



Weekly Market Bulletin

Week 35 | 2019

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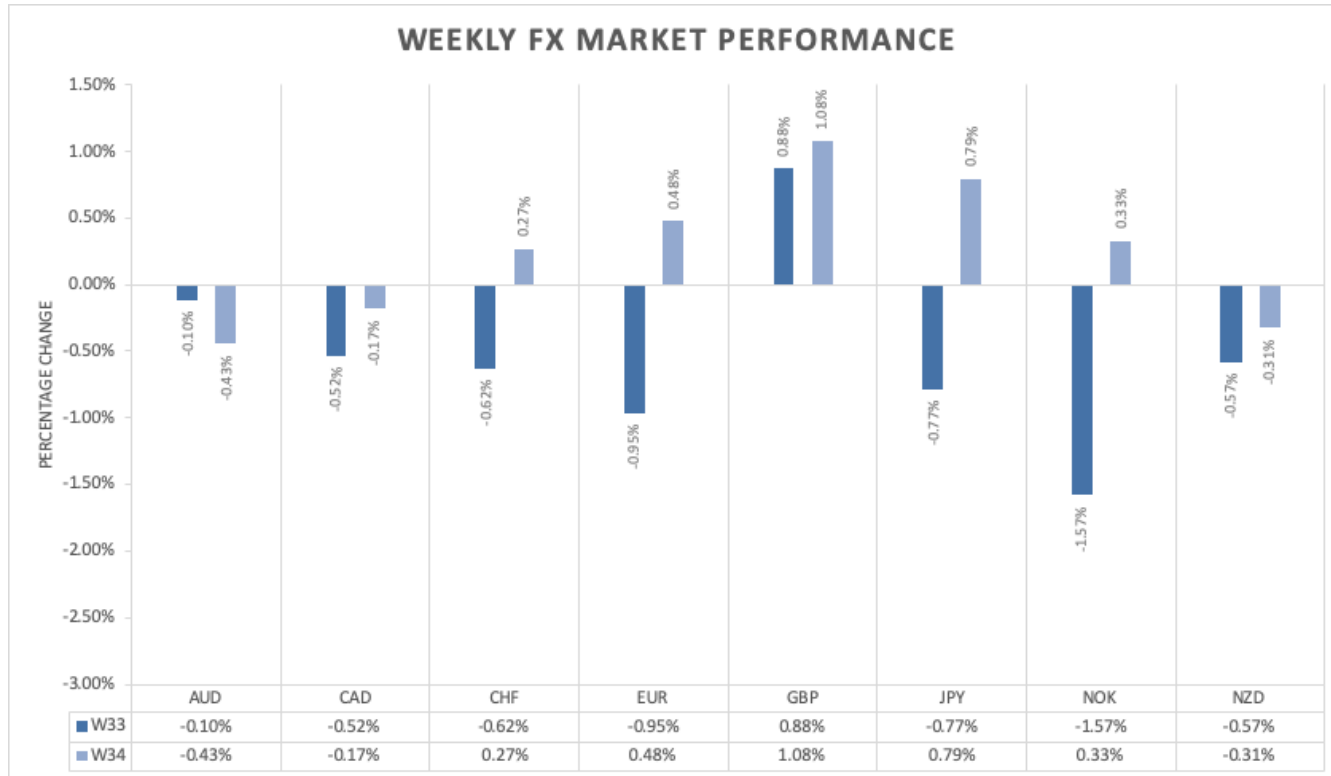
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WEEKLY CURRENCY MARKET PERFORMANCE – W34

Key points



- The GBP emerged as the top performing currency last week, gaining 1.08% on the week. The gains came partly due to Brexit fears easing.
- The USD was weaker towards the close of the week largely after President Trump once again tweeted about China and the

Federal Reserve.

- The safe haven assets, yen gained 0.79% on the week while the CHF was up 0.27% on the week. The gains followed the flows into safe havens which gained due to the market sentiment easing by Friday’s close.
- Crude oil closed the week with over 1.91% in declines. This kept the CAD to shed 0.17% on the week but the NOK managed to rise 0.33% on the week.

MARKET HIGHLIGHTS – WEEK 34

- **Consumer prices in the Eurozone fell slightly comparing to the initial flash estimates for July.** Official data showed that inflation in the Eurozone grew just 1.0% on an annualized basis in July 2019. This was down from the flash inflation estimates which reported a 1.1% increase. The core inflation rate which strips the volatile food and energy prices rose just 0.9%, matching the flash estimates. Inflation remains the biggest concern for the ECB as it plans to restart its QE program at the September ECB meeting.
- **Existing home sales in the United States grew more than expected in July.** The rebound in the existing home sales came surprisingly. Existing home sales jumped 2.5% on an annualized basis. This came after existing home sales fell 1.3% in June. The falling mortgage rates were attributed to the increase in existing home sales. This pushed home buyers into purchasing existing homes. Single family homes grew 2.8% on an annualized basis while the sales of condominium and co-op sales were nearly flat.
- **UK's budget posted a surplus in the month of July, data from the Office of National statistics showed last week.** The public sector net borrowing excluding public sector banks rose 1.3 billion pound sterling. This was however smaller compared to 2.2 billion from July 2019. The accrued receipts were due to high owning from self-assessed income tax. During the financial year the public sector net borrowing widened by 6 billion GBP. This was slightly slower compared to 16 billion the year before.
- **The European Central bank released its meeting minutes last week.** The meeting minutes were from the July ECB meeting. The details showed that ECB's policymakers saw the need for a stimulus package. The details underscore the ECB's announcement that it was willing to cut rates even further and also start its QE program. In July, the central bank however left interest rates unchanged. The minutes showed that members felt the need for an easing bias to help revive the Eurozone's economy.
- **New Zealand's retail sales growth slowed in the second quarter of the year.** Official data showed that retail sales grew just 0.2% on a seasonally adjusted basis on a total volume. This was much slower compared to the 0.7% increase in the first three months of the year. The biggest gains came from the electronics sector while supermarket and grocery sales dipped. New Zealand's overall spending growth is expected to remain weak for the rest of 2019.

ECONOMIC EVENTS – THE WEEK AHEAD

- **The second revised estimates of the second quarter GDP will be coming out this week for the United States.** Economists forecast a modest adjustment to the GDP figures. The U.S. economy is expected to rise at a pace of a revised 2.0% on an annualized basis in the three months ending June 2019. This is down from the 2.1% increase that was reported in the preliminary GDP estimates. The GDP for the quarter is expected to remain unchanged at 2.5%.
- **Canada will also be reporting on its monthly GDP figures this week.** The data covers the month of June. Economists expect the Canadian economy to rise 0.7% on the quarter ending June 2019. This marks a big increase from the 0.4% growth rate registered in the first quarter. The data falls in line with the Bank of Canada's expectations that growth would come back later down the year. Besides the GDP figures, Canada will also be reporting on the RMPI and the industrial product price this week.
- **Germany will be reporting on its flash inflation estimates for the month of August.** Expectations point to the fact that inflation in Germany slowed considerably in August. The estimates show a 0.3% increase in headline inflation on a month over month basis. This marks a slowdown from the 0.5% increase previously. On a yearly basis, Germany's inflation is expected to rise at a slower pace of 1.5%, down from 1.7% previously in July.
- **Data from New Zealand this week will cover the import/export and the trade balance figures.** The figures come ahead of the quarterly GDP report due in a few weeks' time. The trade balance numbers alongside the import and export data could remain weak. This comes as New Zealand's economy has been seen struggling. This prompted the RBNZ to eventually lower rates by 50 basis points at its meeting last month.

ECONOMIC CALENDAR – WEEK 35

Date	Time	Currency	Event	Forecast	Previous
26-Aug-2019	01:45	NZD	Trade Balance	-250M	365M
	11:00	EUR	German Ifo Business Climate	95.1	95.7
	Day 3	All	G7 Meetings		
	15:30	USD	Core Durable Goods Orders m/m	0.20%	1.00%
		USD	Durable Goods Orders m/m	1.40%	1.90%
	17:00	USD	FOMC Member Bullard Speaks		
27-Aug-2019	02:50	JPY	SPPI y/y	0.60%	0.70%
	05:00	AUD	RBA Deputy Gov Debelle Speaks		
	08:00	JPY	BOJ Core CPI y/y		0.60%
	09:00	EUR	German Final GDP q/q	-0.10%	-0.10%
	11:30	GBP	High Street Lending	42.8K	42.7K
	15:00	GBP	MPC Member Tenreyro Speaks		
	16:00	USD	HPI m/m	0.20%	0.10%
		USD	S&P/CS Composite-20 HPI y/y	2.50%	2.40%
	17:00	USD	CB Consumer Confidence	130	135.7
		USD	Richmond Manufacturing Index	3	-12
28-Aug-2019	02:01	GBP	BRC Shop Price Index y/y		-0.10%
	04:30	AUD	Construction Work Done q/q	-1.00%	-1.90%
	09:00	EUR	German GfK Consumer Climate	9.5	9.7

		EUR	German Import Prices m/m	-0.10%	-1.40%
	28th-30th	GBP	Nationwide HPI m/m	0.10%	0.30%
	11:00	CHF	Credit Suisse Economic Expectations		-24
		EUR	M3 Money Supply y/y	4.70%	4.50%
		EUR	Private Loans y/y	3.50%	3.30%
	17:30	USD	Crude Oil Inventories		-2.7M
29-Aug-2019	04:00	NZD	ANZ Business Confidence		-44.3
	04:30	AUD	Private Capital Expenditure q/q	0.40%	-1.70%
	08:00	JPY	Consumer Confidence		
	09:45	EUR	French Consumer Spending m/m	0.40%	-0.10%
		EUR	French Prelim GDP q/q	0.20%	0.20%
	10:00	EUR	Spanish Flash CPI y/y	0.40%	0.50%
	All Day	EUR	German Prelim CPI m/m	-0.10%	0.50%
	10:55	EUR	German Unemployment Change	4K	1K
	15:30	CAD	Current Account		-17.3B
		USD	Prelim GDP q/q	2.00%	2.10%
		USD	Goods Trade Balance	-74.0B	-74.2B
		USD	Prelim GDP Price Index q/q	2.40%	2.40%
		USD	Prelim Wholesale Inventories m/m	0.20%	0.00%
		USD	Unemployment Claims	215K	209K
	17:00	USD	Pending Home Sales m/m	0.10%	2.80%
	17:30	USD	Natural Gas Storage		59B
30-Aug-2019	01:45	NZD	Building Consents m/m		-3.90%

	02:01	GBP	GfK Consumer Confidence	-11	-11
	02:30	JPY	Tokyo Core CPI y/y	0.80%	0.90%
		JPY	Unemployment Rate	2.30%	2.30%
	02:50	JPY	Prelim Industrial Production m/m	0.30%	-3.30%
		JPY	Retail Sales y/y	-0.60%	0.50%
	Tentative	AUD	HIA New Home Sales m/m		-12.40%
	04:30	AUD	Building Approvals m/m	0.00%	-1.20%
		AUD	Private Sector Credit m/m	0.20%	0.10%
	08:00	JPY	Housing Starts y/y	-5.30%	0.30%
	09:00	EUR	German Retail Sales m/m	-1.30%	3.50%
	09:45	EUR	French Gov Budget Balance		-77.3B
		EUR	French Prelim CPI m/m	0.50%	-0.20%
	10:00	CHF	KOF Economic Barometer	95.6	97.1
	11:00	EUR	Italian Monthly Unemployment Rate	9.60%	9.70%
	11:30	GBP	M4 Money Supply m/m	0.20%	0.10%
		GBP	Mortgage Approvals	66K	66K
		GBP	Net Lending to Individuals m/m	4.7B	4.8B
	12:00	EUR	CPI Flash Estimate y/y	1.00%	1.00%
		EUR	Core CPI Flash Estimate y/y	1.00%	0.90%
		EUR	Italian Prelim CPI m/m	0.30%	0.00%
		EUR	Unemployment Rate	7.50%	7.50%
	15:30	CAD	GDP m/m	0.10%	0.20%
		CAD	RMPI m/m	1.60%	-5.90%

		CAD	IPPI m/m	0.40%	-1.40%
		USD	Personal Spending m/m	0.50%	0.30%
		USD	Core PCE Price Index m/m	0.30%	0.20%
		USD	Personal Income m/m	0.30%	0.40%
	16:45	USD	Chicago PMI	48.1	44.4
	17:00	USD	Revised UoM Consumer Sentiment	92.5	92.1
		USD	Revised UoM Inflation Expectations		2.70%

TECHNICAL TRADING IDEA OF THE WEEK

Gold prices extended gains into another week with most of the gains coming in on Friday. The precious metal settled at 1526 on Friday. The gains came after President Trump tweeted that the U.S. companies should look for alternatives to China and also said that production should be moved back to the United States. He also was critical of the Federal Reserve.



Meanwhile, the risk off sentiment also came following the speech by Fed Chair Powell. Speaking on the sidelines of the Jackson Hole symposium, Powell said that the U.S. could launch its stimulus program if need be.

The gains in the gold prices came after the precious metal initially fell to the support area of 1500.

But as the support held up, there was a strong rebound. By Friday's close, gold was once again trading near the previously established highs. A further breakout from this level is required in order for gold to maintain the bullish moment. Alternately, the support at 1500 will be tested once again.

For the moment, the downside bias looks to be fading with further new highs likely to come by under the current circumstances.

