

# orbex WEEKLY MARKETS REPORT



OVERWEEK  
BULLET POINTS



THE WEEK  
AHEAD



MARKETS  
PREVIEW



THE CHART OF  
THE WEEK

# OVERWEEK BULLET POINTS

Last Week: 23<sup>rd</sup> of May – 27<sup>th</sup> of May, 2016



- French flash manufacturing PMI 48.3 vs. 49.0
- French flash services PMI 51.8 vs. 50.8
- German flash manufacturing PMI 52.4 vs. 52.1
- German flash services PMI 55.2 vs. 54.6
- Eurozone flash manufacturing PMI 51.5 vs. 51.9
- Eurozone flash services PMI 51.5 vs. 51.9
- US flash manufacturing PMI 50.5 vs. 51.0
- FOMC Member Bullard speech
- German final GDP q/q 0.70% vs. 0.70%
- UK Public sector net borrowing 6.6 billion vs. 6.3 billion
- German ZEW Economic sentiment 6.4 vs. 12.1
- Eurozone ZEW economic sentiment 16.8 vs. 23.4
- US New home sales 619k vs. 521k
- New Zealand Trade balance 292mn vs. 40mn
- Australia construction work done q/q -2.60% vs. -1.40%
- German Ifo business climate 107.7 vs. 106.9
- US flash services PMI 51.2 vs. 53.1
- BoC leaves interest rate unchanged at 0.50%
- US Crude oil inventories -4.2mn vs. -1.7mn
- Australia private capital expenditure q/q -5.20% vs. -3.20%
- UK Second estimate GDP q/q 0.40% vs. 0.40%
- UK preliminary business investment q/q -0.50% vs. 3.20%
- US durable goods orders m/m 3.40% vs. 0.30%; core durable goods orders m/m 0.40% vs. 0.30%
- US weekly unemployment claims 268k vs. 275k
- US pending home sales m/m 5.10% vs. 0.60%
- Tokyo Core CPI y/y -0.50% vs. -0.40%
- BoJ Core CPI y/y 0.90% vs. 1.00%
- US Preliminary GDP q/q 0.80% vs. 0.80%
- US Revised UoM consumer sentiment 94.7 vs. 95.7
- Fed Chair Yellen speech

# THE WEEK AHEAD

30<sup>th</sup> of May 2016, to 3<sup>rd</sup> of June 2016



## IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Detail	Forecast	Previous
30-May	00:50	JPY	Retail Sales y/y	-1.20%	-1.00%
	01:20	USD	FOMC Member Bullard Speaks		
	02:00	AUD	HIA New Home Sales m/m		8.90%
	02:30	AUD	Company Operating Profits q/q	0.50%	-2.80%
	07:00	EUR	German Import Prices m/m	0.40%	0.70%
	All Day	EUR	German Prelim CPI m/m	0.30%	-0.40%
	07:45	EUR	French Consumer Spending m/m	0.10%	0.20%
	08:00	CHF	KOF Economic Barometer	102.9	102.7
		EUR	Spanish Flash CPI y/y	-1.00%	-1.10%
	13:30	CAD	Current Account	-17.4B	-15.4B
		CAD	RMPI m/m	2.20%	4.50%
		CAD	IPPI m/m	0.20%	-0.60%
		23:45	NZD	Building Consents m/m	
31-May	00:30	JPY	Household Spending y/y	-1.00%	-5.30%
		JPY	Unemployment Rate	3.20%	3.20%
	00:50	JPY	Prelim Industrial Production m/m	-1.40%	3.80%
	02:00	NZD	ANZ Business Confidence		6.2
	02:30	AUD	Building Approvals m/m	-2.80%	3.70%
		AUD	Current Account	-19.3B	-21.1B
		AUD	Private Sector Credit m/m	0.50%	0.40%
	06:00	JPY	Housing Starts y/y	3.90%	8.40%
	07:00	EUR	German Retail Sales m/m	1.10%	-1.10%
	07:45	EUR	French Prelim CPI m/m	0.30%	0.10%
	08:55	EUR	German Unemployment Change	-4K	-16K
	09:00	EUR	M3 Money Supply y/y	5.00%	5.00%
		EUR	Private Loans y/y	1.50%	1.60%
	10:00	EUR	CPI Flash Estimate y/y	-0.10%	-0.20%
		EUR	Core CPI Flash Estimate y/y	0.80%	0.70%
		EUR	Italian Prelim CPI m/m	0.20%	-0.10%
		EUR	Unemployment Rate	10.20%	10.20%
	13:30	CAD	GDP m/m	0.00%	-0.10%
		USD	Core PCE Price Index m/m	0.20%	0.10%
		USD	Personal Spending m/m	0.60%	0.10%
		USD	Personal Income m/m	0.40%	0.40%
	14:00	USD	S&P/CS Composite-20 HPI y/y	5.10%	5.40%
	14:45	USD	Chicago PMI	50.8	50.4
15:00	USD	CB Consumer Confidence	96.1	94.2	
	23:45	NZD	Overseas Trade Index q/q		-2.00%
01-Jun	00:01	GBP	BRC Shop Price Index y/y		-1.70%
	00:30	AUD	AIG Manufacturing Index		53.4

	00:50	JPY	Capital Spending q/y	1.90%	8.50%
	02:00	CNY	Manufacturing PMI	50	50.1
		CNY	Non-Manufacturing PMI		53.5
	02:30	AUD	GDP q/q	0.60%	0.60%
	02:45	CNY	Caixin Manufacturing PMI	49.3	49.4
	03:00	JPY	Final Manufacturing PMI	47.6	47.6
	06:45	CHF	GDP q/q	0.30%	0.40%
	07:00	GBP	Nationwide HPI m/m	0.30%	0.20%
	07:30	AUD	Commodity Prices y/y		-9.40%
	08:15	CHF	Retail Sales y/y	-0.80%	-1.30%
		EUR	Spanish Manufacturing PMI	52.6	53.5
	08:30	CHF	Manufacturing PMI	54.2	54.7
	08:45	EUR	Italian Manufacturing PMI	53.5	53.9
	08:50	EUR	French Final Manufacturing PMI	48.3	48.3
	08:55	EUR	German Final Manufacturing PMI	52.5	52.4
	09:00	EUR	Final Manufacturing PMI	51.5	51.5
	09:30	GBP	Manufacturing PMI	49.6	49.2
		GBP	Net Lending to Individuals m/m	5.3B	9.3B
		GBP	M4 Money Supply m/m	0.20%	-0.40%
		GBP	Mortgage Approvals	68K	71K
	14:30	CAD	RBC Manufacturing PMI		52.2
	14:45	USD	Final Manufacturing PMI	50.5	50.5
	15:00	USD	ISM Manufacturing PMI	50.6	50.8
		USD	Construction Spending m/m	0.50%	0.30%
		USD	ISM Manufacturing Prices	58	59
	All Day Tentative	USD	Total Vehicle Sales	17.2M	17.4M
		NZD	GDT Price Index		2.60%
02-Jun	00:50	JPY	Monetary Base y/y	27.20%	26.80%
	02:30	AUD	Retail Sales m/m	0.30%	0.40%
		AUD	Trade Balance	-2.11B	-2.16B
	06:00	JPY	Consumer Confidence	40.4	40.8
	08:00	EUR	Spanish Unemployment Change	-110.0K	-83.6K
	09:30	GBP	Construction PMI	52.1	52
	10:00	EUR	PPI m/m	0.10%	0.30%
	All Day	ALL	OPEC Meetings		
	12:45	EUR	Minimum Bid Rate	0.00%	0.00%
			ADP Non-Farm Employment Change	179K	156K
	13:15	USD			
	13:30	EUR	ECB Press Conference		
		USD	Unemployment Claims	271K	268K
	13:35	USD	FOMC Member Powell Speaks		
	16:00	USD	Crude Oil Inventories		-4.2M
03-Jun	01:00	JPY	Average Cash Earnings y/y	0.90%	1.50%
	02:00	NZD	ANZ Commodity Prices m/m		-0.80%
	02:45	CNY	Caixin Services PMI	52	51.8
	08:15	EUR	Spanish Services PMI	55.6	55.1
	08:45	EUR	Italian Services PMI	52.3	52.1
	08:50	EUR	French Final Services PMI	51.8	51.8
	08:55	EUR	German Final Services PMI	55.2	55.2
	09:00	EUR	Final Services PMI	53.1	53.1
	09:30	GBP	Services PMI	52.3	52.3

10:00	EUR	Retail Sales m/m	0.40%	-0.50%
13:30	CAD	Trade Balance	-2.6B	-3.4B
	CAD	Labor Productivity q/q		0.10%
	USD	Average Hourly Earnings m/m	0.20%	0.30%
	USD	Non-Farm Employment Change	160K	160K
	USD	Unemployment Rate	4.90%	5.00%
	USD	Trade Balance	-41.9B	-40.4B
14:45	USD	Final Services PMI	51.2	51.2
15:00	USD	ISM Non-Manufacturing PMI	55.4	55.7
	USD	Factory Orders m/m	0.90%	1.10%

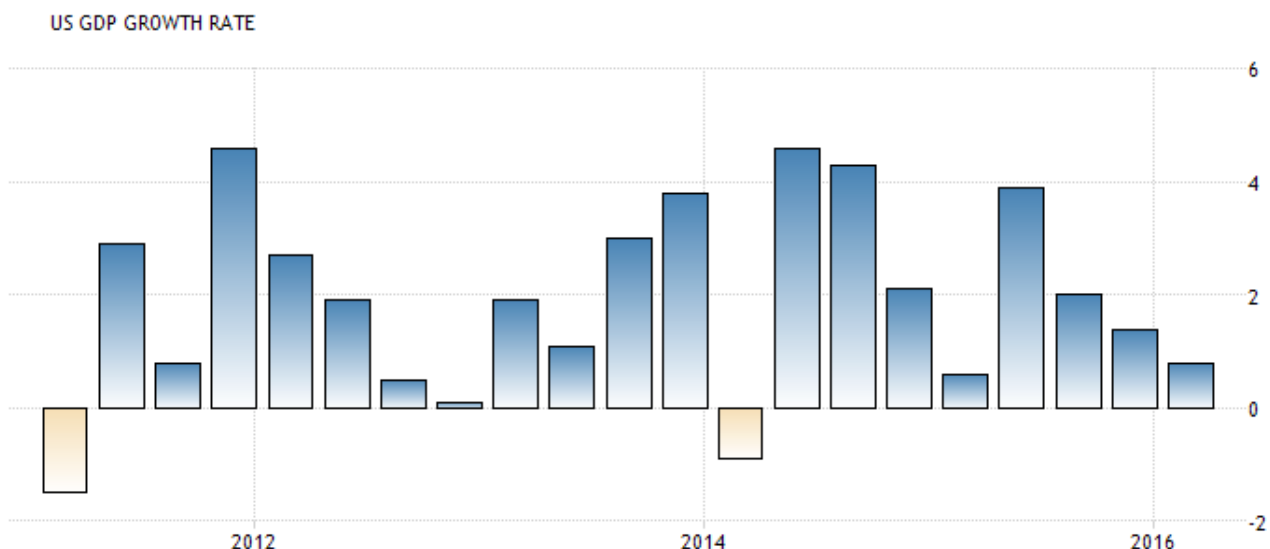
# MARKETS PREVIEW

23<sup>rd</sup> of May – 27<sup>th</sup> of May 2016



**E**conomic data this week was marked by GDP revisions from the UK and the US. Data from the ONS in the UK confirmed that the economy grew at a pace of 0.40% in the first quarter of the year, but the annualized GDP growth rate was revised down to 2.0% from the initial estimates of 2.10%. While services continued to drive the GDP higher, the quarterly growth rate slowed to 0.50% compared to the fourth quarter's growth of 0.80%. Manufacturing and construction output both fell during the three months of the year. Business investment in the UK also slipped marking a second consecutive quarterly decline.

In the US, the second estimates to the first quarter GDP was revised higher to 0.80% up from 0.50% increase seen in the initial estimates. Despite the upward revision, the 0.80% GDP growth still remains the weakest since Q1 of 2015. On an annualized basis, US GDP grew at a pace of 2.0%, same as in the previous quarter. The revised GDP also showed that US corporate profits during the first quarter, which rose at a pace of 1.90% from the fourth quarter.



SOURCE: WWW.TRADINGECONOMICS.COM | U.S. BUREAU OF ECONOMIC ANALYSIS

**US QoQ GDP, 2<sup>nd</sup> estimate – 0.80% (Q1 2016)**

Inflation continues to be a worry for Japan as latest data released on Friday showed that the National Core CPI fell 0.30% on the month, same as in March. But the Bank of Japan's measure of core CPI increased at a slower pace, rising only 0.90% in April, down from 1.10% increase in March. The latest weak inflation data is likely to weigh on the BoJ when it meets for its monetary policy later in June.

The Bank of Canada also met this week and left the interest rates unchanged at 0.50%. The BoC however sounded cautious noting that the Alberta wildfires would put Canada's GDP into the negative in the second quarter. The central bank however noted that there

was no need to cut interest rates. The BoC said that the periods between April - June would be weak for growth and forecasted a 1% growth rate in the April forecasts but said that growth is likely to come back by the third quarter of the year.



### ***Bank of Canada Interest Rate – 0.50% Unchanged (May 2016)***

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**Week Ahead:** 30<sup>th</sup> of May 2016, to 3<sup>rd</sup> of June 2016

**T**he markets look to the new week with a slow start on Monday as both the US and UK markets will be closed due to bank holidays. However, the pace of the economic releases picks up with the inflation data from the Eurozone. Preliminary flash estimates on inflation showed that the Eurozone was back into deflation in May. A confirmation on this could put pressure on the ECB when it meets later this week on Thursday, June 2nd. While no changes to monetary policy is expected, the ECB could come out dovish on the euro.

This week will also see the PMI numbers coming out from China, US, UK and the Eurozone. Of importance will be the manufacturing PMI's. Overall forecasts are fairly dovish with manufacturing sector expected to have slowed down after an initial expansion in the first quarter. The US ISM manufacturing index is expected to show moderation, while in the UK manufacturing PMI is expected to post a second month of contraction.

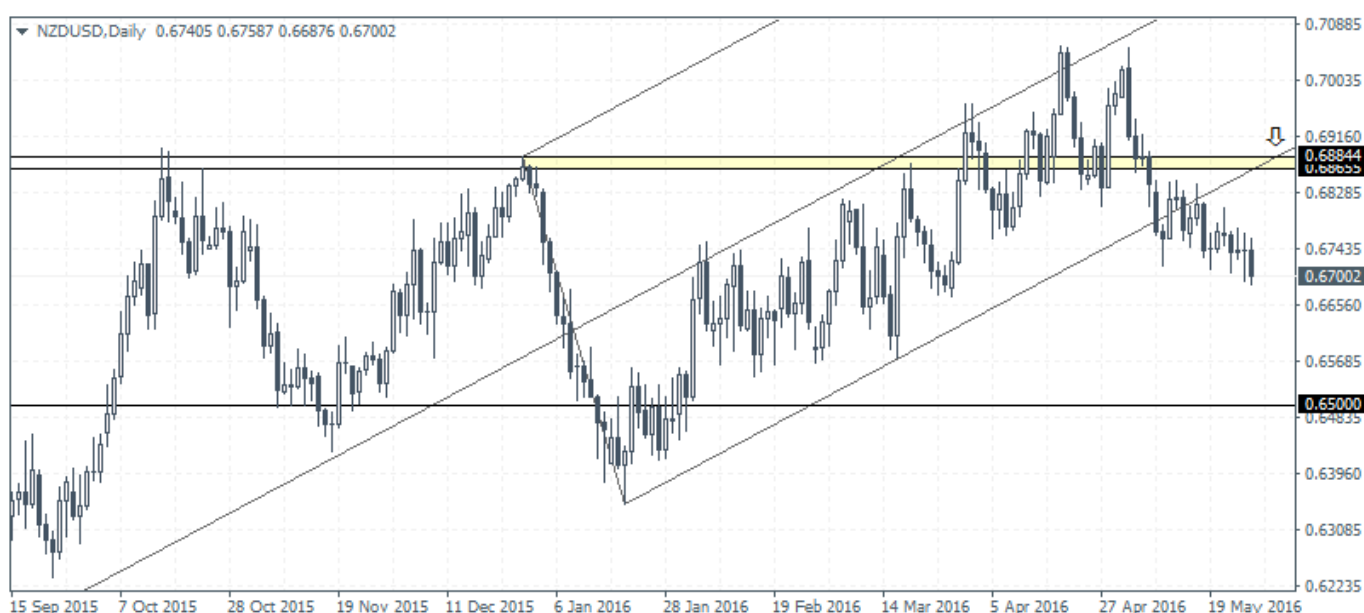
In Australia, the first quarter GDP data is expected to show that the Australian economy grew at a pace of 0.60% in the first three months of the year. On an annualized basis, GDP is expected to rise only 2.70%, down from 3.0% in the fourth quarter of 2015.

The monthly nonfarm payrolls data will also be released this week. Expectations are mixed with the US unemployment rate expected to slide to 4.90%, but the monthly jobs is expected to rise 160k, same as last month.

# TECHNICAL CORNER



**NZDUSD** has been steadily declining after prices failed to break above 0.7042 price level. The near double top pattern at the resistance saw prices posting a steady decline, closing Friday at 0.67. NZDUSD is likely to continue falling lower, with the next main support at 0.65 seen. Following the breakout from the rising median line, we identify the minor resistance at 0.6884 - 0.6866.



**NZDUSD (0.6700) – Daily Chart**

Ahead of a decline to 0.65, a pullback is likely to see NZDUSD retest the resistance level near 0.6884 - 0.6866. If the resistance holds, NZDUSD is likely to push lower over the coming weeks. Fundamentally, monetary policy divergence will be the main driving force with renewed optimism that the Federal Reserve will continue with its rate hikes. On the other hand, the RBNZ has been on a rate cut cycle, which should see NZDUSD weaken in the medium term..



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