



Weekly Market Bulletin

Week 45 | 2019

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MARKET HIGHLIGHTS – WEEK 44

- **Consumer prices in Australia rose 1.7% on the year in the three months ending September.** The data was in line with expectations and up from 1.6 percent in the previous three months. On a quarterly basis, inflation was up 0.5 percent - again matching expectations and down from 0.6 percent in the three months prior. The Reserve Bank of Australia's trimmed mean came in at 0.4 percent on quarter and 1.6 percent on year - both unchanged and as expected. The RBA's weighted median was at 0.3 percent on quarter and 1.2 percent on year.
- **The United States economy slowed to a pace of 1.9% in the three months ending September 2019.** The declines came as business investment fell. Consumer spending remained firm during the period while housing sector also helped to offset the declines. The third quarter GDP was slower than the second quarter, which was at 2.0%. Economists forecast that growth would slow to 1.6%. Government spending also helped to improve the GDP figures during the period. The declines in business investment was attributed to the U.S. and China trade dispute.
- **The Bank of Canada maintained its target overnight interest rate at 1.75 per cent Wednesday, as widely expected by analysts.** Yet Governor Stephen Poloz said Canada has "not been immune" to the effects of a global economic slowdown. The bank said it projects that the Canadian economy will grow by 1.5 per cent this year, 1.7 per cent in 2020 and 1.8 per cent in 2021. The central bank cautioned that ongoing trade conflicts will hit growth in the second half of this year
- **The U.S. monthly labor market report saw that it was still resilient.** The economy added 128k jobs during the month of October. This beat expectations of 90k. Previous month's data was revised higher to show 180k. The unemployment rate ticked higher to 3.6% as expected due to an increase in participation rate. The average hourly earnings were however weaker, rising just 0.2% comparing to forecasts of a 0.3% increase.

ECONOMIC EVENTS – THE WEEK AHEAD

- **The Reserve Bank of Australia will be holding its monetary policy decision this week.** The central bank is expected to keep interest rates unchanged at this week's meeting at 0.75%. The data comes on the back of the third quarter inflation data that came out last week. Australia's consumer prices rose 1.7% on the year during the period. This was still below the RBA's inflation target rate of 2.0%.
- **The Bank of England will be holding its monetary policy meeting on Wednesday.** As widely expected, the officials at the BoE will be voting to leave the interest rates and the asset purchases unchanged. The central bank has been on the sidelines, waiting for the Brexit dust to clear. However, continued extension to the Brexit deadline could soon see the BoE proceeding with its monetary policy changes.
- **Canada will be releasing its monthly labor market report this Friday.** Canada's labor market has been exceptionally strong in the past few months especially in job creation. The unemployment rate, although a bit volatile on a month to month basis still remains near historical lows. The BoC voted last week to keep interest rates steady but forecast that growth could slow.
- **Focus turns to New Zealand this week as the quarterly labor market report is due to come out.** New Zealand's labor market has been somewhat stable. However, failure to push for higher wages has kept consumer spending and thus inflation stagnant. The RBNZ also lowered interest rates during this year. A disappointing print could however stoke expectations of further rate cuts from the central bank.

ECONOMIC CALENDAR – WEEK 45

Date	Time	Currency	Event	Forecast	Previous
04-Nov	03:00	AUD	MI Inflation Gauge m/m		0.10%
	03:30	AUD	Retail Sales m/m	0.40%	0.40%
		AUD	ANZ Job Advertisements m/m		0.30%
	09:45	CHF	SECO Consumer Climate	-8	-8
	11:15	EUR	Spanish Manufacturing PMI	47.5	47.7
	11:45	EUR	Italian Manufacturing PMI	47.6	47.8
	11:50	EUR	French Final Manufacturing PMI	50.5	50.5
	11:55	EUR	German Final Manufacturing PMI	41.9	41.9
	12:00	EUR	Final Manufacturing PMI	45.7	45.7
	12:30	EUR	Sentix Investor Confidence	-13.2	-16.8
		GBP	Construction PMI	44.3	43.3
	18:00	USD	Factory Orders m/m	-0.50%	-0.10%
	21:30	EUR	ECB President Lagarde Speaks		
	Tentative	USD	Loan Officer Survey		
05-Nov	00:30	AUD	AIG Services Index		51.5
	02:50	JPY	Monetary Base y/y	2.90%	3.00%
	03:00	NZD	ANZ Commodity Prices m/m		0.00%
	03:01	GBP	BRC Retail Sales Monitor y/y	-1.40%	-1.70%
	04:45	CNY	Caixin Services PMI	51.5	51.3

	06:30	AUD	Cash Rate	0.75%	0.75%
		AUD	RBA Rate Statement		
	10:45	EUR	French Gov Budget Balance		-123.1B
	11:00	EUR	Spanish Unemployment Change	60.0K	13.9K
	12:30	GBP	Services PMI	49.6	49.5
	13:00	EUR	PPI m/m	0.10%	-0.50%
	16:30	CAD	Trade Balance		-1.0B
		USD	Trade Balance	-53.0B	-54.9B
	Tentative	NZD	GDT Price Index		0.50%
	17:45	USD	Final Services PMI	51	51
	18:00	USD	ISM Non-Manufacturing PMI	53.5	52.6
		USD	JOLTS Job Openings		7.05M
	5th-9th	USD	Mortgage Delinquencies		4.53%
	Tentative	USD	IBD/TIPP Economic Optimism	53.2	52.6
06-Nov	00:45	NZD	Employment Change q/q	0.20%	0.80%
		NZD	Unemployment Rate	4.10%	3.90%
		NZD	Labor Cost Index q/q	0.60%	0.80%
	02:50	JPY	Monetary Policy Meeting Minutes		
	10:00	EUR	German Factory Orders m/m	0.10%	-0.60%
	11:15	EUR	Spanish Services PMI	52.8	53.3
	11:45	EUR	Italian Services PMI	51	51.4
	11:50	EUR	French Final Services PMI	52.9	52.9
	11:55	EUR	German Final Services PMI	51.2	51.2

	12:00	EUR	Final Services PMI	51.8	51.8
	13:00	EUR	Retail Sales m/m	0.10%	0.30%
	16:00	USD	FOMC Member Evans Speaks		
	16:30	USD	Prelim Nonfarm Productivity q/q	1.00%	2.30%
		USD	Prelim Unit Labor Costs q/q	2.20%	2.60%
	17:30	USD	FOMC Member Williams Speaks		
	18:00	CAD	Ivey PMI	49.3	48.7
	Tentative	GBP	Autumn Forecast Statement		
	18:30	USD	Crude Oil Inventories		5.7M
07-Nov	00:30	AUD	AIG Construction Index		42.6
	03:30	AUD	Trade Balance	5.10B	5.93B
	10:00	EUR	German Industrial Production m/m	-0.30%	0.30%
	11:00	CHF	Foreign Currency Reserves		777B
	11:30	GBP	Halifax HPI m/m	0.30%	-0.40%
	12:00	EUR	ECB Economic Bulletin		
		EUR	Italian Retail Sales m/m	0.30%	-0.60%
	13:00	EUR	EU Economic Forecasts		
	All Day	EUR	Eurogroup Meetings		
	15:00	GBP	BOE Inflation Report		
		GBP	MPC Official Bank Rate Votes	0-0-9	0-0-9
		GBP	Monetary Policy Summary		
		GBP	Official Bank Rate	0.75%	0.75%
		GBP	Asset Purchase Facility	435B	435B

		GBP	MPC Asset Purchase Facility Votes	0-0-9	0-0-9
	15:30	GBP	BOE Gov Carney Speaks		
	16:30	USD	Unemployment Claims	215K	218K
	18:30	USD	Natural Gas Storage		89B
	23:00	USD	Consumer Credit m/m	15.6B	17.9B
08-Nov	02:30	JPY	Average Cash Earnings y/y	0.10%	-0.10%
		JPY	Household Spending y/y	7.10%	1.00%
	03:30	AUD	RBA Monetary Policy Statement		
		AUD	Home Loans m/m	2.10%	1.80%
	Tentative	CNY	Trade Balance		275B
	Tentative	CNY	USD-Denominated Trade Balance	40.6B	39.7B
	08:00	JPY	Leading Indicators	92.20%	91.90%
	09:45	CHF	Unemployment Rate	2.30%	2.30%
	10:00	EUR	German Trade Balance	19.3B	18.1B
	10:45	EUR	French Industrial Production m/m	0.40%	-0.90%
		EUR	French Prelim Private Payrolls q/q	0.30%	0.20%
		EUR	French Trade Balance	-4.90B	-5.02B
	All Day	EUR	ECOFIN Meetings		
	16:15	CAD	Housing Starts		221K
	16:30	CAD	Employment Change		53.7K
		CAD	Unemployment Rate		5.50%
		CAD	Building Permits m/m		6.10%
		USD	FOMC Member Brainard Speaks		

	18:00	USD	Prelim UoM Consumer Sentiment		2.50%
		USD	Final Wholesale Inventories m/m		-0.30%
		USD	Prelim UoM Inflation Expectations		95.5

TECHNICAL TRADING IDEA OF THE WEEK

Gold prices closed slightly higher compared to last week's close. Price action was a bit volatile with the FOMC meeting and the onslaught of economic data from the United States on Friday. However, gold prices have failed to break past the resistance level of 1520 which could be a cause for concern.



For the moment, the ascending triangle pattern remains in play. A breakout above 1520 could trigger the upside. The minimum target is at 1580.

However, for this to occur, gold

prices need to post a strong breakout. Failure to break past the 1520 handle will keep the upside bias flat. Gold prices are due for a correction toward the 1440 region. Thus, watch the trend line from the triangle pattern. A downside breakout here could signal sharp losses and could set the downside correction into motion.