

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS

Last Week: 16th of May – 20th of May, 2016



- UK Right move HPI m/m 0.40% vs. 1.30% previously
- Japan PPI y/y -4.20% vs. -3.70%
- Japan preliminary machine tool orders y/y -26.40% vs. -21.20%
- US Empire state manufacturing index -9.0 vs. 7.20
- RBA releases monetary policy meeting minutes
- New Zealand inflation expectations q/q 1.60% vs. 1.60%
- Japan revised industrial production m/m 3.80% vs. 3.60%
- Switzerland PPI m/m 0.30% vs. 0.10%
- UK CPI y/y 0.30% vs. 0.50%; Core CPI y/y 1.20% vs. 1.50%
- Canada manufacturing sales m/m -0.90% vs. -0.70%
- US CPI m/m 0.40% vs. 0.30%; Core CPI m/m 0.20% vs. 0.20%
- US Housing starts 1.17mn vs. 1.12mn
- US industrial production m/m 0.70% vs. 0.30%
- New Zealand PPI input q/q -1.0% vs. 0.30%; PPI output q/q -0.20% vs. 0.40%
- Japan preliminary GDP q/q 0.40% vs. 0.10%
- UK unemployment rate 5.10% vs. 5.10%
- UK average earnings index 3m/y 2.0% vs. 1.70%
- Eurozone final CPI y/y -0.20% vs. -0.20%; Core CPI y/y 0.70% vs. 0.70%
- FOMC meeting minutes released
- Australia employment change 10.8k vs. 12.1k
- Australia unemployment rate 5.70% vs. 5.80%
- UK retail sales m/m 1.30% vs. 0.60%
- Canada wholesale sales m/m -1.0% vs. 0.50%
- US weekly unemployment claims 278k vs. 276k
- Germany PPI m/m 0.10% vs. 0.20%
- Eurozone current account 27.3bn vs. 19.6bn

- Canada core CPI m/m 0.20% vs. 0.10%; CPI m/m 0.30% vs. 0.40%
- Canada retail sales m/m -1.0% vs. -0.70%; core retail sales m/m -0.30% vs. -0.40%

THE WEEK AHEAD

23rd of May 2016, to 27th of May 2016



IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Detail	Forecast	Previous
23-May	00:50	JPY	Trade Balance	0.27T	0.28T
	03:00	JPY	Flash Manufacturing PMI	48.3	48.2
	05:30	JPY	All Industries Activity m/m	0.70%	-1.20%
	08:00	EUR	French Flash Manufacturing PMI	49	48
		EUR	French Flash Services PMI	50.8	50.6
	08:30	EUR	German Flash Manufacturing PMI	52.1	51.8
		EUR	German Flash Services PMI	54.6	54.5
	09:00	EUR	Flash Manufacturing PMI	51.9	51.7
		EUR	Flash Services PMI	53.3	53.1
	11:15	USD	FOMC Member Bullard Speaks		
	14:45	USD	Flash Manufacturing PMI	51	50.8
	15:00	EUR	Consumer Confidence	-9	-9
	15:30	AUD	CB Leading Index m/m		-0.30%
	24-May	04:05	AUD	RBA Gov Stevens Speaks	
07:00		CHF	Trade Balance	3.14B	2.16B
		EUR	German Final GDP q/q	0.70%	0.70%
09:30		GBP	Public Sector Net Borrowing	6.3B	4.2B
10:00		EUR	German ZEW Economic Sentiment	12.1	11.2
		EUR	ZEW Economic Sentiment	23.4	21.5
All Day		EUR	Eurogroup Meetings		
14:00		CNY	CB Leading Index m/m		0.60%
15:00		USD	New Home Sales	521K	511K
		USD	Richmond Manufacturing Index	9	14
23:45		NZD	Trade Balance	25M	117M
25-May		02:30	AUD	Construction Work Done q/q	-1.40%
	07:00	CHF	UBS Consumption Indicator		1.51
		EUR	GfK German Consumer Climate	9.7	9.7
	09:00	EUR	German Ifo Business Climate	106.9	106.6
	10:00	CHF	ZEW Economic Expectations		11.5
	13:30	USD	Goods Trade Balance	-60.1B	-56.9B
	14:00	USD	HPI m/m	0.40%	0.40%
	14:45	USD	Flash Services PMI	53.1	52.8
	15:00	CAD	BOC Rate Statement		
		CAD	Overnight Rate	0.50%	0.50%
	15:30	USD	Crude Oil Inventories		1.3M
	26-May	02:30	AUD	Private Capital Expenditure q/q	-3.20%
03:00		NZD	Annual Budget Release		
09:00		EUR	ECB Financial Stability Review		

	09:30	EUR	Italian Retail Sales m/m	0.20%	0.30%
		GBP	Second Estimate GDP q/q	0.40%	0.40%
		GBP	Prelim Business Investment q/q	3.20%	-2.00%
		GBP	Index of Services 3m/3m	0.60%	0.70%
	10:15	USD	FOMC Member Bullard Speaks		
	13:30	CAD	Corporate Profits q/q		-3.10%
		USD	Core Durable Goods Orders m/m	0.30%	-0.20%
		USD	Unemployment Claims	275K	278K
		USD	Durable Goods Orders m/m	0.30%	0.80%
	14:00	AUD	RBA Assist Gov Debelle Speaks		
	15:00	USD	Pending Home Sales m/m	0.60%	1.40%
	23:30	AUD	RBA Assist Gov Debelle Speaks		
27-May	00:30	JPY	Tokyo Core CPI y/y	-0.40%	-0.30%
		JPY	National Core CPI y/y	-0.40%	-0.30%
	06:00	JPY	BOJ Core CPI y/y	1.00%	1.10%
	13:30	USD	Prelim GDP q/q	0.80%	0.50%
		USD	Prelim GDP Price Index q/q	0.70%	0.70%
	15:00	USD	Revised UoM Consumer Sentiment	95.7	95.8
		USD	Revised UoM Inflation Expectations		2.50%

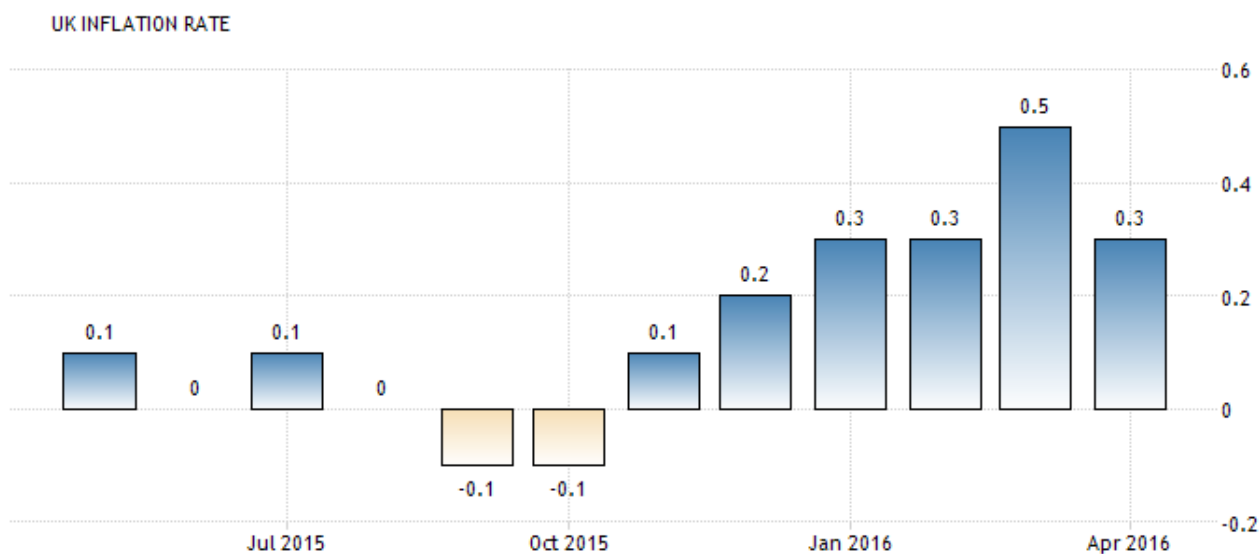
MARKETS PREVIEW

16th of May – 20th of May 2016



The sterling was seen trading stronger for the most part last week with improved sentiment on the Brexit opinion polls and modestly better economic data.

Unemployment data released over the week for April showed that a slight decline. Unemployment fell to 1.69 million in the three months ending March; it was lower by 2k from the previous period. The jobless rate however was unchanged at 5.10%, data from the UK's Office for National Statistics showed earlier this week. The number of people in work edged higher by 44k from the previous quarter, which took the employment rate slightly higher to 74.20% but the job vacancies fell by 18k marking the declines in almost a year. Other data over the week included retail sales which showed a strong rebound in April. Sales volumes increased 1.30% compared to March sending the annualized retail sales to 4.30% higher than the previous year. March's retail sales numbers were also revised higher showing that retail sales fell only 0.50% compared to previous estimates of a 1.30% declines. Inflation data was the drag which showed a decline in March. But it wasn't much of a surprise as the Bank of England had already noted in its minutes that inflation was likely to slip in April as the Easter holiday effect wanes

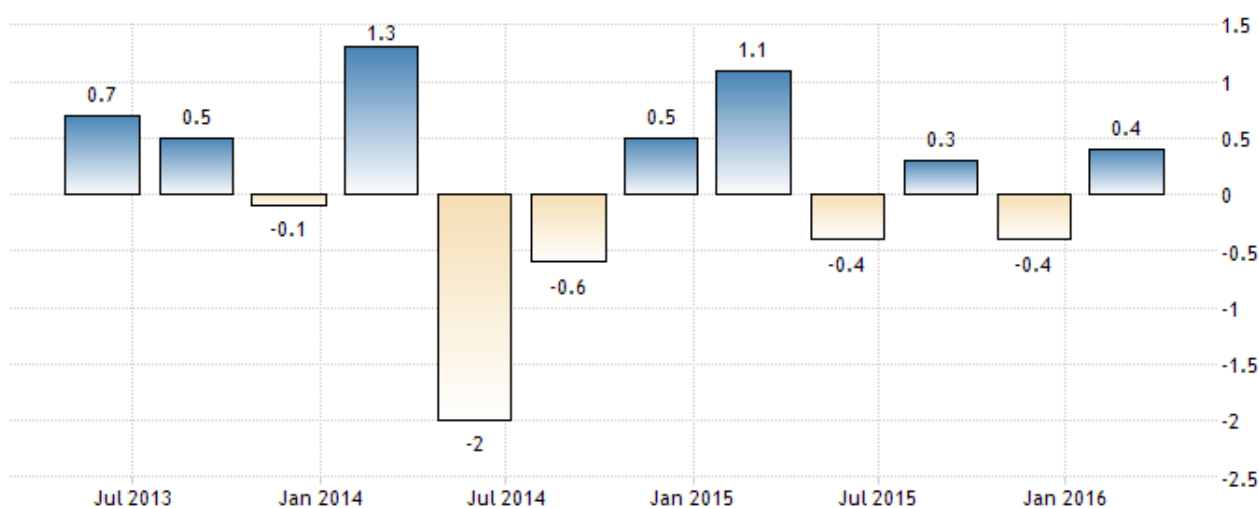


SOURCE: WWW.TRADINGECONOMICS.COM | OFFICE FOR NATIONAL STATISTICS

UK m/m CPI– 0.30% (April 2016)

Economic data from Japan this week saw the economy barely escaping a technical recession. The GDP growth rate jumped to 1.70% during the first quarter of 2016 beating estimates of a 0.30% increase. The data offered policy makers a big boost which was hit by weaker sentiment over the past months. The rising GDP growth rate reversed the contraction Japan experienced in the fourth quarter of 2015. The economy managed to weather the effects of a slowdown from China and domestically the stronger yen.

JAPAN GDP GROWTH RATE



SOURCE: WWW.TRADINGECONOMICS.COM | CABINET OFFICE, JAPAN

Japan GDP growth rate – 0.40% q/q (March 2016)

Week Ahead: 23rd of May 2016, to 27th of May 2016

Economic data from the Eurozone over the week is limited to flash PMI services and manufacturing which is expected to show a modest recovery. Data from **Germany** will see the revised **GDP** estimates for the first quarter. No change is expected as the German GDP growth is expected to be confirmed at 0.70% quarter over quarter change. Besides the GDP data, German ZEW and Ifo business survey reports will also be released.

The **Bank of Canada** will be meeting this for its monetary policy but no major changes are expected. With the economic data largely in-line with the BoC's estimates, interest rates in Canada is expected to remain unchanged at 0.50%.

While the week ahead is quiet for most of the economies, the calendar is packed for the US. Two FOMC voting members will be speaking over the week culminating with Federal Reserve Chair, Janet Yellen speaking on Friday. With last week's FOMC minutes coming out hawkish than expected and raising speculation for a June rate hike, Yellen's comments will be closely monitored. The US GDP is also up for a second revision on Friday and estimates point to a 0.80% increase in the GDP, up from 0.50% GDP growth seen in the first quarter. A match on the estimates will likely boost the dollar higher as well as see increased probability for the Fed to act in June.

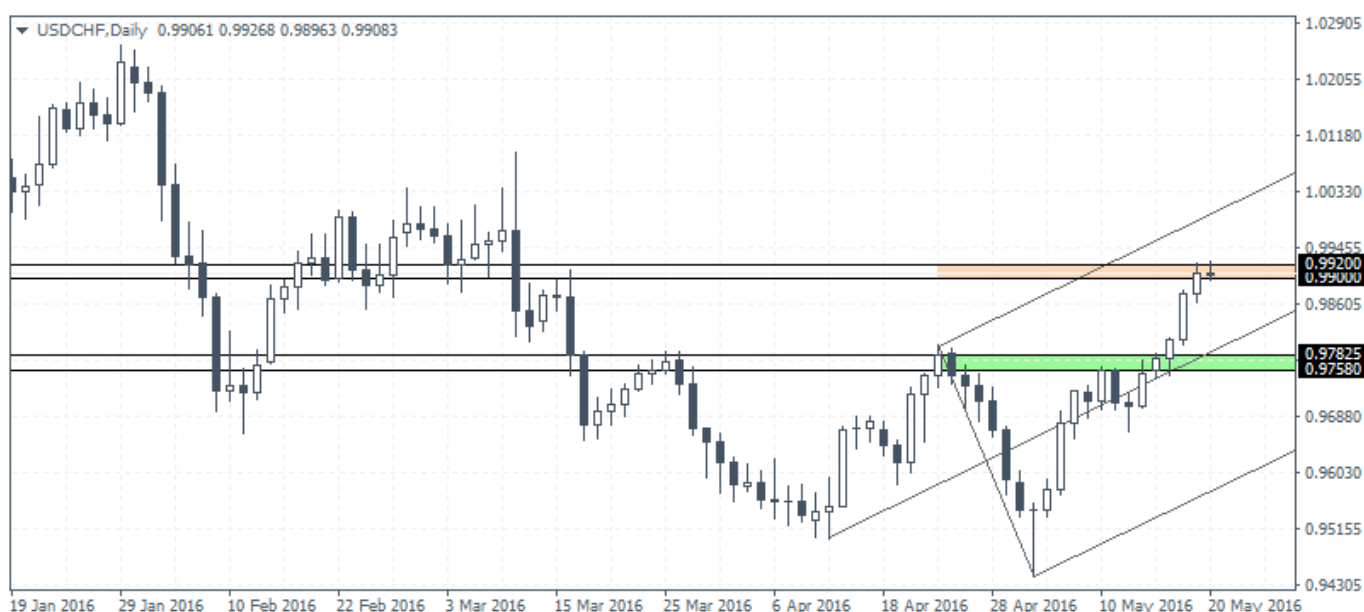
Besides the US, the UK's GDP data is also up for revision this week. But expectations call for no change to the GDP, with economists forecasting to confirm a 0.40% quarter over quarter increase.

TECHNICAL CORNER



USDCHF has been in a steady uptrend for the past two weeks with little to no pullbacks. With prices closing Friday near 0.992 - 0.990, there is a strong likelihood that a pull back to the lower is on the cards. Having broken the resistance level near 0.97825 - 0.9758, USDCHF has not tested this support. With prices now at resistance, there is a possibility of a decline lower to establish support at 0.97825 - 0.9758.

The week ahead will see a lot of economic data from the US. Various FOMC voting members will be speaking over the week including Fed chair Janet Yellen. On the economic front, the US second estimates for the GDP is expected as well, all of which could pose a significant downside risk for the US dollar.



USDCHF (0.9908) – Daily Chart

A decline to the lower support near 0.9782 – 0.9758 will offer a renewed pull back opportunity as USDCHF is likely to rally back to the resistance and break higher targeting 1.0.

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