

ORBEX

# Weekly Markets Report

*OVERWEEK BULLET POINTS, THE WEEK AHEAD, MARKETS PREVIEW  
AND THE CHART OF THE WEEK*



**ORBEX Research Department**  
**19<sup>st</sup> OF May. , TO 23<sup>th</sup> of May**

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**OVERWEEK BULLET POINTS** – 12<sup>th</sup> OF May. , TO 16<sup>th</sup> of May

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- EURGBP New 12 month Low: 0.8126.
- European shares were higher on Monday with strong buying seen in the basic resources sector, but gains were capped by ongoing concerns in Ukraine.
- Asia Markets: Asia stocks mostly higher after China data.
- European shares rallied on Tuesday index hitting a six-year highs as a strong performance in U.S.
- \_ Corporate earnings season and improved U.S. stock indexes behind the record gains in Asian stocks.
- \_ UK unemployment falls to 6.8% as expected, lowest in more than 5 years.
- \_ BOE Quarterly Inflation Report: Sees slower productivity growth than in Feb.
- \_ U.S. commercial crude oil inventories increased by 0.9 million barrels from the previous week.
- \_ Euro drops to 6-week lows as expectations of ECB easing grow.
- \_ Eurozone GDP SA (Q1 A) Q/Q 0.2% vs. Exp. 0.4% (Prev. 0.2%).
- \_ The European Central Bank looking at negative deposit rate and other tools.
- \_ US Jobless Claims (May 10) W/W 297K vs. forecast. 321K (Prev. 319K).
- \_ University of Michigan Confidence (May P) M/M 81.8 vs. Forecast. 84.7 (Prev. 84.1).
- \_ European shares opened slightly higher on Friday, trading in narrow range, after a selloff in the previous session.
- \_ Gold prices fall for the second day on Friday in a row due to positive USA data.

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**THE WEEK AHEAD - 19<sup>th</sup> OF May. , TO 23<sup>th</sup> of May**

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- *The most important economic release of the week*

<b>Mon May 19</b>	10:00am	EUR	German Buba President Weidmann Speaks			
<b>Tue May 20</b>	4:30am	AUD	Monetary Policy Meeting Minutes			
	11:30am	GBP	CPI y/y		1.70%	1.60%
<b>Wed May 21</b>	Tentative	JPY	Monetary Policy Statement			
	Tentative	JPY	BOJ Press Conference			
	11:30am	GBP	MPC Asset Purchase Facility Votes		0-0-9	0-0-9
		GBP	MPC Official Bank Rate Votes		0-0-9	0-0-9
		GBP	Retail Sales m/m		0.40%	0.10%
9:00pm	USD	FOMC Meeting Minutes				
<b>Thu May 22</b>	4:45am	CNY	HSBC Flash Manufacturing PMI		48.4	48.1
	10:00am	EUR	French Flash Manufacturing PMI		51.1	51.2
	10:30am	EUR	German Flash Manufacturing PMI		54	54.1
	11:30am	GBP	Second Estimate GDP q/q		0.80%	0.80%
	3:30pm	CAD	Core Retail Sales m/m		0.50%	0.60%
		USD	Unemployment Claims		312K	297K
5:00pm	USD	Existing Home Sales		4.71M	4.59M	
<b>Fri May 23</b>	11:00am	EUR	German Ifo Business Climate		111	111.2
	3:30pm	CAD	Core CPI m/m		0.20%	0.30%
	5:00pm	USD	New Home Sales		426K	384K

- To view the full economic calendar kindly click on [Full Economic Calendar](#)

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**MARKETS PREVIEW** 12<sup>th</sup> OF May. , TO 16<sup>th</sup> of May

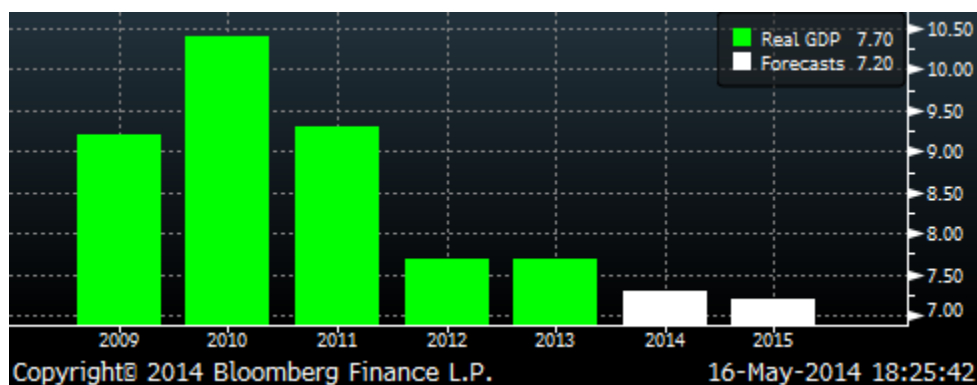
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Germany has recorded the strongest rate of increase since 2011 ; GDP for Germany has reached 0.8% Q-o-Q; the start is strong for 2014 , however , there is still clouds ahead...Moreover , we do expect that the Q2 would register an adjustment after the Q1 strong reading affected by several factors such as : China Slow-down , Ukraine Crisis.



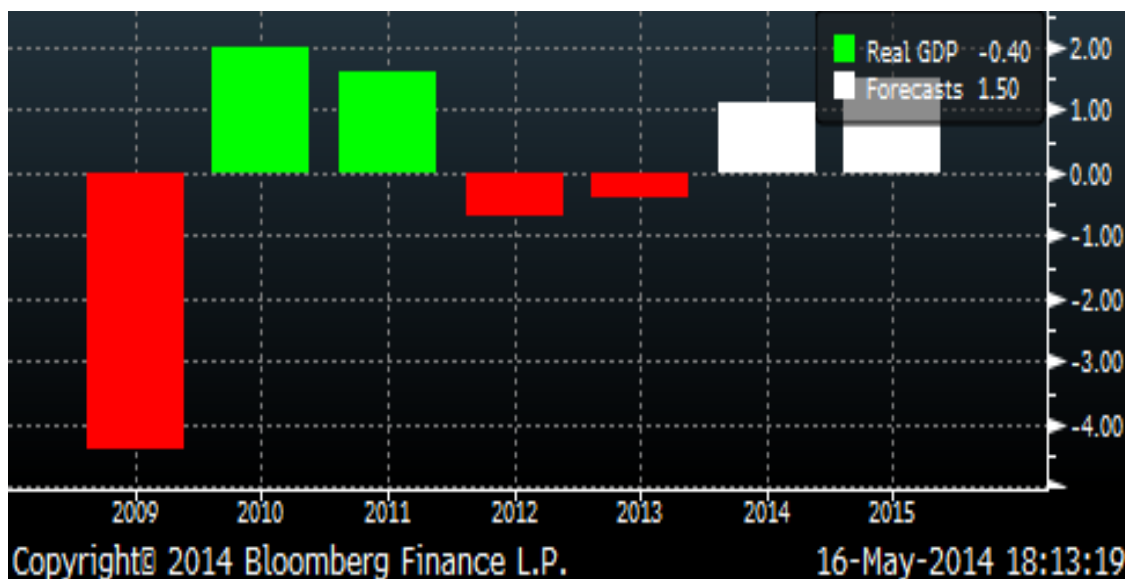
Germany GDP Chain linked PAN NSA YoY

By the beginning of this year the Chinese Economy's indicators shows a slowdown (China is the Third-largest partner for Germany. The authorities have started a reform on the economy which would be the main cause of the slowdown of the growth by the beginning of 2014, but the Chinese economy objective is to stabilize the economy and labor market condition.



China Real GDP (YoY %)

EURZONE GDP has printed a much lower than expectation reading; on average activity grew 0.2% QoQ; which is opposite of what we did expected before. The Contracting hit Italy -0.1% QoQ, Portugal-0.7% QoQ, and Netherland -1.4% QoQ .Last Meeting for ECB (8 May) Mario Draghi has announced that the Governing Council is ready to take actions to prevent for the low inflation .So, the slow down for the growth and the low inflation record would be enough reasons for ECB to ease the monetary policy further. Next 5 June markets and we do expect new measures by ECB. Bundesbank opposed the QE measure, but they are open to any other measure which market expect to be second round of LTRO a practical option.



Europe Real GDP (YoY %)



**GBPCHF; Daily Time Frame**

As shown at the chart the market has confirmed the classical pattern of the inverse head-and-Shoulder, moreover, the market has re-tested the neckline at 0.8120, which is the same breakout point. Theoretical the market will go the same distance between the Head of the pattern and the neck-line, so the expected target would be at 0.8500. That pattern considered as a reversal pattern for the previous daily downtrend should be reversed now by the market; in case the market fell below the neck-line again then the down trend is expected to continue. The preferred Stop lose should be under the recent low of the new up-trend which we show it at the chart at the level of 0.8230



**Risk Warning:** Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. Before deciding to trade foreign exchange, you should carefully consider your investment objectives, level of experience, and risk appetite. There is a possibility that you may sustain a loss of some or all of your investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor if you have any doubts.