



Weekly Market Bulletin

Week 20 | 2019

DISCLAIMER

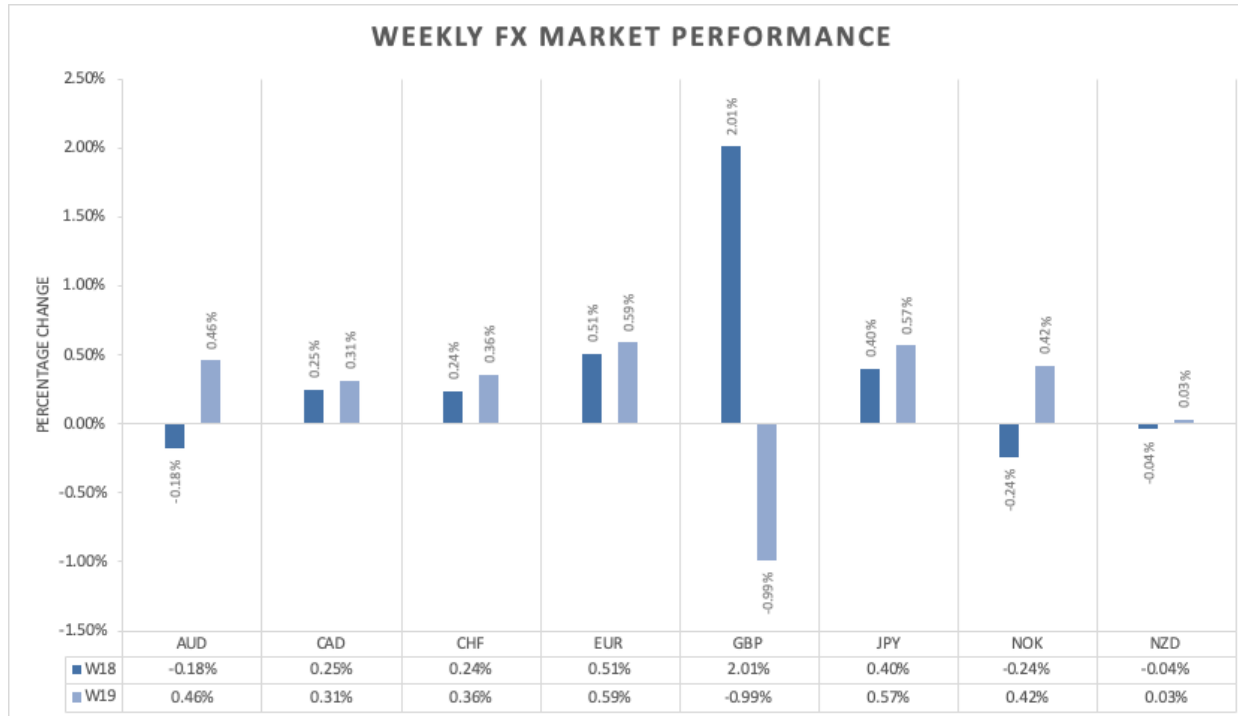
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WEEKLY CURRENCY MARKET PERFORMANCE – W19

Key points



- The risk off sentiment in the market was evident with JPY, CHF posting strong gains. The currencies rise 0.57% and 0.36% respectively.
- The euro currency emerged on the top this week, gaining 0.59% mostly due to a subdued USD.
- The GBP currency was the weakest, losing 0.99% on the week. Regional geo-politics were

the main reason.

- The CAD and the NOK managed to post gains this week, rising 0.31% and 0.42% respectively. The gains came about as oil prices jumped 0.73%, partly reversing the declines from the week before.
- The AUD was up 0.46% while the NZD managed to rise 0.03% on the week. The kiwi was weaker as the RBNZ unexpectedly cut interest rates at its meeting this week. Meanwhile, the RBA held rates steady against expectations of a rate cut.

MARKET HIGHLIGHTS – WEEK 19

- **Reserve Bank of New Zealand held its monetary policy meeting on Wednesday.** In a rather unexpected move, the central bank lowered its official cash rate from 1.75% to 1.50%. Some market watchers were expecting the RBNZ to lower its interest rates. In its rate projection, the RBNZ also signaled that there is scope for another rate cut later in the year. The rate cut comes as the RBNZ has been struggling to lift inflation higher. The central bank was first among the developed economies to follow a loser monetary policy course and rate have been steadily falling. The cut in the OCR to 1.50% marks a fresh low in New Zealand interest rate history.
- **The Reserve Bank of Australia kept the interest rates unchanged at 1.50%.** Holding its monetary policy meeting on Tuesday, the RBA defied expectations and kept rates steady. The markets were expecting the RBA to lower rates at last week's meeting. The central bank however lowered its GDP and inflation forecasts for this year. Australia's GDP is expected to rise at a pace of 2.75% this year from 3.0% previously. The official unemployment rate was also forecast to remain around 5.0% over the year ahead and is expected to fall to 4.75% by 2021.
- **The UK's GDP was seen rising at a faster pace in the first three months of the year.** Data from the UK's Office for National statistics (ONS) showed that gross domestic product increased 0.5% in the last three months of the year in 2018. This was slightly below the estimates of the BoE's estimate of a 0.7% increase for the period.
- **Consumer prices in the United States** grew at a pace of 0.3% in April. This was well below estimates and down from 0.4% in March. Energy prices were seen rising substantially in the month, rising 2.9%. But this was a slower pace of increase comparing to March's gains of 3.5%. Gasoline prices alone accounted for a 5.7% increase. Excluding food and energy prices, core consumer prices were up just 0.1% for the third consecutive month.
- **Canada's monthly jobs report showed a robust rebound.** Official data showed that the Canadian economy added 106,500 jobs in the month of April on a seasonally adjusted basis. This was well above the modest estimates of a 15k increase. Canada's unemployment rate fell to 5.7% marking the lowest unemployment rate in Canada since 2008. In March, Canada's unemployment rate was at 5.8% and economists forecast no change to the unemployment rate. The job gains were concentrated in areas around Ontario and Quebec. The data comes at a time when Canada's GDP was seen stalling.

ECONOMIC EVENTS – THE WEEK AHEAD

- **The UK's monthly labor market data** will be coming out this week. According to the median estimates, the UK's unemployment rate is forecast to remain steady at 3.9%. The monthly average earnings are forecast to rise at a slower pace of 3.4%. This marks a modest decline from 3.5% from the month before. The data will once again come into focus after the Brexit uncertainty is moved back to the background.
- **The German ZEW economic sentiment index** data will be coming up over the week. Forecasts point to the economic sentiment report rising even further. The median estimates point to an increase in the index to 5.0. In the previous month, German ZEW economic sentiment index rose to 4.5. The uptrend is in fact intact and could potentially see a beat on the estimates.
- **The Eurozone will be releasing the flash GDP estimates this week.** Economists forecast that the GDP growth would rise 0.4% on the quarter. This would mark an unchanged print from the initial estimates that were released few weeks ago. The uptick in the GDP could see some positive cheer for the Euro after growth has practically stalled in last year. The recent data from Germany adds to the positive outlook as expectations rise that growth is slowly returning to the region.
- **Data from Australia this week will cover the labor market reports.** Earlier in the week, the quarterly wage growth data will be coming out. Economists forecast that wages grew at a pace of 0.6% on the quarter. This would mark a modest increase compared to the previous quarter's growth rate of 0.5%. Later in the week, the monthly unemployment report is due. Australia's unemployment rate is forecast to remain steady at 5.0%. The monthly employment change is expected to show an increase of 15.2k. This marks a slower pace of job gains compared to 27.5k reported the month before.

ECONOMIC CALENDAR – WEEK 20

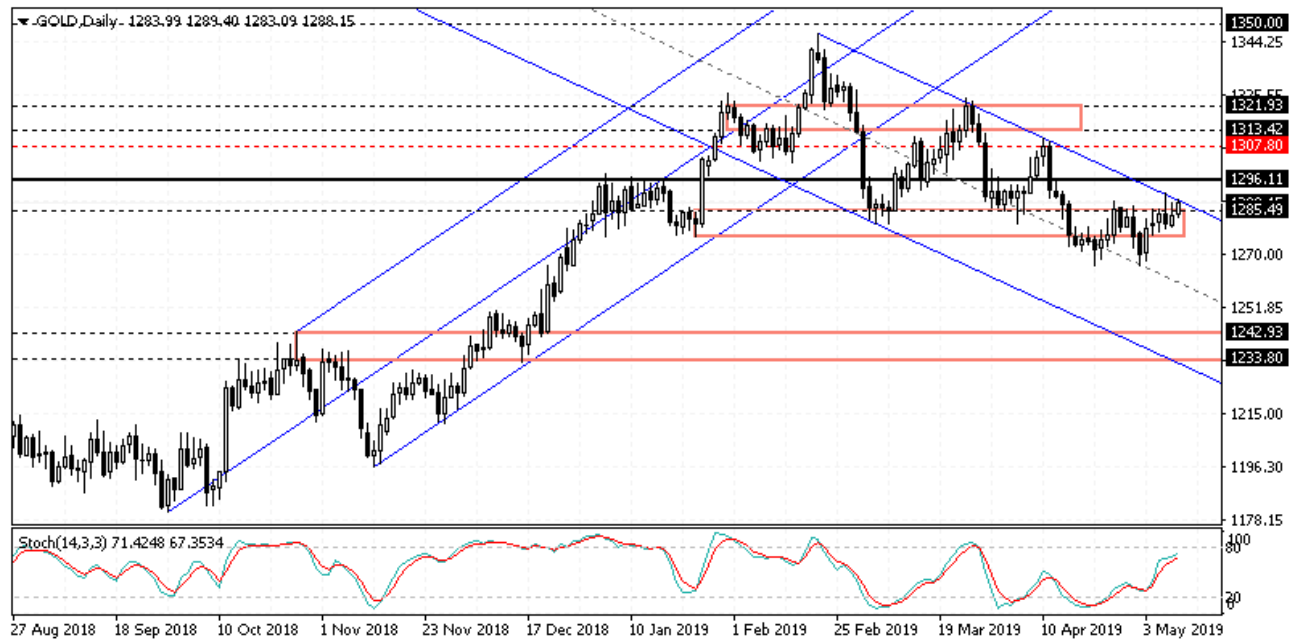
Date	Time	Currency	Event	Forecast	Previous
13-May	04:30	AUD	Home Loans m/m	2.20%	2.00%
	08:00	JPY	Leading Indicators	96.40%	97.10%
14-May	02:50	JPY	Bank Lending y/y	2.30%	2.40%
		JPY	Current Account	1.71T	1.96T
	08:00	JPY	Economy Watchers Sentiment	45.9	44.8
	09:00	EUR	German Final CPI m/m	1.00%	1.00%
		EUR	German WPI m/m	0.40%	0.30%
	09:30	CHF	PPI m/m	0.20%	0.30%
	11:30	GBP	Average Earnings Index 3m/y	3.40%	3.50%
		GBP	Unemployment Rate	3.90%	3.90%
		GBP	Claimant Count Change	24.2K	28.3K
	12:00	EUR	German ZEW Economic Sentiment	5.1	3.1
		EUR	Industrial Production m/m	-0.30%	-0.20%
		EUR	ZEW Economic Sentiment	5	4.5
	13:00	USD	NFIB Small Business Index	102.3	101.8
	15:30	USD	Import Prices m/m	0.70%	0.60%
15-May	04:30	AUD	Wage Price Index q/q	0.60%	0.50%
	05:00	CNY	Fixed Asset Investment ytd/y	6.40%	6.30%
		CNY	Industrial Production y/y	6.50%	8.50%

		CNY	Retail Sales y/y	8.60%	8.70%
		CNY	Unemployment Rate		5.20%
	09:00	EUR	German Prelim GDP q/q	0.40%	0.00%
		JPY	Prelim Machine Tool Orders y/y		-28.50%
	09:45	EUR	French Final CPI m/m	0.20%	0.20%
	12:00	EUR	Flash GDP q/q	0.40%	0.40%
		EUR	Flash Employment Change q/q	0.20%	0.30%
	15:30	CAD	CPI m/m		0.70%
		CAD	Common CPI y/y		1.80%
		CAD	Median CPI y/y		2.00%
		CAD	Trimmed CPI y/y		2.10%
		CAD	Core CPI m/m		0.30%
		USD	Core Retail Sales m/m	0.70%	1.20%
		USD	Retail Sales m/m	0.20%	1.60%
		USD	Empire State Manufacturing Index	8.2	10.1
	16:15	USD	Capacity Utilization Rate	78.70%	78.80%
		USD	Industrial Production m/m	0.00%	-0.10%
	17:00	USD	Business Inventories m/m	0.00%	0.30%
16-May	02:50	JPY	PPI y/y	1.10%	1.30%
	04:30	AUD	Employment Change	15.2K	25.7K
		AUD	Unemployment Rate	5.00%	5.00%
	12:00	EUR	Italian Trade Balance	4.24B	3.27B
		EUR	Trade Balance	19.0B	19.5B

	All Day	EUR	Eurogroup Meetings		
	15:30	CAD	Manufacturing Sales m/m		-0.20%
		CAD	ADP Non-Farm Employment Change		13.2K
		USD	Building Permits	1.29M	1.29M
		USD	Philly Fed Manufacturing Index	10	8.5
		USD	Housing Starts	1.21M	1.14M
		USD	Unemployment Claims	220K	228K
17-May	01:45	NZD	PPI Input q/q		1.60%
		NZD	PPI Output q/q		0.80%
	07:30	JPY	Tertiary Industry Activity m/m	0.10%	-0.60%
	12:00	EUR	Final CPI y/y	1.70%	1.70%
		EUR	Final Core CPI y/y	1.20%	1.20%
	All Day	EUR	ECOFIN Meetings		
	17:00	USD	Prelim UoM Consumer Sentiment	97.8	97.20%
		USD	CB Leading Index m/m	0.20%	0.40%

TECHNICAL TRADING IDEA OF THE WEEK

Gold prices were seen trading choppy for the most part last week. The volatility in the gold prices were seen as a result of the market uncertainty due to the U.S. and China trade talks which fell apart by Friday. The week started off on a volatile note to begin with. Gold prices surged on the news about the potential deal falling apart.



From a technical perspective, gold prices remain choppy at the moment. By Friday's close, price action was seen trading near the resistance area of 1285.

Further gains could see gold rising to highs of 1296 where the next main resistance level resides. To the

downside, if gold prices reverses course, we expect to see the bearish momentum taking shape. This will put back into focus the possible downtrend in the markets. To the upside, the breakout above 1296 will potentially see gold prices rising to highs of 1320 region.

For the moment, price action is still trading within the falling price channel.