

# orbex WEEKLY MARKETS REPORT



OVERWEEK  
BULLET POINTS



THE WEEK  
AHEAD



MARKETS  
PREVIEW



THE CHART OF  
THE WEEK

# OVERWEEK BULLET POINTS



Last Week: 27<sup>th</sup> of November 2017, to 1<sup>st</sup> of December 2017

Date	Time	Currency	Event	Actual	Forecast	Previous	
27-Nov	2:30pm	GBP	MPC Member Haldane Speaks				
	3:00pm	USD	New Home Sales	685K	627K	645K	
	11:30pm	USD	FOMC Member Kashkari Speaks				
28-Nov	12:00am	USD	FOMC Member Dudley Speaks				
	7:00am	EUR	German Import Prices m/m	0.60%	0.40%	0.90%	
		GBP	Bank Stress Test Results				
		GBP	BOE Financial Stability Report				
		GBP	FPC Statement				
	7:30am	GBP	BOE Gov Carney Speaks				
	9:00am	EUR	M3 Money Supply y/y	5.00%	5.10%	5.20%	
		EUR	Private Loans y/y	2.70%	2.80%	2.70%	
	12:00pm	EUR	German GfK Consumer Climate	10.7	10.8	10.7	
	1:30pm	CAD	RMPI m/m	3.80%		-0.20%	
		CAD	IPPI m/m	1.00%		-0.30%	
		USD	Goods Trade Balance	-68.3B	-65.0B	-64.1B	
		USD	Prelim Wholesale Inventories m/m	-0.40%	0.50%	0.10%	
	2:00pm	USD	HPI m/m	0.30%	0.60%	0.80%	
		USD	S&P/CS Composite-20 HPI y/y	6.20%	6.00%	5.80%	
	2:15pm	USD	FOMC Member Dudley Speaks				
	2:45pm	USD	Fed Chair Designate Powell Speaks				
	2:59pm	USD	Richmond Manufacturing Index	30	14	12	
	3:00pm	USD	CB Consumer Confidence	129.5	123.9	126.2	
	3:15pm	USD	FOMC Member Harker Speaks				
	3:30pm	CAD	BOC Financial System Review				
	4:30pm	CAD	BOC Gov Poloz Speaks				
	8:00pm	NZD	RBNZ Financial Stability Report				
	8:45pm	USD	Treasury Sec Mnuchin Speaks				
	11:50pm	JPY	Retail Sales y/y	-0.20%	0.10%	2.30%	
29-Nov	12:00am	NZD	RBNZ Gov Spencer Speaks				
	12:01am	GBP	BRC Shop Price Index y/y	-0.10%		-0.10%	
	7:00am	CHF	UBS Consumption Indicator	1.54		1.51	
	All Day	EUR	German Prelim CPI m/m	0.30%	0.30%	0.00%	
	7:45am	EUR	French Consumer Spending m/m	-1.90%	0.00%	1.00%	
			EUR	French Prelim GDP q/q	0.50%	0.50%	0.50%
	8:00am	EUR	Spanish Flash CPI y/y	1.60%	1.70%	1.60%	
9:00am	CHF	Credit Suisse Economic Expectations	40.7		32		

	All Day	All	OPEC Meetings			
	9:30am	GBP	Net Lending to Individuals m/m	4.8B	4.3B	5.2B
		GBP	M4 Money Supply m/m	0.60%	0.30%	-0.10%
		GBP	Mortgage Approvals	65K	65K	66K
	10:00am	EUR	ECB Financial Stability Review			
	10:12am	EUR	Italian 10-y Bond Auction	1.73 1.6		1.86 1.4
	1:30pm	USD	Prelim GDP q/q	3.30%	3.30%	3.00%
		USD	FOMC Member Dudley Speaks			
		USD	Prelim GDP Price Index q/q	2.10%	2.20%	2.20%
	2:00pm	GBP	BOE Gov Carney Speaks			
	2:45pm	GBP	MPC Member Ramsden Speaks			
	3:00pm	USD	Fed Chair Yellen Testifies			
		USD	Pending Home Sales m/m	3.50%	1.10%	-0.40%
	3:30pm	USD	Crude Oil Inventories	-3.4M	-2.5M	-1.9M
	7:00pm	USD	Beige Book			
	9:45pm	NZD	Building Consents m/m	-9.60%		-2.50%
	11:50pm	JPY	Prelim Industrial Production m/m	0.50%	1.90%	-1.00%
	11:55pm	GBP	GfK Consumer Confidence	-12	-9	-10
30-Nov	12:00am	NZD	ANZ Business Confidence	-39.3		-10.1
	12:30am	AUD	Private Capital Expenditure q/q	1.00%	1.10%	1.10%
		AUD	Building Approvals m/m	0.90%	-0.90%	0.60%
		AUD	Private Sector Credit m/m	0.40%	0.40%	0.30%
	1:00am	CNY	Manufacturing PMI	51.8	51.5	51.6
		CNY	Non-Manufacturing PMI	54.8		54.3
	5:02am	JPY	Housing Starts y/y	-4.80%	-2.60%	-2.90%
	6:45am	CHF	GDP q/q	0.60%	0.60%	0.40%
	7:00am	EUR	German Retail Sales m/m	-1.20%	0.30%	0.50%
		GBP	Nationwide HPI m/m	0.10%	0.20%	0.20%
	7:45am	EUR	French Prelim CPI m/m	0.10%	0.10%	0.10%
	8:00am	CHF	KOF Economic Barometer	110.3	109.5	109.8
	8:15am	CHF	Retail Sales y/y	-3.00%	0.30%	0.50%
	8:55am	EUR	German Unemployment Change	-18K	-10K	-12K
	9:00am	EUR	Italian Monthly Unemployment Rate	11.10%	11.10%	11.10%
	10:00am	EUR	CPI Flash Estimate y/y	1.50%	1.60%	1.40%
		EUR	Core CPI Flash Estimate y/y	0.90%	1.00%	0.90%
		EUR	Italian Prelim CPI m/m	-0.20%	0.10%	-0.20%
		EUR	Unemployment Rate	8.80%	8.90%	8.90%
	1:30pm	CAD	Current Account	-19.3B	-20.0B	-15.6B
		USD	Unemployment Claims	238K	241K	240K
		USD	Core PCE Price Index m/m	0.20%	0.20%	0.20%
		USD	Personal Spending m/m	0.30%	0.20%	0.90%
		USD	Personal Income m/m	0.40%	0.30%	0.40%
	2:45pm	USD	Chicago PMI	63.9	62.2	66.2
	3:30pm	USD	Natural Gas Storage	-33B	-37B	-46B
	5:30pm	USD	FOMC Member Quarles Speaks			

	6:00pm	USD	FOMC Member Kaplan Speaks			
	9:45pm	NZD	Overseas Trade Index q/q	0.70%	1.30%	1.40%
	10:30pm	AUD	AIG Manufacturing Index	57.3		51.1
	11:30pm	JPY	Household Spending y/y	0.00%	-0.20%	-0.30%
		JPY	National Core CPI y/y	0.80%	0.80%	0.70%
		JPY	Tokyo Core CPI y/y	0.60%	0.60%	0.60%
		JPY	Unemployment Rate	2.80%	2.80%	2.80%
	11:50pm	JPY	Capital Spending q/y	4.20%	3.30%	1.50%
01-Dec	12:30am	JPY	Final Manufacturing PMI	53.6	53.8	53.8
	1:45am	CNY	Caixin Manufacturing PMI	50.8	51.2	51
	5:30am	AUD	Commodity Prices y/y	-3.30%		10.90%
	8:15am	EUR	Spanish Manufacturing PMI	56.1	56.6	55.8
	8:30am	CHF	Manufacturing PMI	65.1	62.6	62
	8:45am	EUR	Italian Manufacturing PMI	58.3	58.4	57.8
	8:50am	EUR	French Final Manufacturing PMI	57.7	57.5	57.5
	8:55am	EUR	German Final Manufacturing PMI	62.5	62.5	62.5
	9:00am	EUR	Final Manufacturing PMI	60.1	60	60
	9:30am	GBP	Manufacturing PMI	58.2	56.6	56.6
	1:30pm	CAD	Employment Change	79.5K	10.2K	35.3K
		CAD	GDP m/m	0.20%	0.10%	-0.10%
		CAD	Unemployment Rate	5.90%	6.20%	6.30%
	2:30pm	CAD	Manufacturing PMI	54.4		54.3
		USD	FOMC Member Kaplan Speaks			
	2:45pm	USD	Final Manufacturing PMI	53.9	53.8	53.8
	3:00pm	USD	ISM Manufacturing PMI	58.2	58.4	58.7
		USD	Construction Spending m/m	1.40%	0.50%	0.30%
		USD	ISM Manufacturing Prices	65.5	67	68.5
	3:15pm	USD	FOMC Member Harker Speaks			
	All Day	USD	Total Vehicle Sales		17.5M	18.1M

Time: GMT

# THE WEEK AHEAD



4<sup>th</sup> of December 2017, to 8<sup>th</sup> of December 2017

## IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
04-Dec	12:00am	AUD	MI Inflation Gauge m/m		0.30%
	Tentative	AUD	HIA New Home Sales m/m		-6.10%
	12:30am	AUD	Company Operating Profits q/q	0.30%	-4.50%
		AUD	ANZ Job Advertisements m/m		1.40%
	5:00am	JPY	Consumer Confidence	44.8	44.5
	8:00am	EUR	Spanish Unemployment Change	54.3K	56.8K
	9:30am	EUR	Sentix Investor Confidence	32.3	34
		GBP	Construction PMI	51.2	50.8
	10:00am	EUR	PPI m/m	0.40%	0.60%
	All Day	EUR	Eurogroup Meetings		
	3:00pm	USD	Factory Orders m/m	-0.30%	1.40%
	10:30pm	AUD	AIG Services Index		51.4
05-Dec	12:00am	NZD	ANZ Commodity Prices m/m		-0.30%
	12:01am	GBP	BRC Retail Sales Monitor y/y		-1.00%
	12:30am	AUD	Current Account	-8.8B	-9.6B
		AUD	Retail Sales m/m	0.30%	0.00%
	1:45am	CNY	Caixin Services PMI	51.5	51.2
	3:30am	AUD	Cash Rate	1.50%	1.50%
		AUD	RBA Rate Statement		
	3:45am	JPY	10-y Bond Auction		0.06 4.6
	5:00am	JPY	BOJ Core CPI y/y	0.50%	0.50%
	8:15am	EUR	Spanish Services PMI	55.2	54.6
	8:45am	EUR	Italian Services PMI	53.4	52.1
	8:50am	EUR	French Final Services PMI	60.2	60.2
	8:55am	EUR	German Final Services PMI	54.9	54.9
	9:00am	EUR	Final Services PMI	56.2	56.2
	9:30am	GBP	Services PMI	55.2	55.6
		GBP	FPC Meeting Minutes		
	10:00am	EUR	Retail Sales m/m	-0.60%	0.70%
		EUR	Revised GDP q/q	0.60%	0.60%
	All Day	EUR	ECOFIN Meetings		
	1:30pm	CAD	Trade Balance	-2.3B	-3.2B
		USD	Trade Balance	-46.2B	-43.5B
	Tentative	NZD	GDT Price Index		-3.40%
	2:45pm	USD	Final Services PMI	55.4	54.7

	3:00pm	USD	ISM Non-Manufacturing PMI	59.2	60.1
		USD	IBD/TIPP Economic Optimism	54.6	53.6
06-Dec	12:30am	AUD	GDP q/q	0.70%	0.80%
	7:00am	EUR	German Factory Orders m/m	-0.10%	1.00%
	8:15am	CHF	CPI m/m	0.10%	0.10%
	9:10am	EUR	Retail PMI		51.1
	Tentative	EUR	German 10-y Bond Auction		0.36 1.2
	1:15pm	USD	ADP Non-Farm Employment Change	191K	235K
	1:30pm	CAD	Labor Productivity q/q		-0.10%
		USD	Revised Nonfarm Productivity q/q	3.20%	3.00%
		USD	Revised Unit Labor Costs q/q	0.30%	0.50%
	3:00pm	CAD	BOC Rate Statement		
		CAD	Overnight Rate	1.00%	1.00%
	3:30pm	USD	Crude Oil Inventories		-3.4M
	10:30pm	AUD	AIG Construction Index		53.2
07-Dec	12:30am	AUD	Trade Balance	1.41B	1.75B
	3:45am	JPY	30-y Bond Auction		0.79 3.4
	5:00am	JPY	Leading Indicators	106.20%	106.40%
	6:45am	CHF	Unemployment Rate	3.10%	3.10%
	7:00am	EUR	German Industrial Production m/m	1.00%	-1.60%
	7:45am	EUR	French Trade Balance	-4.7B	-4.7B
	8:00am	CHF	Foreign Currency Reserves		742B
	8:30am	GBP	Halifax HPI m/m	0.20%	0.30%
	9:00am	EUR	Italian Quarterly Unemployment Rate	11.20%	11.20%
	Tentative	EUR	Spanish 10-y Bond Auction		
	Tentative	EUR	French 10-y Bond Auction		0.76 1.6
	Tentative	GBP	30-y Bond Auction		1.87 2.0
	12:30pm	USD	Challenger Job Cuts y/y		-3.00%
	1:30pm	CAD	Building Permits m/m		3.80%
		USD	Unemployment Claims	241K	238K
	3:00pm	CAD	Ivey PMI		63.8
	3:30pm	USD	Natural Gas Storage		-33B
	4:00pm	EUR	ECB President Draghi Speaks		
	8:00pm	USD	Consumer Credit m/m	16.8B	20.8B
	9:45pm	NZD	Manufacturing Sales q/q		3.90%
	11:50pm	JPY	Final GDP q/q	0.40%	0.30%
		JPY	Bank Lending y/y	2.80%	2.80%
		JPY	Current Account	1.93T	1.84T
		JPY	Final GDP Price Index y/y	0.10%	0.10%
08-Dec	12:00am	JPY	Average Cash Earnings y/y	0.80%	0.90%
	12:30am	AUD	Home Loans m/m	-1.80%	-2.30%
	Tentative	CNY	Trade Balance		254B
	Tentative	CNY	USD-Denominated Trade Balance	34.9B	38.2B
	5:00am	JPY	Economy Watchers Sentiment	52.3	52.2
	7:00am	EUR	German Trade Balance	22.3B	21.8B

	7:45am	EUR	French Gov Budget Balance		-76.3B
		EUR	French Industrial Production m/m	-0.10%	0.60%
	9:30am	GBP	Manufacturing Production m/m	-0.10%	0.70%
		GBP	Goods Trade Balance	-11.5B	-11.3B
		GBP	Construction Output m/m	0.20%	-1.60%
		GBP	Consumer Inflation Expectations		2.80%
		GBP	Industrial Production m/m	0.00%	0.70%
	1:00pm	GBP	NIESR GDP Estimate		0.50%
	1:15pm	CAD	Housing Starts	221K	223K
	1:30pm	CAD	Capacity Utilization Rate	85.20%	85.00%
		USD	Average Hourly Earnings m/m	0.30%	0.00%
		USD	Non-Farm Employment Change	200K	261K
		USD	Unemployment Rate	4.10%	4.10%
	3:00pm	USD	Prelim UoM Consumer Sentiment	99.2	98.5
		USD	Final Wholesale Inventories m/m	-0.40%	-0.40%
		USD	Prelim UoM Inflation Expectations		2.50%

Time: GMT

# MARKETS RECAP

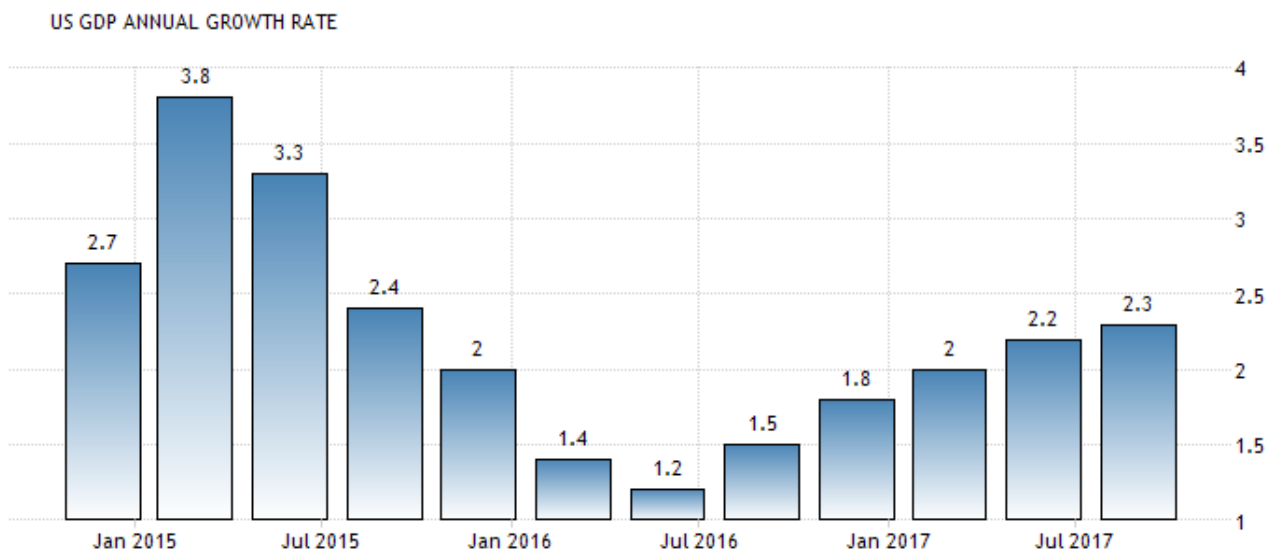


Last Week: 27<sup>th</sup> of November 2017, to 1<sup>st</sup> of December 2017

Last week saw the markets trading a bit volatile with lot of economic and political developments. Economic data from the U.S. showed a strong improvement especially with the third quarter GDP coming in higher than expected. This helped increase the expectations for a rate hike this December. President Trump's Fed candidate, Jerome Powell gave his testimony to the congress in his bid to be selected as the Fed Chair. Oil prices were seen to be muted as OPEC and Russia agreed to extend production cuts into 2018 end.

## U.S. Q3 GDP revised higher

Economic data from the U.S. department of commerce, released on Wednesday last week showed that the U.S. economy expanded at a stronger pace in the third quarter. The official data showed that the U.S. real gross domestic product was revised higher to 3.3%. Preliminary reports suggested that the economy expanded at a pace of 3.0% and the revised GDP was forecast to rise 3.2%.



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF ECONOMIC ANALYSIS

**U.S. GDP Q3 2017: 2.3% (m/m). Source: Tradingeconomics.com**

The official data showed that the upward revision came on revised non-residential fixed investment including higher state and local government spending as well as an increase in private inventory investment. The advancement of the third quarter GDP reflected an increase due to weaker imports and smaller sales in state and local government spending.

Despite the upbeat data, the revised GDP report showed that consumer spending during the third quarter slowed 2.3% compared to 3.3% in the second quarter. Still, the report showed that after an overall second quarter growth of 3%, the advancement to 3.3% was a positive sign.

In a separate report from the housing sector, data showed that U.S. pending home sales rose more than expected in the month of October. The data reflected increased activity after the hurricane disruption the month before. Data from the National Association of realtors showed that pending home sales index rose 3.5% in October to 109.3



The bigger than expected increase was the highest reading in the index since June but is still 0.6% lower compared to a year ago.

NAR's Chief Economists Lawrence Yun said that "Last month's solid increase in contract signings were still not enough to keep activity from declining on an annual basis for the sixth time in seven months," reflecting on the data for October. Yun said that home shoppers increased but fast price gains kept the buying in check. Most notable increases were seen from the South, which showed pending home sales rising 7.4% during the month. This comes after pending home sales activity fell 3.0% in September..

## Eurozone economic confidence rises to a 17-year high

Economic confidence in the Eurozone continued to maintain its momentum. Data released last week showed that confidence reached a 17 year high suggesting that the Eurozone economic recovery would close on a high and solid growth for the year.

The Eurozone confidence index was seen rising to 114.6 in November, up from a revised print of 114.1 in October, according to data from the European Commission released on Wednesday.

The increase in the confidence came from the consumer sector and the construction sector. The growth from both these sectors managed to offset the decrease noticed in the retail sector. The consumer sentiment index was seen rising 0.1 in November compared to -1.1 the month before. This was consistent with the flash estimates released previously.

The latest allocation of 3 billion GBP comes on top of this. The chancellor said that the government was willing to allocate more if need be. The forecasts for the UK's growth were revised down sharply. Data showed that the UK economy was expected to grow at a pace of 1.5% this year, down from previous estimates of 2.0%.

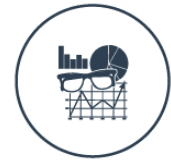
## Yellen affirms rate hike in testimony

The Fed Chair Janet Yellen gave her final testimony to the U.S. Congress. In her prepared remarks, Yellen cemented expectations for a rate hike in December. This came as the outgoing Fed Chair gave an optimistic assessment of the U.S. economy. Yellen also signaled her confidence that inflation will move closer to the Fed's 2.0% inflation target rate.

***"The economic expansion is increasingly broad-based across sectors as well as across much of the global economy,"*** Yellen said. She expects that gradual adjustments to the monetary policy will support the economy to expand with further tightening expected in the U.S. job markets. She said that this could potentially rise to higher wages and inflation.

The markets were trading stronger after the remarks as the U.S. dollar was boosted by upbeat GDP numbers and pending home sales data released ahead of the testimony.

# MARKETS PREVIEW



4<sup>th</sup> of December 2017, to 8<sup>th</sup> of December 2017

---

*The week ahead will be busy as economic releases for the month are lined up across the board. Of course, the major highlight of the week will be the jobs report from the U.S. Friday's nonfarm payrolls report will be the final report ahead of the Fed's meeting coming up later this month. The central bank is expected to push ahead with another interest rate hike. Elsewhere, data from the Eurozone will see the release of the final revised GDP figures. No changes are expected and this could confirm that the Eurozone GDP grew at a pace of 0.6% on the quarter. In the UK, the monthly PMI's from manufacturing, services and construction sectors will be released.*

---

## Eurozone revised GDP in focus

Data from the Eurozone this week will primarily focus on the PMI data from the services and manufacturing sector. However, the week will be dominated by the GDP numbers due to come out on Tuesday. According to preliminary forecasts, the Eurozone GDP is expected to be revised down slightly.

Economists polled expect the Eurozone GDP to rise 0.5% during the third quarter, down from the initial estimates of 0.6% for the quarterly basis. On an annualized basis, Eurozone annual GDP rate is expected to rise 2.4%, down from 2.5% according to the previous estimates. Later in the week, the retail sales figures will be followed by the regional industrial production numbers from Germany and France.

## U.S. Nonfarm payrolls to set the tone for Fed

The markets look to a new trading week with data from the U.S. dominated by the Friday's payrolls report. Still a busy week from the U.S. will see the release of the U.S. durable goods orders due on Monday. This is later followed by the factory orders. Factory orders in the U.S. are forecast to rise 0.3%, slower than 1.4% increase seen the month before.

Later in the week, the trade balance data will provide a glimpse into how the GDP for the fourth quarter will turn out to be. Traders will be focusing on the Markit's services PMI and the ISM's non-manufacturing PMI numbers. The ISM's non-manufacturing report is expected to show that the index fell one full point to 59 in November, down from 60.1 in the previous month.

The pace of the economic data picks up steam with Wednesday's ADP report coming out. The private payroll firm is expected to report the employment change at 175k jobs during the month of November. This is slightly lower than the 235k jobs that were registered during the previous month. The ADP data is likely to set the tone for Friday's payrolls report.

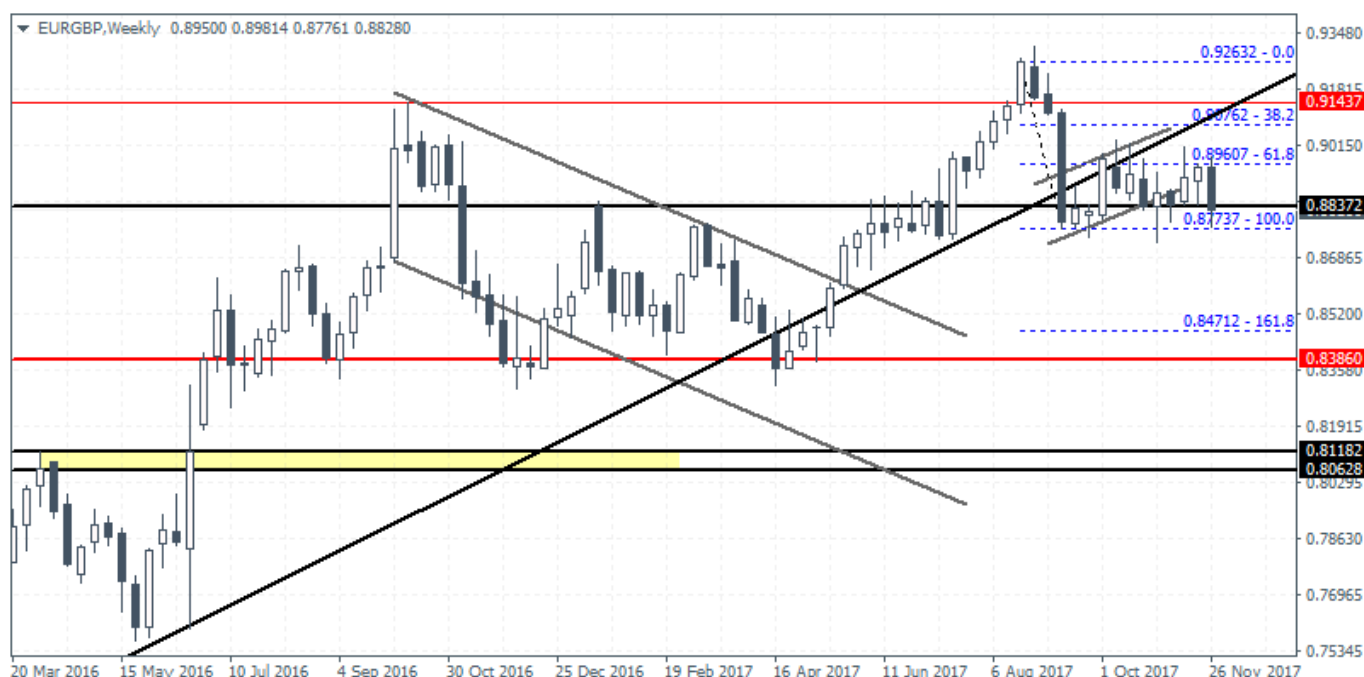
The November payrolls data is expected to show a modest pace of increase. The U.S. economy is expected to have added 198k jobs during the month of November. This is lower than October's print of 261k jobs. The U.S. unemployment rate is expected to remain steady at 4.1% while wages are expected to rise 0.3% during the month.

# TECHNICAL CORNER



EURGBP – Downside bias building up

The British pound was seen trading volatile last week as investors adjusted their views on the currency as the developments in regards to Brexit kept unfolding. While the pound sterling managed to initially gain on the positive developments that the UK had agreed to the Brexit bill with the EU counterparts, the failure to make a decision on the Irish border saw the pound paring gains as a result. However, despite the volatility, as we continue to watch the EURGBP currency, the signs indicate a potential break down in price in the near term.



EURGBP (0.8828) – Weekly Chart

EURGBP has been the focus ever since the Brexit vote in June 2016. This eventually sent the euro surging to levels close to 0.90 against the pound sterling. However, price action was seen quickly paring gains as the current consolidation has turned into a technical bearish flag.

This potentially signals a downside bias in price. In recent times, the economic data from the eurozone remained strong which helped prices to turn stronger. However, with a weak inflation growth rate, the euro was seen turning weaker as a result.

Looking ahead, we expect EURGBP to essentially post a decline below the 0.8773 region. The break down from this support level which remains strong currently could signal a correction towards the 0.8471 as the initial target. There is scope for EURGBP to eventually slip towards the support level near 0.8386. This would mark a completion in the currency pair in the short term.

## 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.