



# Weekly Market Bulletin

Week 37 | 2019

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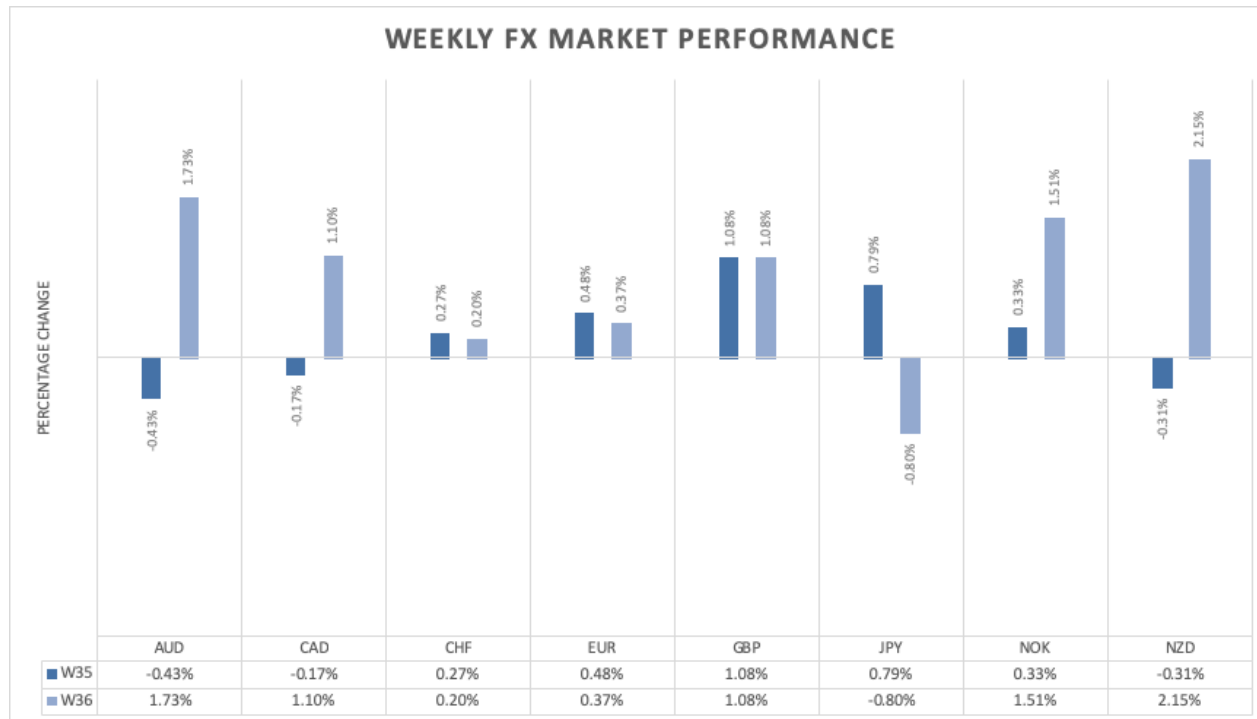
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# WEEKLY CURRENCY MARKET PERFORMANCE – W36

## Key points



- The USD was seen giving up the gains as the risk on rally saw the reserve currency taking a backseat.

- The New Zealand dollar was the top performing currency over the week as it managed to recover some of the losses from over the past few weeks.

- It was a similar story with the Australian

dollar as well, which was the second top performing currency over the week. The gains in both the AUD and the NZD confirm the risk on rally in the markets.

- The GBP managed to hold on to its gains last week. The gains came as the prospects of a no-deal Brexit fell amid the UK’s political drama. However, with the debate on general elections due this coming week, it is likely that the sterling could be in for some volatility.

## MARKET HIGHLIGHTS – WEEK 36

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- **The Reserve Bank of Australia left its key interest rates unchanged at its meeting last week on Tuesday.** The board of the RBA led by Philip Lowe left the cash rate at 1.0% in a widely expected move. The central bank last cut rates at its meeting in July which was a back to back rate cut since 2012. The central bank said that it expects the low interest rates to help the Australian economy to progress in reducing unemployment and for achieving its inflation target.
- **The manufacturing sector in the United States as measured by the Institute of Supply Management contracted for the first time in three years.** The data from ISM showed that manufacturing PMI fell to 49.1 in August. The data for August ended a 35-month expansionary streak. The ISM report raised concerns of recession once again. The declines were attributed due to the escalating trade wars with China which is causing business uncertainty. New export orders also slowed for the second month in a row to the lowest levels since April 2009.
- **Australia's second quarter GDP released last week showed a 0.5% increase on a quarterly basis.** The data was in line with the general forecasts. On a year over year basis, Australia's annual GDP grew 1.4%, matching forecasts but down from the 1.7% growth rate that was registered in the previous quarter. The terms of the trade rose 1.4% during the quarter. Net exports contributed 0.6% to the GDP growth while exports and imports contributed 0.3% to the GDP
- **Activity in the non-manufacturing sector rose more than expected in August.** Data from ISM showed that non-manufacturing index rose to 56.4 in August after falling to 53.7 in July. The data revived hopes that there was still some steam left in the U.S. economy. The data comes ahead of the speculation that the Federal Reserve could be cutting interest rates as early as the September meeting. This would be another quarter basis point rate cut and comes on the back of the July FOMC meeting.
- **The Eurozone inflation report for August showed that consumer prices held steady.** Official data showed that the flash inflation estimates rose 1.0% in August. This was the same pace of increase in the previous month. Headline inflation still remains off from the ECB's target inflation rate of 2.0%. The core inflation rate was at 0.9%, unchanged from the previous month. This was below the estimates of a 1.0% increase. The data comes ahead of the ECB meeting due in two weeks' time.

## ECONOMIC EVENTS – THE WEEK AHEAD

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- **The European Central bank will be holding its monetary policy meeting this Thursday.** The general expectations point to a possible rate cut. The ECB's deposit rate is forecast to be lowered by 10 basis points. This would bring the ECB rates to -0.50%. The current ECB interest rates on its main refinancing operations, marginal lending facility and deposit facility sit at 0%, 0.25% and -0.40% respectively. The central bank could also be looking into starting its QE program.
- **China will be releasing the monthly inflation report this week.** Forecasts show that consumer price index edged up 0.5% during the month in August. This marks a modest increase from 0.4% increase in inflation a month ago. On a year over year basis, China's consumer prices are however expected to slow to just 2.7% from 2.8% previously. Meanwhile, producer prices data is forecast to show a 0.9% decline on the month. This follows a 0.3% decline in July.
- **The monthly inflation data will be released by the U.S. Commerce department this week.** According to the forecasts, inflation is expected to rise 0.1% on the month in August. This marks a slower pace of increase comparing to the 0.3% gain in July. Core inflation rate is forecast to rise 0.2%, again slower from the 0.3% increase in August. On a yearly basis, headline inflation is expected to remain steady at 1.8%. The core inflation rate is expected to rise 2.3%, nudging slightly higher from July's 2.3%
- **The U.S. monthly retail sales report is due this week on Friday. The data covers the month of August.** Retail sales, as measured by consumer spending at retail outlets is forecast to moderate following a surprise increase in July. Excluding autos, retail sales is expected to rise 0.3% on the month. This follows a 1.0% increase a month ago. The headline retail sales are forecast to rise 0.3% after a 0.7% increase in July. However, given the Labor Day holiday, U.S. retail sales could rise higher than forecasts

## ECONOMIC CALENDAR – WEEK 37

| Date       | Currency | Name                            | Country        | Previous | Consensus |
|------------|----------|---------------------------------|----------------|----------|-----------|
| 09/09/2019 | CHF      | Unemployment Rate s.a (MoM)     | Switzerland    | 2,3      | 2,3       |
| 09/09/2019 | EUR      | Imports (MoM)                   | Germany        | 0,5      | 0,3       |
| 09/09/2019 | EUR      | Exports (MoM)                   | Germany        | 0,1      | 0,5       |
| 09/09/2019 | EUR      | Trade Balance s.a.              | Germany        | 18,1     | 17,5      |
| 09/09/2019 | GBP      | BoE's Vlieghe speech            | United Kingdom |          |           |
| 09/09/2019 | GBP      | Industrial Production (MoM)     | United Kingdom | 0,1      | 0,1       |
| 09/09/2019 | GBP      | Manufacturing Production (MoM)  | United Kingdom | 0,2      | 0,1       |
| 09/09/2019 | GBP      | Industrial Production (YoY)     | United Kingdom | 0,6      | -1,1      |
| 09/09/2019 | GBP      | Manufacturing Production (YoY)  | United Kingdom | -1,4     | -1        |
| 09/09/2019 | EUR      | Sentix Investor Confidence      | Eurozone       | -13,7    | -13,5     |
| 09/09/2019 | GBP      | Index of Services (3M/3M)       | United Kingdom | 0,1      |           |
| 09/09/2019 | GBP      | Trade Balance; non-EU           | United Kingdom | 0,186    |           |
| 09/09/2019 | GBP      | Goods Trade Balance             | United Kingdom | -7,009   | -9,55     |
| 09/09/2019 | GBP      | Total Trade Balance             | United Kingdom | 1,779    |           |
| 09/09/2019 | GBP      | Gross Domestic Product (MoM)    | United Kingdom | 0        | 0,1       |
| 09/09/2019 | GBP      | UK Parliamentary Vote on Brexit | United Kingdom |          |           |
| 09/09/2019 | USD      | Consumer Credit Change          | United States  | 14,6     | 16        |
| 09/10/2019 | CNY      | Consumer Price Index (YoY)      | China          | 2,8      | 2,6       |
| 09/10/2019 | CNY      | Producer Price Index (YoY)      | China          | 0,3      | 0,9       |
| 09/10/2019 | CNY      | Consumer Price Index (MoM)      | China          | 0,4      | 0,5       |
| 09/10/2019 | EUR      | Industrial Output (MoM)         | France         | -2,3     | 0,5       |
| 09/10/2019 | CNY      | M2 Money Supply (YoY)           | China          | 8,1      | 8,1       |
| 09/10/2019 | CNY      | New Loans                       | China          | 1060     | 1225      |

|            |     |                                       |                |        |     |
|------------|-----|---------------------------------------|----------------|--------|-----|
| 09/10/2019 | EUR | Industrial Output w.d.a (YoY)         | Italy          | -1,2   | 0,4 |
| 09/10/2019 | EUR | Industrial Output s.a. (MoM)          | Italy          | 0,2    | 0,1 |
| 09/10/2019 | GBP | Claimant Count Rate                   | United Kingdom | 3,2    |     |
| 09/10/2019 | GBP | Average Earnings Excl. Bonus (3Mo/Yr) | United Kingdom | 3,9    | 3,8 |
| 09/10/2019 | GBP | ILO Unemployment Rate (3M)            | United Kingdom | 3,9    | 3,9 |
| 09/10/2019 | GBP | Average Earnings Incl Bonus (3Mo/Yr)  | United Kingdom | 3,7    | 3,7 |
| 09/10/2019 | GBP | Claimant Count Change                 | United Kingdom | 28     |     |
| 09/10/2019 | USD | NFIB Business Optimism Index          | United States  | 104,7  |     |
| 09/10/2019 | CAD | Housing Starts s.a (YoY)              | Canada         | 222    | 204 |
| 09/10/2019 | CAD | Building Permits (MoM)                | Canada         | -3,7   |     |
| 09/10/2019 | USD | Redbook Index (YoY)                   | United States  | 6,5    |     |
| 09/10/2019 | USD | Redbook Index (MoM)                   | United States  | -1     |     |
| 09/10/2019 | USD | JOLTS Job Openings                    | United States  | 7,348  |     |
| 09/10/2019 | USD | API Weekly Crude Oil Stock            | United States  | 0,401  |     |
| 09/10/2019 | NZD | Visitor Arrivals (YoY)                | New Zealand    | 0,6    |     |
| 09/11/2019 | AUD | Westpac Consumer Confidence           | Australia      | 3,6    |     |
| 09/11/2019 | EUR | Industrial Output Cal Adjusted (YoY)  | Spain          | 1,8    | 1,5 |
| 09/11/2019 | USD | MBA Mortgage Applications             | United States  | -3,1   |     |
| 09/11/2019 | USD | Core PPI (MoM)                        | United States  | 0,1    | 0,2 |
| 09/11/2019 | USD | Producer Price Index (YoY)            | United States  | 1,7    | 1,7 |
| 09/11/2019 | USD | Core PPI (YoY)                        | United States  | 2,1    | 2,2 |
| 09/11/2019 | USD | Producer Price Index (MoM)            | United States  | 0,2    | 0,1 |
| 09/11/2019 | CAD | Capacity Utilization                  | Canada         | 80,9   | 81  |
| 09/11/2019 | USD | Wholesale Inventories                 | United States  | 0,2    | 0,2 |
| 09/11/2019 | USD | EIA Crude Oil Stocks Change           | United States  | -4,771 |     |
| 09/11/2019 | NZD | Food Price Index (MoM)                | New Zealand    | 1,1    |     |
| 09/11/2019 | GBP | RICS Housing Price Balance            | United Kingdom | -9     |     |

|            |     |                                       |               |        |      |
|------------|-----|---------------------------------------|---------------|--------|------|
| 09/11/2019 | JPY | Producer Price Index (MoM)            | Japan         | 0      | 0,2  |
| 09/11/2019 | JPY | Producer Price Index (YoY)            | Japan         | 0,6    | 0,8  |
| 09/11/2019 | JPY | Foreign Investment in Japan Stocks    | Japan         | -89,5  |      |
| 09/11/2019 | JPY | Foreign Bond Investment               | Japan         | 1495,7 |      |
| 09/11/2019 | JPY | Machinery Orders (MoM)                | Japan         | 13,9   | -9,9 |
| 09/11/2019 | JPY | Machinery Orders (YoY)                | Japan         | 12,5   | -4,5 |
| 09/12/2019 | AUD | Consumer Inflation Expectations       | Australia     | 3,5    |      |
| 09/12/2019 | AUD | Investment Lending for Homes          | Australia     | 0,5    |      |
| 09/12/2019 | JPY | Tertiary Industry Index (MoM)         | Japan         | 0,1    |      |
| 09/12/2019 | EUR | Consumer Price Index (MoM)            | Germany       | 0,2    | 0,2  |
| 09/12/2019 | EUR | HICP (YoY)                            | Germany       | 1      | 1    |
| 09/12/2019 | EUR | Consumer Price Index (YoY)            | Germany       | 1,4    | 1,4  |
| 09/12/2019 | EUR | HICP (MoM)                            | Germany       | 0,1    | 0,1  |
| 09/12/2019 | CHF | Producer and Import Prices (YoY)      | Switzerland   | -1,7   |      |
| 09/12/2019 | CHF | Producer and Import Prices (MoM)      | Switzerland   | 0,1    |      |
| 09/12/2019 | EUR | Consumer Price Index (EU norm) (MoM)  | France        | 0,5    | 0,5  |
| 09/12/2019 | EUR | Consumer Price Index (EU norm) (YoY)  | France        | 1,2    | 1,2  |
| 09/12/2019 | EUR | Inflation ex-tobacco (MoM)            | France        | 0,2    |      |
| 09/12/2019 | EUR | Industrial Production w.d.a. (YoY)    | Eurozone      | -2,6   | -1,3 |
| 09/12/2019 | EUR | Industrial Production s.a. (MoM)      | Eurozone      | -1,6   | 0    |
| 09/12/2019 | EUR | ECB Deposit Rate Decision             | Eurozone      | 0,4    | 0,5  |
| 09/12/2019 | EUR | ECB Interest Rate Decision            | Eurozone      | 0      | 0    |
| 09/12/2019 | USD | Continuing Jobless Claims             | United States | 1,662  |      |
| 09/12/2019 | USD | Initial Jobless Claims                | United States | 217    | 219  |
| 09/12/2019 | USD | Initial Jobless Claims 4-week average | United States | 216,25 |      |
| 09/12/2019 | USD | Consumer Price Index (YoY)            | United States | 1,8    | 1,8  |
| 09/12/2019 | USD | Core CPI (YoY)                        | United States | 2,2    | 2,3  |



|            |     |  |               |         |        |
|------------|-----|--|---------------|---------|--------|
| 09/12/2019 | USD | Core CPI (MoM)                                     | United States | 0,3     | 0,2    |
| 09/12/2019 | USD | Consumer Price Index (MoM)                         | United States | 0,3     | 0,1    |
| 09/12/2019 | USD | Consumer Price Index n.s.a (MoM)                   | United States | 256,571 | 256,44 |
| 09/12/2019 | USD | Consumer Price Index Core s.a                      | United States | 263,569 |        |
| 09/12/2019 | EUR | ECB Monetary Policy Statement and Press Conference | Eurozone      |         |        |
| 09/12/2019 | CAD | New Housing Price Index (YoY)                      | Canada        | 0,2     |        |
| 09/12/2019 | CAD | New Housing Price Index (MoM)                      | Canada        | 0,1     |        |
| 09/12/2019 | USD | EIA Natural Gas Storage Change                     | United States | 84      |        |
| 09/12/2019 | USD | USDA WASDE Report                                  | United States |         |        |
| 09/12/2019 | CNY | Mid-Autumn Festival                                | China         |         |        |
| 09/12/2019 | USD | Monthly Budget Statement                           | United States | -120    |        |
| 09/12/2019 | NZD | Business NZ PMI                                    | New Zealand   | 48,2    |        |
| 09/13/2019 | EUR | Eurogroup Meeting                                  | Eurozone      |         |        |
| 09/13/2019 | JPY | Industrial Production (YoY)                        | Japan         | 0,7     |        |
| 09/13/2019 | JPY | Industrial Production (MoM)                        | Japan         | 1,3     |        |
| 09/13/2019 | JPY | Capacity Utilization                               | Japan         | -2,6    |        |
| 09/13/2019 | EUR | HICP (YoY)   | Spain         | 0,4     | 0,4    |
| 09/13/2019 | EUR | EcoFin Meeting                                     | Eurozone      |         |        |
| 09/13/2019 | EUR | HICP (MoM)   | Spain         | 0,1     | 0,1    |
| 09/13/2019 | EUR | Consumer Price Index (MoM)                         | Spain         | 0,1     | 0,1    |
| 09/13/2019 | EUR | Consumer Price Index (YoY)                         | Spain         | 0,3     | 0,3    |
| 09/13/2019 | EUR | Trade Balance s.a.                                 | Eurozone      | 17,9    |        |
| 09/13/2019 | EUR | Trade Balance n.s.a.                               | Eurozone      | 20,6    |        |
| 09/13/2019 | EUR | Labor Cost   | Eurozone      | 2,4     |        |
| 09/13/2019 | USD | Retail Sales ex Autos (MoM)                        | United States | 1       | 0,1    |
| 09/13/2019 | USD | Retail Sales Control Group                         | United States | 1       | 0,3    |
| 09/13/2019 | USD | Retail Sales (MoM)                                 | United States | 0,7     | 0,2    |

|            |     |                                   |               |      |      |
|------------|-----|-----------------------------------|---------------|------|------|
| 09/13/2019 | USD | Export Price Index (YoY)          | United States | 0,9  |      |
| 09/13/2019 | USD | Import Price Index (YoY)          | United States | -1,8 |      |
| 09/13/2019 | USD | Export Price Index (MoM)          | United States | 0,2  | 0,3  |
| 09/13/2019 | USD | Import Price Index (MoM)          | United States | 0,2  | 0,3  |
| 09/13/2019 | USD | Michigan Consumer Sentiment Index | United States | 89,8 | 90,5 |
| 09/13/2019 | USD | Business Inventories              | United States | 0    | 0,2  |

# TECHNICAL TRADING IDEA OF THE WEEK

Gold prices logged a second week of declines last week, in what could seem like a possible correction to the long uptrend that the precious metal has been in. Gold prices were relatively flat for the most part last week, closing Friday in the red. This came amid improving fundamentals which also saw the U.S and China trade wars cooling.



This led investors risk appetite to increase, leading to the safe havens easing as a result.

But the declines in the precious metal remain limited for the moment.

This comes as gold prices were seen trading close to the 1500 psychological

support level. We expect to see prices testing this level in the near term but there could be a bounce to the upside.

A lower high forming will possibly confirm the downside bias in gold. Next week, the U.S. inflation data and the ECB meeting will likely be the catalyst in determining the price action in the precious metal.