

# orbex WEEKLY MARKETS REPORT



OVERWEEK  
BULLET POINTS



THE WEEK  
AHEAD



MARKETS  
PREVIEW



THE CHART OF  
THE WEEK

# OVERWEEK BULLET POINTS



Last Week: 18<sup>th</sup> of December 2017, to 22<sup>nd</sup> of December 2017

Date	Time	Currency	Event	Actual	Forecast	Previous
18-Dec	12:30am	AUD	New Motor Vehicle Sales m/m	0.10%		0.00%
	1:06am	AUD	Mid-Year Economic and Fiscal Outlook			
	9:00am	EUR	Italian Trade Balance	4.95B	3.23B	3.99B
	10:00am	EUR	Final CPI y/y	1.50%	1.50%	1.50%
		EUR	Final Core CPI y/y	0.90%	0.90%	0.90%
	11:00am	EUR	German Buba Monthly Report			
		GBP	CBI Industrial Order Expectations	17	14	17
	1:30pm	CAD	Foreign Securities Purchases	20.81B	18.02B	16.69B
	3:00pm	USD	NAHB Housing Market Index	74	70	69
	9:00pm	NZD	Westpac Consumer Sentiment	107.4		112.4
19-Dec	12:00am	NZD	ANZ Business Confidence	-37.8		-39.3
	12:30am	AUD	Monetary Policy Meeting Minutes			
	6:45am	CHF	SECO Economic Forecasts			
	9:00am	EUR	German Ifo Business Climate	117.2	117.6	117.6
	1:30pm	USD	Building Permits	1.30M	1.27M	1.32M
		USD	Current Account	-101B	-116B	-124B
		USD	Housing Starts	1.30M	1.25M	1.26M
	2:18pm	NZD	GDT Price Index	-3.90%		0.40%
	3:32pm	AUD	CB Leading Index m/m	0.30%		0.20%
	6:00pm	USD	FOMC Member Kashkari Speaks			
	9:45pm	NZD	Current Account	-4.68B	-4.22B	-0.51B
		NZD	Trade Balance	-1193M	-495M	-843M
		NZD	Visitor Arrivals m/m	2.50%		2.10%
	11:30pm	AUD	MI Leading Index m/m	0.10%		0.10%
20-Dec	2:00am	NZD	Credit Card Spending y/y	9.10%		3.00%
	4:30am	JPY	All Industries Activity m/m	0.30%	0.40%	-0.50%
	7:00am	EUR	German PPI m/m	0.10%	0.20%	0.30%
	9:00am	EUR	Current Account	30.8B	33.4B	39.2B
	11:00am	GBP	CBI Realized Sales	20	21	26
	1:00pm	EUR	German Buba President Weidmann Speaks			
	1:15pm	GBP	BOE Gov Carney Speaks			
	1:30pm	CAD	Wholesale Sales m/m	1.50%	0.50%	-1.10%
	2:00pm	CHF	SNB Quarterly Bulletin			
		CNY	CB Leading Index m/m	1.80%		1.30%
		EUR	Belgian NBB Business Climate	0.1	2	1.6
	3:00pm	USD	Existing Home Sales	5.81M	5.53M	5.50M

	3:30pm	USD	Crude Oil Inventories	-6.5M	-3.6M	-5.1M
	8:00pm	USD	President Trump Speaks			
	9:45pm	NZD	GDP q/q	0.60%	0.60%	1.00%
	11:05pm	GBP	GfK Consumer Confidence	-13	-12	-12
21-Dec	2:46am	JPY	Monetary Policy Statement			
		JPY	BOJ Policy Rate	-0.10%	-0.10%	-0.10%
	6:30am	JPY	BOJ Press Conference			
	7:00am	CHF	Trade Balance	2.63B	2.84B	2.45B
	9:30am	GBP	Public Sector Net Borrowing	8.1B	8.3B	7.2B
	1:30pm	CAD	CPI m/m	0.30%	0.20%	0.10%
		CAD	Core Retail Sales m/m	0.80%	0.40%	0.40%
		CAD	Common CPI y/y	1.50%	1.70%	1.60%
		CAD	Median CPI y/y	1.90%	1.70%	1.70%
		CAD	Retail Sales m/m	1.50%	0.30%	0.20%
		CAD	Trimmed CPI y/y	1.80%	1.50%	1.50%
		USD	Final GDP q/q	3.20%	3.30%	3.30%
		USD	Philly Fed Manufacturing Index	26.2	21.5	22.7
		USD	Unemployment Claims	245K	232K	225K
		USD	Final GDP Price Index q/q	2.10%	2.10%	2.10%
	1:32pm	CAD	Core CPI m/m	-0.10%		0.30%
	1:36pm	CAD	ADP Non-Farm Employment Change	59.2K		5.4K
	2:00pm	USD	HPI m/m	0.50%	0.40%	0.50%
	3:00pm	EUR	Consumer Confidence	1	0	0
		USD	CB Leading Index m/m	0.40%	0.40%	1.20%
	3:30pm	USD	Natural Gas Storage	-182B	-160B	-69B
22-Dec	7:00am	EUR	German GfK Consumer Climate	10.8	10.7	10.7
		EUR	German Import Prices m/m	0.80%		0.60%
	7:45am	EUR	French Consumer Spending m/m	2.20%	1.40%	-2.10%
	8:00am	CHF	KOF Economic Barometer	111.3	110.3	110.4
	9:30am	GBP	Current Account	-22.8B	-21.5B	-25.8B
		GBP	Final GDP q/q	0.40%	0.40%	0.40%
		GBP	Index of Services 3m/3m	0.30%	0.30%	0.40%
		GBP	Revised Business Investment q/q	0.50%	0.20%	0.20%
	1:30pm	CAD	GDP m/m	0.00%	0.20%	0.20%
		USD	Core Durable Goods Orders m/m	-0.10%	0.50%	0.90%
		USD	Core PCE Price Index m/m	0.10%	0.10%	0.20%
		USD	Durable Goods Orders m/m	1.30%	2.10%	-0.80%
		USD	Personal Spending m/m	0.60%	0.50%	0.20%
		USD	Personal Income m/m	0.30%	0.40%	0.40%
	3:00pm	USD	New Home Sales	733K	654K	624K
		USD	Revised UoM Consumer Sentiment	95.9	97.1	96.8
		USD	Revised UoM Inflation Expectations	2.70%		2.80%

Time: GMT

# THE WEEK AHEAD



25<sup>th</sup> of December 2017, to 29<sup>th</sup> of December 2017

## IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
25-Dec	11:30pm	JPY	Household Spending y/y	0.60%	0.00%
		JPY	National Core CPI y/y	0.80%	0.80%
		JPY	Tokyo Core CPI y/y	0.70%	0.60%
		JPY	Unemployment Rate	2.80%	2.80%
		JPY	Monetary Policy Meeting Minutes		
26-Dec	Tentative	JPY	BOJ Gov Kuroda Speaks		
		USD	S&P/CS Composite-20 HPI y/y	6.30%	6.20%
		USD	Richmond Manufacturing Index	22	30
27-Dec	5:00am	JPY	Housing Starts y/y	-2.50%	-4.80%
	7:00am	CHF	UBS Consumption Indicator		1.54
	9:00am	CHF	Credit Suisse Economic Expectations		40.7
	9:30am	GBP	High Street Lending	40.6K	40.5K
	3:00pm	USD	CB Consumer Confidence	128.2	129.5
		USD	Pending Home Sales m/m	-0.40%	3.50%
	11:50pm	JPY	BOJ Summary of Opinions		
		JPY	Prelim Industrial Production m/m	0.50%	0.50%
		JPY	Retail Sales y/y	1.10%	-0.20%
	28-Dec	5:00am	JPY	BOJ Core CPI y/y	
9:00am		EUR	ECB Economic Bulletin		
Tentative		EUR	Italian 10-y Bond Auction		1.73 1.6
1:30pm		USD	Unemployment Claims	241K	245K
		USD	Goods Trade Balance	-67.6B	-68.3B
		USD	Prelim Wholesale Inventories m/m	0.40%	-0.50%
2:45pm		USD	Chicago PMI	62	63.9
3:30pm		USD	Natural Gas Storage		-182B
4:00pm	USD	Crude Oil Inventories		-6.5M	
29-Dec	12:30am	AUD	Private Sector Credit m/m	0.40%	0.40%
	All Day	EUR	German Prelim CPI m/m	0.50%	0.30%
	8:00am	EUR	Spanish Flash CPI y/y	1.50%	1.70%
	9:00am	EUR	M3 Money Supply y/y	4.90%	5.00%
		EUR	Private Loans y/y	2.80%	2.70%

Time: GMT



# MARKETS RECAP

Last Week: 18<sup>th</sup> of December 2017, to 22<sup>nd</sup> of December 2017

The currency markets were fairly flat last week with traders unwinding the positions towards the end of the year. Among the major news events last week, the U.S. Congress finally approved President Trump's tax reforms bill. The USD was muted to the news. In the Eurozone, Spain was once again back in the news as the fresh elections called by Spanish Prime Minister Rajoy saw the pro-independence parties winning a majority quite narrowly. The sentiment in the euro was briefly hit before the currency managed to recover by Friday's close.

## New Zealand third quarter GDP rises 0.6% as expected

New Zealand's economy expanded at a rate of 0.6% during the three months ending September, data from the statistics agency, Statistics New Zealand showed on Thursday. The third quarter GDP was in line with estimates but the second quarter GDP was revised higher to show a 1.0% increase during the second quarter.



**New Zealand Quarterly GDP Growth Rate: 0.6%. Source: Tradingeconomics.com**

Gary Dunnet, senior manager for national accounts said that construction activity in the economy recovered during the third quarter following the declines in the previous two quarters. This came amid an increase in construction related investment and investments in infrastructure and residential buildings.

Services industry including health care and residential care and business services also contributed to the overall GDP growth. On the consumption side, household spending was seen rising 0.9% with an increase in durable goods services. Spending was seen rising 2.3% on durable goods with an increase in spending in electronics, furniture, clothing and used cars.

Household spending on services were seen rising 0.8% on the quarter with spending seen rising on recreational and sports services. On a year over year basis, New Zealand GDP was seen rising 2.4%. This was a slower pace of increase compared to 2.5% in the previous quarter.

# German Ifo business confidence weakens unexpectedly

Business sentiment in Germany was seen to be weakening somewhat in the month of December after reaching record highs in the previous months. The survey showed that business expectations were less optimistic, data from the Ifo institute showed last week.

According to the report, Germany's business sentiment index fell to 117.2 points in December. The previous month's reading was revised to 117.6 according to the survey conducted among over 7000 firms in Germany. It was below expectations as economists were forecasting that Germany's Ifo business sentiment would remain stable near the current highs.

Against the expectations of 117.6, the index weakened to 117.2. However, the decline in the business sentiment was brushed aside as the Ifo President, Clemens Fuest said that German businesses were in the festive spirit. According to the data, the assessment of current business situation was more positive but business expectations weakened compared to the previous month.

The current conditions indicator was seen rising to 125.4 in December which higher than November's 124.5. The expectations index was seen at 109.5 which was below forecasts of 110.8 and down from November's reading of 111.0.

Despite the decline in the Ifo business index, economists are hopeful that Germany will close the year with a record pace of growth in the GDP. The euro currency was little changed after the report was released.

## Sweden's Riksbank holds interest rates steady

The Swedish Riksbank held its monetary policy unchanged at its meeting last week. The central bank held the negative interest rates steady and said that it would continue to reinvest the bonds that mature in 2019 from January onwards. The central bank's decision was widely expected by the markets.

The monetary policy board voted to keep the repo rate unchanged at -0.50% and signaled that interest rates will slowly start to rise by the middle of 2018. The central bank had previously indicated that rates will slowly start to rise from next year. However, central bank officials maintained that the current monetary policy will remain in an expansionary mode until inflation moves closer to the central bank's target rate.

In its monetary policy statement, the Riksbank said that the net purchases of the government bonds will amount to about 290 billion SEK at the end of this year.

It said that the redemptions and coupon payments from the government bonds will be reinvested for the near term future. This is expected to increase the Riksbank's holdings in government bonds until end of 2018 and into early 2019.

# MARKETS PREVIEW



25<sup>th</sup> of December 2017, to 29<sup>th</sup> of December 2017

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*The markets look to a quiet week ahead with most of the markets across Europe and the U.S. closed on Monday and Tuesday on account of the Christmas holidays. The economic data for the week ahead is also relatively thin. As traders square off their books into the end of the year, the markets are expected to trade broadly flat amid thin trading volumes. Data from the U.S. will include the pending home sales data and the weekly unemployment claims. In the Eurozone, Germany and Spain will be releasing the monthly flash inflation estimates.*

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## Quiet week for the U.S. dollar

Economic data from the U.S. is relatively quiet for the week ahead, save for a few reports that are expected to come later in the week. The U.S. markets are closed on Monday and trading is expected to remain thin on Tuesday as well. On the economic front, the U.S. S&P Case Shiller housing price index data will be coming out followed by the Richmond Fed manufacturing Index.

The index gives an estimate of the manufacturing activity in the Richmond area. Estimates from other regions previously such as the Empire State Manufacturing index was seen pointing to a slower growth.

Later in the week, economic data will see the release of the Conference Board's consumer confidence index. In November, the consumer confidence was seen at 129.5. Economists forecast that the consumer confidence index will slip slightly to 128.00.

The U.S. pending home sales data is also expected to come out later in the day. Economists forecast that pending home sales fell 0.75% on the month in November. This follows a robust 3.5% increase in the previous month. However, there is a potential for the pending home sales report to come out stronger than expected.

As seen last week, other housing data from the U.S. showed that the housing market index rose to an 18-year high in the month of December, while housing starts data grew 3.3% on the year in November.

## Inflation: Japan and the Eurozone

Economic data from Japan next week will focus on the inflation report. This includes the Tokyo core CPI and the national core CPI reports for the month of November. Later in the week, the Bank of Japan will also be releasing its own core inflation report. No changes are expected to consumer prices.

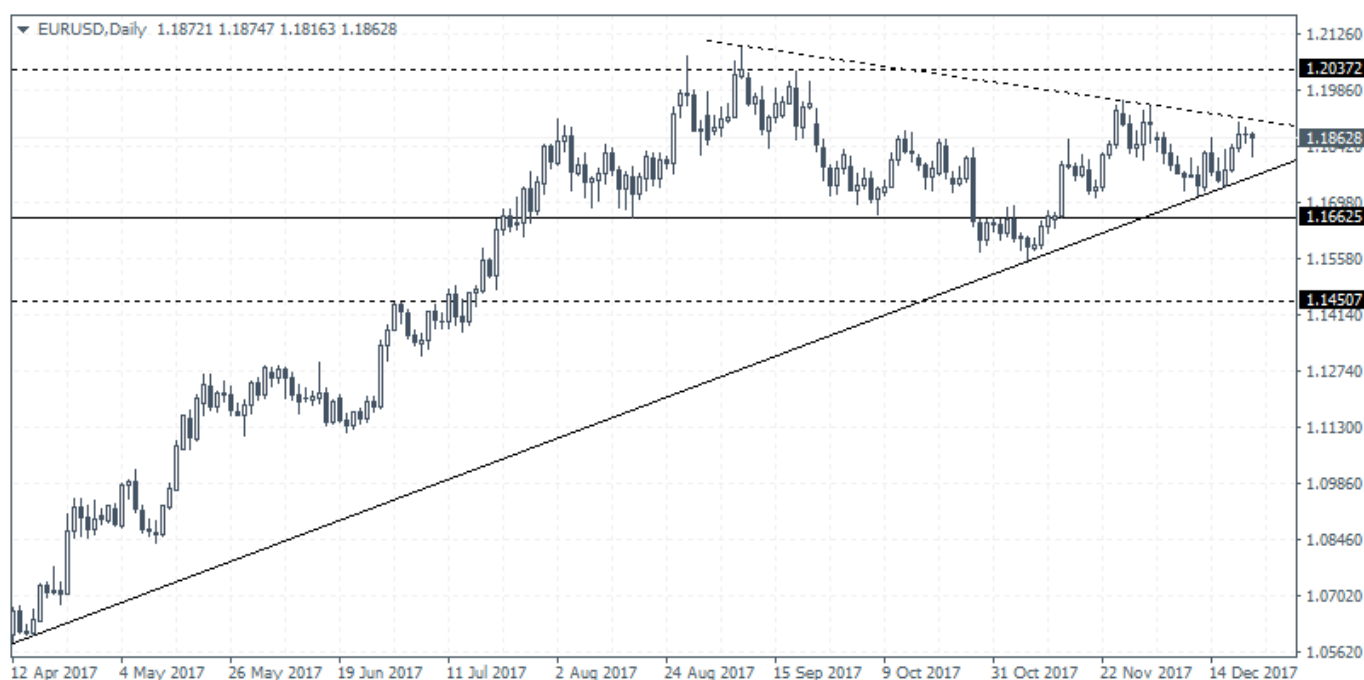
Economic data from the Eurozone next week is quiet for the most part of the week. On Friday, the inflation estimates from Germany and Spain come under the scanner. The inflation report will cover the period of November. Spanish consumer prices are expected to fall to 1.5% from 1.7% on the year while German inflation is expected to slip to 1.5% from 1.8% previously.

# TECHNICAL CORNER



EURUSD - Triangle consolidation

The EURUSD has been hovering above the 1.1662 level of support for the most part of the past two months. Price action has remained fairly subdued and even the ECB's monetary policy actions that saw the QE being cut by half in October did not impact the currency pair much. The euro, which was seen trading near \$1.20 handle was seen easing back but with not much of a correction.



EURUSD (1.1862) – Daily Chart

On Friday, the EURUSD came under pressure following the Catalonia election results. After the previous government was dissolved, Spanish PM Rajoy called for fresh elections. The vote which took place last week saw the pro-Independence parties winning by a narrow majority. This weakened the sentiment in the euro as even Rajoy's political party was seen losing seats.

With the markets closing towards the end of the year, the EURUSD is expected to remain flat. However, the daily chart signals that while price action has been in an uptrend, supported by the rising trend line, we expect to see the strong consolidation eventually resulting in a breakout.

An upside breakout could see the EURUSD rising towards the previous resistance level of 1.2037. However, in the event of a reversal, the EURUSD could be seen limiting the declines to 1.1662 level of support. Only a break down below this level will signal further declines in prices.



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