

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS

14th of March 2016, to 18th of March 2016



- Germany factory orders m/m -0.10% vs. -0.40%
- Japan Q4 final GDP -0.30% vs. -0.40%
- China trade balance 210bn vs. 339bn
- BoE Carney speaks on BREXIT
- Canada building permits m/m -9.80% vs. -2.20%
- Australia home loans m/m -3.90% vs. -2.70%
- UK Manufacturing production m/m 0.70% vs. 0.20%
- BoC leaves interest rates unchanged at 0.50%
- RBNZ cuts interest rates from 2.50% to 2.25%
- China CPI y/y 2.30% vs. 1.80%; PPI y/y -4.90% vs. -4.90%
- ECB cuts minimum bid rate to 0% from 0.05%
- ECB expands QE from EUR60 billion to EUR80 billion
- US weekly unemployment claims 259k vs. 272k
- UK trade balance -10.3 billion vs. -10.3 billion
- Canada employment change -2.3k vs. 10.2k
- Canada unemployment rate 7.30% vs. 7.20%

THE WEEK AHEAD

14th of March 2016, to 18th of March 2016



THE MOST IMPORTANT ECONOMIC RELEASE OF THE WEEK

Date	Time	Currency	Detail	Forecast	Previous	
14-Mar	01:50	JPY	Core Machinery Orders m/m	2.00%	4.20%	
	12:00	EUR	Industrial Production m/m	1.70%	-1.00%	
	21:00	NZD	RBNZ Gov Wheeler Speaks			
15-Mar	02:30	AUD	Monetary Policy Meeting Minutes			
	Tentative	JPY	Monetary Policy Statement			
	06:30	JPY	Revised Industrial Production m/m	3.70%	3.70%	
		JPY	BOJ Press Conference			
	12:00	EUR	Employment Change q/q	0.20%	0.30%	
	14:30	USD	Core Retail Sales m/m	-0.20%	0.10%	
		USD	PPI m/m	-0.10%	0.10%	
		USD	Retail Sales m/m	-0.10%	0.20%	
		USD	Core PPI m/m	0.10%	0.40%	
		USD	Empire State Manufacturing Index	-10.1	-16.6	
	16:00	USD	Business Inventories m/m	0.00%	0.10%	
		USD	NAHB Housing Market Index	59	58	
	23:45	NZD	Current Account	-2.90B	-4.75B	
	16-Mar	11:30	GBP	Average Earnings Index 3m/y	2.00%	1.90%
			GBP	Claimant Count Change	-9.0K	-14.8K
GBP			Unemployment Rate	5.10%	5.10%	
14:30		CAD	Manufacturing Sales m/m		1.20%	
		GBP	Annual Budget Release			
		USD	Building Permits	1.20M	1.20M	
		USD	CPI m/m	-0.20%	0.00%	
		USD	Core CPI m/m	0.10%	0.30%	
		USD	Housing Starts	1.15M	1.10M	
15:15		USD	Capacity Utilization Rate	77.00%	77.10%	
		USD	Industrial Production m/m	-0.10%	0.90%	
16:30		USD	Crude Oil Inventories		3.9M	
20:00		USD	FOMC Economic Projections			
		USD	FOMC Statement			
		USD	Federal Funds Rate	<0.50%	<0.50%	
20:30	USD	FOMC Press Conference				
23:45	NZD	GDP q/q	0.70%	0.90%		
17-Mar	01:50	JPY	Trade Balance	0.24T	0.12T	
	02:30	AUD	Employment Change	12.3K	-7.9K	
		AUD	Unemployment Rate	6.00%	6.00%	

	10:15	CHF	PPI m/m	0.20%	-0.40%
	10:30	CHF	Libor Rate	-0.75%	-0.75%
		CHF	SNB Monetary Policy Assessment		
	11:00	EUR	Italian Trade Balance	4.33B	6.02B
	12:00	EUR	Final CPI y/y	-0.20%	-0.20%
		EUR	Final Core CPI y/y	0.70%	0.70%
		EUR	Trade Balance	20.2B	21.0B
	14:00	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
	14:30	CAD	Wholesale Sales m/m		2.00%
		USD	Philly Fed Manufacturing Index	-1.1	-2.8
		USD	Unemployment Claims	267K	259K
		USD	Current Account	-115B	-124B
18-Mar	01:50	JPY	Monetary Policy Meeting Minutes		
	09:00	EUR	German PPI m/m	-0.20%	-0.70%
	14:00	GBP	BOE Quarterly Bulletin		
	14:30	CAD	Core CPI m/m	0.50%	0.30%
		CAD	Core Retail Sales m/m	0.70%	-1.60%
		CAD	CPI m/m	0.20%	0.20%
		CAD	Retail Sales m/m	0.80%	-2.20%
	15:00	USD	FOMC Member Dudley Speaks		
	17:00	USD	Prelim UoM Consumer Sentiment	92.3	91.7
		USD	FOMC Member Rosengren Speaks		
		USD	Prelim UoM Inflation Expectations		2.50%

MARKETS PREVIEW

14th of March 2016, to 18th of March 2016



It was a mixed week for Central Banks with the RBNZ throwing in a surprise rate cut. Lowering the New Zealand benchmark interest rates by 25bps to 2.25%, the RBNZ sent a strongly dovish rhetoric to the markets in an attempt to tone down the Kiwi's recent exchange rate appreciation. RBNZ Governor Wheeler said that further rate cuts were required if the New Zealand economy continued to show signs of easing. The NZDUSD was caught off guard as the currency slipped strongly on the data but managed to recover more than half of the declines.



RBNZ Interest rates 2.25%

Meanwhile, the Bank of Canada left rates unchanged at 0.50% and came out neutral. Citing the recent pickup in inflation and better than expected GDP figures, the BoC opted to wait and watch ahead of the fiscal stimulus spending measures due to be announced in two weeks time. The Canadian dollar enjoyed a strong week of gains but Friday's jobs report disappointed as the Canadian unemployment rate ticked higher to 7.30%, above forecasts of 7.20% and up from 7.20% in January while the number of jobs in the month of February also contracted by 2.3k, falling below estimates of 10.3k.

The European Central Bank's monetary policy saw further easing across the board. QE was increased and interest rates were cut in an effort to boost inflation. While the Euro initially slipped on the data, the Euro surged following comments from Mario Draghi that there would be no further easing for the time being. EURUSD surged on the comments closing Thursday with over 1.70% gains. Equity market slipped but managed to recover by Friday as the Euro eased back paring its gains.

The British Pound and the Yen were mute spectators this week. On Brexit, the BoE presented its report but fell short of taking a stand. The BoE diplomatically said that it

was prepared to meet any outcome from the June referendum. The Yen on the other hand was flat albeit easing back ahead of the BoJ's meeting next week.



Eurozone – ECB Interest Rates – 0.0%

The commodity markets this week continued to enjoy gains. Crude Oil prices were trading at a 2-month high as WTI Crude Oil futures for April delivery closed Friday at \$38 a barrel. The gains in Oil prices came ahead of the March 20th meeting of OPEC producers. Gold prices remain range bound trading near the 13-month highs. Prices briefly tested highs of \$1283 on early Friday but closed lower settling above the \$1250 handle.

The week ahead will see a continuation of the Central bank monetary policy meetings. The Bank of Japan will be meeting on Tuesday and economists expect the BoJ to hold off from cutting rates at this meeting, but remain divided on the options of further expansion to QQE. On Wednesday, the US Federal Reserve will be holding their meeting following up by a press conference. Fed funds rates are expected to remain unchanged at 0.25% - 0.50% range. On Thursday, the Swiss National Bank will be meeting for its quarterly monetary policy review with expectations that the Libor rate will remain unchanged at -0.75%. The Bank of England's monetary policy follows later and the Central bank is expected to see no change to rates either.

On the unemployment front, Australia's jobs report will be released and is forecasted to see no change to the unemployment rate which increased to 6.0% last month. UK's monthly jobs report is due on Wednesday and expectations are for the average earnings index to climb back to the 2.0% growth rate while the UK's unemployment rate remains unchanged at 5.10%.

TECHNICAL CORNER



Gold prices have remained bullish but clearly the upside momentum is showing signs of stalling with prices being rejected above the 1270 handle. The rising wedge pattern comes after a rather prolonged uptrend and a break of this pattern to the downside could indicate a decline.

Support comes in at 1200 psychological support followed by 1180 if Gold manages to break below the 1250 support which has been strong so far. A convincing close on the daily time frame below 1250 could signal the downside correction to 1200 and 1180.

Alternately, if 1250 support holds, Gold prices could remain in the current consolidation mode but likely to trade flat below the 1280 region, with a potential to test the 1300 level in the near term. Next week's FOMC meeting will be the main factor to consider for Gold's price action.



XAUUSD (1250.39) – Daily Chart

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