



Weekly Market Bulletin

Week 47 | 2018

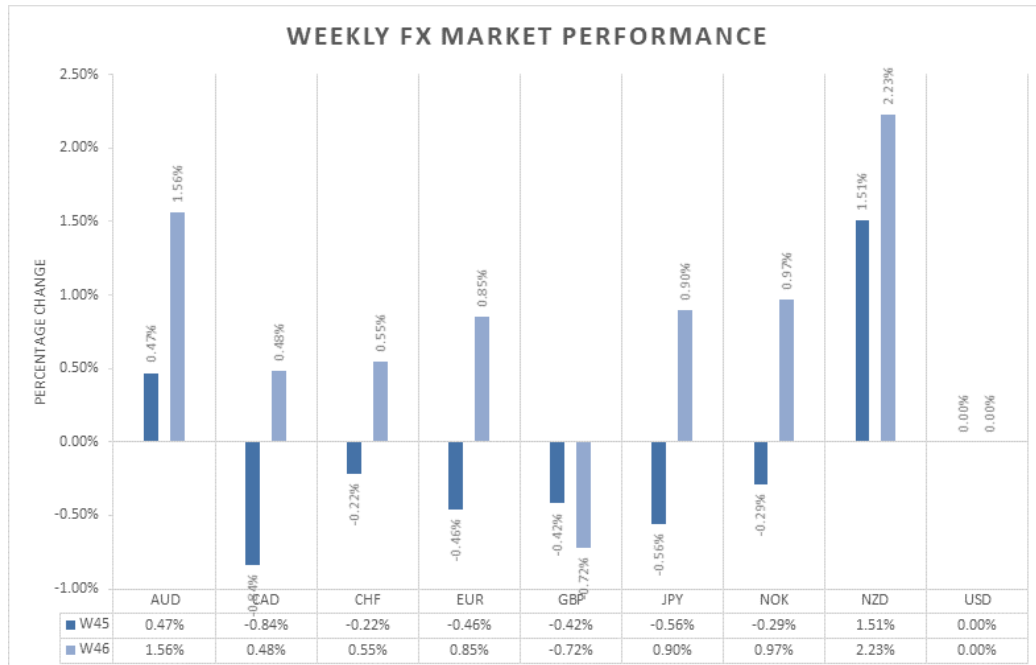
DISCLAIMER

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 46.....	4
Economic Events – The week ahead	5
Economic Calendar – Week 47	6
Technical Trading Idea of the Week.....	8

WEEKLY CURRENCY MARKET PERFORMANCE – W46



Key points

- The NZD was seen posting another week of strong gains. Price action maintained the bullish momentum as the NZDUSD closed the week with 2.23% gains becoming the top performing currency for another week in a row.
- The Australian dollar was also bullish over the week with price rallying 1.56% for the week. The gains in the AUD came amid a broader decline in the U.S. dollar.
- The Canadian dollar was seen to be partly recovering from the declines posted last week. Price action rose 0.48% on the week following a 0.84% decline in the week before.

- The safe haven currencies Swiss franc and the yen managed to gain last week. The CHF was up 0.55% reversing the 0.22% decline from the week before. The yen also posted strong gains, rising 0.90% on the week and recovering from the 0.56% decline from the week before.
- The British pound was the weakest performing currency pair. The sterling closed 0.72% lower on the week. The declines came due to Brexit related headlines which made the currency very volatile.
- The NOK was up 0.97% and managed to fully recover from the 0.29% decline posted the week before
- The euro currency rose 0.85% on the week but price action was mostly subdued. The gains came after the euro fell 0.46% previously.

MARKET HIGHLIGHTS – WEEK 46

- **Japan's quarterly gross domestic product (GDP)** was released last week. Data showed that the economy slipped into a contraction in the three months ending September. The quarterly GDP report showed the economy falling 0.3% on the quarter as forecast by the economists. The contraction comes after the economy expanded 0.7% in the second quarter. On an annualized basis, Japan's GDP fell 1.2% on the year which missed forecasts of a decline to 1.0%. The annualized GDP was also slower compared to the 3.0% increase seen in the second quarter. Nominal GDP was seen falling 0.3% on the quarter. Private consumption fell 0.1% while GDP spending fell 0.2% on the quarter.
- **The latest labor market data from the UK** showed that wages advanced at the fastest pace since 2008. The surge in wages came as firms found it harder to find skilled workers. There was a significant decline in the number of workers especially from Eastern Europe. Data from the ONS showed that excluding bonuses, wages rose 3.2% on an annualized basis in the three months to September. This marked the biggest jump since the last quarter of 2008. The unemployment rate however rose to 4.1%. Later in the week, the inflation report showed that consumer prices increased at a slower pace than expected. Headline CPI was seen rising 2.4% on the year ending September while core CPI which excludes the volatile food and energy prices rose 1.9%.
- **Germany's third quarter GDP report** showed that the Eurozone's largest economy posted a contract for the first time since 2015. The quarterly GDP fell 0.2% in the periods between July and September. This was however slightly better than the forecasts of a 0.3% decline. On an annualized basis, Germany's annual GDP rate rose 1.1%. The slowdown in the economy was attributed to a mixed of factors that include trade tensions and the recent automobile emission standards. The Germany automobile industry was hit due to this. Last week, data also showed that the Eurozone's GDP for the third quarter grew at a pace of 0.2%. This marked the same pace of increase seen in the second quarter of the year.
- **Statistics Australia released its latest labor market data last week.** Reports showed that the monthly employment change rose 32,800 during the month of October on a seasonally adjusted basis. The data beat estimates which forecast an increase of 20k jobs during the period. The Australian unemployment rate held steady at 5.0% which marked a six year low. The unemployment rate was unchanged from the previous month. The participation rate increased 65.6% during the period but other measures indicated that there was significant slack in the labor market.
- **Retail sales in the U.S.** showed a strong resurgence. Headline retail sales rose 0.8% on the in October. This beat estimates of a 0.5% increase. Core retail sales rose 0.7% which also came out higher than expected. The jump in retail sales came due to increased sales at gasoline stores which included sales of automobiles and fuel.

ECONOMIC EVENTS – THE WEEK AHEAD

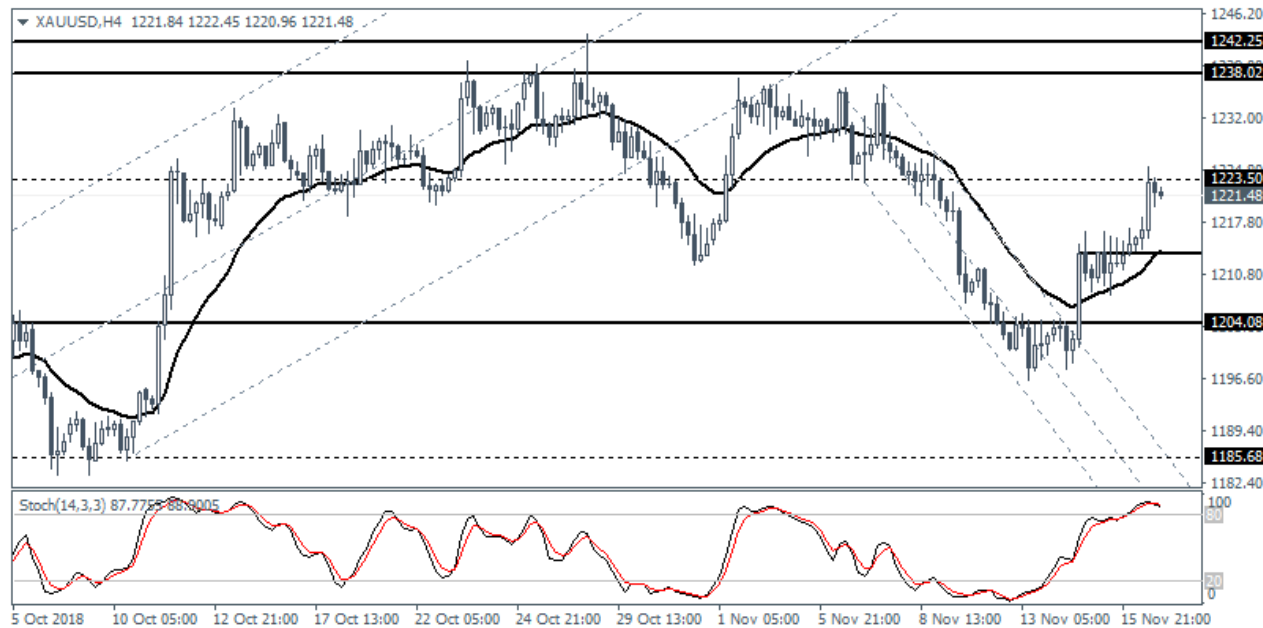
- **The European Central Bank** will be releasing the meeting minutes from the October monetary policy meeting. The minutes, which will be released on Thursday will offer investors further insights into the central bank's plans for its monetary policy guidance. The ECB cut its QE purchases to 15 billion euro and signaled that it would end its bond purchases in December. Investors speculate on the timing of the first interest rate hike from the central bank. The ECB had previously announced that interest rates would remain near current lows for at least until the middle of next year. The meeting minutes come amid a slowdown in the Eurozone's economy.
- **Statistics Canada** will be releasing the monthly inflation and retail sales report this week on Friday. The Canadian economic calendar will be busy on Friday. Last month, inflation was seen easing to 2.2% marking the lowest inflation reading in four months. However, consumer prices remain firmly anchored above the Bank of Canada's 2.0% inflation target rate. Retail sales report will be coming out simultaneously. In the previous month, retail sales slumped amid a slowdown in consumer spending. The data comes ahead of the Bank of Canada's next monetary policy meeting. Speculation is high that the central bank could hike rates one more time.
- **The Reserve Bank of Australia** will be releasing its monthly monetary policy meeting minutes this week. The minutes cover the recent central bank monetary policy meeting. The RBA has left interest rates unchanged and did not make any major changes to its forward guidance. Investors expect the RBA to keep rates steady for at least the next two quarters.
- **A rather slow week from the U.S.** will see the release of the durable goods orders report. On the economic side, no major releases are scheduled for this week. However, investors will be looking to the housing market data which includes the existing home sales report.

ECONOMIC CALENDAR – WEEK 47

DATE	TIME	CURRENCY	EVENT	FORECAST	PREVIOUS
19-NOV	1:50am	JPY	Trade Balance	-0.48T	-0.24T
	11:00am	EUR	Current Account	24.2B	23.9B
		EUR	ECB Financial Stability Review		
	All Day	EUR	Eurogroup Meetings		
	1:00pm	EUR	German Buba Monthly Report		
	5:45pm	USD	FOMC Member Williams Speaks		
20-NOV	5:30am	JPY	BOJ Gov Kuroda Speaks		
	9:00am	CHF	Trade Balance	2.89B	2.43B
		EUR	German PPI m/m	0.30%	0.50%
	All Day	EUR	ECOFIN Meetings		
	3:30pm	USD	Building Permits	1.26M	1.24M
		USD	Housing Starts	1.23M	1.20M
21-NOV	6:30am	JPY	All Industries Activity m/m	-0.80%	0.50%
	3:30pm	USD	Core Durable Goods Orders m/m	0.40%	0.00%
		USD	Durable Goods Orders m/m	-2.20%	0.70%
		USD	Unemployment Claims	215K	216K
	5:00pm	USD	Revised UoM Consumer Sentiment	98.4	98.3
		USD	CB Leading Index m/m	0.20%	0.50%
		USD	Existing Home Sales	5.20M	5.15M
		USD	Revised UoM Inflation Expectations		2.80%
22-NOV	1:30am	JPY	National Core CPI y/y	1.00%	1.00%
	2:30pm	EUR	ECB Monetary Policy Meeting Accounts		
	5:00pm	EUR	Consumer Confidence	-3	-3
23-NOV	2:30am	JPY	Flash Manufacturing PMI	53	52.9

	9:00am	EUR	German Final GDP q/q	-0.20%	-0.20%
	10:15am	EUR	French Flash Manufacturing PMI	51.3	51.2
		EUR	French Flash Services PMI	54.9	55.3
	10:30am	EUR	German Flash Manufacturing PMI	52.3	52.2
		EUR	German Flash Services PMI	54.6	54.7
	11:00am	EUR	Flash Manufacturing PMI	52	52
		EUR	Flash Services PMI	53.6	53.7
	4:45pm	USD	Flash Manufacturing PMI	55.8	55.7
		USD	Flash Services PMI	55	54.8

TECHNICAL TRADING IDEA OF THE WEEK



Gold prices were seen on a roller coaster ride as price action eventually dipped to the expected support level of 1204.08. Briefly slipping below this level, gold prices touched down to lows of 1196 before recovering back rather quickly.

The pullback from this support level could potentially indicate a near term upside change to the trend. However, in the longer term,

gold prices still move sideways with the resistance area of 1240 and the support level of 1204.

The set up in general however looks bullish, especially if gold prices could clear the resistance area of 1238 – 1242. This level has been steady in the past and multiple tests to this level saw prices being pushed down rather firmly.

However, given that gold prices have now formed a bottom near 1204, we expect to see an eventual break to the upside resistance. This comes as the U.S. Federal Reserve maintains a hawkish stance and investors pricing in the December rate hike. In the short term, watch for gold prices as they carve out the range within the said levels.

In the event of a decline below 1204.00 level, gold prices could however expose the downside risk of further declines.