

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 20th of August 2018, to 24th of August 2018

| Date | Time | Currency | Event | Actual | Forecast | Previous |
|--------|---------|----------|---------------------------------------|----------|----------|----------|
| 20-Aug | 2:00am | EUR | German PPI m/m | 0.20% | 0.40% | 0.30% |
| | 6:00am | EUR | German Buba Monthly Report | | | |
| | 9:15am | CAD | Gov Council Member Wilkins Speaks | | | |
| | 10:30am | AUD | CB Leading Index m/m | 0.20% | | 0.00% |
| | 11:00am | USD | FOMC Member Bostic Speaks | | | |
| | 12:00pm | EUR | German Buba President Weidmann Speaks | | | |
| | 6:00pm | AUD | RBA Gov Lowe Speaks | | | |
| | 6:45pm | NZD | Visitor Arrivals m/m | 0.60% | | -3.60% |
| | 9:30pm | AUD | Monetary Policy Meeting Minutes | | | |
| | 11:00pm | NZD | Credit Card Spending y/y | 3.20% | | 5.80% |
| 21-Aug | 2:00am | CHF | Trade Balance | 2.26B | 2.85B | 2.56B |
| | 4:30am | GBP | Public Sector Net Borrowing | -2.9B | -2.1B | 3.3B |
| | 6:00am | GBP | CBI Industrial Order Expectations | 7 | 10 | 11 |
| | 8:30am | CAD | Wholesale Sales m/m | -0.80% | 0.70% | 0.90% |
| | 10:16am | NZD | GDT Price Index | -3.60% | | 0.00% |
| | 6:45pm | NZD | Retail Sales q/q | 1.10% | 0.40% | 0.30% |
| | | NZD | Core Retail Sales q/q | 1.40% | 0.80% | 0.60% |
| | 8:30pm | AUD | MI Leading Index m/m | 0.00% | | 0.10% |
| | 9:30pm | AUD | Construction Work Done q/q | 1.60% | 0.70% | 2.40% |
| | 11:10pm | AUD | RBA Assist Gov Debelle Speaks | | | |
| 22-Aug | 12:30am | JPY | All Industries Activity m/m | -0.80% | -0.70% | 0.10% |
| | 5:35am | EUR | German 10-y Bond Auction | 0.33 1.2 | | 0.47 1.8 |
| | 8:30am | CAD | Core Retail Sales m/m | -0.10% | -0.10% | 1.40% |
| | | CAD | Retail Sales m/m | -0.20% | -0.10% | 2.00% |
| | 10:00am | USD | Existing Home Sales | 5.34M | 5.40M | 5.38M |
| | 10:30am | USD | Crude Oil Inventories | -5.8M | -1.6M | 6.8M |
| | 2:00pm | USD | FOMC Meeting Minutes | | | |
| | 8:30pm | JPY | Flash Manufacturing PMI | 52.5 | 52.4 | 52.3 |
| 23-Aug | 3:15am | EUR | French Flash Manufacturing PMI | 53.7 | 53.5 | 53.3 |
| | | EUR | French Flash Services PMI | 55.7 | 55.1 | 54.9 |
| | 3:30am | EUR | German Buba President Weidmann Speaks | | | |
| | | EUR | German Flash Manufacturing PMI | 56.1 | 56.5 | 56.9 |
| | | EUR | German Flash Services PMI | 55.2 | 54.3 | 54.1 |
| | 4:00am | EUR | Flash Manufacturing PMI | 54.6 | 55.1 | 55.1 |
| | | EUR | Flash Services PMI | 54.4 | 54.4 | 54.2 |
| | 6:00am | GBP | CBI Realized Sales | 29 | 13 | 20 |
| | 7:30am | EUR | ECB Monetary Policy Meeting Accounts | | | |

| | | | | | | |
|--------|---------|-----|-------------------------------|--------|--------|-------|
| | 8:30am | CAD | Corporate Profits q/q | 1.00% | | 2.70% |
| | | USD | Unemployment Claims | 210K | 215K | 212K |
| | 9:00am | CNY | CB Leading Index m/m | 1.10% | | 0.90% |
| | | USD | HPI m/m | 0.20% | 0.30% | 0.40% |
| | 9:45am | USD | Flash Manufacturing PMI | 54.5 | 55.1 | 55.3 |
| | | USD | Flash Services PMI | 55.2 | 55.9 | 56 |
| | 10:00am | EUR | Consumer Confidence | -2 | -1 | -1 |
| | | USD | New Home Sales | 627K | 643K | 638K |
| | 10:30am | USD | Natural Gas Storage | 48B | 47B | 33B |
| | Day 1 | All | Jackson Hole Symposium | | | |
| | 6:45pm | NZD | Trade Balance | -143M | -400M | -288M |
| | 7:30pm | JPY | National Core CPI y/y | 0.80% | 0.90% | 0.80% |
| | 7:50pm | JPY | SPPI y/y | 1.10% | 1.20% | 1.10% |
| 24-Aug | 2:00am | EUR | German Final GDP q/q | 0.50% | 0.50% | 0.50% |
| | 4:30am | GBP | High Street Lending | 39.6K | 40.6K | 40.3K |
| | 8:30am | USD | Core Durable Goods Orders m/m | 0.20% | 0.50% | 0.20% |
| | | USD | Durable Goods Orders m/m | -1.70% | -0.70% | 0.80% |
| | 8:55am | GBP | MPC Member Haldane Speaks | | | |
| | 8:59am | EUR | Belgian NBB Business Climate | -0.3 | -0.5 | -1.3 |
| | 10:00am | USD | Fed Chair Powell Speaks | | | |
| | Day 2 | All | Jackson Hole Symposium | | | |
| | 4:15pm | CAD | BOC Gov Poloz Speaks | | | |

Time: GMT

THE WEEK AHEAD



27th of August 2018, to 31st of August 2018

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

| Date | Time | Currency | Event | Forecast | Previous |
|--------|-----------|----------|-------------------------------------|----------|----------|
| 27-Aug | 4:00am | EUR | German Ifo Business Climate | 101.9 | 101.7 |
| 28-Aug | 1:00am | JPY | BOJ Core CPI y/y | 0.30% | 0.40% |
| | 4:00am | EUR | M3 Money Supply y/y | 4.30% | 4.40% |
| | | EUR | Private Loans y/y | 3.00% | 2.90% |
| | 8:30am | USD | Goods Trade Balance | -68.6B | -67.9B |
| | | USD | Prelim Wholesale Inventories m/m | 0.10% | 0.10% |
| | 9:00am | USD | S&P/CS Composite-20 HPI y/y | 6.40% | 6.50% |
| | 10:00am | USD | CB Consumer Confidence | 126.6 | 127.4 |
| | | USD | Richmond Manufacturing Index | 18 | 20 |
| | 7:01pm | GBP | BRC Shop Price Index y/y | | -0.30% |
| | Tentative | AUD | HIA New Home Sales m/m | | 2.20% |
| 29-Aug | 1:00am | JPY | Consumer Confidence | 43.4 | 43.5 |
| | 2:00am | EUR | German GfK Consumer Climate | 10.6 | 10.6 |
| | 2:45am | EUR | French Consumer Spending m/m | 0.30% | 0.10% |
| | | EUR | French Prelim GDP q/q | 0.20% | 0.20% |
| | 4:00am | CHF | Credit Suisse Economic Expectations | | -4 |
| | 8:30am | CAD | Current Account | | -19.5B |
| | | USD | Prelim GDP q/q | 4.00% | 4.10% |
| | | USD | Prelim GDP Price Index q/q | 3.00% | 3.00% |
| | 10:00am | USD | Pending Home Sales m/m | 0.60% | 0.90% |
| | 10:30am | USD | Crude Oil Inventories | | -5.8M |
| | 6:45pm | NZD | Building Consents m/m | | -7.60% |
| | 7:50pm | JPY | Retail Sales y/y | 1.30% | 1.70% |
| | 9:00pm | NZD | ANZ Business Confidence | | -44.9 |
| | 9:30pm | AUD | Private Capital Expenditure q/q | 0.60% | 0.40% |
| | | AUD | Building Approvals m/m | -1.90% | 6.40% |
| 30-Aug | 2:00am | EUR | German Import Prices m/m | 0.00% | 0.50% |
| | All Day | EUR | German Prelim CPI m/m | 0.20% | 0.30% |
| | 3:00am | CHF | KOF Economic Barometer | 101.2 | 101.1 |
| | | EUR | Spanish Flash CPI y/y | 2.20% | 2.20% |
| | 3:55am | EUR | German Unemployment Change | -8K | -6K |
| | 4:30am | GBP | M4 Money Supply m/m | 0.20% | -0.30% |
| | | GBP | Mortgage Approvals | 65K | 66K |
| | | GBP | Net Lending to Individuals m/m | 5.5B | 5.4B |
| | Tentative | EUR | Italian 10-y Bond Auction | | 2.87 1.4 |
| | 8:30am | CAD | GDP m/m | | 0.50% |
| | | USD | Core PCE Price Index m/m | 0.20% | 0.10% |

| | | | | | |
|--------|---------|-----|---------------------------------------|--------|--------|
| | | USD | Personal Spending m/m | 0.40% | 0.40% |
| | | USD | Personal Income m/m | 0.40% | 0.40% |
| | | USD | Unemployment Claims | 211K | 210K |
| | 10:30am | USD | Natural Gas Storage | | 48B |
| | 1:30pm | EUR | German Buba President Weidmann Speaks | | |
| | 7:01pm | GBP | GfK Consumer Confidence | -11 | -10 |
| | 7:30pm | JPY | Tokyo Core CPI y/y | 0.80% | 0.80% |
| | | JPY | Unemployment Rate | 2.40% | 2.40% |
| | 7:50pm | JPY | Prelim Industrial Production m/m | 0.30% | -1.80% |
| | 9:00pm | CNY | Manufacturing PMI | 51 | 51.2 |
| | | CNY | Non-Manufacturing PMI | 53.8 | 54 |
| | 9:30pm | AUD | Private Sector Credit m/m | 0.30% | 0.30% |
| 31-Aug | 1:00am | JPY | Housing Starts y/y | -4.30% | -7.10% |
| | 2:00am | EUR | German Retail Sales m/m | -0.20% | 1.20% |
| | | GBP | Nationwide HPI m/m | 0.10% | 0.60% |
| | 2:45am | EUR | French Prelim CPI m/m | 0.50% | -0.10% |
| | 4:00am | EUR | Italian Monthly Unemployment Rate | 10.80% | 10.90% |
| | 5:00am | EUR | CPI Flash Estimate y/y | 2.10% | 2.10% |
| | | EUR | Core CPI Flash Estimate y/y | 1.10% | 1.10% |
| | | EUR | Italian Prelim CPI m/m | 0.20% | 0.30% |
| | | EUR | Unemployment Rate | 8.20% | 8.30% |
| | 8:30am | CAD | RMPI m/m | | 0.50% |
| | | CAD | IPPI m/m | | 0.50% |
| | 9:45am | USD | Chicago PMI | 63.2 | 65.5 |
| | 10:00am | USD | Revised UoM Consumer Sentiment | 95.8 | 95.3 |
| | | USD | Revised UoM Inflation Expectations | | 2.90% |

Time: GMT



MARKETS RECAP

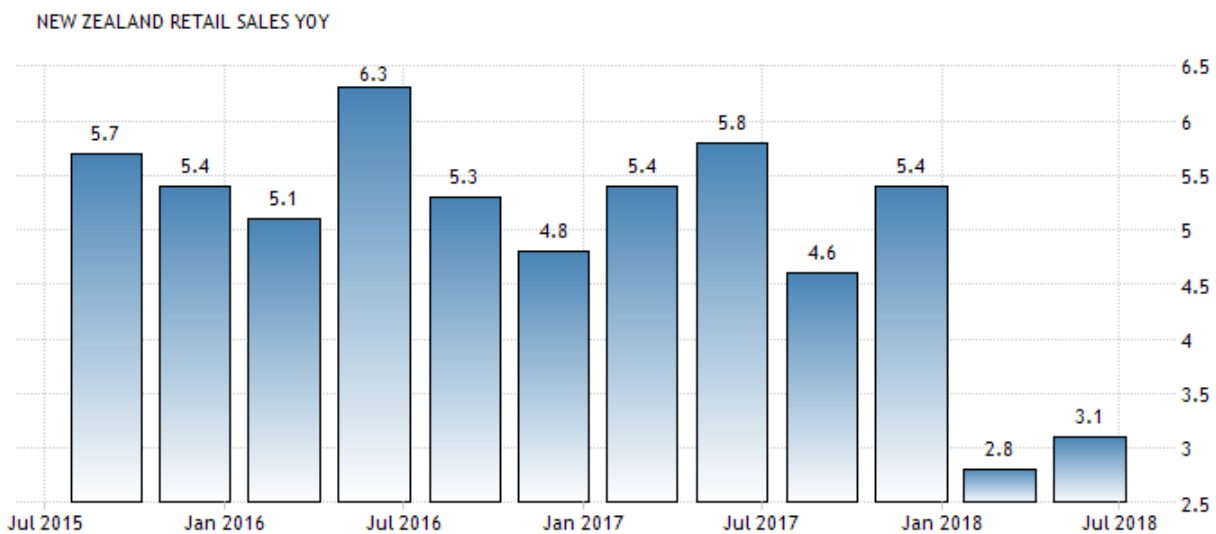
Last Week: 20th of August 2018, to 24th of August 2018

The U.S. dollar was seen trading on the back foot for the most part last week. After posting fresh yearly highs, the U.S. dollar index gave back most of the gains. The declines came following the U.S. President Trump's comments about the Federal Reserve hiking interest rates. The FOMC also released its meeting minutes last week. The minutes did not offer any new information. However, the minutes showed that Fed officials were concerned that the trade policies could potentially impact the U.S. economy.

New Zealand retail sales rises more than expected

The second quarter retail sales report from New Zealand showed that retail spending surpassed expectations. On a seasonally adjusted basis, New Zealand's retail sales during the second quarter jumped 1.1%, data from Statistics New Zealand showed last week. This was higher than the median estimates.

Economists polled had forecast that retail sales would rise just 0.4% during the second quarter. Previous quarter's data was revised from 0.1% to 0.3%. The core retail sales also posted solid gains, rising 1.4% on the quarter. Economists had forecast that core retail sales would rise 0.8% during the same period.



SOURCE: TRADINGECONOMICS.COM | STATISTICS NEW ZEALAND

New Zealand retail sales Q2 y/y 2018: 1.1% (Source: Tradingeconomics.com)

According to the official data, 11 out of 15 retail industries had shown higher sales volumes. Sectors such as hardware, building and garden supplies showed the biggest jump, rising 4.7% during the quarter. This was following a 0.6% increase in the previous quarter.

Sales at department stores increased 2.8% while food and beverage services gained 1.7%. This came after the food and beverage sector showed a 1.0% decline in the first quarter. Electrical and

electronic goods rose 2.0% making notable increases. Fuel sales however posted a drag declining 0.7%. This marked the fourth consecutive quarterly decline. The retail sales report was certainly positive. However it is unlikely that the report will have any major impact on the Reserve Bank of New Zealand's monetary policy decision.

U.S. existing home sales fall for the fourth month

The monthly existing home sales report released by the National Association of Realtors (NAR) last week showed a decline for the fourth consecutive month. The declines came amid limited inventory for affordable housing which sidelined buyers alongside rising prices for existing homes.

The data showed that existing home sales declined 0.7% in July on a seasonally adjusted basis of 5.34 million units. The data missed estimates which forecast an increase of 0.6% during the period. On a yearly basis, existing home sales are now down 1.5% for the period ending July.

Lawrence Yun, the chief economist from NAR said that July was the first month since 2013 when existing home sales had declined for four consecutive months. The data underlined the fact that there were difficulties for prospective home owners despite strong economic growth.

Furthermore, rising mortgage rates as the Fed continues to hike interest rates also played a role, according to Yun. The average interest rate on a 30-year mortgage fixed rate was seen rising 4.53% higher up from January and 3.97% higher compared to the year before.

The biggest declines came from sale of low end homes which were priced less than \$100,00. This sector alone fell 11% on an annualized basis. Meanwhile, sales of higher end homes, priced above \$1 million or more increased 16%.

Purchases of previously owned homes account for the bulk of U.S. home-buying activity.

ECB Meeting minutes

German economic growth was seen exceeding median expectations for the second quarter. The gains in the economy came on an increase in domestic demand and rising optimism among the financial markets which strengthened despite trade tensions rising with the U.S. and China. The data came as the growth in the Eurozone was also seen coming out higher during the second quarter, up from the initial estimates.

Official data showed that the largest economy in the Euroarea grew at a pace of 0.5%. This followed a revised GDP from the first quarter which was increased to 0.4%. The growth rate was seen expanding at a pace of 0.4%.

On an annual basis, the GDP was seen rising at a pace of 2.3% which came following a 1.4% increase in the first quarter. On a calendar adjusted basis, the GDP advanced to 2.0% from 2.1% previously.

MARKETS PREVIEW



The Week Ahead: 27th of August 2018, to 31st of August 2018

The financial markets head into a quiet trading week which marks the end of the month. Economic data is relatively sparse as a result. From the Eurozone, the flash manufacturing and services PMI for the month of August will be released by IHS Markit. In the U.S. the second revised GDP for the second quarter will stand out this week amid lack of any other economic events. Canada will also be reporting on its monthly GDP figures this week ahead. The flash manufacturing and services PMI figures for the U.S. are due to come out later in the week.

U.S. Second revised GDP estimates for Q2

Economic data from the United States for the week ahead is relatively quiet. The only exception being the second revised GDP estimates. The second estimates cover the second quarter GDP for the periods of April through June. The preliminary GDP estimates showed that the U.S. economy advanced 4.1% on the quarter. This was one of the strongest pace of GDP growth in recent years.

The second revised estimates are forecast to show that the economy advanced at a slightly slower pace of 4.0% during the period. Despite the downward revised forecast, the U.S. economy is still expected to post a strong pace of gains.

The revised GDP estimates come as the U.S. Federal Reserve prepares for a third rate hike this year at the September FOMC meeting. Besides the GDP report, other economic data over the week includes the core PCE price index data.

As the core PCE price index is the Fed's preferred gauge of inflation, investors will be closely watching the developments. Besides the PCE data, personal income and spending reports will also be coming out. The report is likely to shed light on the pace of consumer income and wages which could reflect on the economy for the third quarter.

Flash services and manufacturing PMI - Eurozone

Economic data from the Eurozone for the week ahead will see the release of the preliminary economic indicators for the month of August. The economic calendar will see the release of the flash services and manufacturing PMI figures.

According to the economists polled, the Eurozone services and manufacturing activity is expected to continue at the current levels of expansions. The second quarter data showed that activity gained momentum in Germany, Europe's largest economy.

France will be reporting on the second revised GDP estimates for the second quarter while the Ifo institute will be releasing the business conditions index for the month ahead. The Eurozone trade balance figures are also due this week and it is estimated to show narrowing of deficit.

TECHNICAL CORNER



EURUSD could post a bottom near 1.1400

The EURUSD currency pair was seen posting strong gains. The gains came following the sharp sell-off in the currency pair two weeks ago. With the markets seen to be largely stabilized, the currency pair looks to have posted a bottom in the short term. Economic data was also largely supportive of the rebound in the common currency against the U.S. dollar.

The U.S. dollar was seen easing back slightly last week. The declines were initially set off after the U.S. dollar index posted a fresh high. The U.S. President Donald Trump, in interview with Reuters noted that the Federal Reserve should not be hiking interest rates. He said that the United States would lose its competitive edge against its trading partners. The comments set off a decline in the dollar thereafter.



EURUSD (1.1619) – Daily Chart

From a technical perspective, the EURUSD currency pair is seen rising above 1.1540 level. This came following a breakout from this resistance level. The retest from Friday is likely to signal that the support level is established. In the near term, the EURUSD currency pair is expected to maintain its bullish momentum. The next upside target is seen at 1.1730 which could be tested in the near term.

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