

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 23rd of October 2017, to 27th of October 2017

Date	Time	Currency	Event	Actual	Forecast	Previous
23-Oct	10:00am	EUR	German Buba Monthly Report			
		GBP	CBI Industrial Order Expectations	-2	9	7
	12:30pm	CAD	Wholesale Sales m/m	0.50%	1.10%	1.70%
	2:00pm	EUR	Consumer Confidence	-1	-1	-1
24-Oct	2:30pm	AUD	CB Leading Index m/m	0.10%		0.20%
	12:30am	JPY	Flash Manufacturing PMI	52.5	53.1	52.9
		EUR	French Flash Manufacturing PMI	56.7	56.2	56.1
	7:00am	EUR	French Flash Services PMI	57.4	57	57
		EUR	German Flash Manufacturing PMI	60.5	60.1	60.6
	7:30am	EUR	German Flash Services PMI	55.2	55.5	55.6
		EUR	Flash Manufacturing PMI	58.6	57.9	58.1
		EUR	Flash Services PMI	54.9	55.7	55.8
	12:57pm	EUR	Belgian NBB Business Climate	0.5	-2.9	-3.5
	1:00pm	CNY	CB Leading Index m/m	1.00%		1.30%
	1:45pm	USD	Flash Manufacturing PMI	54.5	53.3	53.1
		USD	Flash Services PMI	55.9	55.2	55.3
	1:59pm	USD	Richmond Manufacturing Index	12	17	19
	25-Oct	12:30am	AUD	CPI q/q	0.60%	0.80%
AUD			Trimmed Mean CPI q/q	0.40%	0.50%	0.50%
6:00am		CHF	UBS Consumption Indicator	1.56		1.5
8:00am		CHF	Credit Suisse Economic Expectations	32		28
		EUR	German Ifo Business Climate	116.7	115.2	115.3
8:30am		GBP	Prelim GDP q/q	0.40%	0.30%	0.30%
		GBP	High Street Lending	41.6K	41.8K	41.8K
		GBP	Index of Services 3m/3m	0.40%	0.40%	0.50%
		12:30pm	USD	Core Durable Goods Orders m/m	0.70%	0.50%
		USD	Durable Goods Orders m/m	2.20%	1.00%	2.00%
1:00pm		USD	HPI m/m	0.70%	0.40%	0.40%
2:00pm		CAD	BOC Monetary Policy Report			
		CAD	BOC Rate Statement			
		CAD	Overnight Rate	1.00%	1.00%	1.00%
	USD	New Home Sales	667K	555K	561K	
2:30pm	USD	Crude Oil Inventories	0.9M	-2.6M	-5.7M	
3:15pm	CAD	BOC Press Conference				
9:45pm	NZD	Trade Balance	-1143M	-900M	-1179M	
11:50pm	JPY	SPPI y/y	0.90%	0.80%	0.80%	

26-Oct	12:30am	AUD	Import Prices q/q	-1.60%	-1.50%	-0.10%
	6:00am	EUR	German GfK Consumer Climate	10.7	10.8	10.8
	7:00am	EUR	Spanish Unemployment Rate	16.40%	16.60%	17.20%
	7:45am	AUD	RBA Assist Gov Debelle Speaks			
	8:00am	EUR	M3 Money Supply y/y	5.10%	5.00%	5.00%
		EUR	Private Loans y/y	2.70%	2.80%	2.70%
	10:00am	GBP	CBI Realized Sales	-36	14	42
	11:45am	EUR	Minimum Bid Rate	0.00%	0.00%	0.00%
	12:30pm	EUR	ECB Press Conference			
		USD	Unemployment Claims	233K	235K	223K
		USD	Goods Trade Balance	-64.1B	-63.8B	-63.3B
		USD	Prelim Wholesale Inventories m/m	0.30%	0.40%	0.90%
	2:00pm	USD	Pending Home Sales m/m	0.00%	0.20%	-2.80%
	2:30pm	USD	Natural Gas Storage	64B	61B	51B
	11:30pm	JPY	National Core CPI y/y	0.70%	0.70%	0.70%
		JPY	Tokyo Core CPI y/y	0.60%	0.50%	0.50%
27-Oct	12:30am	AUD	PPI q/q	0.20%	0.40%	0.50%
	6:00am	EUR	German Import Prices m/m	0.90%	0.50%	0.00%
	12:30pm	USD	Advance GDP q/q	3.00%	2.60%	3.10%
		USD	Advance GDP Price Index q/q	2.20%	1.70%	1.00%
	2:00pm	USD	Revised UoM Consumer Sentiment	100.7	100.8	101.1
		USD	Revised UoM Inflation Expectations	2.40%		2.30%

Time: GMT

THE WEEK AHEAD



30th of October 2017, to 3rd of November 2017

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
30-Oct	7:00am	EUR	German Retail Sales m/m	0.50%	-0.20%
	All Day	EUR	German Prelim CPI m/m		0.10%
	8:00am	CHF	KOF Economic Barometer	106.6	105.8
		EUR	Spanish Flash CPI y/y	1.70%	1.80%
		EUR	Spanish Flash GDP q/q	0.80%	0.90%
	9:30am	GBP	Net Lending to Individuals m/m	5.5B	5.6B
		GBP	M4 Money Supply m/m	0.70%	0.90%
		GBP	Mortgage Approvals	66K	67K
	Tentative	EUR	Italian 10-y Bond Auction		2.19 1.7
	12:30pm	USD	Core PCE Price Index m/m	0.10%	0.10%
		USD	Personal Spending m/m	0.80%	0.10%
		USD	Personal Income m/m	0.40%	0.20%
	Tentative	USD	Loan Officer Survey		
	9:45pm	NZD	Building Consents m/m		10.20%
	31-Oct	11:30pm	JPY	Household Spending y/y	0.70%
		JPY	Unemployment Rate	2.80%	2.80%
11:50pm		JPY	Prelim Industrial Production m/m	-1.50%	2.00%
12:00am		AUD	HIA New Home Sales m/m		9.10%
		NZD	ANZ Business Confidence		0
12:01am		GBP	GfK Consumer Confidence	-10	-9
12:30am		AUD	Private Sector Credit m/m	0.50%	0.50%
1:00am		CNY	Manufacturing PMI	52.2	52.4
		CNY	Non-Manufacturing PMI		55.4
Tentative		JPY	Monetary Policy Statement		
Tentative		JPY	BOJ Outlook Report		
Tentative		JPY	BOJ Policy Rate	-0.10%	-0.10%
5:00am		JPY	BOJ Core CPI y/y	0.50%	0.60%
		JPY	Housing Starts y/y	-3.00%	-2.00%
6:30am		EUR	French Flash GDP q/q	0.50%	0.50%
	JPY	BOJ Press Conference			
7:45am	EUR	French Consumer Spending m/m	0.60%	-0.30%	
	EUR	French Prelim CPI m/m	0.10%	-0.10%	
9:00am	EUR	Italian Monthly Unemployment Rate	11.10%	11.20%	
10:00am	EUR	CPI Flash Estimate y/y	1.50%	1.50%	
	EUR	Core CPI Flash Estimate y/y	1.10%	1.10%	
	EUR	Prelim Flash GDP q/q	0.50%	0.60%	

		EUR	Italian Prelim CPI m/m	0.10%	-0.30%
		EUR	Unemployment Rate	9.00%	9.10%
	12:30pm	CAD	GDP m/m	0.10%	0.00%
		CAD	RMPI m/m		1.00%
		CAD	IPPI m/m		0.30%
		USD	Employment Cost Index q/q	0.70%	0.50%
	1:00pm	USD	S&P/CS Composite-20 HPI y/y	5.80%	5.80%
	1:45pm	USD	Chicago PMI	60.2	65.2
	2:00pm	USD	CB Consumer Confidence	121.1	119.8
	7:30pm	CAD	BOC Gov Poloz Speaks		
	9:45pm	NZD	Employment Change q/q	0.80%	-0.20%
		NZD	Unemployment Rate	4.70%	4.80%
		NZD	Labor Cost Index q/q	0.60%	0.40%
	10:30pm	AUD	AIG Manufacturing Index		54.2
01-Nov	12:01am	GBP	BRC Shop Price Index y/y		-0.10%
	12:30am	JPY	Final Manufacturing PMI	52.5	52.5
	1:45am	CNY	Caixin Manufacturing PMI	51.1	51
	5:30am	AUD	Commodity Prices y/y		18.30%
	7:00am	GBP	Nationwide HPI m/m	0.20%	0.20%
	8:30am	CHF	Manufacturing PMI	61.5	61.7
	9:30am	GBP	Manufacturing PMI	55.9	55.9
	12:15pm	USD	ADP Non-Farm Employment Change	191K	135K
	1:30pm	CAD	Manufacturing PMI		55
	1:45pm	USD	Final Manufacturing PMI	54.5	54.5
	2:00pm	USD	ISM Manufacturing PMI	59.4	60.8
		USD	Construction Spending m/m	-0.30%	0.50%
		USD	ISM Manufacturing Prices	67.5	71.5
	2:30pm	USD	Crude Oil Inventories		0.9M
	All Day	USD	Total Vehicle Sales	17.3M	18.6M
	5:15pm	CHF	Gov Board Member Zurbrugg Speaks		
	6:00pm	USD	FOMC Statement		
		USD	Federal Funds Rate	<1.25%	<1.25%
	8:15pm	CAD	BOC Gov Poloz Speaks		
	11:50pm	JPY	Monetary Base y/y	15.70%	15.60%
02-Nov	12:30am	AUD	Trade Balance	1.20B	0.99B
		AUD	Building Approvals m/m	-0.90%	0.40%
	5:00am	JPY	Consumer Confidence	43.6	43.9
	6:45am	CHF	SECO Consumer Climate	0	-3
	8:15am	CHF	Retail Sales y/y	0.40%	-0.20%
		EUR	Spanish Manufacturing PMI	54.9	54.3
	8:45am	EUR	Italian Manufacturing PMI	56.7	56.3
	8:50am	EUR	French Final Manufacturing PMI	56.7	56.7
	8:55am	EUR	German Final Manufacturing PMI	60.5	60.5
		EUR	German Unemployment Change	-10K	-23K
	9:00am	EUR	Final Manufacturing PMI	58.6	58.6

	9:30am	GBP	Construction PMI	48.9	48.1
	Tentative	EUR	Spanish 10-y Bond Auction		1.63 1.8
	Tentative	EUR	French 10-y Bond Auction		0.88 1.9
	11:30am	USD	Challenger Job Cuts y/y		-27.00%
	12:00pm	GBP	BOE Inflation Report		
		GBP	MPC Official Bank Rate Votes	9-0-0	2-0-7
		GBP	Monetary Policy Summary		
		GBP	Official Bank Rate	0.50%	0.25%
		GBP	Asset Purchase Facility	435B	435B
		GBP	MPC Asset Purchase Facility Votes	0-0-9	0-0-9
	12:30pm	GBP	BOE Gov Carney Speaks		
		USD	Unemployment Claims	235K	233K
		USD	FOMC Member Powell Speaks		
		USD	Prelim Nonfarm Productivity q/q	2.20%	1.50%
		USD	Prelim Unit Labor Costs q/q	0.50%	0.20%
	2:30pm	USD	Natural Gas Storage		64B
	4:20pm	USD	FOMC Member Dudley Speaks		
	10:30pm	AUD	AIG Services Index		52.1
03-Nov	12:30am	AUD	Retail Sales m/m	0.50%	-0.60%
	1:45am	CNY	Caixin Services PMI	50.8	50.6
	Tentative	EUR	Spanish Unemployment Change		
	9:30am	GBP	Services PMI	53.3	53.6
	12:30pm	CAD	Employment Change	13.6K	10.0K
		CAD	Trade Balance		-3.4B
		CAD	Unemployment Rate	6.20%	6.20%
		USD	Average Hourly Earnings m/m	0.20%	0.50%
		USD	Non-Farm Employment Change	311K	-33K
		USD	Unemployment Rate	4.20%	4.20%
		USD	Trade Balance	-43.5B	-42.4B
	1:45pm	USD	Final Services PMI	55.9	55.9
	2:00pm	USD	ISM Non-Manufacturing PMI	58.3	59.8
		USD	Factory Orders m/m	1.10%	1.20%
	4:15pm	USD	FOMC Member Kashkari Speaks		

Time: GMT

MARKETS RECAP

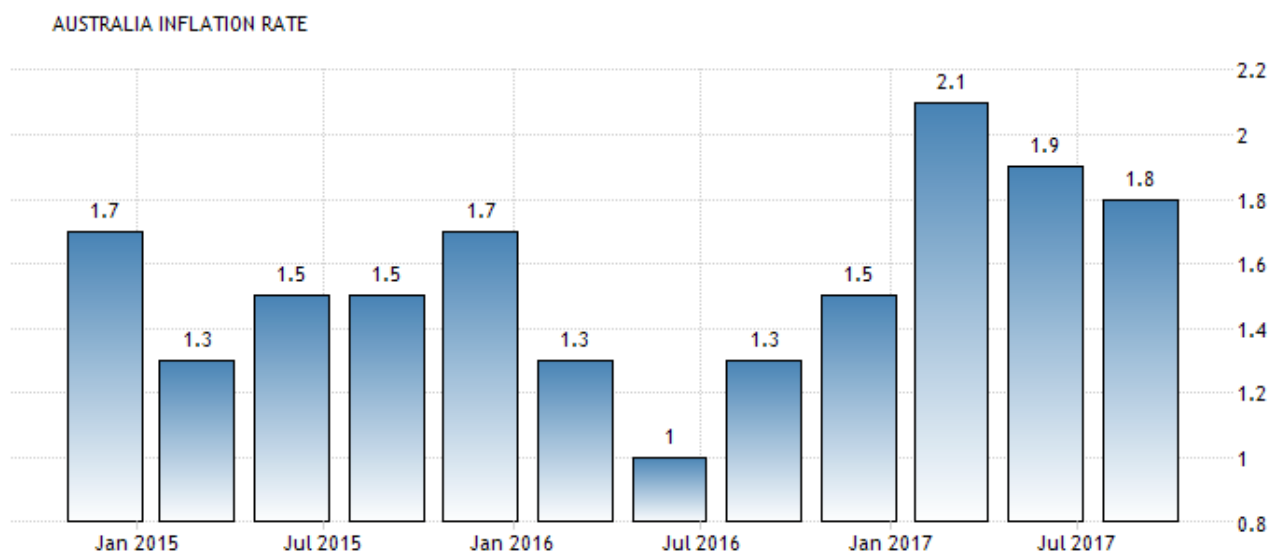


Last Week: 23rd of October 2017, to 27th of September 2017

The markets were focused on the Bank of Canada and the European Central Bank's monetary policy meetings. The BoC held interest rates steady as BoC's Poloz gave a dovish guidance. Interest rates are expected to remain steady in Canada due to uncertainties from NAFTA and inflation. The ECB matched market expectations, cutting its asset purchases to 30 billion euro a month starting January 2018. The main interest rates were however left unchanged. The euro fell following the ECB's decisions which was seen by many to be a dovish tapering

Australia quarterly inflation rises 0.6%

The latest consumer price index data from Australia, released by the Australian Bureau of Statistics showed that inflation was up 0.6% on a quarterly basis in the third quarter of 2017. This was below expectations of a 0.8% increase that was forecast but better than the 0.2% increase seen in the second quarter.



SOURCE: TRADINGECONOMICS.COM | AUSTRALIAN BUREAU OF STATISTICS

Australia Annual Inflation Rate: 1.8%, Q3 2017. Source: Tradingeconomics.com

On a year over year basis, Australia's inflation rate advanced 1.8%. This was a unchanged print from the second quarter and was below forecasts of a 2.0% increase. The ABS chief economists Bruce Hockman said that the main reason prices increased was due to higher utility prices in the month of September. The biggest gains were attributed to the rise in electricity and gas prices while wholesale prices also contributed to the upside.

Electricity prices were seen rising 8.9% on the quarter followed by other tradables that included tobacco, international holiday travel and accomodation and new dwelling purchases. To the downside, vegetable prices, automotive fuel and telecommunication equipment prices were lower.

The RBA's median CPI was seen rising 0.3% on the quarter. But this was below expectations of a 0.5% increase and marked an unchanged print from the second quarter. The median CPI was seen rising 1.9% on the year but was slightly below forecasts of a 2.0% increase.

Consumer prices in Australia have now posted a decline for the past three quarters. This comes as the annual inflation rate peaked to 2.1% in the first quarter and followed by two consecutive declines in the next quarters thereafter.

Bank of Canada keeps interest rates unchanged

The Bank of Canada, in a widely expected move held the overnight rate steady at 1.0%. This comes after the central bank hiked interest rates twice in the past months of July and September. The central bank was seen not being in a rush to hike interest rates as the central bank said that the uncertainties were mounting, citing inflation and NAFTA.

The Bank of Canada president, Stephen Poloz said that the Canadian economy will however need less monetary stimulus going forward. However, he did not comment on the specifics on the timing of the next rate hike. Economists are hopeful that the BoC will hike interest rates later in December. But the probability for the December rate hike was also down from 80% to 34%.

Last week, inflation data from Canada showed a moderate increase in consumer prices. However, retail sales data showed a weaker pace of increase. Higher gasoline prices were seen adding to the annual inflation rate which stood at 1.6%, slightly higher from 1.4% previously. Excluding gas prices, the core consumer price index was up 1.1%. Despite the increase, other measures of inflation was seen to be muted which further clouded the outlook on consumer prices.

ECB announces 30 billion euro tapering

The European Central Bank's monetary policy meeting held last week showed that the central bank kept the main interest rates unchanged. This included the main refinancing rate, deposit rate and the marginal lending rate. Rates across the board have now remained unchanged for thirteen consecutive months.

However, as widely expected, the ECB said that it will trim its asset purchases to 30 billion euro a month starting January 2018. This new tapering is expected to last for nine months.

"Purchases under the asset purchase programme (APP) will continue at the current monthly pace of EUR 60 billion until the end of December 2017," the bank said, reiterating its previous stand that the current pace of bond purchases will continue.

The central bank also said that if the outlook became less favorable, it will continue to adjust and even increase the bond purchases if the economic situation warrants.

MARKETS PREVIEW



30th of October 2017, to 3rd of November 2017

A busy week for the United States will see the monthly ISM's manufacturing and non-manufacturing PMI's with Friday's payrolls for the month of October. After the U.S. economy was seen posting a weaker than expected jobs in September due to the hurricanes, the markets will be looking to see for any upside revision to the data. This comes amid higher prospects that the Federal Reserve will be hiking interest rates this December.

Busy week for the U.S. dollar

The week ahead will be a busy one for the U.S. dollar as investors tune into fresh economic data that could provide more insights on the U.S. economy. The data comes as investors speculate on the timing of the next rate hike in the U.S. The economic data will also cover the month after the hurricanes hit the U.S. shores. Thus, some optimistic numbers are expected for the month of October. This includes the Friday's payrolls report which showed a disappointing print in September.

The ISM's manufacturing and non-manufacturing PMI will remain the main focus for investors. The non-manufacturing PMI is forecast to slip a few points to 58.1, down from 59.8 registered the month before. The manufacturing PMI is also expected to cool off to 59.0, following a strong increase to 60.8 in September. This comes amid Monday's data that will show the U.S. personal spending and personal income data. Spending is expected to rise 0.8% on the month, while personal income is also expected to rise 0.4%. Both the measures are forecast to show a significant increase from the previous month.

The main focus will be on Friday's payrolls report. Economists are expecting a bullish print of 308k jobs being added in October. The hawkish print comes amid expectations that unemployment rate will be steady at 4.2% but wages are expected to rise just 0.2%.

Bank of England expected to hike interest rates

The Bank of England's monetary policy meeting will be the main event this week as the central bank is widely tipped to hike interest rates by a quarter point. This will bring the interest rates to 0.50%, the same level as it was a few months after the Brexit referendum in June 2016.

Despite the rate hike, the Bank of England is expected to maintain a dovish stand with further rate hikes coming at a very gradual pace. With inflation hitting 3% but wages failing to rise, further rate hikes could be detrimental to the economy as consumers feel the pinch of higher rates.

Added to the complexity is the ongoing Brexit talks that have shown no signs of progress. With the BoE repeatedly cautioning that the uncertainty will affect the UK markets and the economy, the central bank's rate hike this week is expected to be a symbolic one rather than signal monetary policy tightening.

TECHNICAL CORNER



USDCAD – Bullish bias is building up

The USDCAD was seen posting some strong gains over the past few weeks. This came as the U.S. dollar was seen reversing the previous losses. The reversal comes a few pips away from the initial target level of 1.1956. In the last two weeks, USDCAD managed to recover back above the previously established support level at 1.2540 and broke higher above this level. With this price level failing to act as resistance, we now expect the USDCAD to maintain its bullish bias.



USDCAD (1.2825) – Weekly Chart

The Canadian dollar weakened mostly on account of the economic data and the BoC's recent decision to keep interest rates unchanged. Although the markets were once hopeful for the Bank of Canada to hike rates in December, this view has changed. Just last week, the BoC, in its monetary policy statement said that interest rates could remain stable in the near term. These comments come as the Canadian economy was seen slowing. The strong appreciation of the exchange rate has had an impact on the Canadian exports. Making matters complicated has been the NAFTA agreement that could also hit the export sector in Canada.

From a technical standpoint, with USDCAD closing comfortably above the 1.2540 price level, any dips to this level will bring about further buyers into the market. The bullish bias in USDCAD could see price action attempting to retest the 1.3361 level where the previous resistance level is expected to be retested.

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