

# orbex WEEKLY MARKETS REPORT



OVERWEEK  
BULLET POINTS



THE WEEK  
AHEAD



MARKETS  
PREVIEW



THE CHART OF  
THE WEEK

# OVERWEEK BULLET POINTS

Last Week: 4th of April 2016, to 8th of April 2016



- Australia building approvals m/m 3.10% vs. 2.10%
- Australia retail sales m/m 0.0% vs. 0.40%
- Spain unemployment change -58.2k vs. 21.3k
- UK construction PMI 54.2 vs. 54.3
- Eurozone unemployment rate 10.30% vs. 10.30%
- US factory orders m/m -1.70% vs. -1.50%
- Australia trade balance -3.41bn vs. -2.55bn
- RBA leaves cash rate unchanged at 2.0%
- German factory orders m/m -1.20% vs. 0.50%
- UK services PMI 53.7 vs. 53.9
- Canada trade balance -1.9bn vs. 0.9bn
- US trade balance -47.1bn vs. -46.3bn
- US ISM non-manufacturing PMI 54.5 vs. 54.1
- New Zealand Global Dairy Trade Index 2.10% vs. -2.90% previously
- China Caixin services PMI 52.2 vs. 51.4
- Canada Ivey PMI 50.1 vs. 54.9
- US Crude oil inventories -4.9mn vs. 3.1mn
- FOMC meeting minutes released
- Swiss foreign currency reserves 576bn vs. 571bn previously
- UK Halifax HPI m/m 2.60% vs. 0.80%
- ECB monetary policy meeting minutes released
- Canada building permits 15.50% vs. 4.70%
- US weekly unemployment claims 267k vs. 271k
- Fed Chair Janet Yellen speech
- Japan currency account 1.73tn vs. 1.57tn
- UK manufacturing production m/m -1.10% vs. -0.20%
- UK Goods trade balance -12.0bn vs. -10.3bn
- Canada employment change 40.6k vs. 10.4k
- Canada unemployment rate 7.10% vs. 7.30%

# THE WEEK AHEAD

11<sup>th</sup> of April 2016, to 15<sup>th</sup> of April 2016



## IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
<b>11-Apr</b>	2:30	CNY	CPI y/y	2.40%	2.30%
		CNY	PPI y/y	-4.60%	-4.90%
<b>12-Apr</b>	09:30	GBP	CPI y/y	0.30%	0.30%
		GBP	PPI Input m/m	2.10%	0.10%
		GBP	RPI y/y	1.50%	1.30%
	13:30	USD	Import Prices m/m	1.10%	-0.30%
<b>13-Apr</b>	Tentative	CNY	Trade Balance	203B	210B
	09:30	GBP	BOE Credit Conditions Survey		
	13:30	USD	Core Retail Sales m/m	0.40%	-0.10%
		USD	PPI m/m	0.30%	-0.20%
		USD	Retail Sales m/m	0.10%	-0.10%
		USD	Core PPI m/m	0.10%	0.00%
	15:00	CAD	BOC Monetary Policy Report		
		CAD	BOC Rate Statement		
		CAD	Overnight Rate	0.50%	0.50%
	16:15	CAD	BOC Press Conference		
<b>14-Apr</b>	02:30	AUD	Employment Change	18.6K	0.3K
		AUD	Unemployment Rate	5.90%	5.80%
	08:15	CHF	PPI m/m	-0.20%	-0.60%
	10:00	EUR	Final CPI y/y	-0.10%	-0.10%
	12:00	GBP	MPC Official Bank Rate Votes	0-0-9	0-0-9
		GBP	Monetary Policy Summary		

		GBP	Official Bank Rate	0.50%	0.50%
		GBP	Asset Purchase Facility	375B	375B
		GBP	MPC Asset Purchase Facility Votes	0-0-9	0-0-9
	13:30	CAD	NHPI m/m	0.20%	0.10%
		USD	CPI m/m	0.20%	-0.20%
		USD	Core CPI m/m	0.20%	0.30%
		USD	Unemployment Claims	270K	267K
	15:00	USD	FOMC Member Powell Speaks		
<b>15-Apr</b>	02:30	AUD	RBA Financial Stability Review		
	03:00	CNY	GDP q/y	6.70%	6.80%
		CNY	Industrial Production y/y	6.00%	5.40%
		CNY	Fixed Asset Investment ytd/y	10.40%	10.20%
		CNY	NBS Press Conference		
	13:30	CAD	Manufacturing Sales m/m	-1.50%	2.30%
		USD	Empire State Manufacturing Index	2.1	0.6
	14:15	USD	Capacity Utilization Rate	75.40%	76.70%
		USD	Industrial Production m/m	-0.10%	-0.50%
	15:00	USD	Prelim UoM Consumer Sentiment	92.3	91



# MARKETS PREVIEW

11<sup>th</sup> of April 2016, to 15<sup>th</sup> of April 2016

**E**conomic data over the past week saw a mix of fundamentals as well as some strong moves in the markets. The Fed's meeting minutes were released this week from the March policy meeting. As expected, the FOMC minutes conveyed the dovish tone in the Fed's statement. Although there were discussions about a rate hike in April, the risks to inflation was seen to be more serious warranting a hold on monetary policy. Across the Atlantic, the ECB's meeting minutes showed that members of the ECB's governing council were unanimous in tackling slow growth and deflation in the region. While EURUSD attempted to post some gains this week, comments from ECB members including Mario Draghi managed to keep the euro subdued for the most part.

The Japanese yen saw one of the strongest gains this week as USDJPY fell to lows of 108 this week. USDJPY fell with a mix of weaker policy outlook from the Federal Reserve as well as a risk off sentiment in the market which saw the yen rallying on a safe haven bid. The markets continue to speculate on when and where the Bank of Japan might intervene after various officials came out strongly warning speculators on the recent gains in the currency.

On the economic front, data from the UK saw the industrial and manufacturing production data post another month of declines. Factory output in the UK declined strongly. While UK's manufacturing production fell 1.10% in February, industrial production was down 0.30%. On an annualized basis, manufacturing production was weaker 1.80% while industrial production contracted 0.50%. The GBPUSD was of course weaker throughout the week.

CANADA UNEMPLOYMENT RATE



SOURCE: WWW.TRADINGECONOMICS.COM | STATISTICS CANADA

## *Canada Monthly Unemployment Rate (March 2016)*

The surprise of the week was Canada's monthly jobs report which came out surprisingly higher. An increase in full time employment saw the monthly employment change in Canada rising 40.6k, more than the forecasted 10.0k increase. This helped to push the Canadian unemployment rate from 7.30% to 7.10% in March. The participation rate was unchanged at 65.90% from the previous month.



### ***UK Industrial Production (February 2016)***

The week ahead will start off with China's inflation data. Expectations are for a 2.40%, up from 2.30% seen previously. China's Producer Price Index is also expected to improve but still show a negative print of -4.60% from -4.90% previously. Later in the week, China's GDP numbers will be released with expectations that the world's second largest economy saw a growth of 6.70% in the first three months of the year, down from 6.80% in the previous period.

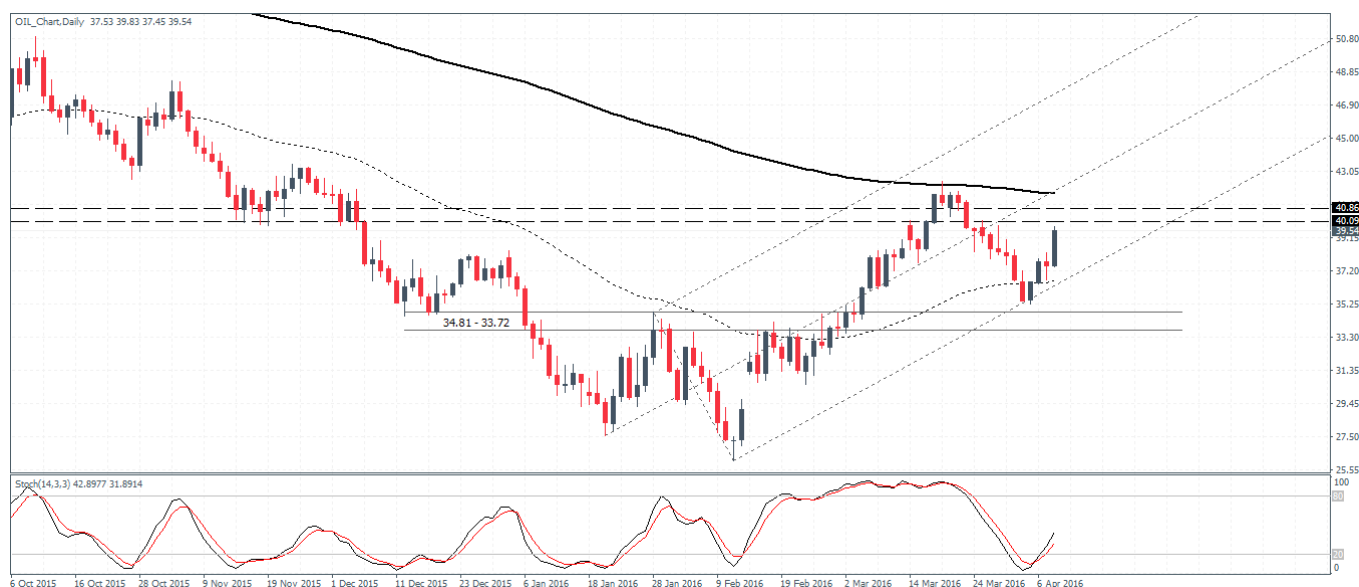
The Bank of Canada and the Bank of England will be meeting next week. No changes are expected from either central bank at this week's meeting.

Inflation data is due over the week from the US, UK and the Eurozone and will likely be a key report to watch for. In the US, headline CPI is expected to rise 0.20% while core CPI is expected to rise 0.20% from the previous prints of -0.20% and 0.30% respectively.

# TECHNICAL CORNER



**WTI Crude Oil** prices have seen some wild moves over the last week. Especially on Friday, prices turned bullish closing with over 5.0% gains, erasing the losses from the previous day. However, interestingly the equity markets did not rally with similar momentum, indicating that the Oil gains might be short lived. From the technical chart for Oil rolling contracts, we notice that on the daily chart, prices bounced off the lower median line and currently moving higher to test the minor resistance level near 40.86 - 40.09. We expect to see prices being capped near this resistance ahead of a new leg lower. Support to the downside comes in at \$34.81 - \$33.72. On the lower time frames, there is a clear indication of a bearish divergence that has been formed with the Stochastics posting higher highs against the lower highs in Oil.



**Oil Rolling Contract (\$39.54) – Daily Chart**

In the near term, if Oil prices fail to break above 40.86 - 40.09, we can expect a dip back to the lower support near the \$34.81 - \$33.72 levels. The downside is limited as Oil could be close to forming a new pivotal low above the previous lows formed at \$27 - \$26 region. Fundamentally, next week could prove to be important for Oil prices as OPEC members meet in Doha on April 17<sup>th</sup> to discuss oil production freeze talks.

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