

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 30th of October 2017, to 3rd of November 2017

Date	Time	Currency	Event	Actual	Forecast	Previous	
30-Oct	7:00am	EUR	German Retail Sales m/m	0.50%	0.50%	-0.20%	
	All Day	EUR	German Prelim CPI m/m	0.00%	0.10%	0.10%	
	8:00am	CHF	KOF Economic Barometer	109.1	106.6	106.1	
		EUR	Spanish Flash CPI y/y	1.60%	1.70%	1.80%	
		EUR	Spanish Flash GDP q/q	0.80%	0.80%	0.90%	
	9:30am	GBP	Net Lending to Individuals m/m	5.5B	5.5B	5.7B	
		GBP	M4 Money Supply m/m	-0.20%	0.70%	1.10%	
		GBP	Mortgage Approvals	66K	66K	67K	
	12:30pm	USD	Core PCE Price Index m/m	0.10%	0.10%	0.10%	
		USD	Personal Spending m/m	1.00%	0.80%	0.10%	
		USD	Personal Income m/m	0.40%	0.40%	0.20%	
		9:45pm	NZD	Building Consents m/m	-2.30%		5.90%
		11:30pm	JPY	Household Spending y/y	-0.30%	0.70%	0.60%
			JPY	Unemployment Rate	2.80%	2.80%	2.80%
		11:50pm	JPY	Prelim Industrial Production m/m	-1.10%	-1.50%	2.00%
31-Oct	12:00am	AUD	HIA New Home Sales m/m	-6.10%		9.10%	
		NZD	ANZ Business Confidence	-10.1		0	
	12:01am	GBP	GfK Consumer Confidence	-10	-10	-9	
	12:30am	AUD	Private Sector Credit m/m	0.30%	0.50%	0.50%	
	1:00am	CNY	Manufacturing PMI	51.6	52.2	52.4	
		CNY	Non-Manufacturing PMI	54.3		55.4	
	3:05am	JPY	BOJ Outlook Report				
		JPY	BOJ Policy Rate	-0.10%	-0.10%	-0.10%	
		JPY	Monetary Policy Statement				
	5:00am	JPY	BOJ Core CPI y/y	0.50%	0.50%	0.60%	
		JPY	Housing Starts y/y	-2.90%	-3.00%	-2.00%	
	6:30am	EUR	French Flash GDP q/q	0.50%	0.50%	0.60%	
		JPY	BOJ Press Conference				
	7:45am	EUR	French Consumer Spending m/m	0.90%	0.60%	-0.20%	
		EUR	French Prelim CPI m/m	0.10%	0.10%	-0.20%	
	9:00am	EUR	Italian Monthly Unemployment Rate	11.10%	11.10%	11.10%	
	10:00am	EUR	CPI Flash Estimate y/y	1.40%	1.50%	1.50%	
		EUR	Core CPI Flash Estimate y/y	0.90%	1.10%	1.10%	
EUR		Prelim Flash GDP q/q	0.60%	0.50%	0.70%		
EUR		Italian Prelim CPI m/m	-0.20%	0.10%	-0.30%		
EUR		Unemployment Rate	8.90%	9.00%	9.00%		
12:30pm	CAD	GDP m/m	-0.10%	0.10%	0.00%		
	CAD	RMPI m/m	-0.10%	0.40%	0.90%		
	CAD	IPPI m/m	-0.30%	0.50%	0.40%		
	USD	Employment Cost Index q/q	0.70%	0.70%	0.50%		
1:00pm	USD	S&P/CS Composite-20 HPI y/y	5.90%	5.80%	5.80%		
1:45pm	USD	Chicago PMI	66.2	60.2	65.2		

01-Nov	2:00pm	USD	CB Consumer Confidence	125.9	121.1	120.6
	7:30pm	CAD	BOC Gov Poloz Speaks			
	9:45pm	NZD	Employment Change q/q	2.20%	0.80%	-0.10%
		NZD	Unemployment Rate	4.60%	4.70%	4.80%
		NZD	Labor Cost Index q/q	0.70%	0.70%	0.40%
	10:30pm	AUD	AIG Manufacturing Index	51.1		54.2
	12:01am	GBP	BRC Shop Price Index y/y	-0.10%		-0.10%
	12:30am	JPY	Final Manufacturing PMI	52.8	52.5	52.5
	1:45am	CNY	Caixin Manufacturing PMI	51	51	51
	5:30am	AUD	Commodity Prices y/y	9.10%		19.40%
	7:00am	GBP	Nationwide HPI m/m	0.20%	0.20%	0.40%
	8:30am	CHF	Manufacturing PMI	62	61.4	61.7
	9:30am	GBP	Manufacturing PMI	56.3	55.8	56
	12:15pm	USD	ADP Non-Farm Employment Change	235K	202K	110K
	1:30pm	CAD	Manufacturing PMI	54.3		55
	1:45pm	USD	Final Manufacturing PMI	54.6	54.5	54.5
	2:00pm	USD	ISM Manufacturing PMI	58.7	59.5	60.8
		USD	Construction Spending m/m	0.30%	-0.10%	0.10%
		USD	ISM Manufacturing Prices	68.5	68	71.5
	2:30pm	USD	Crude Oil Inventories	-2.4M	-1.5M	0.9M
All Day	USD	Total Vehicle Sales	18.1M	17.5M	18.6M	
5:15pm	CHF	Gov Board Member Zurbrugg Speaks				
6:00pm	USD	FOMC Statement				
	USD	Federal Funds Rate	<1.25%	<1.25%	<1.25%	
8:15pm	CAD	BOC Gov Poloz Speaks				
11:50pm	JPY	Monetary Base y/y	14.50%	15.70%	15.60%	
02-Nov	12:30am	AUD	Trade Balance	1.75B	1.42B	0.87B
		AUD	Building Approvals m/m	1.50%	-0.90%	0.10%
5:00am	JPY	Consumer Confidence	44.5	43.6	43.9	
6:45am	CHF	SECO Consumer Climate	-2	0	-3	
8:15am	CHF	Retail Sales y/y	-0.40%	0.30%	-1.00%	
		EUR	Spanish Manufacturing PMI	55.8	54.8	54.3
8:45am	EUR	Italian Manufacturing PMI	57.8	56.6	56.3	
8:50am	EUR	French Final Manufacturing PMI	56.1	56.7	56.7	
8:55am	EUR	German Final Manufacturing PMI	60.6	60.5	60.5	
		EUR	German Unemployment Change	-11K	-10K	-22K
9:00am	EUR	Final Manufacturing PMI	58.5	58.6	58.6	
9:30am	GBP	Construction PMI	50.8	48.3	48.1	
11:30am	USD	Challenger Job Cuts y/y	-3.00%		-27.00%	
12:00pm	GBP	BOE Inflation Report				
		GBP	MPC Official Bank Rate Votes	7-0-2	6-0-3	2-0-7
		GBP	Monetary Policy Summary			
		GBP	Official Bank Rate	0.50%	0.50%	0.25%
		GBP	Asset Purchase Facility	435B	435B	435B
		GBP	MPC Asset Purchase Facility Votes	0-0-9	0-0-9	0-0-9
12:30pm	GBP	BOE Gov Carney Speaks				
		USD	Unemployment Claims	229K	235K	234K
		USD	FOMC Member Powell Speaks			
		USD	Prelim Nonfarm Productivity q/q	3.00%	2.50%	1.50%
		USD	Prelim Unit Labor Costs q/q	0.50%	0.50%	0.20%
2:30pm	USD	Natural Gas Storage	65B	63B	64B	
4:20pm	USD	FOMC Member Dudley Speaks				

03-Nov	10:30pm	AUD	AIG Services Index	51.4		52.1
	12:30am	AUD	Retail Sales m/m	0.00%	0.40%	-0.50%
	1:45am	CNY	Caixin Services PMI	51.2	50.8	50.6
	9:30am	GBP	Services PMI	55.6	53.3	53.6
	12:30pm	CAD	Employment Change	35.3K	15.3K	10.0K
			Trade Balance	-3.2B	-3.0B	-3.2B
		CAD	Unemployment Rate	6.30%	6.20%	6.20%
		USD	Average Hourly Earnings m/m	0.00%	0.20%	0.50%
		USD	Non-Farm Employment Change	261K	312K	18K
		USD	Unemployment Rate	4.10%	4.20%	4.20%
		USD	Trade Balance	-43.5B	-43.3B	-42.8B
		1:45pm	USD	Final Services PMI	55.3	55.7
	2:00pm	USD	ISM Non-Manufacturing PMI	60.1	58.5	59.8
		USD	Factory Orders m/m	1.40%	1.30%	1.20%

Time: GMT

THE WEEK AHEAD



6th of November 2017, to 10th of November 2017

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
06-Nov	12:00am	AUD	MI Inflation Gauge m/m		0.30%
		NZD	ANZ Commodity Prices m/m		0.80%
	12:30am	AUD	ANZ Job Advertisements m/m		0.00%
	2:00am	NZD	Inflation Expectations q/q		2.10%
	7:00am	EUR	German Factory Orders m/m	-1.00%	3.60%
	8:15am	CHF	CPI m/m	0.10%	0.20%
		EUR	Spanish Services PMI	55.7	56.7
	8:45am	EUR	Italian Services PMI	53.1	53.2
	8:50am	EUR	French Final Services PMI	57.4	57.4
	8:55am	EUR	German Final Services PMI	55.2	55.2
	9:00am	EUR	Final Services PMI	54.9	54.9
	9:30am	EUR	Sentix Investor Confidence	31.2	29.7
	10:00am	EUR	PPI m/m	0.40%	0.30%
	All Day	EUR	Eurogroup Meetings		
	3:00pm	CAD	Ivey PMI	60.2	59.6
	7th-12th	USD	Mortgage Delinquencies		4.24%
	5:10pm	USD	FOMC Member Dudley Speaks		
	Tentative	USD	Loan Officer Survey		
10:30pm	AUD	AIG Construction Index		54.7	
07-Nov	12:00am	JPY	Average Cash Earnings y/y	0.60%	0.70%
	12:01am	GBP	BRC Retail Sales Monitor y/y		1.90%
	3:30am	AUD	Cash Rate	1.50%	1.50%
		AUD	RBA Rate Statement		
	7:00am	EUR	German Industrial Production m/m	-0.70%	2.60%
	7:45am	EUR	French Gov Budget Balance		-93.0B
	8:00am	CHF	Foreign Currency Reserves		724B
	8:30am	GBP	Halifax HPI m/m	0.20%	0.80%
	9:00am	EUR	Italian Retail Sales m/m	0.20%	-0.30%
	9:10am	EUR	Retail PMI		52.3
	10:00am	EUR	Retail Sales m/m	0.60%	-0.50%
	All Day	EUR	ECOFIN Meetings		
	Tentative	NZD	GDT Price Index		-1.00%
	3:00pm	USD	JOLTS Job Openings	5.98M	6.08M

08-Nov		USD	IBD/TIPP Economic Optimism	51.2	50.3
	5:45pm	CAD	BOC Gov Poloz Speaks		
	8:00pm	USD	Consumer Credit m/m	18.4B	13.1B
	Tentative	CNY	Trade Balance	275B	193B
	Tentative	CNY	USD-Denominated Trade Balance	39.5B	28.5B
	5:00am	JPY	Leading Indicators	106.70%	107.20%
	7:45am	EUR	French Trade Balance	-4.7B	-4.5B
	1:15pm	CAD	Housing Starts	220K	217K
	1:30pm	CAD	Building Permits m/m		-5.50%
	3:30pm	USD	Crude Oil Inventories		-2.4M
09-Nov	6:01pm	USD	10-y Bond Auction		2.35 2.5
	8:00pm	NZD	Official Cash Rate	1.75%	1.75%
		NZD	RBNZ Rate Statement		
		NZD	RBNZ Monetary Policy Statement		
	9:00pm	NZD	RBNZ Press Conference		
	11:50pm	JPY	BOJ Summary of Opinions		
		JPY	Bank Lending y/y	3.00%	3.00%
		JPY	Core Machinery Orders m/m	-1.90%	3.40%
		JPY	Current Account	2.05T	2.27T
	12:01am	GBP	RICS House Price Balance	4%	6%
12:30am	AUD	Home Loans m/m	2.10%	1.00%	
1:30am	CNY	CPI y/y	1.70%	1.60%	
	CNY	PPI y/y	6.60%	6.90%	
3:45am	JPY	30-y Bond Auction		0.88 4.0	
5:00am	JPY	Economy Watchers Sentiment	50.6	51.3	
6:45am	CHF	Unemployment Rate	3.10%	3.10%	
7:00am	EUR	German Trade Balance	23.1B	21.6B	
9th-15th	CNY	M2 Money Supply y/y	9.20%	9.20%	
9th-15th	CNY	New Loans	770B	1270B	
9:00am	EUR	ECB Economic Bulletin			
10:00am	EUR	EU Economic Forecasts			
1:00pm	GBP	NIESR GDP Estimate		0.40%	
1:30pm	CAD	NHPI m/m	0.20%	0.10%	
	USD	Unemployment Claims	231K	229K	
3:00pm	USD	Final Wholesale Inventories m/m	0.30%	0.30%	
3:30pm	USD	Natural Gas Storage		65B	
11:50pm	JPY	M2 Money Stock y/y	4.10%	4.10%	
10-Nov	12:30am	AUD	RBA Monetary Policy Statement		
	4:30am	JPY	Tertiary Industry Activity m/m	-0.10%	-0.20%
	7:45am	EUR	French Industrial Production m/m	0.60%	-0.30%
		EUR	French Prelim Private Payrolls q/q	0.30%	0.40%
	9:00am	EUR	Italian Industrial Production m/m	0.20%	1.20%

9:30am	GBP	Manufacturing Production m/m	0.30%	0.40%
	GBP	Goods Trade Balance	-12.9B	-14.2B
	GBP	Construction Output m/m	-0.60%	0.60%
	GBP	Industrial Production m/m	0.30%	0.20%
3:00pm	USD	Prelim UoM Consumer Sentiment	101	100.7
	USD	Prelim UoM Inflation Expectations		2.40%
7:00pm	USD	Federal Budget Balance		8.0B

Time: GMT



MARKETS RECAP

Last Week: 30th of October 2017, to 3rd of November 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.

New Zealand jobless rate falls to a 9-year low

The third quarter unemployment data was released by the Statistics New Zealand last week. Data showed that the unemployment rate in the nation fell more than expected during the three months ending September. On a seasonally adjusted basis, New Zealand's unemployment rate fell to 4.6% in the quarter compared to 4.8% in the previous quarter. Economists were expecting the unemployment rate to fall to 4.7%.



New Zealand Q3 Unemployment Rate: 4.6% (Source: Tradingeconomics.com)

Statistics New Zealand said that this was the lowest unemployment rate in New Zealand since 2008 which mark the start of the global financial crisis. New Zealand's labor force participation increased to 71.1% in the quarter ending September while the employment rate rose to 67.8% up from 66.7% previously. This marked a large improvement in both the employment as well as the labor force participation rate.

The official data showed that the spare capacity was steady at 11.8% during the quarter and was down from 12.3% compared to the same period the year before. The labor cost index or LCI was seen rising 1.9% in September for the year.

Following the release of the data, the Kiwi dollar managed to rise half a cent against the U.S. dollar. The kiwi came under pressure after the newly formed Labor government suggested plans to overhaul the RBNZ's policies and mandate.

BoJ keeps monetary policy steady. Inflation forecasts cut again

The Bank of Japan's monetary policy held last week showed major changes. The key interest rate was held steady at -0.10% while the central bank's QQE program was untouched. The central bank voted 8 - 1 keeping the QQE steady at 80 trillion yen.

The central bank said that it will purchase government bonds in order to keep the yields on the 10-year bonds at around zero percent. The BoJ's newest member, Goushi Kataoka was the only dissenter. He said that a delay in timing of achieving the price stability target would mean that the central bank must take additional measures.

The central bank also gave its inflation forecasts. It said that inflation was likely to continue on the uptrend and gradually rise to the 2% target. It expects the improvements to come on the back of an increase in the output gap and the rise in the medium term inflation expectations.

Inflation forecasts in Japan were lowered to 0.8% for 2017 and 1.4% for 2018. The central bank however raised the GDP forecasts to 1.9% for 2017 and 1.4% for the 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



6th of November 2017, to 10th of November 2017

The week ahead will be slightly quiet as the RBNZ and the RBA hold their respective monetary policy meetings. No changes to the base rates are expected from both the central banks. Focus will be on the RBNZ's monetary policy statement which comes after better than expected unemployment data. The central bank could also be clarifying its stand on the recent plans by the new government to overhaul the RBNZ's mandate. Elsewhere, the inflation data from China is due this week while in the UK the manufacturing and industrial production figures will be coming out.

Quiet week from the Eurozone and the U.S

The economic data from the Eurozone and the United States slows down with most of the data relegated to only second tier data. From the U.S. the week ahead will see the release of JOLTS labor market data which stands out. The data will cover the period of September which could be interesting. Fed member speeches are lined up over the week as well. This includes the NY Fed President Dudley who is known to be slightly hawkish in his outlook and could give a push to the U.S. dollar. Other member speeches includes governor Quarles who was newly appointed and is also a voter on the FOMC. So far, Quarles has remained mum on his views about rate hikes.

Data from the Eurozone takes a back seat after last week saw the release of the preliminary GDP numbers. Data showed that economic activity in the Eurozone expanded strongly in the third quarter. The second tier data this week will include the final services PMI numbers for the month of October. The German industrial production and industrial orders data are also lined up over the week. This stands out amid a quiet week with expectations calling for a slightly weaker print.

The ongoing political developments in Spain remain in the background but are expected to affect the markets to a certain extent. Last week, eight ministers from Catalonia who were sacked were ordered by the Spanish high court to be arrested as the tussle between Spain and Catalonia continues to drag. Spanish prosecutors are also pushing for the arrest of the Catalonia leader, Carles Puigdemont which could result in repercussions.

RBA and RBNZ meetings to be a non-event

The central bank meetings continue over the quiet week as both the RBA and the RBNZ will be holding their respective monetary policy meetings over the week. No changes are expected as both the central banks are widely forecast to keep interest rates unchanged at this week's meeting. However, given the status quo that will be maintained, markets will be looking to the respective forward guidance from both the central banks.

The RBNZ for its part is expected to remain neutral especially after the recent labor market data showed an upbeat print. Ahead of the RBNZ meeting, the quarterly inflation expectations data will be published which could influence the statement from the RBNZ.

The RBA is expected to maintain a dovish tone this week as economic data continues to remain sluggish. Inflation data wasn't very encouraging and last week's retail sales data showed a flat print for the month. Combined, the outcome is expected to cloud the RBA's outlook on interest rates.

TECHNICAL CORNER



EURUSD - Bearish trend resumes

Following months of strong rally in the EURUSD that was fueled by speculation that the ECB would come out hawkish, the euro's gains were stalled after the October ECB meeting. With the ECB cutting the bond purchases by half, it managed to extend the QE by a further nine-months. This helped the ECB to offset the hawkish perception from the QE tapering. The markets were clearly not very happy with the ECB's decision which saw investors booking profits after months of speculation led rally made the common currency one of the best performing currency pair this year.



EURUSD (1.1607) – H4 Chart

However, following the ECB's decision, the euro has begun to post strong declines ever since. This came as the economic data from the U.S. showed positive trends. The preliminary GDP data in the U.S. beat estimates as the economic activity showed a 3% expansion in the third quarter. At the same time, the FOMC maintained its focus on the potential rate hike that is likely to happen in December. Last week also saw President Trump nominating Fed Member Jerome Powell as the next Fed Chair. The markets viewed this as continuation of the currency monetary policy with the reaction quite muted.

The EURUSD was seen breaking out to the downside following the consolidation that followed most of last week. This suggests that near term weakness exists. The next main obstacle for the EURUSD will be the 1.1573 handle. A break down below this price level could suggest further declines towards 1.1411 as the bearish flag pattern is validated. We expect the near term bearish trend in EURUSD to resume as the current declines mark a much needed correction in the longer term bullish trend.

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