

# orbex WEEKLY MARKETS REPORT



OVERWEEK  
BULLET POINTS



THE WEEK  
AHEAD



MARKETS  
PREVIEW



THE CHART OF  
THE WEEK

# OVERWEEK BULLET POINTS

Last Week: 9<sup>th</sup> of May – 13<sup>th</sup> of May, 2016



- China exports y/y -1.80% vs. 0.0%; imports y/y -10.90% vs. -4.0%
- BoJ releases meeting minutes
- German factory orders m/m 1.90% vs. 0.60%; y/y 1.70% vs. 0.10%
- Switzerland CPI m/m 0.30% vs. 0.20%; y/y -0.40% vs. -0.60%
- China CPI y/y 2.30% vs. 2.30%; PPI y/y -3.40% vs. -3.70%
- Germany industrial production m/m 1-30% vs. -0.20%; y/y 0.30% vs. 1.10%
- Germany trade balance 26 billion vs. 20.6 billion
- US wholesale inventories 0.10% vs. 0.10%
- RBNZ releases financial stability report
- Australia home loans m/m -0.90% vs. -1.50%
- UK manufacturing production y/y -1.90% vs. -1.90%; m/m 0.10% vs. 0.30%;
- UK industrial production y/y -0.20% vs. -0.40%; m/m 0.30% vs. 0.50%
- NIESR GDP Estimate 0.30%
- Eurozone industrial production m/m -0.80% vs. 0.0%; y/y 0.20% vs. 0.90%
- BoE leaves interest rate unchanged at 0.50%
- US weekly jobless claims 294k vs. 270k
- Canada New HPI m/m 0.20% vs. 0.10%
- US import price index m/m 0.30% vs. 0.60%
- New Zealand retail sales q/q 0.80% vs. 1.0%
- Germany CPI m/m -0.40% vs. -0.40%; y/y -0.10% vs. -0.10%
- Germany GDP q/q 0.70% vs. 0.60%; y/y 1.30% vs. 1.20%
- Eurozone GDP q/q 0.50% vs. 0.60%; y/y 1.50% vs. 1.60%
- US retail sales m/m 1.30% vs. 0.80%; excl. autos m/m 0.80% vs. 0.50%

- US PPI m/m 0.20% vs. 0.30%; Core PPI m/m 0.10% vs. 0.10%
- US preliminary UoM Consumer sentiment 95.8 vs. 89.90
- US business inventories m/m 0.40% vs. 0.20%
- US revised UoM inflation expectations 2.50% vs. 2.80% previously
- China Industrial production y/y 6.0% vs. 6.50%
- China Fixed asset investment ytd/y 10.50% vs. 11.0%
- China retail sales y/y 10.10% vs. 10.60%

# THE WEEK AHEAD

16<sup>th</sup> of May 2016, to 19<sup>th</sup> of May 2016



## IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Detail	Forecast	Previous
16-May	00:01	GBP	Rightmove HPI m/m		1.30%
	00:50	JPY	PPI y/y	-3.70%	-3.80%
	07:00	JPY	Prelim Machine Tool Orders y/y		-21.20%
	13:30	USD	Empire State Manufacturing Index	7.2	9.6
	15:00	USD	NAHB Housing Market Index	59	58
	15:30	CAD	BOC Review		
17-May	02:30	AUD	Monetary Policy Meeting Minutes		
	04:00	NZD	Inflation Expectations q/q		1.60%
	05:30	JPY	Revised Industrial Production m/m	3.60%	3.60%
	08:15	CHF	PPI m/m	0.10%	0.00%
	09:30	GBP	CPI y/y	0.50%	0.50%
		GBP	PPI Input m/m	1.10%	2.00%
		GBP	RPI y/y	1.60%	1.60%
		GBP	Core CPI y/y	1.50%	1.50%
		GBP	HPI y/y	7.90%	7.60%
		GBP	PPI Output m/m	0.20%	0.30%
	10:00	EUR	Trade Balance	23.1B	20.2B
	13:30	CAD	Manufacturing Sales m/m	-0.70%	-3.30%
		USD	Building Permits	1.13M	1.09M
		USD	CPI m/m	0.40%	0.10%
		USD	Core CPI m/m	0.20%	0.10%
		USD	Housing Starts	1.12M	1.09M
	14:15	USD	Capacity Utilization Rate	75.10%	74.80%
USD		Industrial Production m/m	0.30%	-0.60%	
23:45	NZD	PPI Input q/q	0.30%	-1.20%	
	NZD	PPI Output q/q	0.40%	-0.80%	
18-May	00:50	JPY	Prelim GDP q/q	0.10%	-0.30%
		JPY	Prelim GDP Price Index y/y	1.00%	1.50%
	01:30	AUD	MI Leading Index m/m		-0.10%
	02:00	AUD	RBA Assist Gov DeBelle Speaks		
	02:30	AUD	Wage Price Index q/q	0.50%	0.50%
	09:30	GBP	Average Earnings Index 3m/y	1.70%	1.80%
		GBP	Claimant Count Change	4.1K	6.7K
		GBP	Unemployment Rate	5.10%	5.10%
	10:00	EUR	Final CPI y/y	-0.20%	-0.20%
		EUR	Final Core CPI y/y	0.70%	0.80%
	15:30	USD	Crude Oil Inventories		-3.4M
19:00	USD	FOMC Meeting Minutes			

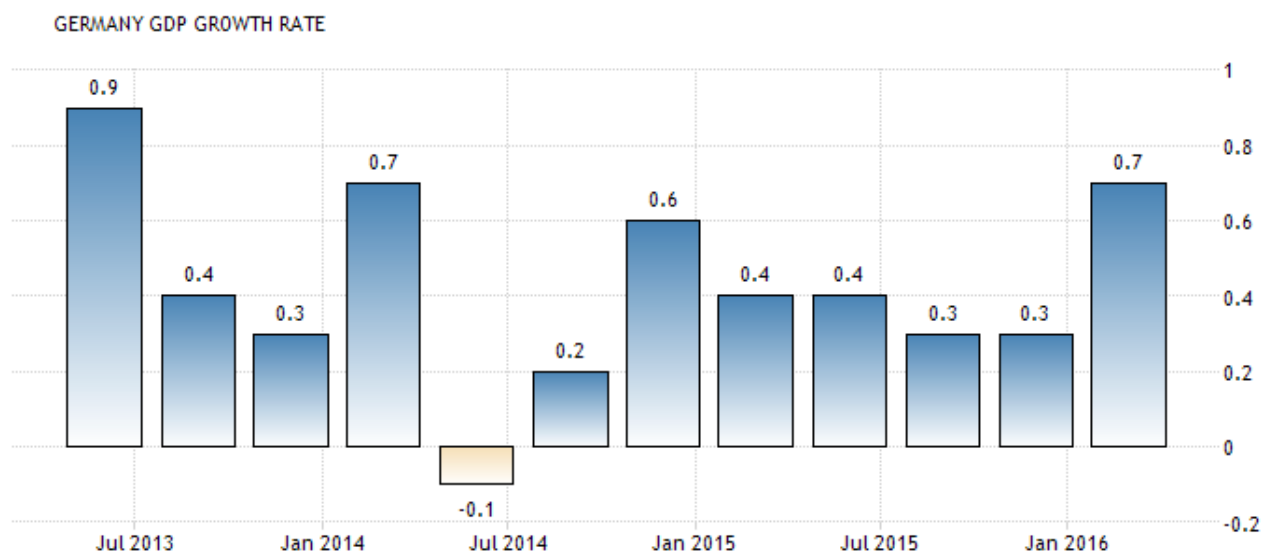
19-May	00:50	JPY	Core Machinery Orders m/m	-1.90%	-9.20%
	02:30	AUD	Employment Change	12.3K	26.1K
		AUD	Unemployment Rate	5.80%	5.70%
	05:30	JPY	All Industries Activity m/m	0.70%	-1.20%
	09:00	EUR	Current Account	19.6B	19.0B
	09:30	GBP	Retail Sales m/m	0.70%	-1.30%
	12:30	EUR	ECB Monetary Policy Meeting Accounts		
	13:30	CAD	Wholesale Sales m/m	0.50%	-2.20%
		USD	Philly Fed Manufacturing Index	3.2	-1.6
		USD	Unemployment Claims	276K	294K
20-May	07:00	EUR	German PPI m/m	0.20%	0.00%
	All Day	ALL	G7 Meetings		
		13:30	CAD	Core CPI m/m	0.20%
		CAD	Core Retail Sales m/m	-0.40%	0.20%
		CAD	CPI m/m	0.40%	0.60%
		CAD	Retail Sales m/m	-0.70%	0.40%
	14:00	USD	FOMC Member Tarullo Speaks		
	15:00	USD	Existing Home Sales	5.39M	5.33M



# MARKETS PREVIEW

9<sup>th</sup> of May – 13<sup>th</sup> of May 2016

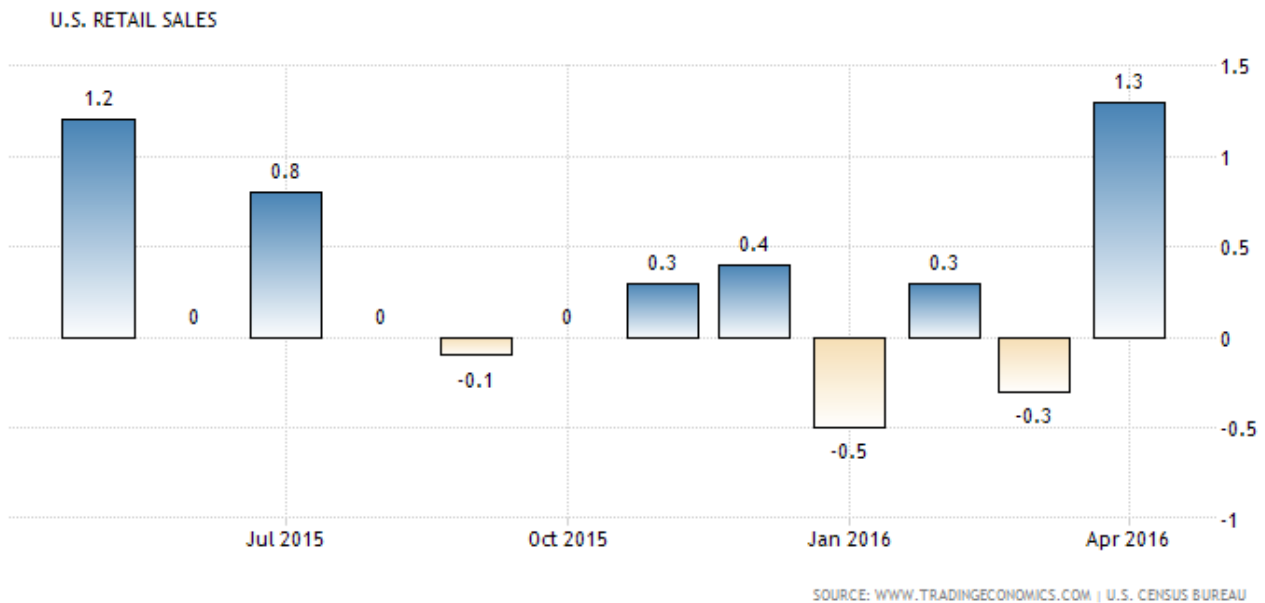
Data from the Eurozone this week showed that the economy was slowly inching back to recovery with Germany in the driving seat. Data over the week saw German trade balance data post a surplus as foreign demand for German made goods increased sharply. This led to expectations that the first quarter GDP would see strong gains, which data on Friday confirmed the view. German economy accelerated in the first quarter of 2016, rising 0.70%, beating expectations of a 0.60% growth. On a yearly basis, German GDP edged higher 1.30%. However, analysts warn that the first quarter economic growth might be short-lived as slowing global demand could likely weigh on the economy. German officials, earlier in May noted that the economy could moderate into September this year. Eurozone's GDP was also modestly better despite being revised lower. Eurozone's first quarter GDP was revised to 0.50%, down from the initial estimates of 0.60%.



SOURCE: WWW.TRADINGECONOMICS.COM | FEDERAL STATISTICAL OFFICE

## **German q/q GDP– 0.70% (Q1 2016)**

Data from the US was limited this week with the exception of Friday's retail sales. Surprising analysts, retail sales for April jumped 1.30%, posting the strongest month on month increase in a year. The 1.30% gains in retail sales follows the March's declines of 0.30%. The gains came from non-store sales such as online retailers along with gains from autos and gasoline sectors. Excluding autos, retail sales climbed 0.80% above estimates of 0.50% in April and March's data was also revised higher from 0.20% to 0.40%.



### ***US Retail sales – 1.30% m/m (April 2016)***

**Week Ahead:** 16<sup>th</sup> of May 2016, to 19<sup>th</sup> of May 2016

**T**he week ahead will see inflation data coming out from the US, UK, Canada and the Eurozone. Expectations are that inflation in the UK eased in April, rising 0.30% for the month, down from 0.40% previously, while on a yearly basis, UK inflation is expected to remain unchanged at 1.40% on the core. On Wednesday, the monthly jobs report from the ILO is expected to show UK's unemployment rate steady at 5.10% while average earnings excluding bonuses is expected to tick higher to 2.30%. Retail sales numbers on Thursday is expected to show a rebound, rising 0.70% in April following a 1.30% slump in March. For the year, retail sales in the UK is expected to rise at a slower pace of 2.60%.

In the US, monthly consumer price index is expected to rise 0.40%, up from 0.10% in March while the core CPI is expected to rise 0.40% as well. The FOMC meeting minutes will however be the big event risk this week for the US dollar.

Eurozone's inflation data is expected to stay weak, rising only 0.10% in April following a 1.20% increase in March, while on a yearly basis, CPI is expected to slip 0.20% after an unchanged print in March.

Australia's unemployment data is expected to see the unemployment rate tick higher to 5.80% from 5.70% while the employment change is expected to show a net job gain of only 12k, down from 26.1k previously.

Data from Canada will see the monthly retail sales and inflation data. Retail sales is expected to fall 0.60% while inflation is also expected to rise at a slower pace of 0.30% down from 0.60% previously, overall estimates from Canada for the coming week is expected to be dovish.

# TECHNICAL CORNER



**EURUSD** has posted a bearish reversal shooting star type of a pattern on the weekly chart. The bearish trend is likely to resume in the near term looking at the daily price action as well. In the near term a pullback to the declines is around the corner. On Friday, prices fell to lows of 1.1282 but closed above the 1.130 round number psychological support. This support was also validated by the lower median line's dynamic support..

We expect the pullback to initially struggle near the 1.14 level which is now likely to act as resistance while 1.145 - 1.15 remains a key price zone of interest which will be the next resistance level to watch. As long as EURUSD does not close above 1.150 on the weekly session, the downside bias remains intact.



**EURUSD (1.2911) – Weekly Chart**

Looking for reversal patterns near 1.15 - 1.145 could signal a move to the downside, with 1.130 support as the likely target followed by 1.120 round number and the eventual dip to 1.110. Further declines are possible for a test of support near 1.0996 - 1.0916.



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