

orbex WEEKLY MARKETS REPORT



OVERWEEK
BULLET POINTS



THE WEEK
AHEAD



MARKETS
PREVIEW



THE CHART OF
THE WEEK

OVERWEEK BULLET POINTS

Last Week: 2nd of May – 6th of May, 2016



- US ISM manufacturing PMI 50.8 vs. 51.6
- Australia building approvals m/m 3.70% vs. -1.80%
- China Caixin Manufacturing PMI 49.4 vs. 49.8
- RBA cuts cash rate to 1.75% from 2.0%
- UK manufacturing PMI 49.2 vs. 51.3
- New Zealand employment change q/q 1.20% vs. 0.60%
- New Zealand unemployment rate 5.70% vs. 5.50%
- UK construction PMI 52.0 vs. 54.1
- US ADP nonfarm employment change 156k vs. 205k
- Canada trade balance -3.4billion vs. -1.2billion
- US preliminary unit labor costs q/q 4.10% vs. 2.90%
- US preliminary nonfarm productivity q/q -1.0% vs. -1.30%
- US trade balance -40.4billion vs. -45.6billion
- US ISM non-manufacturing PMI 55.7 vs. 54.9
- US factor orders m/m 1.10% vs. 0.70%
- Australia retail sales m/m 0.40% vs. 0.30%
- Australia trade balance -2.16billion vs. -2.95billion
- China Caixin services PMI 51.8 vs. 52.6
- UK services PMI 52.3 vs. 53.6
- Canada building permits -7.0% vs. -4.60%
- US weekly unemployment claims 274k vs. 261k
- RBA releases statement on monetary policy
- Canada employment change m/m -2.1k vs. 0.2k
- Canada unemployment rate 7.10% vs. 7.20%
- US average hourly earnings m/m 0.30% vs. 0.30%
- US unemployment rate 5.0% vs. 5.0%
- US non-farm employment change 160k vs. 200k
- Canada Ivey PMI 53.1 vs. 52.3

THE WEEK AHEAD

9th of May 2016, to 13th of May 2016



IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous
02-May	00:15	USD	FOMC Member Dudley Speaks		
	00:30	AUD	AIG Manufacturing Index		58.1
	02:00	AUD	MI Inflation Gauge m/m		0.00%
	02:30	AUD	NAB Business Confidence		6
	03:00	JPY	Final Manufacturing PMI	48	48
	07:30	AUD	Commodity Prices y/y		-15.40%
	08:15	CHF	Retail Sales y/y	0.30%	-0.20%
		EUR	Spanish Manufacturing PMI	53	53.4
	08:30	CHF	Manufacturing PMI	53.6	53.2
	08:45	EUR	Italian Manufacturing PMI	54.1	53.5
	08:50	EUR	French Final Manufacturing PMI	48.3	48.3
	08:55	EUR	German Final Manufacturing PMI	51.9	51.9
	09:00	EUR	Final Manufacturing PMI	51.5	51.5
	14:30	CAD	RBC Manufacturing PMI		51.5
	14:45	USD	Final Manufacturing PMI	51	50.8
	15:00	EUR	ECB President Draghi Speaks		
		USD	ISM Manufacturing PMI	51.6	51.8
	USD	Construction Spending m/m	0.50%	-0.50%	
	USD	ISM Manufacturing Prices	51	51.5	
	17:30	CHF	SNB Chairman Jordan Speaks		
03-May	02:30	AUD	Building Approvals m/m	-1.80%	3.10%
	02:45	CNY	Caixin Manufacturing PMI	49.8	49.7
	05:30	AUD	Cash Rate	2.00%	2.00%
		AUD	RBA Rate Statement		
	09:30	GBP	Manufacturing PMI	51.3	51
	10:00	EUR	PPI m/m	0.10%	-0.70%
	10:30	AUD	Annual Budget Release		
	15:30	USD	FOMC Member Mester Speaks		
	17:30	CAD	BOC Gov Poloz Speaks		
	23:45	NZD	Employment Change q/q	0.60%	0.90%
		NZD	Unemployment Rate	5.50%	5.30%

		NZD	Labor Cost Index q/q	0.30%	0.40%	
04-May	00:01	GBP	BRC Shop Price Index y/y		-1.70%	
	00:30	AUD	AIG Services Index		49.5	
	02:00	NZD	ANZ Commodity Prices m/m		-1.30%	
	07:45	EUR	French Trade Balance	-4.2B	-5.2B	
	08:00	EUR	Spanish Unemployment Change	-86.6K	-58.2K	
	08:15	EUR	Spanish Services PMI	55.1	55.3	
	08:45	EUR	Italian Services PMI	51.3	51.2	
	08:50	EUR	French Final Services PMI	50.8	50.8	
	08:55	EUR	German Final Services PMI	50.5	54.6	
	09:00	EUR	Final Services PMI	53.3	53.2	
	09:30	GBP	Construction PMI	54.1	54.2	
	10:00	EUR	Retail Sales m/m	0.10%	0.20%	
	13:15	USD	ADP Non-Farm Employment Change	205K	200K	
	13:30	CAD	Trade Balance	-1.2B	-1.9B	
			USD	Prelim Nonfarm Productivity q/q	-1.30%	-2.20%
			USD	Prelim Unit Labor Costs q/q	2.90%	3.30%
			USD	Trade Balance	-45.6B	-47.1B
		14:45	USD	Final Services PMI	52.1	52.1
		15:00	USD	ISM Non-Manufacturing PMI	54.9	54.5
		USD	Factory Orders m/m	0.70%	-1.70%	
	15:30	USD	Crude Oil Inventories		2.0M	
05-May	02:00	AUD	HIA New Home Sales m/m		-5.30%	
	02:30	AUD	Retail Sales m/m	0.30%	0.00%	
		AUD	Trade Balance	-2.95B	-3.41B	
	02:45	CNY	Caixin Services PMI	52.6	52.2	
	08:30	GBP	Halifax HPI m/m	0.10%	2.60%	
	09:00	EUR	ECB Economic Bulletin			
	09:10	EUR	Retail PMI		49.2	
	09:30	GBP	Services PMI	53.6	53.7	
	12:30	USD	Challenger Job Cuts y/y		31.70%	
	13:30	CAD	Building Permits m/m		15.50%	
			USD	Unemployment Claims	261K	257K
		16:30	USD	FOMC Member Bullard Speaks		
06-May	00:15	USD	FOMC Member Bullard Speaks			
	00:30	AUD	AIG Construction Index		45.2	
	00:50	JPY	Monetary Base y/y	29.30%	28.50%	
	02:30	AUD	RBA Monetary Policy Statement			
	08:00	CHF	Foreign Currency Reserves		576B	
	13:30	CAD	Employment Change	0.2K	40.6K	

		CAD	Unemployment Rate	7.20%	7.10%
		USD	Average Hourly Earnings m/m	0.30%	0.30%
		USD	Non-Farm Employment Change	206K	215K
		USD	Unemployment Rate	5.00%	5.00%
	15:00	CAD	Ivey PMI		50.1
	20:00	USD	Consumer Credit m/m	16.1B	17.2B

MARKETS PREVIEW

2nd of May – 6th of May 2016



The Reserve Bank of Australia was the center of attention this week as the central bank cut interest rate by 25bps bringing the interest rate to 1.75%, from 2.0% previously. The RBA had previously cut rates in May 2015. Citing weak inflation, the RBA's rate cut was followed a day later with the quarterly forecasts, where the central bank lowered its inflation expectations. According to the RBA, inflation in Australia is now expected to average between 1 and 2 percent, compared to previous estimates of 2 and 3 percent. Inflation was the only data point that was revised lower as GDP and unemployment forecasts remained same, if not revised higher. The move by RBA this week sent the Aussie dollar weaker across the board with the markets now pricing in another rate cut in June or August.

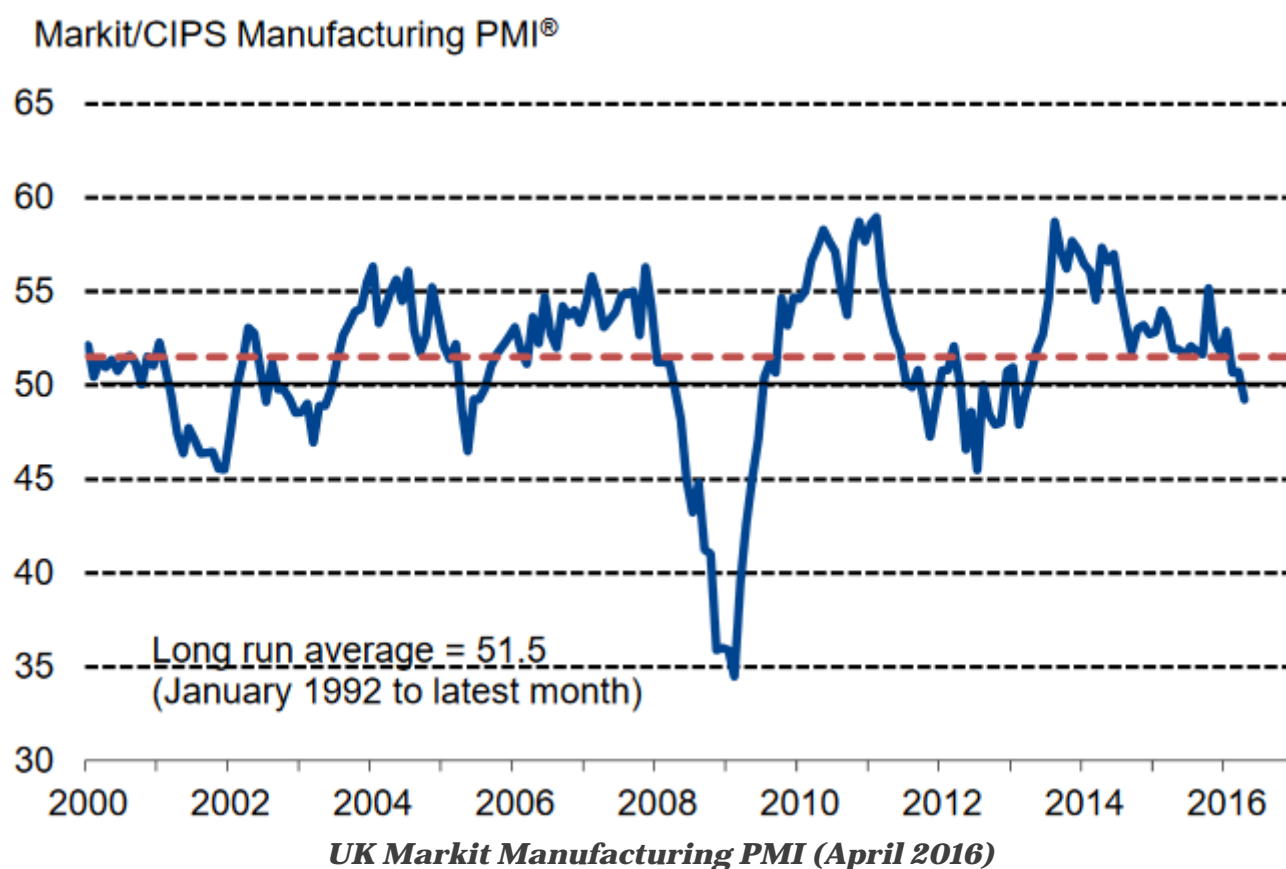
Besides the RBA's rate decision economic data this week from Australia included building approvals which increased 3.70% on a month over month basis in March, up from a downward revised 2.90% gains in April. On a year over year basis, building approvals fell 6.50%, but lower than February's declines of 7.20%. Retail sales were also marginally higher for the month, rising 0.40% in March, up from a revised 0.10% gains in February.



RBA Interest Rate Cut – 1.75% (May 2016)

In the UK, economic data was weak as PMI surveys pointed to a slowdown in the economy. Construction and services PMI fell to 13-year lows while manufacturing PMI slipped unexpectedly into a contraction falling below the 50-level. The declines in the PMI came as the UK started the first quarter on a soft footing with the GDP rising only 0.40%, against 0.60% in the previous quarter. Furthermore, sentiment in the UK continues to remain cautious ahead of the June referendum meeting on the EU

membership which has also led to a decline in business investments and leaving a large current account deficit gap. But interestingly the GBP did not react much on the news, despite turning bearish on the day.



9th of May 2016, to 13th of May 2016

For the week ahead China's consumer and producer price inflation will most likely set the tone for the markets. Inflation is expected to rise 2.30% at the same pace as in March while produce price index is expected to show a modest improvement, falling 3.80% against the 4.30% declines seen previously.

Data from New Zealand will see the RBNZ releasing the financial stability report where new forecasts will be given for the economy's outlook over the next quarter. RBNZ Governor Wheeler will also be speaking which could be a key fundamental risk for the NZD.

In the UK, industrial and manufacturing production is expected to show a modest recovery, but the main focus will be the Bank of England's meeting. While interest rate is expected to stay unchanged, the BoE could take a dovish stance in light of the deterioration in the recent economic data in the country.

TECHNICAL CORNER



USDCAD has formed a bullish reversal on the weekly chart, rising to a one-week high, closing on Friday at 1.2911. We anticipate that there will be further upside in USDCAD towards 1.30 and 1.33 in the longer run. For now, the price action on the 4-hour chart has formed a rising wedge pattern, which indicates a potential correction to the downside. Major support is identified near 1.2725 - 1.270, which is also validated by a lower time frame's bearish divergence.

A correction to 1.2725 - 1.270 in USDCAD will see the breakout from the long term trend line being validated and a retest of the broken resistance for support. A bullish candlestick reversal here on the daily chart, will point to further upside targeting 1.30 and 1.33.



USDCAD (1.2911) – H4 Chart

On the 4-hour chart, we have a near doji candlestick pattern followed by an inside bar. A break below this doji low at 1.2872 will confirm further downside and as such could see a sustained dip to 1.2725 - 1.270. In the event that prices close above the doji high at 1.2949, we can anticipate further moves to the upside, but it is very likely that the momentum will stall. Therefore, USDCAD is likely to correct to 127 - 1.2725 region to establish support on this recently broken resistance level. A bullish confirmation here alongside the weekly bullish candlestick will push USDCAD to 1.30 followed by 1.33.

DISCLAIMER

The information contained in this publication is produced by ORBEX LTD and not intended as an offer or solicitation for the purchase or sale of any financial instrument. Any opinion offered herein reflects ORBEX LTD current judgment and may change without notice. This message is for information purposes only and is not intended as an offer, recommendation or solicitation to buy or sell, nor is it an official confirmation of terms. No representation or warranty is made that this information is complete or accurate. Any views or opinions expressed do not necessarily represent those ORBEX LTD. This email and the information it contains may be confidential, proprietary or legally privileged. If you receive this message in error, please notify the sender and delete it from your system. You must not, directly or indirectly, use, disclose, distribute, copy or store this message or any part of it if you are not the intended recipient. Unless otherwise stated, any pricing information given in this email is indicative only, is subject to changes and does not constitute an offer to deal at any price quoted.