



Weekly Market Bulletin

Week 22 | 2019

DISCLAIMER

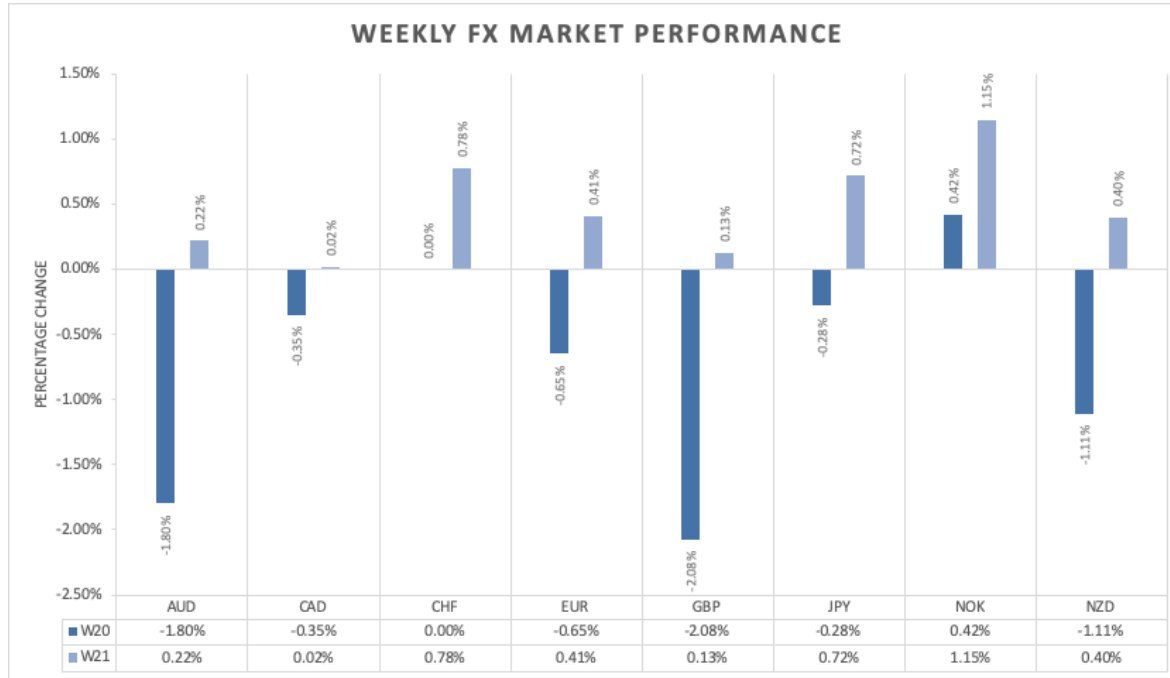
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WEEKLY CURRENCY MARKET PERFORMANCE – W21

Key points



- The U.S. dollar was seen trading weaker over the week as most of the currencies posted some modest gains.
 - There was a minor risk off sentiment in the market with the CHF currency gaining 0.78% and the JPY rising 0.72% respectively.
 - The GBP currency managed to post some gains on the week, rising 0.13%. This came despite the volatility in the GBP due to the developments on the Brexit and

political drama in the UK.

- The EUR currency posted modest gains, rising 0.41% on the week. The gains came after previous weeks of declines in the common currency. The euro posted the gains mostly on account of a weaker USD over the week.
- Weak oil prices saw a mixed reaction in the currency markets. The NOK was the top performing currency, gaining 1.15% while the CAD lost 0.02% on the week. This came amid oil prices falling over 6% on the week

MARKET HIGHLIGHTS – WEEK 21

- **Consumer confidence in the Eurozone was seen rebounding in May.** Data from the Eurozone's statistics agency, Eurostat showed that consumer confidence rose to the highest level in seven months after weakening in the month before. The flash estimates showed that consumer confidence rose to -6.5 in May, compared to -7.3 in April which was a revised print from -7.9 initially. The data for May was the highest on record since October last year. A final and revised estimate of the Eurozone's consumer confidence report will be coming out later in the week.
- **Japan's first quarter GDP rises 0.5%.** Official data showed that the gross domestic product surprised after rising 0.5% on a seasonally adjusted basis. The data beat the forecasts of a 0.1% decline following a downward revised 0.4% quarterly GDP growth in the previous quarter. On an annualized basis, Japan's GDP grew at a pace of 2.1% in the year ending March 2019. This also beat the conservative estimates which expected a 0.2% decline in the annualized GDP. Japan's nominal GDP was seen rising 0.8% on the quarter.
- **Existing home sales report from the United States showed a decline in April.** Data from the National Association of Realtors showed on Tuesday last week that existing home sales fell 0.4% on a month over month basis in April to an annualized rate of 5.19 million. This came after new home sales fell 4.9% in March. Total housing inventory rose to 1.83 million indicating that inventory totals were steadily improving.
- **The latest retail sales report from New Zealand saw a modestly better print than expected.** Quarterly retail sales rose 0.7% beating estimates of a 0.6% increase. But this was comparatively lower to the Q4 retail sales print of 1.7%. On an annualized basis, retail sales in New Zealand is up 3.3%. Spending gains were seen across a range of categories including department stores and hardware. That saw core (ex-fuel spending) rising by 0.7% over the quarter.
- **The monthly durable goods orders report from the U.S. showed a decline in April.** Official data showed that durable goods orders fell 2.1% on the month while core durable goods orders were unchanged. The declines came amid the trade wars with China. Non-military capital goods orders excluding aircrafts were down 0.9% following a downward revised print of a 0.3% increase in March.

ECONOMIC EVENTS – THE WEEK AHEAD

- **The Bank of Canada will be holding its monetary policy meeting.** However, no changes are expected to the central bank's interest rates which remain at 1.75%. The Bank of Canada last hiked interest rates in September last year. Since then, BoC's rates have remained steady largely due to uncertainty from the trade negotiations with the U.S. and the threat of slower global economic growth.
- **Economic data from the U.S. is expected to be busy** after a somewhat slow start to the week. The U.S. markets are closed for the Memorial Day bank holiday on Monday. However, a number of events are lined up over the week including the GDP revised estimates and the PCE price index report. The U.S. second revised GDP estimates for the first quarter is forecast to be revised down to 3.1% from 3.2% as reported initially. Later in the week, the PCE price index report is expected to show that the Fed's preferred gauge of inflation is expected to rise 0.2% on the month.
- **Economic data from Australia this week will cover the building approvals and capex spending.** The data comes ahead of the Reserve Bank of Australia's monetary policy meeting due in a week's time. Focus will be on whether or not the RBA will lower interest rates as widely speculated. Amid the rumors, following the RBA governor's indications that the policy makers will consider rate cuts, the building approvals report and the capex spending could shed light.
- **Data from the Eurozone this week will cover a mix of economic and political events.** The European Parliamentary elections are being held over the weekend. But this is not expected to make a big impact on the euro currency. On the economic front, French preliminary GDP reports will be coming out over the week including the preliminary inflation report from Germany and Italy.

ECONOMIC CALENDAR – WEEK 22

| Date | Time | Currency | Event | Forecast | Previous |
|-------|-----------|----------|---------------------------------|----------|----------|
| 27/05 | 06:00 | JPY | BOJ Gov Kuroda Speaks | | |
| 28/05 | 02:50 | JPY | SPPI y/y | 1.20% | 1.10% |
| | 08:00 | JPY | BOJ Core CPI y/y | | 0.50% |
| | 08:45 | CHF | GDP q/q | 0.30% | 0.20% |
| | 09:00 | CHF | Trade Balance | 2.98B | 3.18B |
| | | EUR | German GfK Consumer Climate | 10.4 | 10.4 |
| | | EUR | German Import Prices m/m | 0.50% | 0.00% |
| | 28th-31st | GBP | Nationwide HPI m/m | 0.00% | 0.40% |
| | 11:00 | EUR | M3 Money Supply y/y | 4.40% | 4.50% |
| | | EUR | Private Loans y/y | 3.30% | 3.20% |
| | 11:30 | GBP | High Street Lending | 39.3K | 40.0K |
| | 16:00 | USD | HPI m/m | 0.20% | 0.30% |
| | | USD | S&P/CS Composite-20 HPI y/y | 3.10% | 3.00% |
| | 17:00 | USD | CB Consumer Confidence | 130.1 | 129.2 |
| 29/05 | 00:00 | NZD | RBNZ Financial Stability Report | | |
| | 02:00 | NZD | RBNZ Gov Orr Speaks | | |
| | 02:01 | GBP | BRC Shop Price Index y/y | | 0.40% |
| | 03:00 | JPY | BOJ Gov Kuroda Speaks | | |
| | 04:00 | NZD | ANZ Business Confidence | | -37.5 |

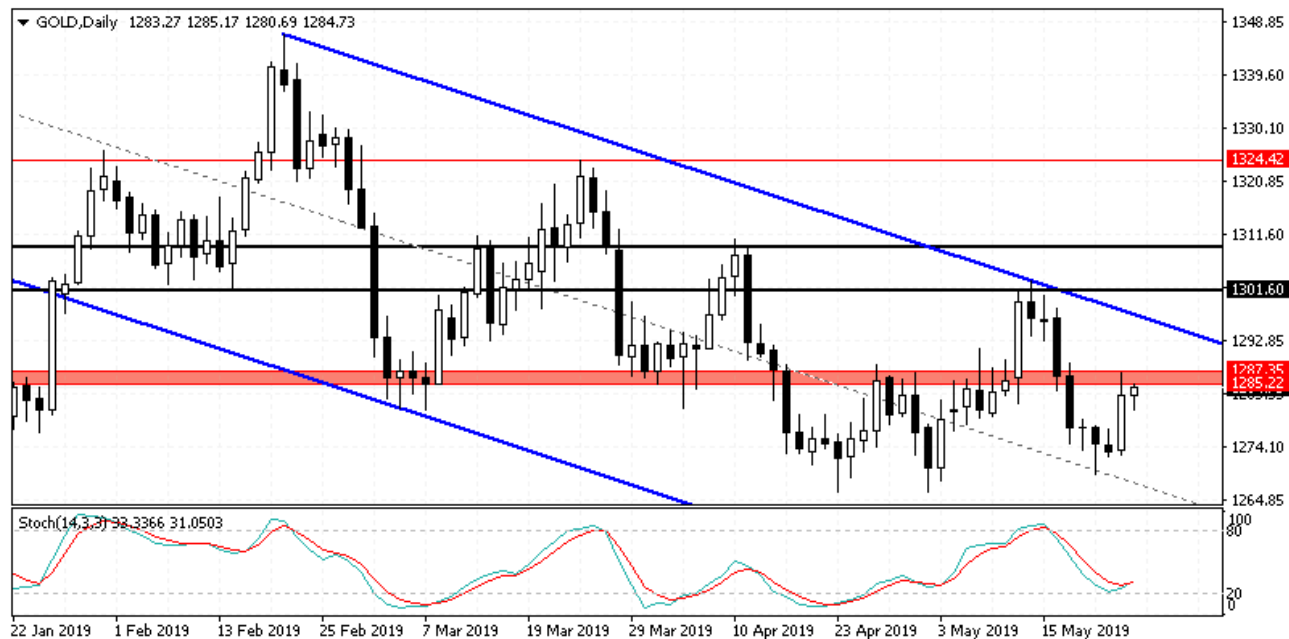
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|-------|-----------|-----|---------------------------------------|--------|----------|
| | Tentative | AUD | HIA New Home Sales m/m | | -0.10% |
| | 04:10 | NZD | RBNZ Gov Orr Speaks | | |
| | 09:45 | EUR | French Consumer Spending m/m | 0.50% | -0.10% |
| | | EUR | French Prelim CPI m/m | 0.30% | 0.30% |
| | | EUR | French Prelim GDP q/q | 0.30% | 0.30% |
| | 10:00 | CHF | KOF Economic Barometer | 96.4 | 96.2 |
| | | EUR | German Buba President Weidmann Speaks | | |
| | 10:55 | EUR | German Unemployment Change | -8K | -12K |
| | 11:00 | CHF | Credit Suisse Economic Expectations | | -7.7 |
| | | EUR | ECB Financial Stability Review | | |
| | 17:00 | CAD | BOC Rate Statement | | |
| | | CAD | Overnight Rate | 1.75% | 1.75% |
| | | USD | Richmond Manufacturing Index | 6 | 3 |
| 30/05 | 01:45 | NZD | Building Consents m/m | | -6.90% |
| | 04:30 | AUD | Building Approvals m/m | 0.10% | -15.50% |
| | | AUD | Private Capital Expenditure q/q | 0.50% | 2.00% |
| | 05:00 | NZD | Annual Budget Release | | |
| | 10:00 | EUR | Spanish Flash CPI y/y | 1.20% | 1.50% |
| | Tentative | EUR | Italian 10-y Bond Auction | | 2.59 1.4 |
| | 15:30 | CAD | Current Account | | -15.5B |
| | | USD | Prelim GDP q/q | 3.10% | 3.20% |
| | | USD | Goods Trade Balance | -72.0B | -71.4B |
| | | USD | Prelim GDP Price Index q/q | 0.90% | 0.90% |

| | | | | | |
|-------|-----------|-----|-----------------------------------|--------|--------|
| | | USD | Prelim Wholesale Inventories m/m | 0.20% | -0.10% |
| | | USD | Unemployment Claims | 216K | 211K |
| | 17:00 | USD | Pending Home Sales m/m | 0.90% | 3.80% |
| | 17:30 | USD | Natural Gas Storage | | 100B |
| | 18:00 | USD | Crude Oil Inventories | | 4.7M |
| | 19:00 | USD | FOMC Member Clarida Speaks | | |
| | 21:15 | CAD | Gov Council Member Wilkins Speaks | | |
| 31/05 | Tentative | USD | Treasury Currency Report | | |
| | 02:01 | GBP | GfK Consumer Confidence | -12 | -13 |
| | 02:30 | JPY | Tokyo Core CPI y/y | 1.20% | 1.30% |
| | | JPY | Unemployment Rate | 2.40% | 2.50% |
| | 02:50 | JPY | Prelim Industrial Production m/m | 0.20% | -0.60% |
| | | JPY | Retail Sales y/y | 1.00% | 1.00% |
| | 04:00 | CNY | Manufacturing PMI | 49.9 | 50.1 |
| | | CNY | Non-Manufacturing PMI | 54.3 | 54.3 |
| | 04:30 | AUD | Private Sector Credit m/m | 0.30% | 0.30% |
| | 08:00 | JPY | Consumer Confidence | 40.6 | 40.4 |
| | | JPY | Housing Starts y/y | -0.80% | 10.00% |
| | 09:00 | EUR | German Retail Sales m/m | 0.40% | -0.20% |
| | 09:30 | CHF | Retail Sales y/y | -0.80% | -0.70% |
| | All Day | EUR | German Prelim CPI m/m | 0.30% | 1.00% |
| | 11:30 | GBP | M4 Money Supply m/m | 0.40% | -0.50% |
| | | GBP | Mortgage Approvals | 64K | 62K |

| | | | | | |
|--|-------|-----|------------------------------------|-------|--------|
| | | GBP | Net Lending to Individuals m/m | 4.6B | 4.7B |
| | 12:00 | EUR | Italian Prelim CPI m/m | 0.20% | 0.20% |
| | 15:30 | CAD | GDP m/m | | -0.10% |
| | | CAD | RMPI m/m | | 2.80% |
| | | CAD | IPPI m/m | | 1.30% |
| | | USD | Core PCE Price Index m/m | 0.20% | 0.00% |
| | | USD | Personal Spending m/m | 0.20% | 0.90% |
| | | USD | Personal Income m/m | 0.30% | 0.10% |
| | 16:45 | USD | Chicago PMI | 55.1 | 52.6 |
| | 17:00 | USD | Revised UoM Consumer Sentiment | 102 | 102.4 |
| | | USD | Revised UoM Inflation Expectations | | 2.80% |

TECHNICAL TRADING IDEA OF THE WEEK

Gold prices were seen declining over the week as the precious metal tested lower support of 1270 during the week. However, the risk off sentiment over the week sent gold prices to retest the previously established resistance and support level of 1285. By Friday's close, gold settled back close to the 1285 handle.



There is scope that price action will reverse course at this level once again. In such an event, gold price could extend declines further, initially testing lows of 1270 followed by a decline to the 1240 – 1250 level in the near term.

On the other hand, if the current bullish

momentum is maintained, then gold prices could potentially breakout from the resistance level of 1285 and extend gains higher.

This could possibly invalidate the bearish outlook and see gold reversing direction. The 1300 level will be once again the next main target with the possibility of a bullish bias setting in. For the moment, it is best to remain on the sidelines.