

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS

Last Week: 18th of April 2016, to 22nd of April 2016



- Canada foreign securities purchases 15.9 billion vs. 7.52 billion
- RBA releases monetary policy meeting minutes
- Germany ZEW economic sentiment 11.2 vs. 8.2
- Eurozone ZEW economic sentiment 21.5 vs. 13.9
- US building permits 1.09 million vs. 1.20 million
- US housing starts 1.09 million vs. 1.17 million
- UK average earnings index 3m/y 1.80% vs. 2.10%
- UK unemployment rate 5.10% vs. 5.10%
- Canada wholesale sales m/m -2.20% vs. -0.40%
- US crude oil inventories 2.1 million vs. 2.2 million
- UK retail sales m/m -1.30% vs. -0.10%
- ECB leaves minimum bid rate unchanged at zero percent
- US Philly Fed manufacturing index -1.6 vs. 8.1
- US weekly unemployment claims 247k vs. 265k
- Eurozone flash manufacturing PMI 51.5 vs. 51.8; flash services PMI 53.2 vs. 53.3
- Canada core CPI m/m 0.70% vs. 0.40%; CPI m/m 0.60% vs. 0.30%
- Canada core retail sales m/m 0.20% vs. -0.80%; retail sales m/m 0.40% vs. -0.80%

THE WEEK AHEAD

25th of April 2016, to 28th of April 2016



IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Detail	Forecast	Previous
25-Apr	9:00	EUR	German Ifo Business Climate	107.1	106.7
	15:00	USD	New Home Sales	521K	512K
26-Apr	13:30	USD	Core Durable Goods Orders m/m	0.60%	-1.30%
		USD	Durable Goods Orders m/m	1.90%	-3.00%
	13:55	CAD	BOC Gov Poloz Speaks		
	15:00	USD	CB Consumer Confidence	95.8	96.2
	23:45	NZD	Trade Balance	405M	339M
27-Apr	02:30	AUD	CPI q/q	0.20%	0.40%
		AUD	Trimmed Mean CPI q/q	0.50%	0.60%
	09:00	EUR	M3 Money Supply y/y	5.00%	5.00%
	09:30	GBP	Prelim GDP q/q	0.40%	0.60%
	15:00	USD	Pending Home Sales m/m	0.30%	3.50%
	15:30	USD	Crude Oil Inventories		2.1M
	19:00	USD	FOMC Statement		
		USD	Federal Funds Rate	<0.50%	<0.50%
	22:00	NZD	Official Cash Rate	2.25%	2.25%
		NZD	RBNZ Rate Statement		
28-Apr	00:30	JPY	Household Spending y/y	-4.00%	1.20%
		JPY	Tokyo Core CPI y/y	-0.30%	-0.30%
	00:50	JPY	Retail Sales y/y	-1.40%	0.40%
	Tentative	JPY	Monetary Policy Statement		
	06:00	JPY	BOJ Outlook Report		
	All Day	EUR	German Prelim CPI m/m	-0.20%	0.80%
	Tentative	JPY	BOJ Press Conference		
	08:00	EUR	Spanish Flash CPI y/y	-0.70%	-0.80%
		EUR	Spanish Unemployment Rate	20.90%	20.90%
	08:55	EUR	German Unemployment Change	1K	0K
	13:30	USD	Advance GDP q/q	0.70%	1.40%
		USD	Unemployment Claims	252K	247K
		USD	Advance GDP Price Index q/q	0.50%	0.90%
29-Apr	02:00	NZD	ANZ Business Confidence		3.2
	02:30	AUD	PPI q/q	0.20%	0.30%
	04:45	AUD	RBA Assist Gov Debelle Speaks		
	07:00	EUR	German Retail Sales m/m	0.30%	-0.40%
	08:00	CHF	KOF Economic Barometer	102.9	102.5
		EUR	Spanish Flash GDP q/q	0.70%	0.80%
	09:00	CHF	SNB Chairman Jordan Speaks		
	09:30	GBP	Net Lending to Individuals m/m	5.0B	4.9B

	10:00	EUR	CPI Flash Estimate y/y	-0.10%	0.00%
		EUR	Core CPI Flash Estimate y/y	0.90%	1.00%
	13:00	GBP	MPC Member Cunliffe Speaks		
	13:30	CAD	GDP m/m		0.60%
		CAD	RMPI m/m		-2.60%
		USD	Core PCE Price Index m/m	0.10%	0.10%
		USD	Employment Cost Index q/q	0.60%	0.60%
		USD	Personal Spending m/m	0.20%	0.10%
	14:45	USD	Chicago PMI	53.1	53.6
	15:00	USD	Revised UoM Consumer Sentiment	90.3	89.7



MARKETS PREVIEW

18th of April 2016, to 22nd of April 2016

Oil prices shrugged off the failed Doha talks from last Sunday. Despite opening lower by -5.0% on Monday, Crude oil prices quickly recovered, supported by the three-day oil strike in Kuwait. However, differences still prevail as Russia reported last week that it would ramp up its oil production in 2016.

While oil prices were volatile, the precious metals had their own story to tell. Silver prices posted an 11-month high last week, trading at \$17.5 briefly on Thursday, while gold rallied back to briefly trade near the \$1269 handle on Thursday. Precious metals remained volatile this week led by a weaker US dollar and continuing speculation on the slow pace of rate hikes from the Federal Reserve. Economic data in the US was mixed this week. Housing starts fell 8.8% and building permits were down 7.7% this week but were offset by a 5.1% increase in existing home sales. The US dollar index fell to lows of 93, testing the support from last week and managed to recover by Thursday.

US housing data continued to paint a mixed picture. Once considered a strong contributor to the US GDP in 2015, the first quarter housing market data pointed to a broad weakness in the sector, despite supported by an accommodative monetary policy which has kept mortgage rates low and lower unemployment rates.



SOURCE: WWW.TRADINGECONOMICS.COM | U.S. CENSUS BUREAU

US Building Permits (March 2016)

From the UK, economic data is starting to point to a weak start to the year. Retail sales fell 1.80% in March, extending the declines from February's slump in retail sales. On a year over year basis, UK retail sales were up a meager 2.70%, down from 3.60% revised growth from February. Unemployment data released last week was also a mixed bag. On the headline, UK's unemployment rate was steady at 5.10%, for the fourth month in a

row in February. The average weekly earnings were also better, rising 2.20% on earnings excluding bonuses while rising at a slower pace of 1.80% on earnings including bonuses in February. The claimant count change was however the big surprise. 9.7k new applicants in the UK claimed for jobless benefits in March, while February's claimant count change was revised from -18k to -9.3k. The UK's Office for National Statistics said that unemployment had cooled down in the UK and analysts expect that this could be due to the ongoing uncertainty surrounding the UK's referendum on its EU membership, due in June.



UK Claimant Count Change (March 2016)

25th of April 2016, to 28th of April 2016

Looking forward to the week ahead, the Federal Reserve, RBNZ and the BoJ will be up in focus over a short 12-hour period, starting April 27th. No changes are expected from the Fed or the RBNZ, where interest rates are at 0.25% - 0.50% and 2.25% respectively. In the absence of any changes to monetary policy, the central bank's statement will gain focus. The markets remain divided on how the Federal Reserve will word its statement and a continued dovish stance could further hurt the US dollar. Meanwhile, markets expect the RBNZ to strike a harsh tone to stem the Kiwi's strong exchange rate appreciation.

The Bank of Japan's monetary policy is of course a big guessing game. While analysts expect no change to policy, there is a chance that the BoJ could move in April.

On the economic front, GDP reports from the US and the UK will be in focus. Estimates on both the advanced GDP reports are expected to show the first quarter of 2016 starting off on a slow note. In the US, Q1 GDP is expected to rise 0.70% while in the UK the Q1 2016 GDP is expected to rise 0.40%.

TECHNICAL CORNER



USDSEK has been steadily declining since early March. In terms of monetary policy divergence, against the US Federal Reserve's rate tightening cycle, the Swedish Riksbank has been steadily loosening monetary policy. More recently, last week the Riksbank expanded its QE program even further while keeping the benchmark interest rates at -0.50%. In Sweden, inflation has been increasing steadily but the central bank noted that there needs to be more evidence of this before it can look into tightening its monetary policy tools.



USDSEK (8.156) – Daily Chart

On the daily chart for USDSEK, price action has formed a minor inverse head and shoulders pattern. A break out above 8.16 - 8.17 could see prices post a steady rally towards 8.40 - 8.37. Using the measured move approach, we can expect USDSEK to appreciate towards 8.297 - 8.30 region, which marks the previous highs from 25th March. There is a potential for prices to move even higher to test the previously broken support level at 8.395 - 8.37 to establish resistance. In the near term, expect a pull back to the current consolidation with prices likely to dip towards 8.113 - 8.08 region, which could then see a potential breakout to the upside. The bullish bias becomes invalidated if USDSEK closes below the previous lows at 8.031

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