

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS



Last Week: 13th of June – 17th of June, 2016

- Japan industrial production m/m 0.50% vs. 0.40% y/y -3.30% vs. -3.50% previously
- Japan capacity utilization m/m -1.0% vs. 3.20% previously
- Switzerland PPI m/m 0.40% vs. 0.10%; y/y -1.20% vs. -1.50%
- UK CPI m/m 0.20% vs. 0.30%; y/y 0.30% vs. 0.40%
- UK Core CPI y/y 1.20% vs. 1.30%
- UK PPI Input m/m 2.60% vs. 0.90%| PPI output m/m 0.10% vs. 0.30%
- Eurozone industrial production m/m 1.10% vs. 0.80%; y/y 2.0% vs. 1.40%
- US retail sales m/m 0.50% vs. 0.30%; retail sales control core m/m 0.40% vs. 0.30%
- US retail sales excl. autos m/m 0.40% vs. 0.40%
- US import price index m/m 1.40% vs. 0.70%; y/y -5.0% vs. -5.90%
- Australia Westpac consumer confidence m/m -1.0% vs. 8.50% previously
- Australia Westpac consumer confidence 102.2 vs. 103.2
- France CPI m/m 0.40% vs. 0.40%; y/y 0.0% vs. -0.10%
- UK unemployment rate 5.0% vs. 5.10%
- UK claimant count rate m/m 2.20% vs. 2.10%
- UK weekly earnings excl. bonuses 2.30% vs. 2.0%
- US Empire state manufacturing 6.01 s. -4.0
- US PPI m/m 0.40% vs. 0.30%; y/y -0.10% vs. -0.10%
- US core PPI m/m 0.30% vs. 0.10%; y/y 1.20% vs. 1.0%
- Canada manufacturing sales 1.0% vs. -0.90% previously
- New Zealand GDP q/q 0.70% vs. 0.50%; GDP y/y 2.80% vs. 2.60%
- Australia consumer inflation expectations 3.50% vs. 3.20% previously
- Australia employment change 17.9k vs. 15.0k
- BoJ leaves monetary policy unchanged
- BoJ rate -0.10% vs. -0.10%
- SNB rate -0.75% vs. -0.75%
- UK retail sales m/m 0.90% vs. 0.20%; y/y 6.0% vs. 3.90%

- UK core retail sales m/m 1.05% vs. 0.30%; y/y 5.70% vs. 3.80%
- Eurozone CPI m/m 0.40% vs. 0.40%; y/y -0.10% vs. -0.10%
- BoE rate 0.50% vs. 0.50%
- US CPI m/m 0.20% vs. 0.30%; y/y 1.0% vs. 1.10%
- US core CPI m/m 0.20% vs. 0.20%; y/y 2.20% vs. 2.20%
- US initial jobless claims 277k vs. 270k
- US Philly Fed manufacturing index 4.7 vs. 1.3
- Canada CPI m/m 0.40% vs. 0.50%; y/y 1.50% vs. 1.60%
- BoC Core CPI m/m 0.30%; y/y 2.10%
- US housing starts m/m -0.30% vs. -1.90%
- US building permits m/m 0.70% vs. 1.30%

THE WEEK AHEAD



20th of June 2016, to 24th of June 2016

IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Detail	Forecast	Previous
20-Jun	00:01	GBP	Rightmove HPI m/m		0.40%
	00:50	JPY	Trade Balance	0.13T	0.43T
	07:00	EUR	German PPI m/m	0.40%	0.10%
	11:00	EUR	German Buba Monthly Report		
	13:30	CAD	Wholesale Sales m/m	0.20%	-1.00%
	15:30	AUD	CB Leading Index m/m		0.10%
21-Jun	00:25	AUD	RBA Assist Gov DeBelle Speaks		
	00:50	JPY	Monetary Policy Meeting Minutes		
	02:30	AUD	Monetary Policy Meeting Minutes		
		AUD	HPI q/q	0.80%	0.20%
	05:30	JPY	All Industries Activity m/m	1.30%	0.10%
	07:00	CHF	Trade Balance	2.88B	2.50B
	Tentative	EUR	German Constitutional Court Ruling		
	09:30	GBP	Public Sector Net Borrowing	9.5B	6.6B
	10:00	EUR	German ZEW Economic Sentiment	5.1	6.4
		EUR	ZEW Economic Sentiment	15.3	16.8
	15:00	USD	Fed Chair Yellen Testifies		
22-Jun	01:30	AUD	MI Leading Index m/m		0.20%
	04:00	NZD	Credit Card Spending y/y		9.10%
	10:00	CHF	ZEW Economic Expectations		17.5
	Tentative	EUR	Long Term Refinancing Option		7.3B
	13:30	CAD	Core Retail Sales m/m		-0.30%
		CAD	Retail Sales m/m		-1.00%
	14:00	CHF	SNB Quarterly Bulletin		
		CNY	CB Leading Index m/m		0.10%
		USD	HPI m/m	0.60%	0.70%
	15:00	EUR	Consumer Confidence	-7	-7
		USD	Fed Chair Yellen Testifies		
		USD	Existing Home Sales	5.53M	5.45M
	15:30	USD	Crude Oil Inventories		-0.9M
23-Jun	03:00	JPY	Flash Manufacturing PMI	48.2	47.7

	08:00	EUR	French Flash Manufacturing PMI	48.8	48.4
		EUR	French Flash Services PMI	51.5	51.6
	08:30	EUR	German Flash Manufacturing PMI	52.1	52.1
		EUR	German Flash Services PMI	55	55.2
	09:00	EUR	Flash Manufacturing PMI	51.4	51.5
		EUR	Flash Services PMI	53.2	53.3
	09:15	AUD	RBA Assist Gov Debelle Speaks		
	All Day	GBP	UK EU Referendum Vote		
	13:30	USD	Unemployment Claims	271K	277K
	14:00	EUR	Belgian NBB Business Climate	-2.9	-2.8
	14:45	USD	Flash Manufacturing PMI	50.5	50.7
	15:00	USD	New Home Sales	561K	619K
		USD	CB Leading Index m/m	0.20%	0.60%
24-Jun	00:50	JPY	BOJ Summary of Opinions		
		JPY	SPPI y/y	0.10%	0.20%
	09:00	EUR	German Ifo Business Climate	107.6	107.7
		EUR	Italian Retail Sales m/m	0.20%	-0.60%
	09:30	GBP	BBA Mortgage Approvals	37.9K	40.1K
	13:30	USD	Core Durable Goods Orders m/m	0.10%	0.50%
		USD	Durable Goods Orders m/m		-0.80%
	15:00	USD	Revised UoM Consumer Sentiment	94.2	94.3
		USD	Revised UoM Inflation Expectations		2.40%

Time: GMT+1



MARKETS PREVIEW

13th of June – 17th of June 2016

While the UK referendum dominated the markets for the most part last week, economic data from the UK included the monthly inflation figures and jobs data. Headline inflation remained tame in the UK, rising only 0.20% on the month in May. This was slower than April's increase of 0.30%. On a year over year basis, core CPI was up 1.20%, slower than 1.30% previously. The UK's monthly jobs report was however a blockbuster. The unemployment rate fell to 5.0%, the lowest since 2005 while wage growth accelerated strongly. The decline in the unemployment rate was a surprise as economists forecasted no change at 5.10%. Employment was also strongest, rising 55k in the three month period while the employment rate remained at 74.20%, the highest level on record. Wage growth jumped from 2.10% to 2.30% excluding bonuses on a year over year basis and was attributed to the April's implementation of the minimum wage in the UK. Retail sales were also higher with April's data revised upwards. For May, UK's retail sales averaged 6.0% on a yearly basis.

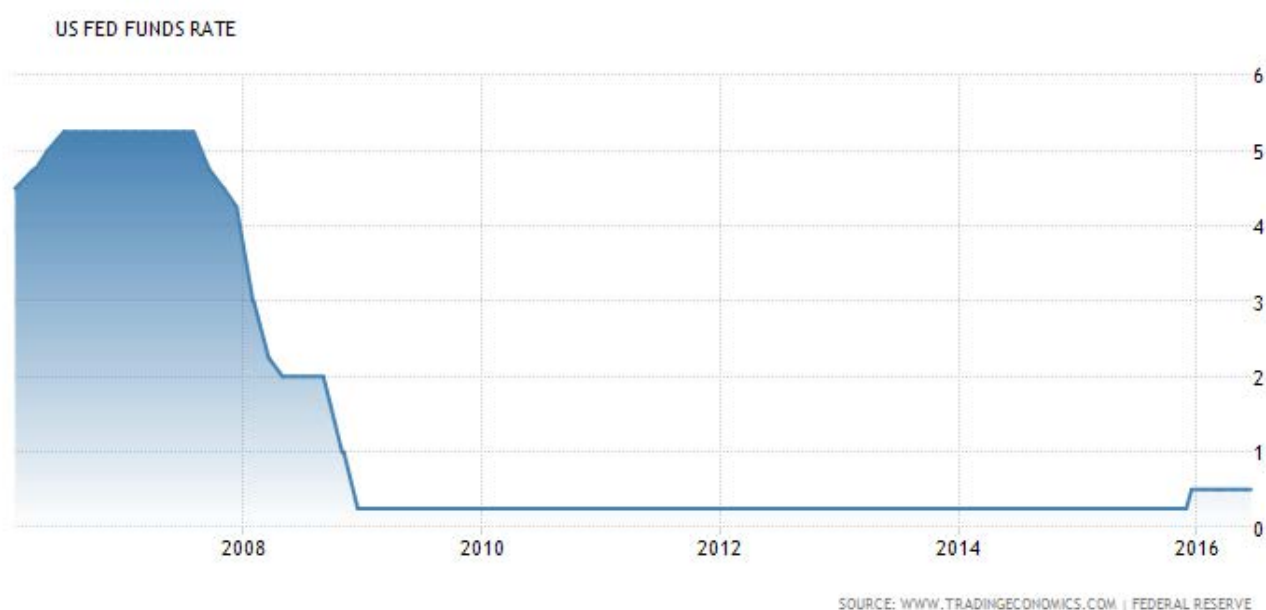


SOURCE: WWW.TRADINGECONOMICS.COM | OFFICE FOR NATIONAL STATISTICS

UK Unemployment Rate 5.0% (April 2016)

Last week saw a number of central bank monetary policy meetings as well. On Wednesday, the US Federal Reserve Bank decided to leave the Fed funds rate unchanged at 0.50%. It was

widely expected by the markets. The Fed's statement said that monetary policy will remain accommodative and that the pace of rate hikes would remain data dependent. The Fed members continue to expect to hike rates twice this year. The dollar slipped on the dovish remarks from the Fed members while gold prices surged and extended their gains above \$1300 to post a new high at \$1315 over the week. Real GDP growth was downgraded very slightly for 2016-17, but the inflation forecast was revised up slightly, leaving the pace of nominal GDP growth essentially unchanged. The Federal Reserve lowered its growth forecasts by 0.2 percent to 2 percent for this year and by 0.1 percent to 2 percent for 2017. PCE inflation is seen higher in 2016 (1.4 percent from 1.2 percent in the March projection) and 1.9 percent in 2017 (same as in the March projection).



US Interest Rates – 0.50%

The Bank of Japan met on early Thursday and opted to leave policy unchanged. The BoJ voted 8 - 1 to leave its monetary base at 80 trillion yen while leaving interest rates at -0.10%. BoJ Governor Kuroda was optimistic on the pace of economic growth but noted that inflation could remain weak over the medium term. The yen surged on the BoJ's inaction falling to 104 levels before managing to pullback higher on the day.

On Thursday, other central bank decisions included the Swiss National Bank and the Bank of England, both of which left rates unchanged. The BoE used the opportunity to caution about the upcoming UK - EU membership referendum vote. The central bank said that a vote to leave the

EU could pose grave financial risks. The sterling remained choppy for the most part during the week with Brexit headlines influencing prices.

From the US, economic data saw the Consumer Price Index (CPI) rising 0.20% in May. It was below estimates of 0.30%, but on a yearly basis, headline inflation was 1.0% higher compared to a year ago. The main drive in inflation came from energy prices which increased 1.20% in May but food prices fell 0.20%. Stripping the volatile food and energy, the core CPI increased 0.20% in May, matching the estimates. On a year over year basis, core inflation was up 2.20% compared to a year ago.

Week Ahead: 20th of June 2016, to 24th of June 2016

Next week, news wires will be dominated by the Brexit theme as the UK goes to polls on June 23rd. With latest opinion polls shows a neck and neck race between the Remain and Leave camps, there is no certainty on how the vote will turn out to be. Heading into the Thursday's big risk event, the markets are likely to remain very volatility, especially the euro and the sterling likely to come under pressure. Additionally, the yen could also remain well bid in an apparent bid to safety. Gold is another safe haven asset that could perform well under the uncertain conditions, but expect strong moves after the results are announced.

Along with volatility, the spreads are also likely to widen strongly as well which could keep many investors at bay leaving to thin liquidity during the process.

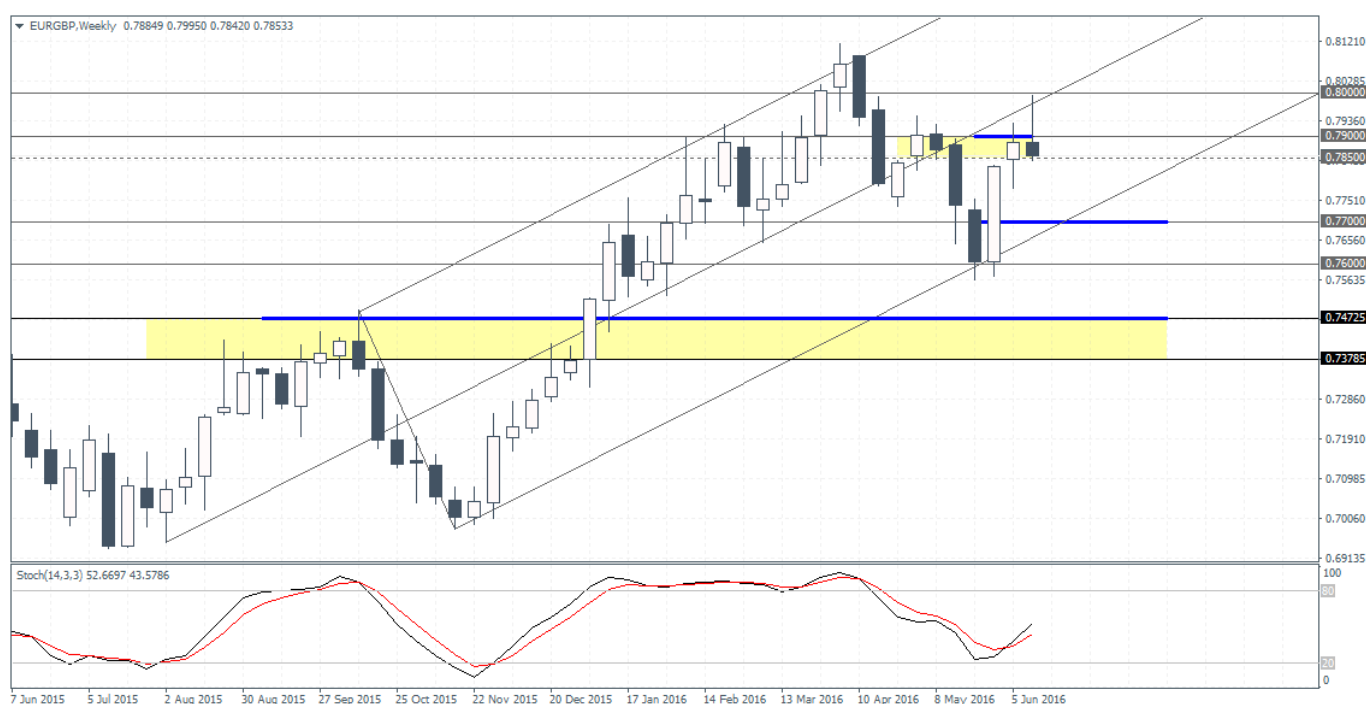
Besides the Brexit which will be the dominating factor next week, Janet Yellen will be testifying to congress on Tuesday and Wednesday. While the markets do not expect much from Yellen, given the FOMC meeting just last week, any subtle clues from Yellen on the timing of the rate hike could see the US dollar well bid. While the Fed remains hopeful of hiking interest rates two more times this year, the markets are pricing in only one rate hike. As a result, any changes in the Fed Chair's speech/testimony could have an impact on the market.

For the rest of the week, the AUD, NZD, JPY economic flows are limited.

TECHNICAL CORNER



EURGBP has been showing weakness to the upside in recent weeks. More importantly, following the strong uptrend that saw EURGBP rally to 0.80 highs, prices pulled back sharply only to retrace the losses. Failure to post a new high has resulted this week in prices closing in a near doji pattern and posting a lower high below 0.80. As a result near term declines are likely following the price reversal near the identified resistance level of 0.790 - 0.7850.



EURGBP (0.7853) – Weekly Chart

A bearish follow through next week could see EURGBP fall to immediate support at 0.770. If this support holds, EURGBP could remain range bound with the upside likely only on a close above 0.79. In this case, EURGBP could extend gains beyond 0.80, potentially to 0.82 and 0.83. Alternately, to the downside, a break below 0.77 - 0.76 support, further declines could target 0.74725 - 0.73785 support.

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