



# Weekly Market Bulletin

Week 44 | 2018

---

## DISCLAIMER

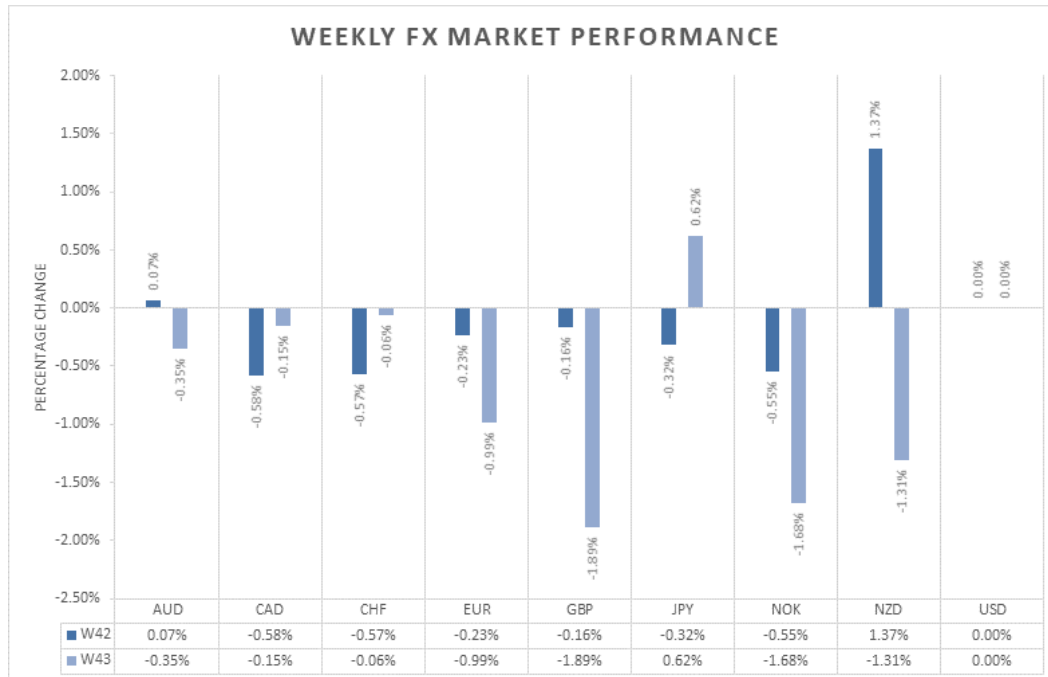
The information contained in this publication is produced by ORBEX LTD and not intended as an offer or solicitation for the purchase or sale of any financial instrument. Any opinion offered herein reflects ORBEX LTD current judgment and may change without notice. This message is for information purposes only and is not intended as an offer, recommendation or solicitation to buy or sell, nor is it an official confirmation of terms. No representation or warranty is made that this information is complete or accurate. Any views or opinions expressed do not necessarily represent those ORBEX LTD. This email and the information it contains may be confidential, proprietary or legally privileged. If you receive this message in error, please notify the sender and delete it from your system. You must not, directly or indirectly, use, disclose, distribute, copy or store this message or any part of it if you are not the intended recipient. Unless otherwise stated, any pricing information given in this email is indicative only, is subject to changes and does not constitute an offer to deal at any price quoted.

# TABLE OF CONTENTS

---

Weekly Currency Market Performance.....	3
Market Highlights – Week 43.....	4
Economic Events – The week ahead .....	5
Economic Calendar – Week 44 .....	6
Technical Trading Idea of the Week.....	8

# WEEKLY CURRENCY MARKET PERFORMANCE – W43



## Key points

- The Japanese yen was the top performing currency last week and the currency rose 0.62% on the week. The gains in the yen came amid the market uncertainty which pushed investors to seek the safe haven currency.
- The weakest currency last week was the British pound which fell 1.89% over the week. The decline in the currency came due to Brexit related uncertainty and a stronger USD.
- The NOK was the second weakest currency pair. The currency fell 1.68% and extended the declines from the previous week.
- The EUR failed to hold on to the gains

from W42 as the common currency fell nearly 1% last week. The broader strength in the USD and a weaker sentiment in the Eurozone kept the currency weaker. Even the ECB’s meeting couldn’t help to push the common currency higher.

- The Canadian dollar lost 0.15% on the week extending the declines from the week before. The declines were however moderate, but the CAD fell against the USD despite the BoC delivering a rate hike last week.
- The Australian dollar extended the declines, falling 0.58% on the week. This reverse that moderate gains of 0.07% made the week before.
- The NZD currency completely reversed the gains of 1.37% from the week before. The NZD was down 1.31% on the week.

## MARKET HIGHLIGHTS – WEEK 43

---

- **The Bank of Canada held its monetary policy meeting** last week on Wednesday. As widely expected, the central bank hiked interest rates by 25 basis point bringing Canada's interest rates to 1.75%. This was the highest interest rate since over a decade. At the monetary policy meeting, the Bank of Canada's statement said that further rate hikes were required at a faster pace. The hawkish commentary comes after Canada concluded a deal with the United States and Mexico. The central bank also mentioned this in its monetary policy. It however said that some trade tensions still remained. The BoC noted that economic outlook would be slightly slower than expected but noted that the recent rise in inflation. Consumer prices touched the highest level at 2.7% in September 2018. However, inflation is expected to ease back to 2.0%, the BoC's inflation target rate by middle of next year. Economists expect that interest rates will be hiked by another quarter point in December 2018.
- **The Swedish Riksbank held its monetary policy last week.** In a widely expected move the central bank held interest rates unchanged at -0.50%. However, the central bank maintained its forward guidance noting that interest rates will be hiked during the December 2018 - February 2019 window. Two of the policy makers voted for a quarter point rate hike at last week's meeting. The Riksbank said that it would continue to monitor the economy as it approaches the rate hike. Economists are divided on the timing of the rate hike. Many expect the Riksbank to hike interest rates at the February 2019 policy meeting. The Riksbank's meeting came ahead of the ECB's meeting on Thursday.
- **The European Central Bank held its monetary policy meeting on Thursday.** As widely expected, the central bank kept its interest rates unchanged although the ECB heads into its final stage of the bond purchases. The European central bank is expected to purchase bonds at the pace of 15 billion per month before ending its QE by December 2018. The central bank reaffirmed its stance on monetary policy despite the recent slowdown in the Eurozone's economy. The ECB also brushed aside concerns about the tussle between Italy and Brussels on the budget deficit noting that he was confident an agreement would be reached.
- **The third quarter advanced GDP report from the United States was released last week.** Data showed that the U.S. economic growth slowed in the third quarter. However, the pace of growth was far better than forecasts. Data released by the U.S. department of Commerce showed that the U.S. economy advanced 3.5% in the third quarter of the year ending September 2018. This was better than the 3.3% increase that was forecast. However, the pace of growth was slower from 4.2% registered in the second quarter. Adding to the GDP gains were increases from personal spending, private investment and government spending. Posting a drag on the GDP came from exports and investment in fixed residential.

# ECONOMIC EVENTS – THE WEEK AHEAD

---

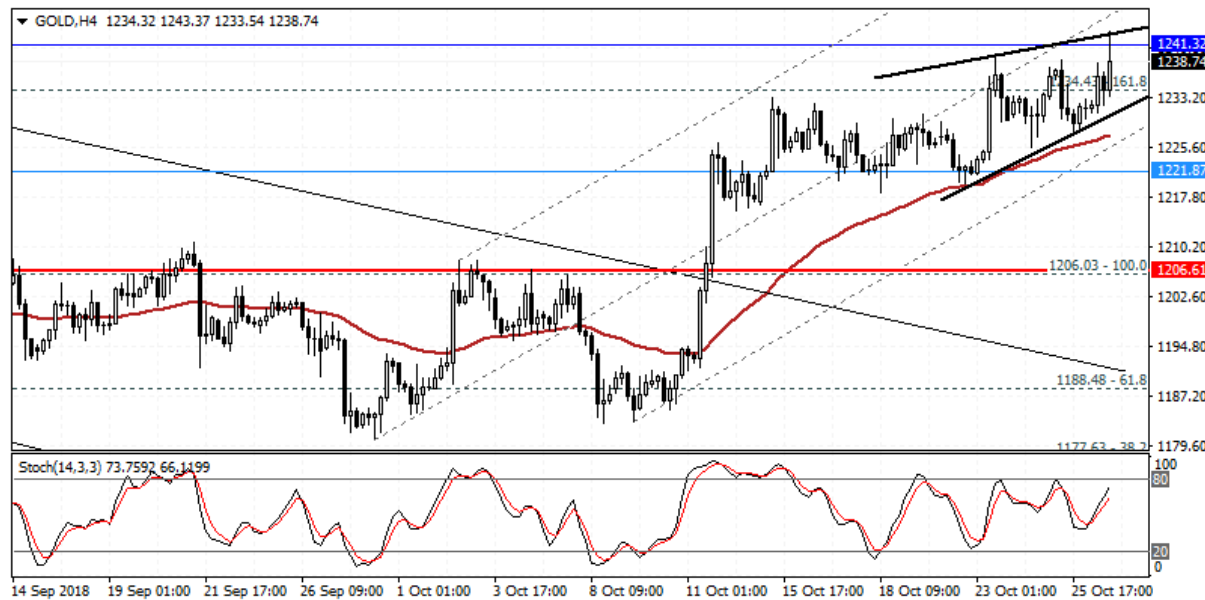
- **The Bank of England** will be holding its monetary policy meeting on Thursday this week. No changes are expected from the central bank amid the recent economic developments. The ease in inflation and a pickup in wages will most certainly be welcome by the central bank officials. However, the BoE's monetary policy committee is unlikely to make any major changes. This comes amid Brexit being the major focus for policy makers. With no trade terms still in sight, the central bank officials are likely to brush aside the economic data for the moment. There are still inherent weaknesses in the UK's economy and as a result, BoE officials are expected to maintain a neutral tone. The markets do not expect to see any rate hike from the BoE at this week's event.
- **The Bank of Japan** will be the next central bank meeting that is due this week. The BoJ is widely expected to maintain the status quo which includes keeping the central bank's key interest rates unchanged at -0.10% and also maintaining its massive QQE program. With the consumption tax due to come into effect from October 2019, the BoJ is likely to buy more time until this comes into effect. However, investors who are already speculating that the next policy move from the BoJ will be a tightening of policy, will be closely looking for any clues from the BoJ's statement.
- **A busy week is in store for the U.S. dollar.** The week ahead will see the release of the core PCE price index. Given that this is the Fed's preferred gauge of inflation, investors will be closely watching the report. The core PCE price index is expected to rise 0.1% on the month. Later in the week, the ADP's private payrolls data is due which is later followed by Friday's official payrolls report. The U.S. economy is expected to add 190k jobs for September while the unemployment rate is forecast to remain steady at 3.7%. Meanwhile, wage growth is expected to be muted with forecasts pointing to a 0.2% increase on the month.

## ECONOMIC CALENDAR – WEEK 43

DATE	TIME	CURRENCY	EVENT	FORECAST	PREVIOUS
<b>29-OCT</b>	8:30am	USD	Core PCE Price Index m/m	0.10%	0.00%
		USD	Personal Spending m/m	0.40%	0.30%
<b>30-OCT</b>	8:30pm	AUD	Building Approvals m/m	3.90%	-9.40%
	All Day	EUR	German Prelim CPI m/m	0.10%	0.40%
	6:00am	EUR	Prelim Flash GDP q/q	0.40%	0.30%
	10:00am	USD	CB Consumer Confidence	136.3	138.4
	8:30pm	AUD	CPI q/q	0.50%	0.40%
		AUD	Trimmed Mean CPI q/q	0.40%	0.50%
	9:00pm	CNY	Manufacturing PMI	50.6	50.8
		CNY	Non-Manufacturing PMI	54.9	54.9
	Tentative	JPY	BOJ Policy Rate	-0.10%	-0.10%
	Tentative	JPY	Monetary Policy Statement		
Tentative	JPY	BOJ Outlook Report			
<b>31-OCT</b>	Tentative	JPY	BOJ Press Conference		
	3:00am	EUR	German Retail Sales m/m	0.50%	-0.10%
	4:00am	EUR	Spanish Flash GDP q/q	0.60%	0.60%
	6:00am	EUR	CPI Flash Estimate y/y	2.10%	2.10%
		EUR	Core CPI Flash Estimate y/y	1.00%	0.90%
	8:15am	USD	ADP Non-Farm Employment Change	190K	230K
	8:30am	CAD	GDP m/m		0.20%
		CAD	RMPI m/m		-4.60%
		USD	Employment Cost Index q/q	0.70%	0.60%
	9:45am	USD	Chicago PMI	60.3	60.4
	10:30am	USD	Crude Oil Inventories		6.3M

	1:15pm	CHF	SNB Chairman Jordan Speaks		
	8:30pm	AUD	Trade Balance	1.71B	1.60B
<b>01-NOV</b>	5:30am	GBP	Manufacturing PMI	53.1	53.8
	8:00am	GBP	BOE Inflation Report		
		GBP	MPC Official Bank Rate Votes	0-0-9	0-0-9
		GBP	Monetary Policy Summary		
		GBP	Official Bank Rate	0.75%	0.75%
		GBP	Asset Purchase Facility	435B	435B
		GBP	MPC Asset Purchase Facility Votes	0-0-9	0-0-9
	8:30am	GBP	BOE Gov Carney Speaks		
	10:00am	USD	ISM Manufacturing PMI	59	59.8
	8:00pm	NZD	ANZ Business Confidence		-38.3
	8:30pm	AUD	Retail Sales m/m	0.30%	0.30%
<b>2--NOV</b>	5:30am	GBP	Construction PMI	52	52.1
	8:30am	CAD	Employment Change		63.3K
		CAD	Trade Balance		0.5B
		CAD	Unemployment Rate		5.90%
		USD	Average Hourly Earnings m/m	0.20%	0.30%
		USD	Non-Farm Employment Change	191K	134K
		USD	Unemployment Rate	3.80%	3.70%

# TECHNICAL TRADING IDEA OF THE WEEK



Gold prices have been trading flat for the most part of the year. However, initial trends are signaling that the precious metal might have placed a bottom already. Last week gold prices touched levels above 1241.33 before retreating. The test of this level marks a test of resistance which previously served as support.

From the 4-hour chart's perspective, gold prices have

consolidated into a rising wedge pattern at the current levels. A break down below this rising wedge could signal a potential correction to the downside. Validating this view is the bearish divergence seen on the Stochastics oscillator as well.

A break down below 1234.43 level which previously marked the upside target from the ascending triangle pattern signals a correction toward the 1206.00 level. A retest of this level would mark a retest of support as this level previously served as resistance. From the longer chart time frame, a retest of 1206 could potentially mark a correct ahead of a rally. This rally is eventually expected to push gold prices to the 1300 mark.

Therefore, in the short term, watch for gold prices as they post a correction to 1206. A rebound off this level will mark a potential change of trend to the upside.