

# orbex WEEKLY MARKETS REPORT



OVERWEEK  
BULLET POINTS



THE WEEK  
AHEAD



MARKETS  
PREVIEW



THE CHART OF  
THE WEEK

# OVERWEEK BULLET POINTS



Last Week: 2<sup>nd</sup> of October 2017, to 6<sup>th</sup> of October 2017

Date	Time	Currency		Actual	Forecast	Previous
02-Oct	12:00am	AUD	MI Inflation Gauge m/m	0.30%		0.10%
	12:30am	JPY	Final Manufacturing PMI	52.9	52.6	52.6
	7:15am	CHF	Retail Sales y/y	-0.20%	0.50%	0.00%
		EUR	Spanish Manufacturing PMI	54.3	53.2	52.4
	7:30am	CHF	Manufacturing PMI	61.7	60.6	61.2
	7:45am	EUR	Italian Manufacturing PMI	56.3	56.9	56.3
	7:50am	EUR	French Final Manufacturing PMI	56.1	56	56
	7:55am	EUR	German Final Manufacturing PMI	60.6	60.6	60.6
	8:00am	EUR	Final Manufacturing PMI	58.1	58.2	58.2
		EUR	Italian Monthly Unemployment Rate	11.20%	11.20%	11.30%
	8:30am	GBP	Manufacturing PMI	55.9	56.3	56.7
	9:00am	EUR	Unemployment Rate	9.10%	9.00%	9.10%
	1:30pm	CAD	Manufacturing PMI	55		54.6
	1:45pm	USD	Final Manufacturing PMI	53.1	53	53
	2:00pm	USD	ISM Manufacturing PMI	60.8	57.9	58.8
		USD	Construction Spending m/m	0.50%	0.40%	-1.20%
		USD	ISM Manufacturing Prices	71.5	64.5	62
	6:00pm	USD	FOMC Member Kaplan Speaks			
	9:00pm	NZD	NZIER Business Confidence	5		18
	11:50pm	JPY	Monetary Base y/y	15.60%	17.20%	16.30%
03-Oct	12:00am	AUD	HIA New Home Sales m/m	9.10%		-3.70%
	12:30am	AUD	Building Approvals m/m	0.40%	1.10%	-1.20%
		AUD	ANZ Job Advertisements m/m	0.00%		1.70%
	3:30am	AUD	RBA Rate Statement			
		AUD	Cash Rate	1.50%	1.50%	1.50%
	3:45am	JPY	10-y Bond Auction	0.08 4.1		0.01 4.0
	5:00am	JPY	BOJ Core CPI y/y	0.60%		0.40%
		JPY	Consumer Confidence	43.9	43.5	43.3
	5:30am	AUD	Commodity Prices y/y	18.30%		20.80%
	7:00am	EUR	Spanish Unemployment Change	27.9K	21.3K	46.4K
	8:30am	GBP	Construction PMI	48.1	51.1	51.1
		GBP	FPC Meeting Minutes			
	9:00am	EUR	PPI m/m	0.30%	0.10%	0.00%
	12:30pm	USD	FOMC Member Powell Speaks			
	2:27pm	NZD	GDT Price Index	-2.40%		0.90%
	4:30pm	CAD	Gov Council Member Leduc Speaks			

	All Day	USD	Total Vehicle Sales	18.6M	16.9M	16.1M
	10:30pm	AUD	AIG Services Index	52.1		53
	11:01pm	GBP	BRC Shop Price Index y/y	-0.10%		-0.30%
04-Oct	12:00am	NZD	ANZ Commodity Prices m/m	0.80%		-0.80%
	7:15am	EUR	Spanish Services PMI	56.7	55.5	56
	7:45am	EUR	Italian Services PMI	53.2	54.8	55.1
	7:50am	EUR	French Final Services PMI	57	57.1	57.1
	7:55am	EUR	German Final Services PMI	55.6	55.6	55.6
	8:00am	EUR	Final Services PMI	55.8	55.6	55.6
	8:30am	GBP	Services PMI	53.6	53.2	53.2
	9:00am	EUR	Retail Sales m/m	-0.50%	0.30%	-0.30%
	9:34am	EUR	German 10-y Bond Auction	0.44 1.6		0.39 1.6
	12:15pm	USD	ADP Non-Farm Employment Change	135K	131K	228K
	1:45pm	USD	Final Services PMI	55.3	55.1	55.1
	2:00pm	USD	ISM Non-Manufacturing PMI	59.8	55.5	55.3
	2:30pm	USD	Crude Oil Inventories	-6.0M	-0.5M	-1.8M
	5:15pm	EUR	ECB President Draghi Speaks			
	7:15pm	USD	Fed Chair Yellen Speaks			
05-Oct	12:30am	AUD	Retail Sales m/m	-0.60%	0.30%	-0.20%
		AUD	Trade Balance	0.99B	0.88B	0.81B
	7:15am	CHF	CPI m/m	0.20%	0.20%	0.00%
	8:10am	EUR	Retail PMI	52.3		50.8
	8:30am	GBP	Housing Equity Withdrawal q/q	-4.1B	-9.9B	-5.2B
	8:48am	EUR	Spanish 10-y Bond Auction	1.87 2.5		1.69 1.5
	9:03am	EUR	French 10-y Bond Auction	0.88 1.9		0.67 2.0
	11:30am	EUR	ECB Monetary Policy Meeting Accounts			
		USD	Challenger Job Cuts y/y	-27.00%		5.10%
	12:30pm	CAD	Trade Balance	-3.4B	-2.6B	-3.0B
		USD	Unemployment Claims	260K	266K	272K
		USD	Trade Balance	-42.4B	-42.7B	-43.6B
	1:05pm	USD	FOMC Member Powell Speaks			
	1:30pm	USD	FOMC Member Harker Speaks			
	2:00pm	USD	Factory Orders m/m	1.20%	1.00%	-3.30%
	2:30pm	USD	Natural Gas Storage	42B	56B	58B
	4:00pm	GBP	MPC Member McCafferty Speaks			
	5:30pm	GBP	MPC Member Haldane Speaks			
	10:30pm	AUD	AIG Construction Index	54.7		55.3
06-Oct	12:00am	JPY	Average Cash Earnings y/y	0.90%	0.50%	-0.60%
	5:00am	JPY	Leading Indicators	106.80%	107.20%	105.20%
	6:00am	EUR	German Factory Orders m/m	3.60%	0.70%	-0.40%
	6:45am	EUR	French Gov Budget Balance	-93.0B		-83.8B
		EUR	French Trade Balance	-4.5B	-5.4B	-5.8B
	7:00am	CHF	Foreign Currency Reserves	724B		717B
	7:30am	GBP	Halifax HPI m/m	0.80%	0.00%	1.50%
	8:00am	EUR	Italian Retail Sales m/m	-0.30%	0.20%	-0.40%

	12:00pm	GBP	MPC Member Haldane Speaks			
	12:30pm	CAD	Employment Change	10.0K	13.9K	22.2K
		CAD	Unemployment Rate	6.20%	6.30%	6.20%
		USD	Average Hourly Earnings m/m	0.50%	0.30%	0.20%
		USD	Non-Farm Employment Change	-33K	82K	169K
		USD	Unemployment Rate	4.20%	4.40%	4.40%
	2:00pm	CAD	Ivey PMI	59.6	56	56.3
		USD	Final Wholesale Inventories m/m	0.90%	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	13.1B	15.8B	17.7B

Time: GMT

# THE WEEK AHEAD



9<sup>th</sup> of October 2017, to 13<sup>th</sup> of October 2017

## IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
09-Oct	1:45am	CNY	Caixin Services PMI	53.1	52.7
	6:00am	EUR	German Industrial Production m/m	0.90%	0.00%
	8:30am	EUR	Sentix Investor Confidence	28.6	28.2
	11:01pm	GBP	BRC Retail Sales Monitor y/y		1.30%
	11:50pm	JPY	Current Account	1.98T	2.03T
10-Oct	12:30am	AUD	NAB Business Confidence		5
	3:20am	AUD	RBA Assist Gov Debelle Speaks		
	5:00am	JPY	Economy Watchers Sentiment	49.9	49.7
	5:45am	CHF	Unemployment Rate	3.20%	3.20%
	6:00am	EUR	German Trade Balance	20.1B	19.5B
	6:45am	EUR	French Industrial Production m/m	0.50%	0.50%
	8:00am	EUR	Italian Industrial Production m/m	0.20%	0.10%
	8:30am	GBP	Manufacturing Production m/m	0.30%	0.50%
		GBP	Goods Trade Balance	-11.2B	-11.6B
		GBP	Construction Output m/m	0.10%	-0.90%
		GBP	Industrial Production m/m	0.20%	0.20%
	10:00am	USD	NFIB Small Business Index	105.1	105.3
	12:00pm	GBP	NIESR GDP Estimate		0.40%
	12:15pm	CAD	Housing Starts		223K
	12:30pm	CAD	Building Permits m/m		-3.50%
	2:00pm	USD	FOMC Member Kashkari Speaks		
		USD	IBD/TIPP Economic Optimism	54.2	53.4
	6:00pm	CAD	Gov Council Member Wilkins Speaks		
	11:30pm	AUD	Westpac Consumer Sentiment		2.50%
	11:50pm	JPY	Core Machinery Orders m/m	1.00%	8.00%
11-Oct	12:00am	USD	FOMC Member Kaplan Speaks		
	6:00am	JPY	Prelim Machine Tool Orders y/y		36.20%
	2:00pm	USD	JOLTS Job Openings	6.06M	6.17M
	6:00pm	USD	FOMC Meeting Minutes		
	9:45pm	NZD	FPI m/m		0.60%
	11:01pm	GBP	RICS House Price Balance	4%	6%
	11:50pm	JPY	Bank Lending y/y	2.60%	3.20%
		JPY	PPI y/y	3.00%	2.90%
12-Oct	12:00am	AUD	MI Inflation Expectations		3.80%
	12:30am	AUD	Home Loans m/m	0.50%	2.90%
	4:30am	JPY	Tertiary Industry Activity m/m	0.10%	0.10%

	6:45am	EUR	French Final CPI m/m	-0.10%	-0.10%
	12th-16th	CNY	M2 Money Supply y/y	9.00%	8.90%
	12th-16th	CNY	New Loans	1250B	1090B
	8:30am	GBP	BOE Credit Conditions Survey		
	9:00am	EUR	Industrial Production m/m	0.60%	0.10%
	12:30pm	CAD	NHPI m/m	0.30%	0.40%
		USD	PPI m/m	0.40%	0.20%
		USD	Unemployment Claims	255K	260K
		USD	Core PPI m/m	0.20%	0.10%
	2:30pm	EUR	ECB President Draghi Speaks		
		USD	FOMC Member Brainard Speaks		
		USD	FOMC Member Powell Speaks		
		USD	Natural Gas Storage		42B
	3:00pm	USD	Crude Oil Inventories		-6.0M
	12th-16th	USD	Federal Budget Balance	0.3B	-107.7B
	7:15pm	CAD	Gov Council Member Wilkins Speaks		
	9:30pm	NZD	Business NZ Manufacturing Index		57.9
	11:50pm	JPY	M2 Money Stock y/y	4.00%	4.00%
13-Oct	12:30am	AUD	RBA Financial Stability Review		
	Tentative	CNY	Trade Balance	266B	287B
	Tentative	CNY	USD-Denominated Trade Balance	38.1B	42.0B
	6:00am	EUR	German Final CPI m/m	0.10%	0.10%
	7:15am	CHF	PPI m/m	0.30%	0.30%
	12:30pm	USD	CPI m/m	0.60%	0.40%
		USD	Core CPI m/m	0.20%	0.20%
		USD	Core Retail Sales m/m	0.90%	0.20%
		USD	Retail Sales m/m	1.50%	-0.20%
	1:30pm	GBP	CB Leading Index m/m		-0.10%
	2:00pm	USD	Prelim UoM Consumer Sentiment	95.4	95.1
		USD	Business Inventories m/m	0.40%	0.20%
		USD	Prelim UoM Inflation Expectations		2.70%
	Day 1	All	IMF Meetings		
	2:25pm	USD	FOMC Member Evans Speaks		
	3:30pm	USD	FOMC Member Kaplan Speaks		
	5:00pm	USD	FOMC Member Powell Speaks		

Time: GMT

# MARKETS RECAP

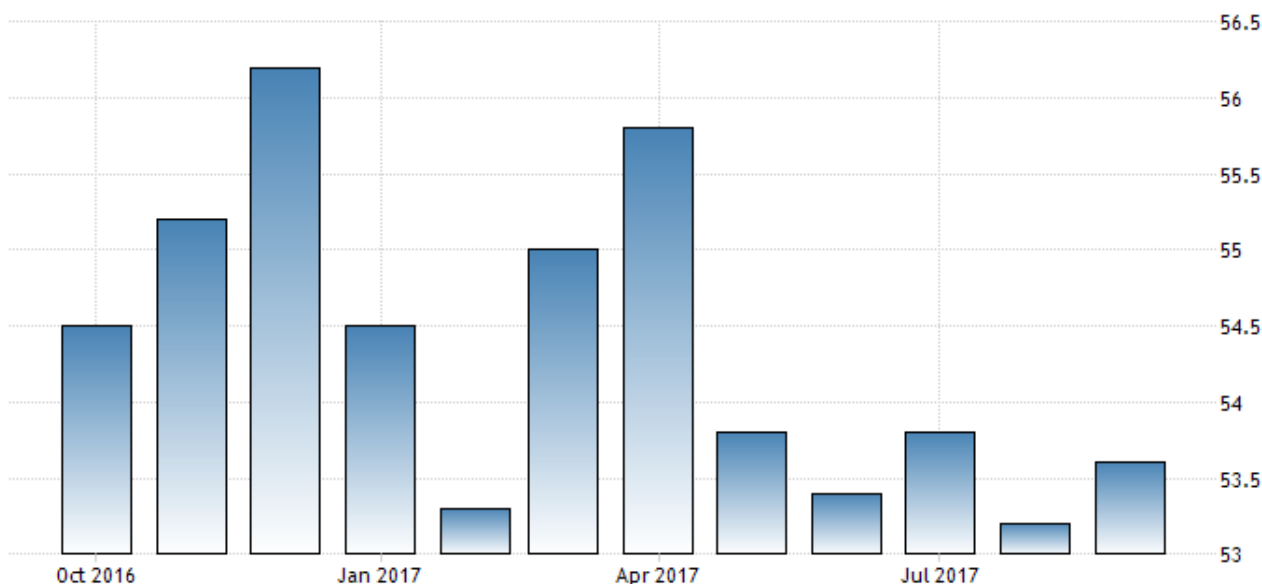


Last Week: 2<sup>nd</sup> of October 2017, to 6<sup>th</sup> of September 2017

Economic data last week was relatively mixed with the U.S. dollar focusing on both the economic indicators as well political developments. The major upside to the U.S. dollar came from the Trump administration pushing forward with its tax reforms. However, investors shunned the U.S. dollar by the end of the week on a weaker than expected jobs report. In the UK, PMI numbers showed a potential slowdown in the economy during the third quarter. The UK's construction PMI was seen to be contracting for the first time since the Brexit vote in 2016.

## UK PMI's significantly weaker in Q3

The third quarter PMI data released last week by Markit, showed that the economic slowdown in the UK was expected to continue. Based on the PMI data, the third quarter GDP is now projected to rise 0.3%. This marks the same pace of increase as of the second quarter.



UK Services PMI: 53.6, September 2017. Source: Tradingeconomics.com

Activity in the manufacturing sector was seen growing at a slower pace in September, but the services PMI managed to maintain some gains. The services PMI rose to 53.6 in September, up from 53.2 in August. The services sector is seen as the biggest contributor to the GDP. In contrast, construction PMI fell into contraction last month for the first time since the July Brexit vote last year.

The data comes as the Bank of England prepares the markets for a rate hike. Economists are hopeful that the the BoE will hike interest rates in November, but the outlook remains clouded amid slowdown in growth and wages. An interest rate hike is no doubt expected to put further pressure on both household spending as well as on the business investment.

Although the services sector was seen rising slightly in comparison to the manufacturing and the construction sector, the pace of expansion was seen to be weaker than average in the first half of the year. New work or orders were also report to rise at the slowest pace in nearly 13 months. This was in stark contrast to the initial gains across the sectors after the UK voted to leave the EU.

The Brexit vote sent the British pound plunging which initially helped the manufacturing and construction sectors.

## **U.S. payrolls decline in September**

The official non farm payrolls data for the month of September reflected a worse than expected weakness in the labor markets. The data resulted in a decline of 33,000 jobs during the month of September, following an upward revision to August payrolls to 169k.

The decline in the payrolls was a surprise for the markets and economists who expected the U.S. economy to create 90k jobs during the month, following the initial release of 156k jobs in August. The data released by the Labor Department said that the sharp decline in employment was seen in the food services sector alongside below trend growth in other industries.

Although the economy shed jobs, the labor department shows that the unemployment rate fell to 4.2% in September, compared to 4.4% in August. Economists were expecting the unemployment rate to remain steady. The decline in the unemployment rate came as a result of lesser workforce participants. As widely expected, wage growth accelerating, pushing the year over year wage growth to 2.9% in September, up from 2.5% in August.

With the mixed jobs report, the markets and the Federal Reserve officials are expected to look beyond the temporary factors, which suggest that the unemployment rate might tick higher in the near term while wages could also potentially fall.

## **BoJ Tankan surveys shows an uptick in manufacturing**

Over the weekend, the Bank of Japan released its quarterly Tankan manufacturing and non-manufacturing survey results. According to official data, the index monitoring the business sentiment in Japan showed an increase for third consecutive quarter ending Q3 2017.

The large manufacturer's index came in at +22 which was higher than the expected +18 and increased from +17 from the previous quarter. The business outlook index was also higher at +19 which beat expectations of +16 and rising from +15 in the previous three months. The data was seen as a positive development for the business outlook in Japan.

As a leading indicator an uptick in the manufacturing sector could potentially see this unfold into more jobs and potentially higher wages. This is eventually expected to see inflation being pushed higher. The BoJ is currently seen battling inflation which has remained low for decades.



# MARKETS PREVIEW



9<sup>th</sup> of October 2017, to 13<sup>th</sup> of October 2017

---

*The week ahead will be relatively slow in comparison to a busy start to October. Among the major data points lined up next week, the U.S. consumer prices data will be the next big event to watch for. A number of Fed member speeches are also lined up next week which could bring more volatility to the U.S. markets. From the Eurozone, economic data takes a backseat for the most part with only German inflation data standing out. In the Nordics, the inflation figures from Sweden and Norway will be another data point to look out for.*

---

## U.S. Consumer prices expected to rise

The U.S. consumer prices for the month of September will be one of the main releases this week, coming out on Friday. Fed officials are likely to however look through any temporary distortion on account of the hurricanes which resulted in higher wages and the economy losing 33k jobs according to official statistics. In August, consumer prices in the U.S. were seen accelerating and this trend could likely hold in the near term.

The headline consumer prices are forecast to rise 2.3% on the year over year basis in September. This comes after consumer prices rose 1.9% in August. Core inflation rate is also expected to drive higher to 1.8% in September, up from 1.7% from the previous month. The increase in inflation data could potentially justify the Fed's rate hike plans. Besides the inflation data, the U.S. retail sales figures are also expected this week alongside a number of Fed official speeches.

Besides the consumer prices and the retail sales data, the FOMC meeting minutes will be the next major event to look forward to this week. The meeting minutes are expected to show the hawkish statement from the Federal Reserve especially in the short term. The minutes could potentially support the Fed's case for a rate hike in December. Various officials speaking last week were broadly in favor of rate hikes, albeit at a gradual pace.

## Eurozone: Economic data takes a backseat

The week ahead from the Eurozone is relatively quiet with no major released lines up. Focus turns to the industrial production figures for the month of August which is expected to show a modest increase on a month over month basis. This is supported by the fact that the Eurozone PMI's have been indicating rising momentum in a few countries that is expected to push industrial production higher.

Later in the week, the inflation figures from Germany will potentially shed light on the state of consumer prices in the Eurozone's largest economy. The data forecasts point to a 0.1% increase on a month over month basis.

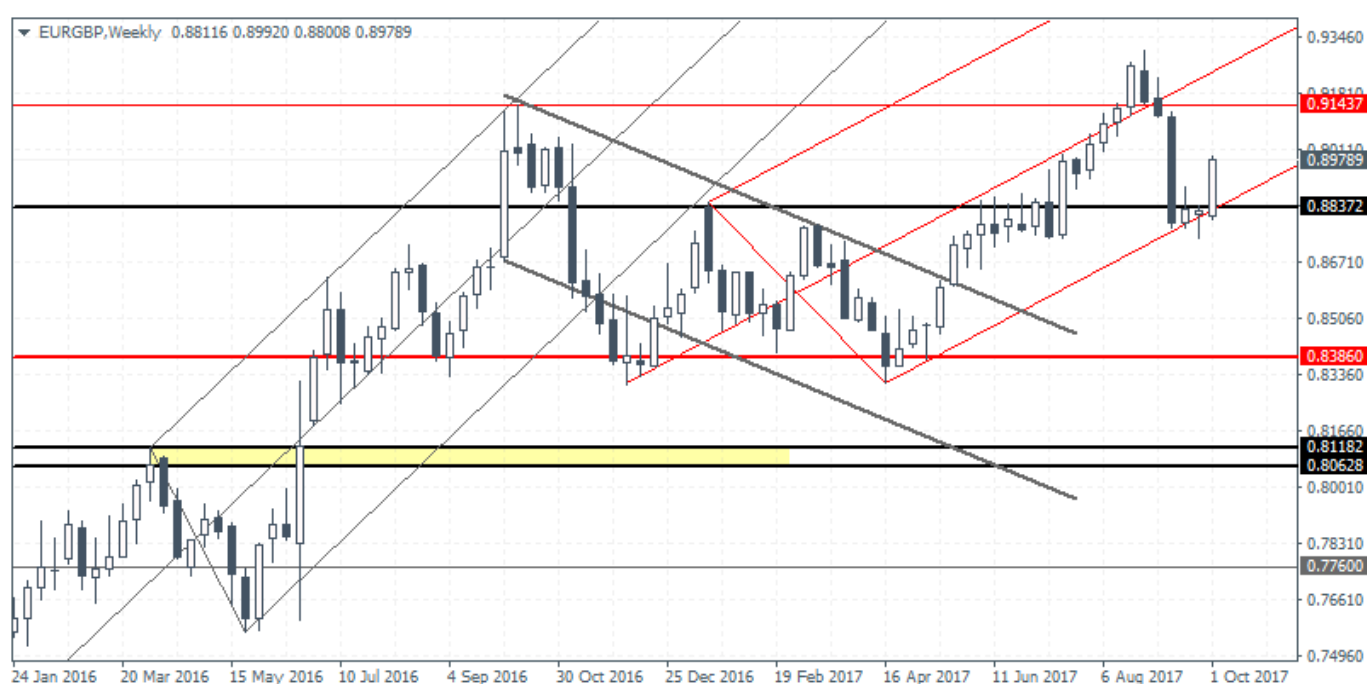
The ECB President, Mario Draghi is also expected to speak this week. The markets will be looking at the speech from the ECB president as the central bank is expected to meet in a few weeks time to announce its tapering plans. The euro was seen weakening last week as the ECB meeting minutes were seen to be somewhat dovish.

# TECHNICAL CORNER



EURGBP – Upside to continue

The EURGBP was seen rebounding last week as price action posted a strong reversal off the 0.8837 support level as noted few weeks ago. The rebound was met with a doji reversal pattern suggesting the upside could see a test towards 0.9143 where resistance could be seen forming. This coincides with the bullish flag pattern that has formed over the previous weeks and the retest to 0.8837 indicates a continuation in EURGBP to the upside.



EURGBP (0.8978) – Weekly Chart

The British pound has been weakening with the economic data suggesting last week that the third quarter GDP in the UK might have increased at a pace of 0.3% on the quarter. This suggests the sluggish pace of growth witnessed in the second quarter which was slightly higher than the 0.2% growth seen in Q2. Alongside the decline in the economic indicators, the UK is also hit by the uncertainty of the Brexit talks which continue to prolong.

While the British pound managed to post some strong gains just a few weeks ago, the euro was seen making up the losses last week. In the short term, we expect EURGBP to post a modest decline following which further upside could be seen coming. This will potentially push EURGBP to test the next major resistance at 0.9143. A breakout above this resistance level is needed in order to see further gains in the currency pair.

## DISCLAIMER

The information contained in this publication is produced by ORBEX LTD and not intended as an offer or solicitation for the purchase or sale of any financial instrument. Any opinion offered herein reflects ORBEX LTD current judgment and may change without notice. This message is for information purposes only and is not intended as an offer, recommendation or solicitation to buy or sell, nor is it an official confirmation of terms. No representation or warranty is made that this information is complete or accurate. Any views or opinions expressed do not necessarily represent those ORBEX LTD. This email and the information it contains may be confidential, proprietary or legally privileged. If you receive this message in error, please notify the sender and delete it from your system. You must not, directly or indirectly, use, disclose, distribute, copy or store this message or any part of it if you are not the intended recipient. Unless otherwise stated, any pricing information given in this email is indicative only, is subject to changes and does not constitute an offer to deal at any price quoted.