



Weekly Market Bulletin

Week 34 | 2019

DISCLAIMER

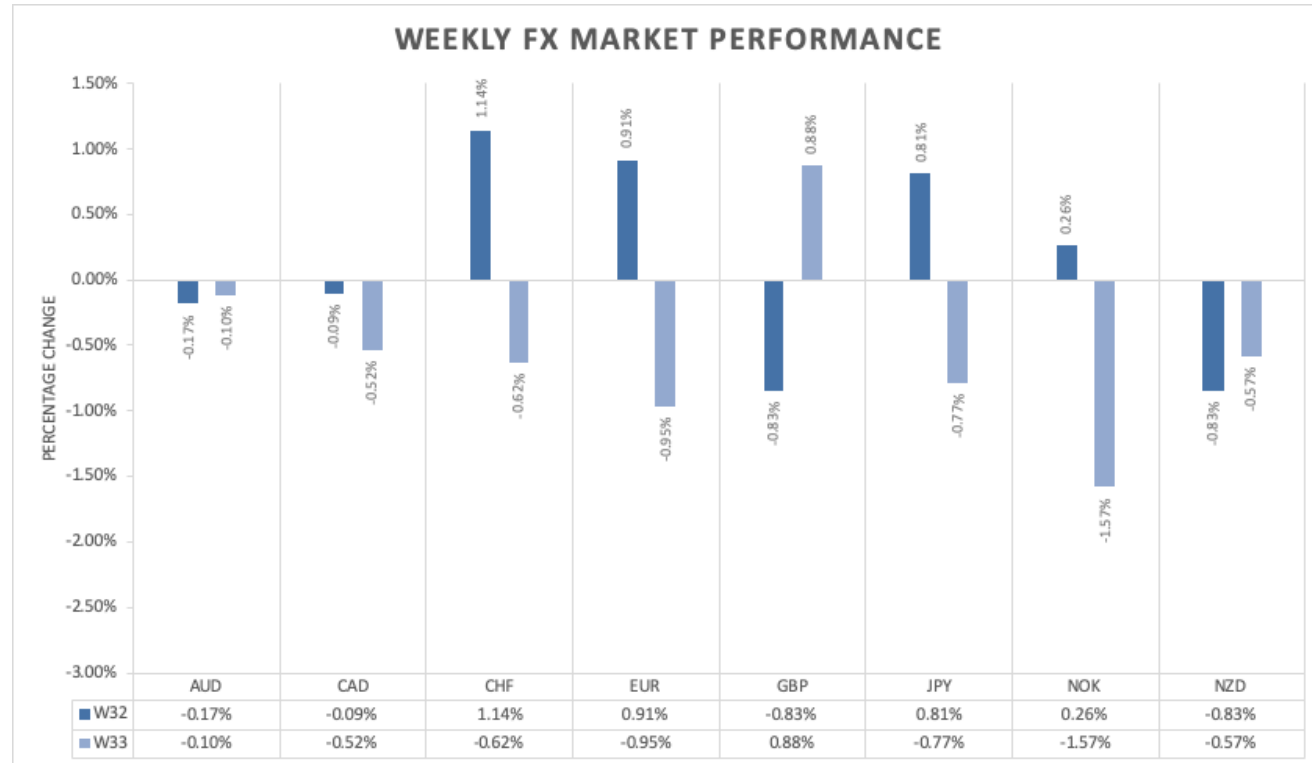
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WEEKLY CURRENCY MARKET PERFORMANCE – W33

Key points



- The markets were volatile last week but the British pound managed to emerge as the top performing currency. The GBP rose 0.88% on the week.

- Safe haven assets, the Japanese yen and the Swiss franc were both weaker, losing 0.77% and 0.62% respectively.

However, gold prices

managed to rise 1.08% on the week, showing a mixed outlook as far as investor sentiment was concerned.

- The euro currency was down 0.95%, mostly tracking the strength of the US dollar. Economic data was sparse with only rumors about the potential easing from the ECB putting pressures on the single currency.
- The Australia dollar was down 0.10% on the week while the New Zealand dollar was down 0.57% on the week. Both the currencies remained weak amid the strength of the US dollar.

MARKET HIGHLIGHTS – WEEK 33

- **Consumer prices in the United Kingdom grew unexpectedly in July.** Official data from the UK's Office of National statistics showed that inflation rose 2.1% on the year ending July. This was slightly above the target of the BoE's inflation target rate which is 2.0%. On a month over month basis, consumer prices were flat against expectations of a 0.1% decline. Consumer price increase was driven by higher demand for clothing, footwear and games. Transportation costs fell during the month.
- **Germany, Europe's largest economy was seen posting a contraction in the second quarter of the year.** Official data showed that Germany's GDP fell 0.1% in the three months ending June. The declines came after a 0.4% increase seen in the first quarter. Data showed that the decline came from a fall in domestic demand. Global outlook was also seen dampening trade which hit the overall GDP for the period. In a separate report, Eurozone's second quarter GDP was seen rising a 0.2%, unchanged from the flash estimates.
- **U.S. retail sales report for July showed that consumer spending boosted sales at commercial stores.** The monthly retail sales report saw headline retail sales rising 0.7% in July. This was followed by a 0.3% increase in June. The data also beat the median estimates of a 0.3% increase for the month. Excluding a decline in auto sales, the headline retail sales rose 1.0% in July after a revised 0.3% increase in June. Excluding auto sales, core retail sales rose 0.4% on the month.
- **The monthly unemployment report from Australia showed that the jobless rate held steady in July.** Australia's unemployment rate was unchanged at 5.2% in July. The economy was seen adding 41,100 jobs during the month. This beat estimates of a 14,000 increase. The participation rate was seen rising to 66.1% up from 66.0% previously. The number of people on unemployment benefits rose by 800 to 712,900 during the reported period. Australia's underemployment rate rose 0.2 points to 8.4%
- **China's industrial production figures released last week slowed to a 17-year low.** The data underlined the impact of the trade dispute with the United States. Industrial output growth rose 4.8% in July. This was down from 6.3% in June, data from the National Bureau of Statistics showed. The pace of production was the slowest since 2002 and missed estimates of a 6% increase during the month.

ECONOMIC EVENTS – THE WEEK AHEAD

- **The FOMC meeting minutes will be one of the key events coming up next week.** The meeting minutes will cover the Fed meeting from the July event. The central bank had lowered interest rates by quarter basis points. The Fed also signaled that it wasn't the start of a rate cut cycle but only an adjustment. Investors will be looking to see how the FOMC members view the economy
- **The Eurozone's final inflation data for July is due this week.** According to the flash estimates, headline inflation was seen rising 1.1% while core inflation rate dipped to 0.9%. The core inflation rate expectation was at 1.0%. The data this week will likely confirm if inflation continues to remain sluggish. Besides the inflation data, the ECB's monetary policy meeting minutes will also be coming out. Markit's flash manufacturing and services PMI numbers are also due this week
- **New Zealand will see the release of the retail sales figures this week for the quarter ending June 2019.** New Zealand retail sales eased to 0.7% on the quarter in Q1. This was down from a 1.7% increase in the fourth quarter of 2018. The retail sales report will be followed up by the producer prices index data. The figures are likely to be overlooked after the Reserve Bank of New Zealand cut interest rates by 50 basis points at its meeting few weeks ago
- **A busy week for Canada will see some important reports coming out.** Data this week from Canada will start off with the manufacturing sales report. This is later followed by the inflation data due later in the week. Canada's consumer prices have been steady and close to the BoC's inflation target rate. On Friday, the Canadian retail sales report will be coming out. This will provide a glimpse into consumer spending on the retail side.

ECONOMIC CALENDAR – WEEK 34

Date	Time	Currency	Event	Forecast	Previous
19-Aug	01:45	NZD	PPI Input q/q	-0.60%	-0.90%
		NZD	PPI Output q/q	-0.40%	-0.50%
	02:50	JPY	Trade Balance	-0.15T	-0.01T
	11:00	EUR	Current Account	32.2B	29.7B
	12:00	EUR	Final CPI y/y	1.10%	1.10%
		EUR	Final Core CPI y/y	0.90%	0.90%
20-Aug	04:30	AUD	Monetary Policy Meeting Minutes		
	09:00	CHF	Trade Balance	3.87B	4.10B
		EUR	German PPI m/m	0.00%	-0.40%
	13:00	GBP	CBI Industrial Order Expectations	-25	-34
	15:30	CAD	Manufacturing Sales m/m	-1.80%	1.60%
21-Aug	01:00	USD	FOMC Member Quarles Speaks		
	11:30	GBP	Public Sector Net Borrowing	-3.7B	6.5B
	15:30	CAD	CPI m/m	0.10%	-0.20%
		CAD	Common CPI y/y	1.80%	1.80%
		CAD	Median CPI y/y	2.10%	2.20%
		CAD	Trimmed CPI y/y	2.00%	2.10%
		CAD	Core CPI m/m		0.00%
	17:00	USD	Existing Home Sales	5.41M	5.27M

	17:30	USD	Crude Oil Inventories		1.6M
	21:00	USD	FOMC Meeting Minutes		
22-Aug	02:00	AUD	Flash Manufacturing PMI		51.6
		AUD	Flash Services PMI		52.3
	03:30	JPY	Flash Manufacturing PMI	49.8	49.4
	07:30	JPY	All Industries Activity m/m	-0.70%	0.30%
	10:15	EUR	French Flash Services PMI	52.5	52.6
		EUR	French Flash Manufacturing PMI	49.5	49.7
	10:30	EUR	German Flash Manufacturing PMI	43.1	43.2
		EUR	German Flash Services PMI	54.1	54.5
	11:00	EUR	Flash Manufacturing PMI	46.3	46.5
		EUR	Flash Services PMI	53	53.2
	13:00	GBP	CBI Realized Sales	-13	-16
	14:30	EUR	ECB Monetary Policy Meeting Accounts		
	15:30	CAD	Wholesale Sales m/m	-0.20%	-1.80%
		USD	Unemployment Claims	217K	220K
	16:45	USD	Flash Manufacturing PMI	50.5	50.4
		USD	Flash Services PMI	52.9	53
	17:00	EUR	Consumer Confidence	-7	-7
		USD	CB Leading Index m/m	0.20%	-0.30%
	Day 1	All	Jackson Hole Symposium		
23-Aug	01:45	NZD	Retail Sales q/q	0.10%	0.70%
		NZD	Core Retail Sales q/q	0.20%	0.70%

	02:30	JPY	National Core CPI y/y	0.60%	0.60%
	15:30	CAD	Core Retail Sales m/m	-0.10%	-0.30%
		CAD	Retail Sales m/m	-0.30%	-0.10%
		CAD	Corporate Profits q/q		-0.30%
	16:00	CNY	CB Leading Index m/m		0.90%
		EUR	Belgian NBB Business Climate	-6	-5
	17:00	USD	Fed Chair Powell Speaks		
		USD	New Home Sales	645K	646K

TECHNICAL TRADING IDEA OF THE WEEK

Gold prices managed to post another week of gains. This came as the price of gold rallied to fresh six year highs. However, since the pullback, price action has been hovering near this level but the precious highs haven't been breached so far. The price action in gold indicates that there is a possibility of a topping pattern being formed near the current highs.



The support level is formed near the 1500 handle at the moment. Unless this level is breached strongly, we do not expect to see a downside correction anytime soon.

Mind the lower support level at the 1446 – 1450 region which could be tested in the event of a breakdown below the 1500 handle. To the upside, support needs to be firmly established near the 1500 level in order to confirm further upside in price. Also, gold prices will need to break past the previous highs to confirm further gains in the precious metal.

