High Street Lending	41.8K	41.7K	41.6K
	1:00pm	USD	S&P/CS Composite-20 HPI y/y	5.80%	5.70%	5.60%
	1:59pm	USD	Richmond Manufacturing Index	19	13	14
	2:00pm	USD	CB Consumer Confidence	119.8	119.9	120.4
		USD	New Home Sales	560K	585K	580K
	2:30pm	USD	FOMC Member Brainard Speaks			
	4:45pm	USD	Fed Chair Yellen Speaks			
27-Sep	6:00am	CHF	UBS Consumption Indicator	1.53		1.46
	8:00am	CHF	Credit Suisse Economic Expectations	28		25
		EUR	M3 Money Supply y/y	5.00%	4.60%	4.50%
		EUR	Private Loans y/y	2.70%	2.70%	2.70%
	10:00am	GBP	CBI Realized Sales	42	6	-10
	12:30pm	USD	Core Durable Goods Orders m/m	0.20%	0.20%	0.60%
		USD	Durable Goods Orders m/m	1.70%	1.00%	-6.80%
	2:00pm	USD	Pending Home Sales m/m	-2.60%	-0.50%	-0.80%
	2:30pm	USD	Crude Oil Inventories	-1.8M	2.9M	4.6M
	3:45pm	CAD	BOC Gov Poloz Speaks			
	6:00pm	USD	FOMC Member Brainard Speaks			
	7:00pm	USD	President Trump Speaks			
	8:00pm	NZD	Official Cash Rate	1.75%	1.75%	1.75%
		NZD	RBNZ Rate Statement			

28-Sep	6:00am	EUR	German GfK Consumer Climate	10.8	11	10.9
	All Day	EUR	German Prelim CPI m/m	0.10%	0.10%	0.10%
	6:35am	JPY	BOJ Gov Kuroda Speaks			
	7:00am	EUR	Spanish Flash CPI y/y	1.80%	1.80%	1.60%
	8:15am	GBP	BOE Gov Carney Speaks			
	8:49am	GBP	Prime Minister May Speaks			
	9:00am	AUD	RBA Assist Gov Debelle Speaks			
	9:27am	EUR	Italian 10-y Bond Auction	2.19 1.7		2.09 1.6
	12:30pm	USD	Final GDP q/q	3.10%	3.00%	3.00%
		USD	Unemployment Claims	272K	269K	260K
		USD	Final GDP Price Index q/q	1.00%	1.00%	1.00%
		USD	Goods Trade Balance	-62.9B	-65.0B	-63.9B
		USD	Prelim Wholesale Inventories m/m	1.00%	0.40%	0.60%
	2:00pm	USD	FOMC Member Fischer Speaks			
	2:30pm	USD	Natural Gas Storage	58B	77B	97B
	9:45pm	NZD	Building Consents m/m	10.20%		1.70%
	10:05pm	GBP	GfK Consumer Confidence	-9	-11	-10
	11:30pm	JPY	Household Spending y/y	0.60%	1.00%	-0.20%
		JPY	National Core CPI y/y	0.70%	0.70%	0.50%
		JPY	Tokyo Core CPI y/y	0.50%	0.50%	0.40%
		JPY	Unemployment Rate	2.80%	2.80%	2.80%
	11:50pm	JPY	BOJ Summary of Opinions			
		JPY	Prelim Industrial Production m/m	2.10%	1.80%	-0.80%
		JPY	Retail Sales y/y	1.70%	2.50%	1.80%
29-Sep	1:30am	AUD	Private Sector Credit m/m	0.50%	0.50%	0.50%
	5:00am	JPY	Housing Starts y/y	-2.00%	0.70%	-2.30%
	6:00am	EUR	German Retail Sales m/m	-0.40%	0.50%	0.60%
		GBP	Nationwide HPI m/m	0.20%	0.10%	-0.10%
	6:45am	EUR	French Consumer Spending m/m	-0.30%	0.20%	0.60%
		EUR	French Prelim CPI m/m	-0.10%	-0.20%	0.50%
	7:00am	CHF	KOF Economic Barometer	105.8	105.5	104.2
	7:55am	EUR	German Unemployment Change	-23K	-5K	-6K
	8:30am	GBP	Current Account	-23.2B	-15.8B	-22.3B
		GBP	Final GDP q/q	0.30%	0.30%	0.30%
		GBP	Net Lending to Individuals m/m	5.6B	5.0B	4.8B
		GBP	Index of Services 3m/3m	0.50%	0.70%	0.40%
		GBP	M4 Money Supply m/m	0.90%	0.20%	0.40%
		GBP	Mortgage Approvals	67K	68K	68K
		GBP	Revised Business Investment q/q	0.50%	0.00%	0.00%
	9:00am	EUR	CPI Flash Estimate y/y	1.50%	1.60%	1.50%
		EUR	Core CPI Flash Estimate y/y	1.10%	1.20%	1.20%
		EUR	Italian Prelim CPI m/m	-0.30%	-0.20%	0.30%
	12:30pm	CAD	GDP m/m	0.00%	0.10%	0.30%
		CAD	RMPI m/m	1.00%	0.40%	-0.90%
		CAD	IPPI m/m	0.30%	0.50%	-1.60%

		USD	Core PCE Price Index m/m	0.10%	0.20%	0.10%
		USD	Personal Spending m/m	0.10%	0.10%	0.30%
		USD	Personal Income m/m	0.20%	0.20%	0.30%
	1:45pm	GBP	MPC Member Broadbent Speaks			
		USD	Chicago PMI	65.2	58.6	58.9
	2:00pm	GBP	BOE Gov Carney Speaks			
		USD	Revised UoM Consumer Sentiment	95.1	95.3	95.3
		USD	Revised UoM Inflation Expectations	2.70%		2.70%
	3:00pm	USD	FOMC Member Harker Speaks			

Time: GMT

THE WEEK AHEAD



2nd of September 2017, to 6th of October 2017

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
02-Oct	12:00am	AUD	MI Inflation Gauge m/m		0.10%
	12:30am	JPY	Final Manufacturing PMI	52.6	52.6
	7:15am	CHF	Retail Sales y/y	0.50%	-0.70%
		EUR	Spanish Manufacturing PMI	53.2	52.4
	7:30am	CHF	Manufacturing PMI	60.6	61.2
	7:45am	EUR	Italian Manufacturing PMI	56.9	56.3
	7:50am	EUR	French Final Manufacturing PMI	56	56
	7:55am	EUR	German Final Manufacturing PMI	60.6	60.6
	8:00am	EUR	Final Manufacturing PMI	58.2	58.2
		EUR	Italian Monthly Unemployment Rate	11.20%	11.30%
	8:30am	GBP	Manufacturing PMI	56.3	56.9
	9:00am	EUR	Unemployment Rate	9.00%	9.10%
	1:30pm	CAD	Manufacturing PMI		54.6
	1:45pm	USD	Final Manufacturing PMI	53	53
	2:00pm	USD	ISM Manufacturing PMI	57.9	58.8
		USD	Construction Spending m/m	0.40%	-0.60%
		USD	ISM Manufacturing Prices	64.5	62
	2:30pm	CAD	BOC Business Outlook Survey		
	6:00pm	USD	FOMC Member Kaplan Speaks		
	11:50pm	JPY	Monetary Base y/y	17.20%	16.30%
03-Oct	12:00am	AUD	HIA New Home Sales m/m		-3.70%
	12:30am	AUD	Building Approvals m/m	1.10%	-1.70%
	3:30am	AUD	Cash Rate	1.50%	1.50%
		AUD	RBA Rate Statement		

	3:45am	JPY	10-y Bond Auction		0.01 4.0
	5:00am	JPY	BOJ Core CPI y/y		0.40%
		JPY	Consumer Confidence	43.5	43.3
	5:30am	AUD	Commodity Prices y/y		20.10%
	7:00am	EUR	Spanish Unemployment Change	21.3K	46.4K
	8:30am	GBP	Construction PMI	51.2	51.1
		GBP	FPC Meeting Minutes		
	9:00am	EUR	PPI m/m	0.10%	0.00%
	12:30pm	USD	FOMC Member Powell Speaks		
	Tentative	NZD	GDT Price Index		0.90%
	All Day	USD	Total Vehicle Sales	16.6M	16.1M
	4:30pm	CAD	Gov Council Member Leduc Speaks		
	10:30pm	AUD	AIG Services Index		53
	11:01pm	GBP	BRC Shop Price Index y/y		-0.30%
04-Oct	12:00am	NZD	ANZ Commodity Prices m/m		-0.80%
	7:15am	EUR	Spanish Services PMI	55.6	56
	7:45am	EUR	Italian Services PMI	55	55.1
	7:50am	EUR	French Final Services PMI	57.1	57.1
	7:55am	EUR	German Final Services PMI	55.6	55.6
	8:00am	EUR	Final Services PMI	55.6	55.6
	8:30am	GBP	Services PMI	53.3	53.2
	9:00am	EUR	Retail Sales m/m	0.30%	-0.30%
	12:15pm	USD	ADP Non-Farm Employment Change	151K	237K
	1:45pm	USD	Final Services PMI	55.1	55.1
	2:00pm	USD	ISM Non-Manufacturing PMI	55.5	55.3
	2:30pm	USD	Crude Oil Inventories		-1.8M
	7:15pm	USD	Fed Chair Yellen Speaks		
05-Oct	12:30am	AUD	Retail Sales m/m	0.30%	0.00%
		AUD	Trade Balance	0.87B	0.46B
	7:15am	CHF	CPI m/m	0.20%	0.00%
	8:10am	EUR	Retail PMI		50.8

	8:30am	GBP	Housing Equity Withdrawal q/q	-9.9B	-10.4B
	11:30am	EUR	ECB Monetary Policy Meeting Accounts		
		USD	Challenger Job Cuts y/y		5.10%
	12:30pm	CAD	Trade Balance		-3.0B
		USD	Unemployment Claims	270K	272K
		USD	Trade Balance	-43.0B	-43.7B
	1:10pm	USD	FOMC Member Powell Speaks		
	2:00pm	USD	FOMC Member Harker Speaks		
		USD	Factory Orders m/m	0.90%	-3.30%
	2:30pm	USD	Natural Gas Storage		58B
	10:30pm	AUD	AIG Construction Index		55.3
06-Oct	12:00am	JPY	Average Cash Earnings y/y	0.50%	-0.60%
	5:00am	JPY	Leading Indicators	107.20%	105.20%
	6:00am	EUR	German Factory Orders m/m	0.80%	-0.70%
	6:45am	EUR	French Gov Budget Balance		-83.8B
		EUR	French Trade Balance	-5.4B	-6.0B
	7:00am	CHF	Foreign Currency Reserves		717B
	7:30am	GBP	Halifax HPI m/m	0.00%	1.10%
	9:00am	EUR	Italian Retail Sales m/m	0.20%	-0.20%
	12:30pm	CAD	Employment Change		22.2K
		CAD	Unemployment Rate		6.20%
		CAD	Building Permits m/m		-3.50%
		USD	Average Hourly Earnings m/m	0.30%	0.10%
		USD	Non-Farm Employment Change	88K	156K
		USD	Unemployment Rate	4.40%	4.40%
	2:00pm	CAD	Ivey PMI	57.2	56.3
		USD	Final Wholesale Inventories m/m	1.00%	1.00%
	4:15pm	USD	FOMC Member Dudley Speaks		
	4:45pm	USD	FOMC Member Kaplan Speaks		
	7:00pm	USD	Consumer Credit m/m	15.5B	18.5B

Time: GMT



MARKETS RECAP

Last Week: 25th of September 2017, to 29th of September 2017

The markets opened the week with politics dominating the headlines. Over the weekend, German election results saw the CDU/CSU party retaining its power with Angela Merkel set for another four year term. However, the rise of the fringe parties into the Bundestag dented the sentiment. In Japan, the PM Abe called for snap elections and wanting nothing short of a majority. New Zealand was also seen holding elections alongside the week that was marked by the RBNZ's monetary policy meeting.

RBNZ keeps OCR unchanged at 1.75%

The Reserve Bank of New Zealand's monetary policy meeting held last week showed no major changes. The RBNZ kept the OCR unchanged at 1.75% and also did not make any changes to the monetary policy statement.



RBNZ Overnight Cash Rate: 1.75%

"Monetary policy will remain accommodative for a considerable period. Numerous uncertainties remain and policy may need to adjust accordingly," the RBNZ's statement said, unchanged from its previous meetings. The central bank was however more cautious as it was seen lowering the GDP forecasts over the coming year. This is expected to make the RBNZ turn more dovish in the upcoming meetings.

This comes despite the RBNZ acknowledging the recent improvements in the global economy. The central bank said that growth was becoming more broad based. The central bank also expressed optimism on the exchange rate, noting that the falling exchange rate was more than expected and such a decline would help the economy going forth.

There was also a veiled acknowledgement of the recent slowdown in net migration. The RBNZ dropped the word "strong" from its descriptions of population growth. On the housing market, the central bank

did not make any major changes although housing price growth was seen 4.7% weaker than the forecasts from the RBNZ's August monetary policy statement.

U.S. second quarter GDP revised higher

The second quarter economic activity in the United States was revised higher during the third estimate. According to official data released by the commerce department, the gross domestic product or GDP expanded at a pace of 3.1%. This was higher than the 3.0% increase that was estimated in the second release. The data beat expectations as economists polled expected to see no change to the GDP print.

The stronger than expected GDP growth came on an upward revision to the private inventory investment. Despite the revision, the commerce department said that the overall picture of the economy was little changed during the three months ending June. The second quarter GDP numbers saw a faster than expected increase from the 1.2% GDP expansion seen during the first quarter.

The U.S. dollar was also supported by the talks about the Trump administration planning to roll out the tax reforms. The Republican leaders said last week that they plan to overhaul the U.S. tax code which includes sharp tax cuts.

However, after the U.S. dollar jumped on the news, the greenback was seen giving some of the gains as investors question on how the U.S. will be able to lower the tax rate. It is expected that over \$5.8 trillion in tax cuts during a decade will include \$3.6 trillion in provisions for raising revenue. Despite this, a shortfall of \$2.2 trillion still remains.

The U.S. dollar was seen trading off the economic cues as well as information from the White House. There were also some Fed speakers lined up during the week.

No major announcements were made and the FOMC members broadly stuck to the narrative that the U.S. economy warranted gradual rate hikes while staying cautious on the inflation expectations. The Fed is also expected to start its balance sheet normalization process from October.

UK GDP stays unchanged at 0.3% in the second quarter

The UK economy was seen rising at a pace of 0.3% in the second quarter. This was in line with estimates as of the third revision and unchanged from the second estimates. The only revisions made were to the balance of payments, official data from the UK's Office for National Statistics showed last week.

The UK's GDP grew 0.3% in the second quarter sequentially, slightly rising from 0.2% increase seen during the first quarter. On the production side, the GDP showed that only the services sector contributed positively to the GDP growth with output from the sector seen rising 0.4%. Following the release of the GDP report, the British pound was seen extending declines against the U.S. dollar.

MARKETS PREVIEW



25th of September 2017, to 29th of September 2017

Economic data will focus on the fresh reports covering the month of September. Among the major events lined up this week, the RBA's monetary policy meeting will start off. No major changes are expected from the RBA. Focus will be on the data from the United States which will cover the Institute of Supply Management's manufacturing PMI. Payrolls will also be the main event this week as both ADP and the official nonfarm payroll figures will be released for the month of September. The U.S. labor market has been the major bright spot for the central bank and a continued stability in the job growth and unemployment could bode well for further interest rate hikes from the central bank.

RBA Interest rate decision: No changes expected

The Reserve Bank of Australia will be meeting this week although economists are widely expecting to see no changes to the main interest rates. However, there are increasing risks that the Australian central bank could turn hawkish in its forward guidance. The ASX probability currently assigns a 0% chance in rate hike at this meeting.

Central bank policy makers have however struck a hawkish chord noting that interest rates are likely to rise rather than fall as the next policy move. This was in line with the broader themes from other central banks that have turned hawkish. Major Australian banks forecast that the RBA could hike rates at least once in the coming year, with some predicting as much as two rate hikes. Growth and inflation along with unemployment remain the key factors for the RBA's decision making going forward.

U.S. Nonfarm payrolls expected to fall

The monthly nonfarm payrolls data for the month of September is forecast to show a weaker print. According to analysts polled, the average payroll increase for September is expected to be about 88k. This marks a sharp and a below average pace of increase in payrolls. The decline in the payrolls is expected to come on account of the hurricanes that hit the U.S. in the month of September.

The risks of this were already signals by various officials. The Fed Chair, Janet Yellen said in her press conference just a week ago that there could be temporary disruptions to the economy due to the hurricanes. The payrolls report is expected to fall with some slowdown affecting the economy as well.

However Ms. Yellen also signaled that inflation could increase further than expected in the near term on account of the hurricanes. The U.S. unemployment rate is forecast to remain steady at 4.4% while wages are expected to rise 0.3% on the month.

TECHNICAL CORNER



EURUSD – Buy the dip

The EURUSD was seen giving up some of the gains last week as the U.S. dollar was seen posting some modest gains. The declines in the euro started with the German election results that were released over the weekend. Despite winning the elections, the incumbent Chancellor Merkel's party, the CDU/CSU was seen weakening as the far-right parties gained a foothold into the German Bundestag. This led to investors unwinding some of the bets on the euro.

The second quarter GDP data was seen revised higher to show a 3.1% expansion in the economy during the period. Combined, the data helped the U.S. dollar to manage to hold on to the gains over the week. As a result, EURUSD was seen closing the week at 1.1821.



EURUSD (1.1821) – H4 Chart

From a technical perspective, we now expect EURUSD to establish a new range within the potential resistance level of 1.1859 and the support that could be formed at 1.1765. Price action is currently showing a hidden bearish divergence with the higher low formed on the Stochastics. This could suggest some downside momentum in prices.

Therefore, we expect EURUSD to retrace the gains and slip back to 1.1765 where support could be established. Following this decline, we anticipate a rally towards 1.1859. If resistance is formed here, EURUSD could be seen potentially falling back to the support level. Further direction is expected to be established on a breakout from this new range.

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