



Weekly Market Bulletin

Week 30 | 2019

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TABLE OF CONTENTS

Weekly Currency Market Performance.....	3
Market Highlights – Week 29.....	4
Economic Events – The week ahead	5
Economic Calendar – Week 30	6
Technical Trading Idea of the Week.....	9

WEEKLY CURRENCY MARKET PERFORMANCE – W29

Key points



prices dragged both the NOK and the CAD lower. The CAD was down 0.26% while the NOK lost 0.48% on the week as a result.

- The EUR currency was seen trading flat as it lost 0.39%, erasing most of the gains from the week before. The common currency continues to trade flat with no trend in sight.
- Safe haven currencies, the JPY gained 0.10% and the CHF rose 0.16% on the week. This reflected the general gains in safe haven assets such as Gold which rose 0.70% on the week.

- The USD was mixed last week as the currency reflected the shifting sentiment among investors.

- The NZD was the top performing currency as it gains 1.25% on the week. This followed gains of 1.90% from the week before.

- Weaker oil

MARKET HIGHLIGHTS – WEEK 29

- **China's economy was seen expanding at the slowest pace in nearly 27 years, official data showed last week.** China's GDP advanced 6.2% on the year ending June 2019. This was a slower pace of growth comparing to the 6.2% expansion seen in the first quarter. In the first half of the year, China's GDP advanced 6.3%. The increase in GDP was driven by a pickup in industrial production. Retail sales also advanced 9.8%, following an 8.6% increase in the month before.
- **The U.S. NY Fed regional manufacturing index showed a rebound in activity for July.** Data released last week showed that the NY Fed's regional business conditions index rose to 4.3 on the index, following a reading of -8.6 in June. The positive reading indicates growth. The bigger than expected jump beat expectations where economists forecast an increase to 2.0 on the index. The rebound in the index came with new orders rising. But shipments were seen to be weaker, easing to 7.2 from 9.7 in June.
- **Consumer prices in New Zealand rebounded, rising at a pace of 0.6% in the second quarter of the year.** Official data showed that the figures matched the economic forecasts. In the first quarter, New Zealand's headline inflation grew at a pace of 0.1%. Driving consumer prices higher was an increase in housing and household utilities which gained 0.7% on the quarter. Higher rentals also contributed to the gains. On a year over year basis, New Zealand's CPI rose 1.7%, matching estimates and up from 1.5% previously.
- **The monthly U.S. retail sales report showed a better than expected consumer spending.** Retail sales for June grew at a pace of 0.4% on the month in June. The data for May was revised down from 0.6% to 0.4%. Excluding autos and gasoline sales, retail sales rose 0.7%. The data underlined renewed consumer spending. Following the release of the retail sales report, investors lowered their odds for a bigger Fed rate cut at the July FOMC meeting.
- **Eurozone trade surplus grew in May as exports rebounded sharply.** Data from the Eurostat showed that trade surplus, on a seasonally adjusted basis grew EUR 20.2 billion, up from 15.7 billion previously in April. Despite the upbeat figures, the data is unlikely to change the slump in the previous couple of months. Exports rose 1.4% on the month following a 2.5% decline in April.

ECONOMIC EVENTS – THE WEEK AHEAD

- **Economic data from the U.S. will be closely watched this week as the Bureau of Economic analysis will be releasing the advanced GDP report.** The data covers the second quarter period ending June 2019. The median estimates point to a 1.8% increase in the GDP during the period. This would mark a lower pace of growth compared to the first quarter this year and the last quarter of year last year. The markets have been discounting the fact that the U.S. economy is slowing
- **Data from the Eurozone will focus on the flash manufacturing and services PMI data.** The flash reports will cover the month of July. The data will give an initial glimpse into how businesses performed during the first month of the third quarter. The Eurozone's economy is already confirmed to have slowed in the second quarter this year. Besides the flash PMI's, the European Central Bank will be holding its monetary policy meeting this week as well.
- **The U.S. existing home sales report will be coming up this week.** The data comes after just last week, the new home sales report showed a major decline. The housing markets are in the midst of adjusting to the potential rate cuts from the Fed. Existing home sales report, which covers the sales of existing homes rose 5.3 million or about 2.5% on the month in May.
- **The U.S. durable goods orders report will be coming up later in the week.** Headline durable goods orders are forecast to rise 0.5% on the month in June. This follows the 1.3% decline seen in the month before. Durable goods orders excluding transportation is forecast to rise 0.1% on the month. This comes after durable goods orders excluding transportation rose a revised 0.4% on the month. The data comes just before the release of the second quarter GDP advanced release.

ECONOMIC CALENDAR – WEEK 30

Date	Time	Currency	Event	Forecast	Previous
22/07	13:00	EUR	German Buba Monthly Report		
	15:30	CAD	Wholesale Sales m/m	0.80%	1.70%
	18:00	JPY	BOJ Gov Kuroda Speaks		
23/07	01:30	AUD	RBA Assist Gov Kent Speaks		
	08:00	JPY	BOJ Core CPI y/y	0.60%	0.70%
	13:00	GBP	CBI Industrial Order Expectations	-15	-15
	16:00	USD	HPI m/m	0.30%	0.40%
	17:00	USD	Existing Home Sales	5.35M	5.34M
		USD	Richmond Manufacturing Index	5	3
	17:30	AUD	CB Leading Index m/m		0.10%
24/07	01:45	NZD	Trade Balance	100M	264M
		AUD	Flash Services PMI		52.6
	03:30	JPY	Flash Manufacturing PMI	49.7	49.3
	10:15	EUR	French Flash Services PMI	52.7	52.9
		EUR	French Flash Manufacturing PMI	51.6	51.9
	10:30	EUR	German Flash Manufacturing PMI	45.1	45
		EUR	German Flash Services PMI	55.3	55.8
	11:00	EUR	Flash Manufacturing PMI	47.6	47.6
		EUR	Flash Services PMI	53.3	53.6

		EUR	M3 Money Supply y/y	4.60%	4.80%
		EUR	Private Loans y/y	3.20%	3.30%
	11:30	GBP	High Street Lending	42.9K	42.4K
	16:00	CNY	CB Leading Index m/m		0.80%
		EUR	Belgian NBB Business Climate	-5	-4.9
	16:45	USD	Flash Manufacturing PMI	50.9	50.6
		USD	Flash Services PMI	51.6	51.5
	17:00	USD	New Home Sales	659K	626K
	17:30	USD	Crude Oil Inventories		-3.1M
25/07	02:50	JPY	SPPI y/y	0.80%	0.80%
	06:05	AUD	RBA Gov Lowe Speaks		
	10:00	EUR	Spanish Unemployment Rate	13.70%	14.70%
	11:00	EUR	German Ifo Business Climate	97.1	97.4
	13:00	GBP	CBI Realized Sales	0	-42
	14:45	EUR	Main Refinancing Rate	0.00%	0.00%
		EUR	Monetary Policy Statement		
	15:30	EUR	ECB Press Conference		
		USD	Core Durable Goods Orders m/m	0.20%	0.40%
		USD	Durable Goods Orders m/m	0.80%	-1.30%
		USD	Goods Trade Balance	-72.4B	-74.5B
		USD	Prelim Wholesale Inventories m/m	0.50%	0.40%
		USD	Unemployment Claims	220K	216K
	17:30	USD	Natural Gas Storage		62B

26/07	02:30	JPY	Tokyo Core CPI y/y	0.80%	0.90%
	09:00	EUR	German Import Prices m/m	-0.80%	-0.10%
	15:30	USD	Advance GDP q/q	1.80%	3.10%
		USD	Advance GDP Price Index q/q	4.00%	0.90%

TECHNICAL TRADING IDEA OF THE WEEK

Gold prices were volatile last week as price action was anchored near the weekly highs. However, right after rising to a fresh six year high, gold prices fell sharply by Friday's close. The weekly close indicates that the precious metal remains near the highs but with investor direction likely to look for further clues.



On the other hand, gold managed to break past the upper range at 1423.30. This led to the rally to a new six year high.

By Friday's close, gold was seen retesting back the range at 1423.30.

As long as this level holds, there is scope for price action to

potentially resume the upside trend in prices. Next week, the ECB's monetar policy meeting and the U.S. advance GDP report for the second quarter will be coming out. These two events will likely see a lot of volatility in the markets as a result. We expect that gold might remain or possible test new highs in the comings week. This is of course subject to the precious metal staying above the 1423.30 level.