

# orbex WEEKLY MARKETS REPORT



OVERWEEK  
BULLET POINTS



THE WEEK  
AHEAD



MARKETS  
PREVIEW



THE CHART OF  
THE WEEK

# OVERWEEK BULLET POINTS



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

Date	Time	Currency	Event	Actual	Forecast	Previous
09-Oct	1:45am	CNY	Caixin Services PMI	50.6	53.1	52.7
	6:00am	EUR	German Industrial Production m/m	2.60%	0.90%	-0.10%
	8:30am	EUR	Sentix Investor Confidence	29.7	28.6	28.2
	All Day	EUR	Eurogroup Meetings			
	11:01pm	GBP	BRC Retail Sales Monitor y/y	1.90%		1.30%
	11:50pm	JPY	Current Account	2.27T	1.98T	2.03T
10-Oct	12:30am	AUD	NAB Business Confidence	7		5
	3:20am	AUD	RBA Assist Gov Debelle Speaks			
	5:00am	JPY	Economy Watchers Sentiment	51.3	49.9	49.7
	5:45am	CHF	Unemployment Rate	3.10%	3.20%	3.20%
	6:00am	EUR	German Trade Balance	21.6B	19.8B	19.3B
	6:45am	EUR	French Industrial Production m/m	-0.30%	0.40%	0.80%
	8:00am	EUR	Italian Industrial Production m/m	1.20%	0.10%	0.10%
	8:30am	GBP	Manufacturing Production m/m	0.40%	0.20%	0.40%
		GBP	Goods Trade Balance	-14.2B	-11.4B	-12.8B
		GBP	Construction Output m/m	0.60%	0.00%	-1.00%
		GBP	Industrial Production m/m	0.20%	0.20%	0.30%
	10:00am	USD	NFIB Small Business Index	103	105.1	105.3
	All Day	EUR	ECOFIN Meetings			
	12:02pm	GBP	NIESR GDP Estimate	0.40%		0.50%
	12:13pm	CAD	Housing Starts	217K	211K	226K
	12:30pm	CAD	Building Permits m/m	-5.50%	-0.90%	-2.80%
	2:00pm	USD	FOMC Member Kashkari Speaks			
		USD	IBD/TIPP Economic Optimism	50.3	54.2	53.4
	6:00pm	CAD	Gov Council Member Wilkins Speaks			
	11:30pm	AUD	Westpac Consumer Sentiment	3.60%		2.50%
11:50pm	JPY	Core Machinery Orders m/m	3.40%	0.90%	8.00%	
11-Oct	12:00am	USD	FOMC Member Kaplan Speaks			
	3:45am	JPY	30-y Bond Auction	0.88 4.0		0.83 3.7
	5:58am	JPY	Prelim Machine Tool Orders y/y	45.30%		36.20%
	2:00pm	USD	JOLTS Job Openings	6.08M	6.13M	6.14M
	5:01pm	USD	10-y Bond Auction	2.35 2.5		2.18 2.3
	6:00pm	USD	FOMC Meeting Minutes			

	9:45pm	NZD	FPI m/m	-0.20%		0.60%
	11:01pm	GBP	RICS House Price Balance	6%	4%	6%
	11:50pm	JPY	Bank Lending y/y	3.00%	2.60%	3.20%
		JPY	PPI y/y	3.00%	3.00%	2.90%
12-Oct	12:00am	AUD	MI Inflation Expectations	4.30%		3.80%
	12:30am	AUD	Home Loans m/m	1.00%	0.50%	2.80%
	4:30am	JPY	Tertiary Industry Activity m/m	-0.20%	0.10%	0.10%
	6:45am	EUR	French Final CPI m/m	-0.20%	-0.10%	-0.10%
	8:30am	GBP	BOE Credit Conditions Survey			
	9:00am	EUR	Industrial Production m/m	1.40%	0.60%	0.30%
	12:30pm	CAD	NHPI m/m	0.10%	0.30%	0.40%
		USD	PPI m/m	0.40%	0.40%	0.20%
		USD	Unemployment Claims	243K	251K	258K
		USD	Core PPI m/m	0.40%	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	87B	74B	42B
	3:00pm	USD	Crude Oil Inventories	-2.7M	-1.9M	-6.0M
	5:01pm	USD	30-y Bond Auction	2.87 2.5		2.79 2.2
	7:15pm	CAD	Gov Council Member Wilkins Speaks			
	9:30pm	NZD	Business NZ Manufacturing Index	57.5		57.9
	11:50pm	JPY	M2 Money Stock y/y	4.10%	4.00%	4.00%
13-Oct	12:30am	AUD	RBA Financial Stability Review			
	2:00am	CNY	Trade Balance	193B	266B	287B
	3:30am	CNY	USD-Denominated Trade Balance	28.5B	38.4B	42.0B
	6:00am	EUR	German Final CPI m/m	0.10%	0.10%	0.10%
	6:36am	CNY	Foreign Direct Investment ytd/y	1.60%		-0.20%
	7:15am	CHF	PPI m/m	0.50%	0.30%	0.30%
	12:30pm	USD	CPI m/m	0.50%	0.60%	0.40%
		USD	Core CPI m/m	0.10%	0.20%	0.20%
		USD	Core Retail Sales m/m	1.00%	0.90%	0.50%
		USD	Retail Sales m/m	1.60%	1.70%	-0.10%
	1:30pm	GBP	CB Leading Index m/m	-0.10%		-0.20%
	2:00pm	USD	Prelim UoM Consumer Sentiment	101.1	95.1	95.1
		USD	Business Inventories m/m	0.70%	0.70%	0.30%
		USD	Prelim UoM Inflation Expectations	2.30%		2.70%
	Day 1	All	IMF Meetings			
	2:25pm	USD	FOMC Member Evans Speaks			
	3:30pm	USD	FOMC Member Kaplan Speaks			
	Tentative	USD	Federal Budget Balance		-1.0B	-107.7B

Time: GMT

# THE WEEK AHEAD



16<sup>th</sup> of October 2017, to 20<sup>th</sup> of October 2017

## IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Detail	Forecast	Previous
16-Oct	1:30am	CNY	CPI y/y	1.60%	1.80%
		CNY	PPI y/y	6.30%	6.30%
	4:30am	JPY	Revised Industrial Production m/m	2.10%	2.10%
	6:00am	EUR	German WPI m/m	0.40%	0.30%
	16th-17th	CNY	M2 Money Supply y/y	8.90%	8.90%
	16th-17th	CNY	New Loans	1160B	1090B
	9:00am	EUR	Trade Balance	20.3B	18.6B
	12:30pm	CAD	Foreign Securities Purchases		23.95B
		USD	Empire State Manufacturing Index	20.3	24.4
	2:30pm	CAD	BOC Business Outlook Survey		
9:45pm	NZD	CPI q/q	0.40%	0.00%	
17-Oct	12:30am	AUD	Monetary Policy Meeting Minutes		
		AUD	RBA Assist Gov Ellis Speaks		
	8:15am	GBP	MPC Member Ramsden Speaks		
		GBP	MPC Member Tenreyro Speaks		
	Tentative	GBP	BOE Gov Carney Speaks		
	8:30am	GBP	CPI y/y	3.00%	2.90%
		GBP	PPI Input m/m	1.20%	1.60%
		GBP	RPI y/y	4.00%	3.90%
		GBP	Core CPI y/y	2.70%	2.70%
		GBP	HPI y/y	5.40%	5.10%
		GBP	PPI Output m/m	0.20%	0.40%
		9:00am	EUR	Final CPI y/y	1.50%
	EUR		German ZEW Economic Sentiment	20.3	17
	EUR		Final Core CPI y/y	1.10%	1.10%
	EUR		ZEW Economic Sentiment	34.2	31.7
	12:30pm		USD	Import Prices m/m	0.60%
	1:15pm	USD	Capacity Utilization Rate	76.20%	76.10%
		USD	Industrial Production m/m	0.40%	-0.90%
	2:00pm	USD	NAHB Housing Market Index	64	64
	Tentative	NZD	GDT Price Index		-2.40%
8:00pm	USD	TIC Long-Term Purchases	14.3B	1.3B	
11:30pm	AUD	MI Leading Index m/m		-0.10%	

18-Oct	8:30am	GBP	Average Earnings Index 3m/y	2.10%	2.10%
		GBP	Claimant Count Change	3.2K	-2.8K
		GBP	Unemployment Rate	4.30%	4.30%
	12:00pm	USD	FOMC Member Dudley Speaks		
		USD	FOMC Member Kaplan Speaks		
	12:30pm	CAD	Manufacturing Sales m/m		-2.60%
		USD	Building Permits	1.25M	1.27M
		USD	Housing Starts	1.18M	1.18M
2:30pm	USD	Crude Oil Inventories		-2.7M	
6:00pm	USD	Beige Book			
11:50pm	JPY	Trade Balance	0.32T	0.37T	
19-Oct	12:30am	AUD	Employment Change	15.2K	54.2K
		AUD	Unemployment Rate	5.60%	5.60%
		AUD	NAB Quarterly Business Confidence		7
	2:00am	CNY	GDP q/y	6.80%	6.90%
		CNY	Industrial Production y/y	6.40%	6.00%
		CNY	Fixed Asset Investment ytd/y	7.70%	7.80%
		CNY	NBS Press Conference		
		CNY	Retail Sales y/y	10.20%	10.10%
	Tentative	AUD	RBA Assist Gov Bullock Speaks		
	4:30am	JPY	All Industries Activity m/m	0.20%	-0.10%
	6:00am	CHF	Trade Balance	2.47B	2.17B
	8:30am	GBP	Retail Sales m/m	-0.10%	1.00%
	12:30pm	USD	Unemployment Claims	245K	243K
		USD	Philly Fed Manufacturing Index	22.2	23.8
		USD	CB Leading Index m/m	0.20%	0.40%
9:45pm	NZD	Visitor Arrivals m/m		-0.30%	
20-Oct	2:00am	NZD	Credit Card Spending y/y		6.40%
	6:00am	EUR	German PPI m/m		0.20%
	8:00am	EUR	Current Account		25.1B
	8:30am	GBP	Public Sector Net Borrowing		5.1B
	12:30pm	CAD	CPI m/m		0.10%
		CAD	Core Retail Sales m/m		0.20%
		CAD	Common CPI y/y		1.50%
		CAD	Median CPI y/y		1.70%
		CAD	Retail Sales m/m		0.40%
		CAD	Trimmed CPI y/y		1.40%
		CAD	Core CPI m/m		0.00%
2:00pm	USD	Existing Home Sales		5.35M	
11:15pm	USD	Fed Chair Yellen Speaks			

Time: GMT

# MARKETS RECAP



Last Week: 9<sup>th</sup> of October 2017, to 13<sup>th</sup> of September 2017

Focus turned to Europe once again after the semi-autonomous region of Catalonia went ahead with its plans following the Catalanian referendum held on October 1. The referendum which was deemed illegal by Spanish authorities saw the Catalanian parliament defy the authorities in Spain. However, the Catalanian leader refrained from declaring independence but said that backed by the mandate he would prefer further dialogue with Spain. This helped to improve the sentiment in the euro currency for the moment. Elsewhere, the economic calendar saw the FOMC meeting minutes being released.

## UK manufacturing output slightly better than expected

The UK economic momentum was seen rising on a steady path for the third quarter. Data from the manufacturing, industrial and construction output released last week showed. The UK's Office for National Statistics (ONS) said that manufacturing output grew at a pace of 2.8% on a year over year basis in August, rising from 2.7% in July. This was slightly higher than forecasts of a 1.9% increase.



**UK Manufacturing production: 2.8% (y/y) Aug 2017. Source: Tradingeconomics.com**

The August manufacturing output showed a sharp increase and was the highest since February when output was seen peaking at 3.1% on the year. The increase came with nearly 11 out of 13 subsectors in the manufacturing sector noting an increase.

The industrial production data was also slightly upbeat, rising 1.6% on the year. This was after July's industrial production grew at a pace of 1.1%. Economists were expecting a subdued print of just 0.9%. The increase in industrial production for August was the highest since March this year. However, mining and quarrying industries posted a decline of 6% on the year followed by a 7.8% decline in oil and gas extraction.

Construction output data for August also increased 3.5% on the year while posting a 0.6% increase on the month.

In a separate report, the independent agency, NIESR said that UK GDP could likely rise 0.4% in the third quarter. Amit Khara, head of the UK's economic forecasting company, NIESR said that although economic growth in the second half of the year was stronger in comparison to growth during the first half, he cautioned that overall activity continues to remain slow.

***"Looking ahead, we expect the pattern of demand in the UK economy to rebalance towards international trade in response to strengthening global growth and weaker sterling and away from domestic demand,"*** Khara said.

## FOMC minutes show that Fed officials preparing for a rate hike

The FOMC meeting minutes were released last week and the data revealed that officials were preparing for a rate hike in December. This comes despite the mixed reactions from various policy makers.

The FOMC minutes showed that while some members were in favor of a rate hike noting that ***"many participants thought that another increase in the target range later this year was likely to be warranted if the medium-term outlook remained broadly unchanged"*** other officials expressed concerns on inflation.

***"Many participants expressed concern that the low inflation readings this year might reflect not only transitory factors, but also the influence of developments that could prove more persistent,"*** the minutes showed. Officials are expected to push through with one more rate hike in December as the current Fed Chair, Janet Yellen's terms expires early next year.

## 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



16<sup>th</sup> of October 2017, to 20<sup>th</sup> of October 2017

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*The week ahead looks to be a slow one with most of the data coming from the housing markets in the U.S. However, from the UK a busy week is expected as the inflation and jobs report numbers come out. The data is likely to be assessed by the Bank of England officials. The BoE is expected to hike rates at the November monetary policy meeting. From the Eurozone, economic data is also quiet which puts focus on Spain and the continued political developments with Catalonia.*

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## Busy week for the British pound

The week ahead will be a busy one for the British pound with inflation and jobs report coming out for the month of September. The data will show further details on where inflation and wages are heading. It will also be important as the Bank of England prepares to hike rates, which could come as early as November when it holds the next meeting. Inflation in the UK remains stubbornly above the BoE's 2% inflation target rate while wages are yet to catch up.

Headline consumer prices in the UK are forecast to rise just 0.3% on the month, slowing from a 0.6% increase seen in August. On a year over year basis however, inflation rate in the UK is expected to rise 3%, rising slightly from 2.9% previously. Core consumer prices are also expected to pick, rising 2.8% on the year in September, up from 2.7% that was registered in the previous month. A headline inflation rate of 3% is likely to keep BoE officials on the edge.

On the employment side, economists polled are expecting the UK's unemployment rate to remain steady at 4.3%, unchanged from the previous month. The average earnings that includes bonuses is expected to rise 2.1%, rising at the same pace as it did previously while earnings excluding bonuses is expected to rise 2%, slightly down from 2.1% registered in the previous month. Although wages are expected to lack, the BoE is likely to push ahead with its interest rates hikes especially if inflation continues to strengthen.

## Australia unemployment report coming up

It is also going to be a busy week for Australia where the monthly labor market data takes center stage. The data comes after just earlier this month the RBA held interest rates steady. The central bank signaled that rates could remain unchanged for the near term and also flagged unemployment and wages to improve in the near term.

For the month of September, the economists polled expect the Australian economy to add 15k jobs during the month. A somewhat weaker print compared to 54.2k that was registered the month before. The unemployment rate in Australia is however expected to remain unchanged at 5.6%.

This could potentially signal no major changes from the employment situation from the previous month and could see the RBA continuing to remain in the sidelines for the moment. Besides the labor market data, motor vehicle sales for the month are expected to be released earlier in the week on Tuesday.



# TECHNICAL CORNER



AUDUSD – Targeting 0.7800

The Australian dollar has been posting some steady gains last week after price action was seen posting a strong decline over the past few months. By Friday's close, AUDUSD was seen closing at 0.7886 level. This marks the retest of the previously breached support level as resistance. The resistance level is likely to hold out in the near term with the Stochastics oscillator pointing to a hidden bearish divergence. The rally to 0.7886 looks to be a bit overstretched and could therefore see some downside decline in prices.



AUDUSD (0.7886) – H4 Chart

The week ahead will see economic data coming out of Australia that includes the monthly jobs report. The average job growth figures for the month of September is expected to be somewhat lower than compared to the previous month. The Australian unemployment rate is also expected to remain steady as a result. However, the downside risks are building which potentially supports the decline in price in the near term.

The 4-hour chart in AUDUSD shows that following the retest of the resistance level, price action is likely to pullback lower. Support is found at 0.7800 level which is the most likely level where the declines could stall. This also marks the previous resistance level that was breached ahead of the rally to 0.7889 price area. Therefore, AUDUSD could be seen pushing lower in the coming week as price action establishes support near 0.7800 level.

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