

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 26th of December 2017, to 29th of December 2017

Date	Time	Currency	Detail	Actual	Forecast	Previous
25-Dec	11:30pm	JPY	Household Spending y/y	1.70%	0.60%	0.00%
		JPY	National Core CPI y/y	0.90%	0.80%	0.80%
		JPY	Tokyo Core CPI y/y	0.80%	0.70%	0.60%
		JPY	Unemployment Rate	2.70%	2.80%	2.80%
	11:50pm	JPY	Monetary Policy Meeting Minutes			
		JPY	SPPI y/y	0.80%	0.80%	0.80%
26-Dec	4:00am	JPY	BOJ Gov Kuroda Speaks			
	2:00pm	USD	S&P/CS Composite-20 HPI y/y	6.40%	6.30%	6.20%
	2:59pm	USD	Richmond Manufacturing Index	20	22	30
27-Dec	5:00am	JPY	Housing Starts y/y	-0.40%	-2.50%	-4.80%
	7:00am	CHF	UBS Consumption Indicator	1.67		1.68
	9:00am	CHF	Credit Suisse Economic Expectations	52		40.7
	3:00pm	USD	CB Consumer Confidence	122.1	128.2	128.6
		USD	Pending Home Sales m/m	0.20%	-0.40%	3.50%
	11:50pm	JPY	BOJ Summary of Opinions			
		JPY	Prelim Industrial Production m/m	0.60%	0.50%	0.50%
JPY		Retail Sales y/y	2.20%	1.10%	-0.20%	
28-Dec	5:00am	JPY	BOJ Core CPI y/y	0.60%	0.50%	0.50%
	9:00am	EUR	ECB Economic Bulletin			
	9:30am	GBP	High Street Lending	39.5K	40.6K	40.4K
	10:22am	EUR	Italian 10-y Bond Auction	1.83 2.2		1.73 1.6
	1:30pm	USD	Unemployment Claims	245K	240K	245K
		USD	Goods Trade Balance	-69.7B	-67.7B	-68.1B
		USD	Prelim Wholesale Inventories m/m	0.70%	0.40%	-0.50%
	2:45pm	USD	Chicago PMI	67.6	62.2	63.9
	3:30pm	USD	Natural Gas Storage	-112B	-115B	-182B
	4:00pm	USD	Crude Oil Inventories	-4.6M	-3.9M	-6.5M
29-Dec	12:30am	AUD	Private Sector Credit m/m	0.50%	0.40%	0.40%
	All Day	EUR	German Prelim CPI m/m	0.60%	0.50%	0.30%
	8:00am	EUR	Spanish Flash CPI y/y	1.20%	1.50%	1.70%
	9:00am	EUR	M3 Money Supply y/y	4.90%	4.90%	5.00%
		EUR	Private Loans y/y	2.80%	2.80%	2.70%

Time: GMT

THE WEEK AHEAD



2nd of January, to 5th of January 2018

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Detail	Forecast	Previous	
01-Jan	10:30pm	AUD	AIG Manufacturing Index		57.3	
02-Jan	1:45am	CNY	Caixin Manufacturing PMI	50.7	50.8	
	5:30am	AUD	Commodity Prices y/y		-3.30%	
	8:15am	EUR	Spanish Manufacturing PMI	56.4	56.1	
	8:45am	EUR	Italian Manufacturing PMI	58.6	58.3	
	8:50am	EUR	French Final Manufacturing PMI	59.3	59.3	
	8:55am	EUR	German Final Manufacturing PMI	63.3	63.3	
	9:00am	EUR	Final Manufacturing PMI	60.6	60.6	
	9:30am	GBP	Manufacturing PMI	58	58.2	
			GBP	Housing Equity Withdrawal q/q	-6.2B	-4.1B
	2:30pm	CAD	Manufacturing PMI		54.4	
	Tentative	NZD	GDT Price Index		-3.90%	
	2:45pm	USD	Final Manufacturing PMI	55	55	
03-Jan	8:00am	EUR	Spanish Unemployment Change	-60.3K	7.3K	
	8:30am	CHF	Manufacturing PMI	64.6	65.1	
	8:55am	EUR	German Unemployment Change	-14K	-18K	
	9:30am	GBP	Construction PMI	53.2	53.1	
	3:00pm	USD	ISM Manufacturing PMI	58.3	58.2	
		USD	Construction Spending m/m	0.80%	1.40%	
		USD	ISM Manufacturing Prices	64	65.5	
	All Day	USD	Total Vehicle Sales	17.6M	17.5M	
7:00pm	USD	FOMC Meeting Minutes				
10:30pm	AUD	AIG Services Index		51.7		
04-Jan	12:30am	JPY	Final Manufacturing PMI	54.2	54.2	
	1:45am	CNY	Caixin Services PMI	51.8	51.9	
	7:00am	GBP	Nationwide HPI m/m	0.10%	0.10%	
	8:15am	EUR	Spanish Services PMI	54.7	54.4	
	8:45am	EUR	Italian Services PMI	54.8	54.7	
	8:50am	EUR	French Final Services PMI	59.4	59.4	
	8:55am	EUR	German Final Services PMI	55.8	55.8	
	9:00am	EUR	Final Services PMI	56.5	56.5	
	9:30am	GBP	Services PMI	54.1	53.8	
		GBP	Net Lending to Individuals m/m	4.9B	4.8B	

		GBP	M4 Money Supply m/m	0.40%	0.60%
		GBP	Mortgage Approvals	64K	65K
	12:30pm	USD	Challenger Job Cuts y/y		30.10%
	1:15pm	USD	ADP Non-Farm Employment Change	192K	190K
	1:30pm	CAD	RMPI m/m		3.80%
		CAD	IPPI m/m		1.00%
		USD	Unemployment Claims	244K	245K
	2:45pm	USD	Final Services PMI	52.4	52.4
	3:30pm	USD	Natural Gas Storage		-112B
	4:00pm	USD	Crude Oil Inventories		-4.6M
	11:50pm	JPY	Monetary Base y/y	13.00%	13.20%
05-Jan	12:01am	GBP	BRC Shop Price Index y/y		-0.10%
	12:30am	AUD	Trade Balance	0.55B	0.11B
	7:00am	EUR	German Retail Sales m/m	1.10%	-1.20%
	7:45am	EUR	French Prelim CPI m/m	0.30%	0.10%
	8:00am	CHF	Foreign Currency Reserves		738B
	9:10am	EUR	Retail PMI		52.4
	10:00am	EUR	CPI Flash Estimate y/y	1.40%	1.50%
		EUR	Core CPI Flash Estimate y/y	1.00%	0.90%
		EUR	PPI m/m	0.30%	0.40%
		EUR	Italian Prelim CPI m/m	0.20%	-0.20%
	1:30pm	CAD	Employment Change	-2.5K	79.5K
		CAD	Trade Balance	-1.3B	-1.5B
		CAD	Unemployment Rate	6.00%	5.90%
		USD	Average Hourly Earnings m/m	0.30%	0.20%
		USD	Non-Farm Employment Change	189K	228K
		USD	Unemployment Rate	4.10%	4.10%
		USD	Trade Balance	-48.1B	-48.7B
	3:00pm	CAD	Ivey PMI	62.2	63
		USD	ISM Non-Manufacturing PMI	57.8	57.4
		USD	Factory Orders m/m	1.50%	-0.10%
	5:30pm	USD	FOMC Member Mester Speaks		

Time: GMT



MARKETS RECAP

Last Week: 25th of December 2017, to 29th of December 2017

It was the final trading week of the year for the markets and with the U.S. and European markets closed on Monday and Tuesday, it was a quiet trading week for the most part. Thin volumes saw the markets trading relatively flat but the momentum picked up pace towards the end of the week. The U.S. dollar was seen weakening amid a rally in the commodity markets that included precious metals such as Gold and crude oil. The euro and the kiwi along with the Australian dollar were seen making strong gains, taking advantage of a weaker Greenback.

Japan's consumer prices rises unexpectedly in November

Consumer price data for the month of November in Japan showed a surprising acceleration. The data released by the Ministry of Internal Affairs and Communication on Tuesday showed that core inflation excluding food rose 0.9% on a year over year basis in November.

This was a moderate improvement from 0.8% registered in October. The data also beat estimates that projected that inflation would rise at a steady pace of 0.8%.



SOURCE: TRADINGECONOMICS.COM | STATISTICS BUREAU OF JAPAN

Japan Annual Core Inflation Rate: 0.9%. Source: Tradingeconomics.com

The overall CPI was seen rising at an annual rate of 0.6% in November but was seen to increase faster than 0.2% registered previously. Core consumer price index also rose 0.3%, up from 0.2% previously. Adding weight to the consumer price index was the fact that Japan's unemployment rate showed an improvement.

The jobless rate in Japan was seen falling to 2.7% in November, down from 2.8% in the previous month. The decline in the jobless rate marked the lowest unemployment rate in Japan since 1993. The number of unemployed fell to 1.78 million down from 1.81 million in October.

BoJ Meeting Minutes: Board agrees to pursue easing measures

The Bank of Japan released the meeting minutes from the October monetary policy meeting. According to the minutes, central bank officials agreed that it was appropriate to continue with the easing measures.

The minutes revealed that central bank officials agreed that the economy was expanding at a moderate pace but the risks were equally balanced. The minutes showed that despite the pace of inflation increase staying sluggish the uptrend in the consumer prices was intact. Officials were hopeful that inflation will accelerate to the 2% target rate based on an improvement in the long term inflation expectations.

However, some members said that implementing extreme easing measures only for the purpose to quicken inflation could have side effects in the financial markets and impair the functioning of financial intermediation. BoJ officials voted 8 - 1 as members agreed to keep monetary policy unchanged.

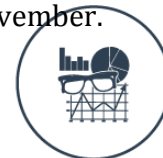
U.S. consumer confidence falls more than expected

Data from the Conference Board, released last week showed an unexpected decline in the consumer confidence. Data for December showed that consumer confidence declined more than expected as the index slipped to 122.1 following a revised 128.6 in November. Economists expected that consumer confidence would edge down to 128.0

The bigger than expected decline in the U.S. consumer confidence came after consumer optimism touched the highest levels in November. Although November's consumer confidence index was slightly revised down to 128.6, it was still the highest in seventeen years.

Lynn Franco from the Conference Board said that the decline in the confidence was fueled by less optimism on the outlook for business and jobs in the coming months. The expectations index was seen falling to 99.1 in December after hitting 111.0 in November. The data suggested that expectations for the month ahead had declined.

The outlook for the job market was also less optimistic as the percentage of people expecting more jobs in the month ahead fell to 18.4% compared to 21.3% in the previous month of November.



MARKETS PREVIEW

2nd of January, to 5th of January 2018

After a quiet end to the year with most of the markets closed on account of the holiday season, traders will be looking to a busy trading week ahead. The economic data for the week ahead will be marked by key economic releases across the G7 nations. This includes a data heavy week for the U.S. dollar and the British pound. With Brexit on the backburner for now, the December PMI data will be closely watched. Data from the Eurozone remains scant although on Friday the flash inflation estimates will likely shed more light on the consumer prices for December

Busy week for the U.S. dollar gets underway

Traders coming back from the holiday season will be looking to a busy trading week ahead which is dominated by lot of important economic releases from the United States that is likely to shape the outcome in the U.S. dollar.

On Tuesday, the U.S. ISM's manufacturing PMI data will be the first economic release of interest. Manufacturing activity is expected to remain steady near the current levels with no major surprises expected. Construction activity data is also expected to come out later on the day.

Wednesday, the private payrolls firm ADP and Moody's analytics will be releasing the private payrolls data. Payrolls are expected to maintain the steady uptrend as economists forecast that private payrolls might have increased 190k during December. This is the same pace as the previous month.

On Friday, the December payrolls data will be released. This will be the final payrolls report for 2017. The U.S. unemployment rate is expected to close the year at a historic low of 4.1%. Wage growth is also expected to get a boost modestly, with a month over month increase of 0.3%. On a year over year basis, U.S. wage growth is expected to average around the 2.5% handle.

Eurozone Flash inflation estimates

It is a rather quiet week from the Eurozone for the most part of this week. However, on Friday, we will get to see the flash inflation estimates for the Eurozone for the month of December.

Inflation estimates are projected to show a modest increase in consumer prices. Headline CPI is expect to rise at a slower pace of 1.4%, down from 1.5% seen in November.

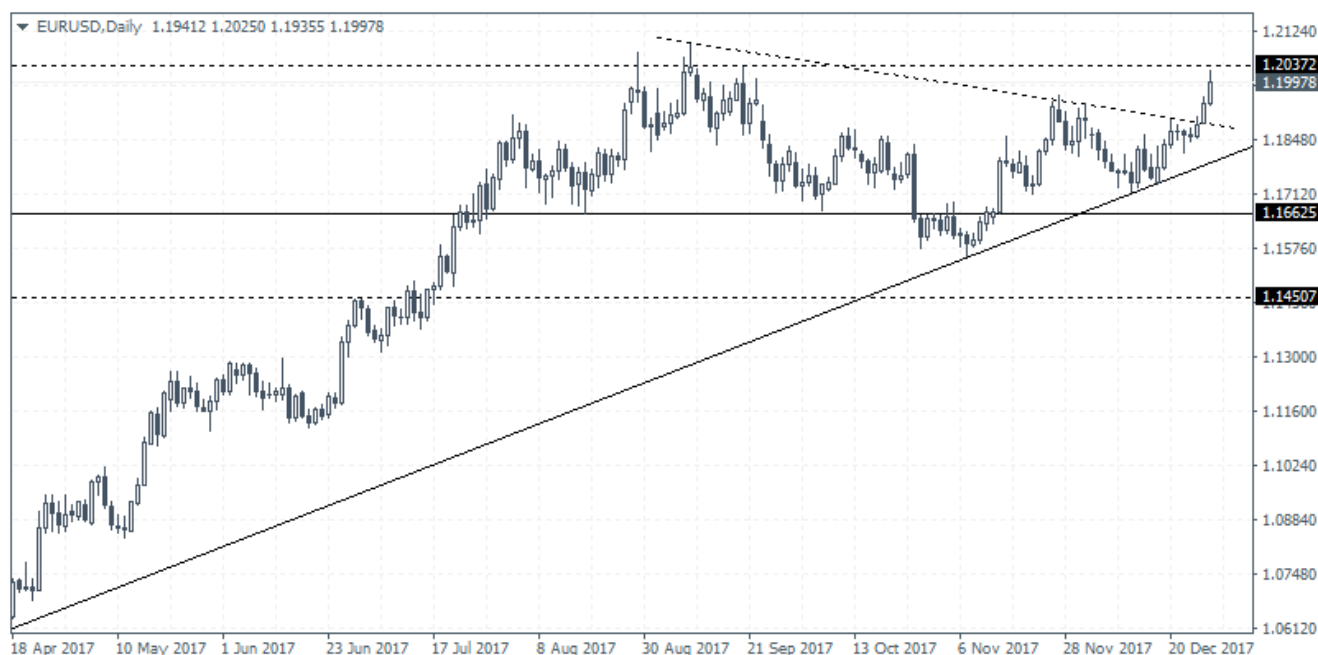
However, core inflation which excludes the volatile food and energy prices is forecast to rise 1.0% on a year over year basis. This would mean a slight acceleration in the core inflation rate which was registered at 0.9% in the previous month. Regardless of the data, inflation in the Eurozone is expected to close near the current levels for the year 2017.

TECHNICAL CORNER



EURUSD – Upside breakout

EURUSD closed last week at 1.1997 after price action posted a rally to 1.2025 before easing back towards the end of the week. The upside breakout in price action coincided with the breakout from the minor falling trend line suggesting upside in price. The gains in the euro came about as the U.S. dollar was seen weakening towards the close of the year.



EURUSD (1.1997) – Daily Chart

Economic data was sparse last week and most of the gains in the euro came from technical trading. From the U.S., data was relatively mixed with the weekly unemployment claims rising slightly higher than expected. The end of the year flows also helped contribute to the weakness in the U.S. dollar. Technically, further gains are expected to come by with the common currency seen likely extending the gains to 1.2037 level which marks the previous higher close from September 9 this year.

Following the rally to 1.2037, the common currency is likely to remain at the crossroads. A breakout above this level could open the way for further gains in the euro. We expect to see price action aiming for 1.21 in the near term. However, if price reverses gains, failing to breakout above 1.2037, then EURUSD is expected to move back into the corridor of 1.2037 and 1.1662.

Watch the larger rising trend line which will be crucial. A breakdown of this trend line could signal further declines. The next support below 1.1662 is seen at 1.1450.

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