

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 7th of May 2018, to 11th of May 2018

Date	Time	Currency	Event	Actual	Forecast	Previous
07-May	1:30am	AUD	NAB Business Confidence	10		8
		AUD	ANZ Job Advertisements m/m	-0.20%		-0.10%
	6:00am	EUR	German Factory Orders m/m	-0.90%	0.50%	0.30%
	7:00am	CHF	Foreign Currency Reserves	757B		738B
	7:15am	CHF	CPI m/m	0.20%	0.30%	0.40%
	8:00am	CAD	Gov Council Member Lane Speaks			
	8:10am	EUR	Retail PMI	48.6		50.1
	8:30am	EUR	Sentix Investor Confidence	19.2	21.2	19.6
	12:25pm	USD	FOMC Member Bostic Speaks			
	6:00pm	USD	FOMC Member Barkin Speaks			
	7:00pm	USD	Consumer Credit m/m	11.6B	16.2B	13.6B
	11:30pm	JPY	Household Spending y/y	-0.20%	1.20%	0.10%
	08-May	1:30am	AUD	Retail Sales m/m	0.00%	0.20%
3:00am		NZD	Inflation Expectations q/q	2.00%		2.10%
3:13am		CNY	Trade Balance	183B	187B	-30B
3:15am		CNY	USD-Denominated Trade Balance	28.8B	27.5B	-5.0B
5:45am		CHF	Unemployment Rate	2.70%	2.90%	2.80%
6:00am		EUR	German Industrial Production m/m	1.00%	0.80%	-1.70%
		EUR	German Trade Balance	22.0B	19.9B	19.4B
7:15am		USD	Fed Chair Powell Speaks			
7:30am		GBP	Halifax HPI m/m	-3.10%	-0.30%	1.60%
		9:30am	AUD	Annual Budget Release		
	10:00am	USD	NFIB Small Business Index	104.8	105.2	104.7
	12:13pm	CAD	Housing Starts	214K	218K	225K
	2:00pm	USD	JOLTS Job Openings	6.55M	6.02M	6.08M
	2:02pm	USD	IBD/TIPP Economic Optimism	53.6	51.3	52.6
	6:00pm	USD	President Trump Speaks			
		USD	Loan Officer Survey			
	11:01pm	GBP	BRC Retail Sales Monitor y/y	-4.20%	-0.70%	1.40%
09-May	12:00am	JPY	Average Cash Earnings y/y	2.10%	1.10%	1.00%
	5:03am	JPY	Leading Indicators	105.00%	105.20%	106.00%
	6:45am	EUR	French Industrial Production m/m	-0.40%	0.40%	1.10%
	8:00am	EUR	Italian Retail Sales m/m	-0.20%	0.10%	0.70%
	12:30pm	CAD	Building Permits m/m	3.10%	2.00%	-2.80%
		USD	PPI m/m	0.10%	0.20%	0.30%

		USD	Core PPI m/m	0.20%	0.20%	0.30%
	2:00pm	USD	Final Wholesale Inventories m/m	0.30%	0.60%	0.50%
	2:30pm	USD	Crude Oil Inventories	-2.2M	-0.2M	6.2M
	4:30pm	USD	FOMC Member Bostic Speaks			
	9:00pm	NZD	Official Cash Rate	1.75%	1.75%	1.75%
		NZD	RBNZ Monetary Policy Statement			
		NZD	RBNZ Rate Statement			
	10:00pm	NZD	RBNZ Press Conference			
	11:01pm	GBP	RICS House Price Balance	-8%	-1%	0%
	11:50pm	JPY	BOJ Summary of Opinions			
		JPY	Bank Lending y/y	2.10%	1.90%	2.00%
	11:53pm	JPY	Current Account	1.77T	1.62T	0.96T
10-May	1:10am	NZD	RBNZ Gov Orr Speaks			
	1:30am	CNY	CPI y/y	1.80%	1.90%	2.10%
		CNY	PPI y/y	3.40%	3.40%	3.10%
	5:00am	JPY	Economy Watchers Sentiment	49	49.2	48.9
	8:00am	EUR	ECB Economic Bulletin			
		EUR	Italian Industrial Production m/m	1.20%	0.40%	-0.50%
	8:30am	GBP	Manufacturing Production m/m	-0.10%	-0.20%	-0.20%
		GBP	Goods Trade Balance	-12.3B	-11.2B	-10.4B
		GBP	Construction Output m/m	-2.30%	-2.10%	-1.00%
		GBP	Industrial Production m/m	0.10%	0.10%	0.10%
	11:00am	GBP	BOE Inflation Report			
		GBP	MPC Official Bank Rate Votes	2-0-7	2-0-7	2-0-7
		GBP	Monetary Policy Summary			
		GBP	Official Bank Rate	0.50%	0.50%	0.50%
		GBP	Asset Purchase Facility	435B	435B	435B
		GBP	MPC Asset Purchase Facility Votes	0-0-9	0-0-9	0-0-9
	11:01am	GBP	NIESR GDP Estimate	0.10%		0.10%
	12:30pm	CAD	NHPI m/m	0.00%	0.00%	-0.20%
		USD	CPI m/m	0.20%	0.30%	-0.10%
		USD	Core CPI m/m	0.10%	0.20%	0.20%
		USD	Unemployment Claims	211K	219K	211K
	2:30pm	USD	Natural Gas Storage	89B	81B	62B
	6:00pm	USD	Federal Budget Balance	214.3B	201.2B	-208.7B
	10:30pm	NZD	Business NZ Manufacturing Index	58.9		53.1
	10:45pm	NZD	FPI m/m	0.10%		1.00%
	11:50pm	JPY	M2 Money Stock y/y	3.30%	3.20%	3.10%
11-May	1:30am	AUD	Home Loans m/m	-2.20%	-1.90%	-0.20%
	9:00am	CNY	M2 Money Supply y/y	8.30%	8.50%	8.20%
		CNY	New Loans	1180B	1100B	1120B
	12:30pm	CAD	Employment Change	-1.1K	17.8K	32.3K
		CAD	Unemployment Rate	5.80%	5.80%	5.80%

	USD	Import Prices m/m	0.30%	0.50%	-0.20%
1:10pm	CAD	Gov Council Member Wilkins Speaks			
1:15pm	EUR	ECB President Draghi Speaks			
2:00pm	USD	Prelim UoM Consumer Sentiment	98.8	98.4	98.8
	USD	Prelim UoM Inflation Expectations	2.80%		2.70%

Time: GMT

THE WEEK AHEAD

14th of May 2018, to 18th of May 2018



IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
14-May	14th-18th	CNY	Foreign Direct Investment ytd/y		0.50%
	6:00am	JPY	Prelim Machine Tool Orders y/y		28.10%
	6:45am	USD	FOMC Member Mester Speaks		
	11:10pm	AUD	RBA Assist Gov Debelle Speaks		
15-May	1:30am	AUD	Monetary Policy Meeting Minutes		
	1:40am	AUD	RBA Assist Gov Debelle Speaks		
	2:00am	CNY	Fixed Asset Investment ytd/y	7.40%	7.50%
		CNY	Industrial Production y/y	6.40%	6.00%
		CNY	Retail Sales y/y	10.00%	10.10%
	3:45am	JPY	30-y Bond Auction		0.71 4.3
	4:30am	JPY	Tertiary Industry Activity m/m	-0.20%	0.00%
	6:00am	EUR	German Prelim GDP q/q	0.40%	0.60%
	6:45am	EUR	French Final CPI m/m	0.10%	0.10%
		EUR	French Prelim Private Payrolls q/q	0.40%	0.40%
	7:15am	CHF	PPI m/m	0.30%	-0.20%
	8:30am	GBP	Average Earnings Index 3m/y	2.70%	2.80%
		GBP	Claimant Count Change	13.3K	11.6K
		GBP	Unemployment Rate	4.20%	4.20%
	9:00am	EUR	Flash GDP q/q	0.40%	0.40%
		EUR	German ZEW Economic Sentiment	-8	-8.2
		EUR	Industrial Production m/m	0.60%	-0.80%
		EUR	ZEW Economic Sentiment	2	1.9
		GBP	Inflation Report Hearings		
	12:30pm	USD	Core Retail Sales m/m	0.50%	0.20%
		USD	Retail Sales m/m	0.40%	0.60%
		USD	Empire State Manufacturing Index	15.1	15.8
	Tentative	USD	Mortgage Delinquencies		
	2:00pm	USD	Business Inventories m/m	0.20%	0.60%
		USD	NAHB Housing Market Index	70	69
	Tentative	NZD	GDT Price Index		-1.10%
	5:00pm	USD	FOMC Member Williams Speaks		
	8:00pm	USD	TIC Long-Term Purchases		49.0B
	11:50pm	JPY	Prelim GDP q/q	0.00%	0.40%
		JPY	Prelim GDP Price Index y/y	0.30%	0.10%

16-May	12:30am	AUD	Westpac Consumer Sentiment		-0.60%
	1:30am	AUD	Wage Price Index q/q	0.60%	0.60%
	4:30am	JPY	Revised Industrial Production m/m	1.20%	1.20%
	6:00am	EUR	German Final CPI m/m	0.00%	0.00%
	9:00am	EUR	Final CPI y/y	1.20%	1.20%
		EUR	Final Core CPI y/y	0.70%	0.70%
	Tentative	EUR	German 10-y Bond Auction		0.51 1.4
	12:00pm	EUR	ECB President Draghi Speaks		
	12:30pm	CAD	Manufacturing Sales m/m		1.90%
		USD	Building Permits	1.35M	1.35M
		USD	FOMC Member Bostic Speaks		
		USD	Housing Starts	1.33M	1.32M
	1:15pm	USD	Capacity Utilization Rate	78.40%	78.00%
		USD	Industrial Production m/m	0.50%	0.50%
	1:30pm	GBP	CB Leading Index m/m		-0.40%
	2:30pm	USD	Crude Oil Inventories		-2.2M
	4:00pm	CAD	Gov Council Member Schembri Speaks		
		CHF	SNB Chairman Jordan Speaks		
	10:45pm	NZD	PPI Input q/q	0.30%	0.90%
		NZD	PPI Output q/q	0.20%	1.00%
11:50pm	JPY	Core Machinery Orders m/m	-2.70%	2.10%	
17-May	1:00am	AUD	MI Inflation Expectations		3.60%
	1:30am	AUD	Employment Change	20.3K	4.9K
		AUD	Unemployment Rate	5.50%	5.50%
	2:00am	NZD	Annual Budget Release		
	8:00am	EUR	Italian Trade Balance	3.74B	3.10B
	Tentative	EUR	Spanish 10-y Bond Auction		1.29 2.0
	12:30pm	CAD	Foreign Securities Purchases		3.96B
		CAD	ADP Non-Farm Employment Change		42.8K
		USD	Philly Fed Manufacturing Index	21.1	23.2
		USD	Unemployment Claims	219K	211K
	2:00pm	USD	CB Leading Index m/m		0.30%
	2:30pm	USD	Natural Gas Storage		89B
	4:00pm	GBP	MPC Member Haldane Speaks		
	11:30pm	JPY	National Core CPI y/y	0.80%	0.90%
	18-May	6:00am	EUR	German PPI m/m	0.30%
EUR			German WPI m/m	0.20%	0.00%
7:00am		USD	FOMC Member Mester Speaks		
8:00am		EUR	Current Account		35.1B
9:00am		EUR	Trade Balance		21.0B
12:30pm		CAD	CPI m/m		0.30%
		CAD	Core Retail Sales m/m		0.00%
	CAD	Common CPI y/y		1.90%	

	CAD	Median CPI y/y	2.10%
	CAD	Retail Sales m/m	0.40%
	CAD	Trimmed CPI y/y	2.00%
	CAD	Core CPI m/m	0.20%
1:15pm	USD	FOMC Member Brainard Speaks	

Time: GMT

MARKETS RECAP



Last Week: 7th of May 2018, to 11th of May 2018

The markets last week were mostly dominated by politics. The big news of the week was that the United States administration announced to pull out of the 2015 Iran nuclear deal. Oil prices surged ahead of the announcement which came on Tuesday in a widely expected move. President Trump announced that he would impose fresh and stricter sanctions against Iran. Oil prices jumped after the announcement, reaching a fresh two and half year high with expectations that the oil markets could see further cut in production.

German factory orders ease. Eurozone Sentix investor confidence weakens

Factory orders in Germany were seen to be weakening as official data from Destatis showed that factory orders fell 0.9% on the month marking a third month of decline. The data showed continued weakness in recovery in the Eurozone's largest economy following a solid finish to last year.



German Factory Orders (March 2018): -0.9% (Source: Tradingeconomics.com)

Data showed that factory orders fell 0.9% on a month over month basis in March. This was bigger than the revised 0.2% decline in February. Economists' polled were expecting to see factory orders rise 0.5%. Excluding major orders, the new orders report showed a 0.1% decline in March.

This pushed the annual growth in factory orders to rise slightly from 3.0% to 3.1% in March. Economists' polled were forecasting factory orders to rise 5% on the year in March. Manufacturing turnover was seen rising 0.4% on the month following a 2.4% decline in February.

In a separate report, the Eurozone's Sentix investor confidence fell in May marking a third straight month of decline. The investor sentiment index was seen falling to 19.2 in May compared to 19.6 in April. The current situation index was seen easing from 43.0 a month ago to 42.8 in May. The investor confidence index for Germany also eased to 23.5 compared to 24.4 in April.

U.S. Consumer prices rise at a slower pace

Consumer prices in the United States were seen rising at a much slower pace than expected. Official data showed that headline CPI increased 0.2% on the month. This comes after the data for March was revised to show a 0.1% increase. Core CPI, which excludes the volatile food and energy prices was seen rising 0.1% on the month compared to a 0.2% increase in the month before.

Despite the weaker than expected pace of growth in the inflation data, on an annual basis consumer prices were seen firming. The annual headline inflation rate rose 2.5% on the year breaching past the Fed's 2% inflation target. Core CPI was seen firming 2.1% on an annual basis on the year. This was slightly below the median forecasts of a 2.2% increase on the core CPI. The increase in consumer prices in the month of April came about on higher shelter and gas prices. Gas prices were seen rising 1.4% in April while shelter prices rose 0.4%.

Other factors that pushed inflation lower were weaker automobile prices which fell 1.6% in the month in April. This was the strongest monthly decline since March 2009. Price of airfares fell 2.7%.

Bank of England leaves interest rates unchanged

The Bank of England held its monetary policy meeting last week on Thursday. As widely expected by economists, the central bank left the interest rates unchanged at 0.50% with a 5 – 2 vote. The two dissenting votes came from well known hawks, Ian McCafferty and Michael Saunders. Both members voted for a 25 basis point rate hike. However, the policymakers agreed that the central bank needs to assess more incoming data before hiking rates.

The BoE Governor Mark Carney gave a cautious outlook as he said that the first quarter data was weak. However, Carney was also optimistic noting that the UK's economy might have increased better than the initial estimates. In a few weeks time, the UK's Office for national statistics (ONS) will be releasing a second revised GDP estimate for the three months ending March 2018.

The BoE officials also gave upgraded forecasts. According to the new economic forecasts, the UK's GDP is expected to average around 1.4% in 2018. This was a downward revision compared to the 1.8% increase that was initially forecast in February

The central bank also expects inflation to remain at the current levels for the most part of this year before easing back to just above the 2% inflation target by the Bank of England. The BoE expects to hike rates one more time this year. Markets expect this to happen sometime in August.

MARKETS PREVIEW



The Week Ahead: 14th of May 2018, to 18th of May 2018

The economic data for the week ahead will see a slowdown on the pace of economic releases. Most of the economic data for the week will cover the retail sales and housing market data from the United States. From Australia, the monthly employment data will be released. This will be an important release following the RBA highlighting its concerns of slower wage growth. The quarterly wage price index data will also be another important data point to watch for. Later in the week, Canada will be releasing its inflation report while New Zealand government will be releasing the annual budget statement. Data from the Eurozone is relatively quiet this week with only second-tier data due over the week.

Australia unemployment data and wage growth

The week ahead will see the wage data coming out from Australia. The reports come following the recent RBA monetary policy meeting. The central bank had left interest rates unchanged and signaled that rates will remain low in order to support the economy. The central bank signaled concerns about the slow pace of wages in the economy which could keep inflation subdued.

The monthly unemployment data will play a key role in shaping the RBA's forward guidance and could also potentially influence the market expectations on the RBA's rate hike plans. The week ahead will see two important reports, namely the quarterly wage price index data and the monthly labor market report. Australia's unemployment rate was seen averaging around 5.5% in the past few months.

The labor market report continues to remain a volatile indicator with last month's data showing strong revisions to the previous months. The wage growth report will of course stand out as investors assess for any signals of building momentum on the pace of wages in the region. A better than expected increase in wage growth could potentially be a positive for the policy makers at the RBA.

Eurozone second GDP estimates and inflation

The week ahead is relatively quiet as far as economic data from the Eurozone is concerned. However, two important economic releases will stand out which could potentially shape the expectations on the monetary policy front from the European Central Bank. These include the second revised GDP estimates and final inflation report for the month of April.

Few weeks ago, the preliminary GDP release for the first quarter of 2018 showed that the Eurozone's gross domestic product advanced at a pace of 0.4%. This was a slower pace of growth compared to the 0.7% increase seen in the final quarter of 2017. Economists' expect to see no changes to the second revised GDP estimates.

Inflation is another key report this week. The flash inflation estimates showed that the Eurozone's headline inflation increased 1.3% on the year in April. This was a slightly higher pace of increase. However, core inflation rate was seen to be rising at a slower pace of just 0.9%. The final inflation report is expected to remain unchanged and could confirm a weak pace of data points from the Eurozone for the month of April.

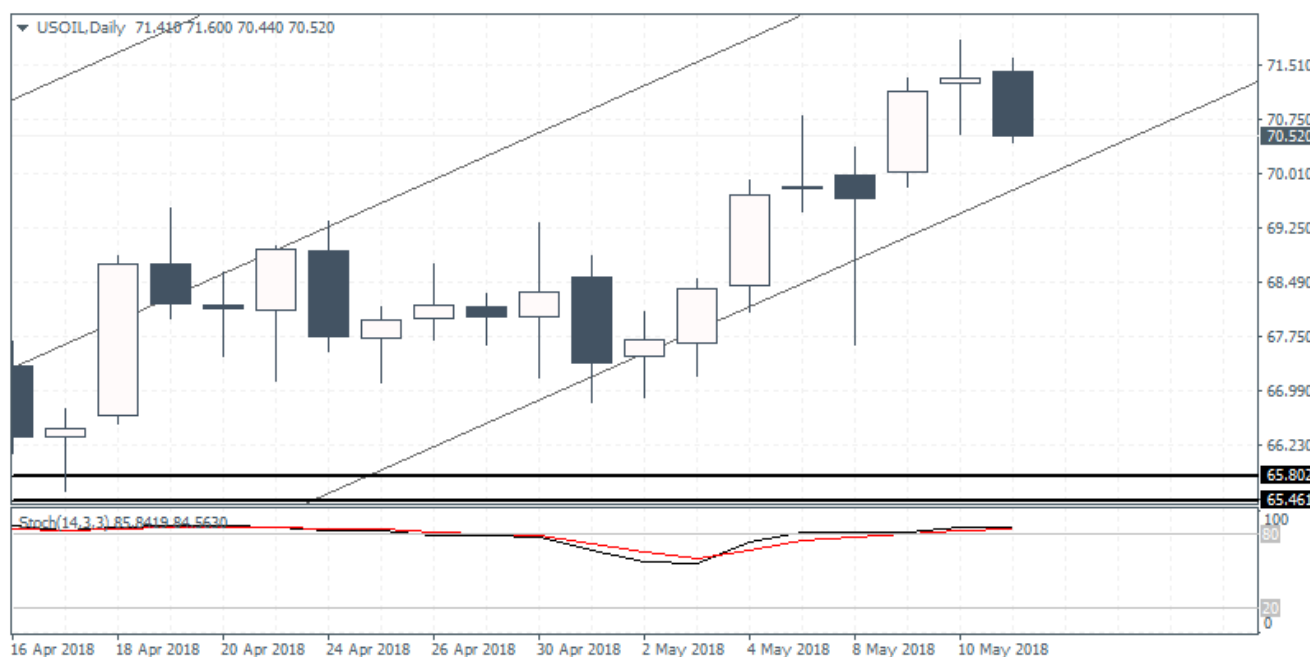
TECHNICAL CORNER



WTI rises to fresh yearly highs. Support level remains exposed

Crude oil prices rallied to a fresh four year high last week briefly rallying to highs of \$71.79 before easing back. The gains in oil prices came mostly on the developing news about the United States pulling out from the Iran nuclear deal. The Iran nuclear deal was established in 2015 and included the United States and five other member nations of the U.S. security council. The decision to leave the agreement sparked discontent among the member nations with the EU's France, UK and Germany vowing to remain with Iran in the nuclear deal.

Oil prices rallied in expectations that the new sanctions that would be imposed on Iran in the next 180 days could potentially take the nation's oil supply off the international grid. President Trump also threatened to impose sanctions on countries that continue to do business with Iran. This potentially isolates the countries and with the nation being the third largest oil producer among the OPEC nations, the impact of lower crude oil supplies are most likely to be felt worldwide.



WTI (70.52) – Daily Chart

From a technical perspective, oil prices posted a modest decline on Friday. This comes following Thursday's spinning top pattern. In the near term, we could expect to see oil prices posting fresh highs. However, this is doubtful given that there hasn't been a reasonable test of support to the downside. The only major support level seen comes in at the \$66.55 - \$66.00 level which previously served as resistance.

To the upside, WTI crude oil prices could be seen testing \$76.70 level which marks an unfilled gap from November 2014. However, the most ideal level to go long on crude oil is from the \$66.50 level on a possible correction to the downside.

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