

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 8th of January 2018, to 12th of January 2018

Date	Time	Currency	Event	Actual	Forecast	Previous	
08-Jan	7:00am	EUR	German Factory Orders m/m	-0.40%	0.10%	0.70%	
	8:15am	CHF	CPI m/m	0.00%	-0.10%	-0.10%	
	8:30am	GBP	Halifax HPI m/m	-0.60%	0.20%	0.30%	
	9:30am	EUR	Sentix Investor Confidence	32.9	31.5	31.1	
	10:00am	EUR	Retail Sales m/m	1.50%	1.40%	-1.10%	
	3:30pm	CAD	BOC Business Outlook Survey				
	5:40pm	USD	FOMC Member Bostic Speaks				
	6:35pm	USD	FOMC Member Williams Speaks				
09-Jan	8:00pm	USD	Consumer Credit m/m	28.0B	17.8B	20.5B	
	12:00am	JPY	Average Cash Earnings y/y	0.90%	0.60%	0.20%	
	12:01am	GBP	BRC Retail Sales Monitor y/y	0.60%		0.60%	
	12:30am	AUD	Building Approvals m/m	11.70%	-0.90%	-0.10%	
		AUD	ANZ Job Advertisements m/m	-2.30%		1.10%	
	5:00am	JPY	Consumer Confidence	44.7	45.1	44.9	
	6:45am	CHF	Unemployment Rate	3.00%	3.00%	3.10%	
	7:00am	EUR	German Industrial Production m/m	3.40%	1.90%	-1.20%	
		EUR	German Trade Balance	22.3B	20.7B	19.9B	
	7:45am	EUR	French Trade Balance	-5.7B	-4.8B	-5.3B	
	8:00am	CHF	Foreign Currency Reserves	744B		738B	
	8:15am	CHF	Retail Sales y/y	-0.20%	-2.50%	-2.60%	
	9:00am	EUR	Italian Monthly Unemployment Rate	11.00%	11.00%	11.10%	
	10:00am	EUR	Unemployment Rate	8.70%	8.70%	8.80%	
	10:37am	GBP	10-y Bond Auction	1.29 2.4		1.34 2.3	
	11:00am	USD	NFIB Small Business Index	104.9	108.4	107.5	
	1:13pm	CAD	Housing Starts	217K	240K	252K	
	3:00pm	USD	JOLTS Job Openings	5.88M	6.05M	5.93M	
	10-Jan	1:30am	CNY	CPI y/y	1.80%	1.90%	1.70%
			CNY	PPI y/y	4.90%	4.80%	5.80%
3:45am		JPY	10-y Bond Auction	0.08 3.7		0.06 3.7	
7:45am		EUR	French Industrial Production m/m	-0.50%	-0.40%	1.70%	
9:30am		GBP	Manufacturing Production m/m	0.40%	0.30%	0.30%	
		GBP	Goods Trade Balance	-12.2B	-10.9B	-11.7B	
		GBP	Construction Output m/m	0.40%	0.70%	-1.10%	
	GBP	Industrial Production m/m	0.40%	0.40%	0.20%		

	10:32am	EUR	German 10-y Bond Auction	0.54 1.1		0.30 1.1
	12:13pm	GBP	NIESR GDP Estimate	0.60%		0.60%
	1:30pm	CAD	Building Permits m/m	-7.70%	-0.70%	4.40%
		USD	Import Prices m/m	0.10%	0.40%	0.80%
	3:00pm	USD	Final Wholesale Inventories m/m	0.80%	0.70%	0.70%
	3:30pm	USD	Crude Oil Inventories	-4.9M	-3.9M	-7.4M
	6:01pm	USD	10-y Bond Auction	2.58 2.7		2.38 2.4
11-Jan	12:30am	AUD	Retail Sales m/m	1.20%	0.40%	0.50%
	5:00am	JPY	Leading Indicators	108.60%	108.70%	106.50%
	9:03am	EUR	Italian Retail Sales m/m	1.10%	0.80%	-1.00%
	9:30am	GBP	BOE Credit Conditions Survey			
	10:00am	EUR	Industrial Production m/m	1.00%	0.80%	0.40%
	12:30pm	EUR	ECB Monetary Policy Meeting Accounts			
	1:30pm	CAD	NHPI m/m	0.10%	0.20%	0.10%
		USD	PPI m/m	-0.10%	0.20%	0.40%
		USD	Core PPI m/m	-0.10%	0.20%	0.30%
		USD	Unemployment Claims	261K	246K	250K
	3:30pm	USD	Natural Gas Storage	-359B	-318B	-206B
	7:00pm	USD	Federal Budget Balance	-23.2B	-34.5B	-138.5B
	8:30pm	USD	FOMC Member Dudley Speaks			
	9:45pm	NZD	Building Consents m/m	10.80%		-10.40%
	11:50pm	JPY	Bank Lending y/y	2.50%	2.70%	2.70%
JPY		Current Account	1.70T	2.19T	2.44T	
12-Jan	3:03am	CNY	USD-Denominated Trade Balance	54.7B	36.9B	40.2B
	3:07am	CNY	Trade Balance	362B	237B	264B
	5:00am	JPY	Economy Watchers Sentiment	53.9	55.2	55.1
	7:45am	EUR	French Final CPI m/m	0.30%	0.30%	0.30%
	8:00am	CNY	M2 Money Supply y/y	8.20%	9.20%	9.10%
		CNY	New Loans	584B	997B	1120B
	9:00am	EUR	Italian Industrial Production m/m	0.00%	0.60%	0.60%
	1:30pm	USD	CPI m/m	0.10%	0.10%	0.40%
		USD	Core CPI m/m	0.30%	0.20%	0.10%
		USD	Core Retail Sales m/m	0.40%	0.30%	1.30%
		USD	Retail Sales m/m	0.40%	0.50%	0.90%
	2:59pm	USD	IBD/TIPP Economic Optimism	55.1	52.3	51.9
	3:00pm	USD	Business Inventories m/m	0.40%	0.40%	0.00%
4:30pm	EUR	German Buba President Weidmann Speaks				

Time: GMT

THE WEEK AHEAD



15th of January 2018, to 19th of January 2018

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
15-Jan	12:00am	AUD	MI Inflation Gauge m/m		0.20%
	10:00am	EUR	Trade Balance	22.4B	19.0B
	6:15pm	GBP	MPC Member Tenreyro Speaks		
	9:00pm	NZD	NZIER Business Confidence		5
	11:50pm	JPY	PPI y/y	3.30%	3.50%
16-Jan	12:30am	AUD	New Motor Vehicle Sales m/m		0.10%
	4:30am	JPY	Tertiary Industry Activity m/m	0.40%	0.30%
	7:00am	EUR	German Final CPI m/m	0.60%	0.60%
		EUR	German WPI m/m	0.30%	0.50%
	7:45am	EUR	French Gov Budget Balance		-77.1B
	16th-17th	CNY	Foreign Direct Investment ytd/y		9.80%
	9:30am	GBP	CPI y/y	3.00%	3.10%
		GBP	PPI Input m/m	0.50%	1.80%
		GBP	RPI y/y	3.90%	3.90%
		GBP	Core CPI y/y	2.60%	2.70%
		GBP	HPI y/y	4.20%	4.50%
		GBP	PPI Output m/m	0.20%	0.30%
	10:00am	EUR	Italian Trade Balance	5.22B	4.95B
	1:30pm	USD	Empire State Manufacturing Index	18.5	18
	2:30pm	GBP	CB Leading Index m/m		-0.20%
	Tentative	NZD	GDT Price Index		2.20%
	5:00pm	CHF	SNB Chairman Jordan Speaks		
11:30pm	AUD	Westpac Consumer Sentiment		3.60%	
11:50pm	JPY	Core Machinery Orders m/m	-1.10%	5.00%	
17-Jan	12:00am	NZD	ANZ Commodity Prices m/m		-0.90%
	12:30am	AUD	Home Loans m/m	0.10%	-0.60%
	10:00am	EUR	Final CPI y/y	1.40%	1.50%
		EUR	Final Core CPI y/y	0.90%	0.90%
	11:45am	GBP	MPC Member Saunders Speaks		
	2:15pm	USD	Capacity Utilization Rate	77.30%	77.10%
		USD	Industrial Production m/m	0.30%	0.20%
	3:00pm	CAD	BOC Monetary Policy Report		
	CAD	BOC Rate Statement			

		CAD	Overnight Rate	1.25%	1.00%	
		USD	NAHB Housing Market Index	73	74	
	4:15pm	CAD	BOC Press Conference			
	7:00pm	USD	Beige Book			
	9:00pm	USD	TIC Long-Term Purchases		23.2B	
	9:30pm	USD	FOMC Member Mester Speaks			
18-Jan	12:00am	AUD	HIA New Home Sales m/m		1.60%	
		AUD	MI Inflation Expectations		3.70%	
	12:01am	GBP	RICS House Price Balance	-1%	0%	
	12:30am	AUD	Employment Change	15.2K	61.6K	
		AUD	Unemployment Rate	5.40%	5.40%	
	4:30am	JPY	Revised Industrial Production m/m	0.60%	0.60%	
	7:00am	CNY	GDP q/y	6.70%	6.80%	
		CNY	Industrial Production y/y	6.10%	6.10%	
		CNY	Fixed Asset Investment ytd/y	7.10%	7.20%	
		CNY	NBS Press Conference			
		CNY	Retail Sales y/y	10.20%	10.20%	
	8:00am	EUR	German Buba President Weidmann Speaks			
	1:30pm	CAD	ADP Non-Farm Employment Change		59.2K	
		USD	Building Permits	1.29M	1.30M	
		USD	Unemployment Claims	251K	261K	
		USD	Housing Starts	1.27M	1.30M	
		USD	Philly Fed Manufacturing Index	23.6	26.2	
		3:30pm	USD	Natural Gas Storage		-359B
		4:00pm	USD	Crude Oil Inventories		-4.9M
		9:30pm	NZD	Business NZ Manufacturing Index		57.7
19-Jan	7:00am	EUR	German PPI m/m	0.20%	0.10%	
	8:15am	CHF	PPI m/m	0.40%	0.60%	
	9:00am	EUR	Current Account	31.3B	30.8B	
	9:30am	GBP	Retail Sales m/m	-0.80%	1.10%	
	1:30pm	CAD	Foreign Securities Purchases		20.81B	
		CAD	Manufacturing Sales m/m		-0.40%	
	3:00pm	USD	Prelim UoM Consumer Sentiment	97.2	95.9	
		USD	Prelim UoM Inflation Expectations		2.70%	
	5:15pm	USD	FOMC Member Quarles Speaks			

Time: GMT

MARKETS RECAP



Last Week: 8th of January 2018, to 12th of January 2018

The U.S. dollar started the week on a strong note but the sentiment in the greenback was hit initially by the Bank of Japan's announcement that it would decrease its bond purchases on the longer term bonds. This sent the yen surging higher on the day. Later in the week, the ECB meeting minutes revealed a hawkish tone for the markets. Data showed that officials were discussing tweaking the forward guidance. The euro surged pushing the USD weaker as a result. Economic data from the U.S. was also seen to be mixed during the week.

UK's Industrial and Manufacturing output rises in November

Industrial production data from the UK showed an eight consecutive month of expansion in the month of November. The gains came from the energy and manufacturing sector. Data from the UK's Office for National Statistics showed that the monthly growth in the industrial output had doubled to 0.4% in November, compared to 0.2% increase registered in October. The data was in line with the market forecasts.



UK Industrial Production: 2.5% (Nov 2017). Source: Tradingeconomics.com

Besides the industrial output data, manufacturing output was also stronger, rising 0.4% in the month of November. This was stronger than the 0.3% increase from October and the data was higher than the forecasts of a 0.3% increase on a month over month basis. Energy sector was the main driving factor as the sector advanced 3.2% on the month. Mining and quarrying activity however declined 1.4% offsetting the strong gains from the energy sector. On a year over year basis UK's manufacturing production was seen at 3.5%. This was higher than the forecasts of a 2.8% increase.

Industrial production was seen rising 2.5% on the year, up from 1.8% increase seen in the previous month. The construction sector also posted gains but it was marginal compared to the manufacturing or the industrial sector. Construction output was seen rising 0.4% on the year and beat estimates of a 1.0% decline. In October, construction output was up 1.3%

Total production data in the three months to november showed a 3.3% increase marking an increase for 21 consecutive months. Construction output grew 0.4% on the month with expansion coming from increased activity in repairs and maintenance.

Canadian housing starts decline 13.8% in December

The housing starts data from Canada released last week showed that housing starts slowed during the month of December. This comes after housing starts posted a strong performance in the previous month. Despite the 13.8% decline on a month over month basis, housing starts data remained reportedly strong for the year.

Data from Canada's Mortgage and Housing Corp. showed that housing starts declined 13.8% to a seasonally adjusted rate of 216,980 on an annualized basis.

This was down compared to a revised print of 251,675 units seen in the month of November. Bob Dugan, the chief economists ffrom CMHC said that despite the variation across the country, the national trend in housing starts heeld steady at its highest levels since 2008.

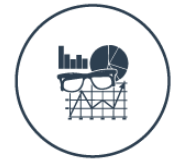
According to the data, total urban housing starts increased 6.2% in 2017 compared to the year before. This was largely on account of higher construction activity in condominium and apartment units. For the year ahead, analysts have painted a gloomy picture noting that housing starts could start to fall. This comes amid the anticipated higher interest rates and tougher mortgage financing rules.

U.S. consumer prices rise less than expected

Consumer prices in the United States for the month of December showed no signs of inflationary pressures, although inflation was seen risiny slightly. Data from the Labor Department showed that consumer prices rose 0.1% on a month over month basis in December, following November's 0.4% increase. Forecasts expected a 0.2% increase.

Core CPI was seen rising 0.3%, performing better than the headline CPI. In November, core CPI rose only 0.1%. Economists forecasted core CPI to rise 0.2%. On an annual basis, consumer prices slowed to 2.1% in December while core CPI's annual growth was seen at 1.8% for the month ending December.

MARKETS PREVIEW



The Week Ahead: 15th of January 2018, to 19th of January 2018

The economic calendar for the week ahead is well balanced with lot of important tier-I data scheduled from most of the G7 economies. The week starts off with the UK's ONS reporting on the monthly inflation figures. Data from the Eurozone will also see the final inflation report for December. The Bank of Canada kicks off the New Year with its first monetary policy meeting. No changes are expected at this month's event. Australia will be reporting on its employment data on Thursday while China will be releasing the GDP figures on Friday.

Bank of Canada expected to hike rates

Bank of Canada will be meeting this week for the monthly monetary policy. According to the economists polled, the broader consensus is for the hawkish case for the Bank of Canada to hike interest rates this week.

The hawkish view comes just after in December, the BoC held rates steady and gave a dovish forward guidance. However, latest economic data has revealed a strong resurgence in economic activity. Most importantly, Canada's labor market has strengthened significantly in December. The unemployment rate was seen falling to a 40-year low at 5.7% beating expectations.

The number of jobs added during the month also grew significantly with the data supporting the view that significant slack in the economy had diminished. As a result, the BoC is expected to hike rates to prevent the economy from overheating. Other reports released between the two central bank meetings included the BoC's business outlook survey.

The survey showed that businesses were very optimistic and noted difficulty in hiring workers. The increased activity in the labor market suggests that wages and inflation could start to rise. However, despite the hawkish expectations, a lot will be left to be seen with the BoC likely to bide more time rather than rely on just one month's economic reports.

UK Inflation expected to stabilize

Economic data from the UK is sparse this week with the exception of the UK's consumer price index data that will be released. According to the forecasts, inflation in the UK is expected to remain strong near the 3% level for the year ending December. This makes it a full percentage point above the BoE's 2% inflation target rate.

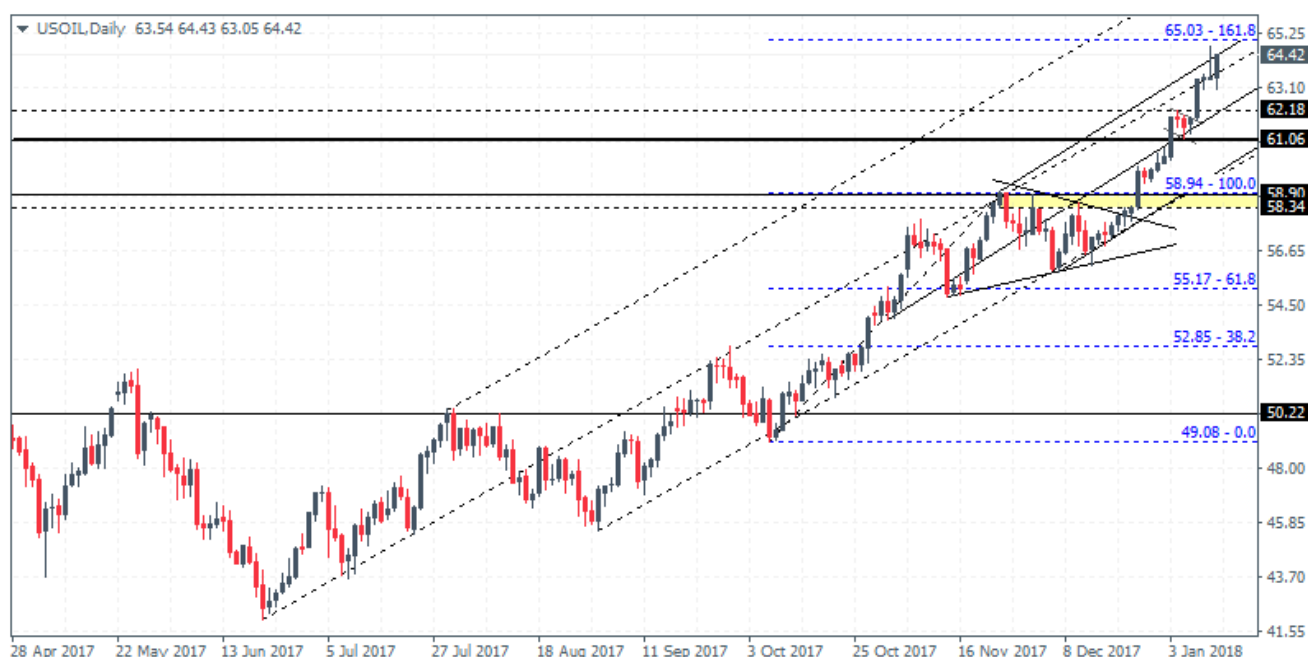
The headline CPI is expected to rise 0.5% on the month in December, accelerating from 0.3% increase seen previously. On an annual basis, UK's inflation rate is expected to rise 3.0% for the year ending December. Core CPI, which strips the volatile food and energy prices are forecast to rise 0.7% on the month. This follows November's gains of 1.8%. Core CPI rate is also expected to ease, rising 2.6% on the year, down from 2.7% previously.

TECHNICAL CORNER



WTI Crude Oil – Bullish flag validated

WTI Crude oil prices continued to post strong gains as price action broke out to the upside following the strong breakout from the bullish flag pattern that signals continuation. Price action is seen trading just below the final minimum target of \$65.03. A rally to this level will signal the completion of the bullish momentum with the rally likely to take a breather. However, the strong gains have come with little to no correction in price action. This suggests that the downside risks for a correction in oil prices remain.



WTI Crude Oil (64.42) – Daily Chart

Previously, we expected to see oil prices post a decline to the \$59.00 level where support is likely to be tested. However, the breakout from this level saw oil prices maintaining the bullish momentum. Following the breakout, the 4-hour chart showed a minor bullish flag pattern as well.

This suggested that the upside momentum would be maintained. While the minor bullish flag's minimum target has been achieved, we expect oil prices to continue towards the \$65.00 level which will mark the 161.8% extension following the bullish pennant's breakout. The strong rally is expected to stall at this level.

Following some consolidation near the \$65.00 handle, oil prices are likely to post a correction unless prices manages to breakout above the \$65.00 level as well. To the downside, initial support is seen at \$61.00 followed by a test towards the \$59.00 level. Despite the correction, we expect oil prices to continue maintaining the rally with the eventual target towards the \$70.00 level.

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