



WEEK AHEAD



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All trading involves risk. It is possible to lose all your capital.

Week ahead: May 14th to 18th

Market focus on Eurozone's GDP growth and UK's employment data

Next week's market movers

- Japan's PPI rates for April could be the center of discussion on Monday.
- On Tuesday, China's industrial output and retail sales growth rates for April, Germany's and Eurozone's preliminary release of the GDP growth rate, UK's employment data, Germany's ZEW economic sentiment indicator for May and the US retail sales data for April could grab the market's attention.
- Japan's preliminary release of the GDP growth rate and Eurozone's final release of the CPI rate could move the market on Wednesday.
- On Thursday, we get Australia's employment data.
- Last but not least, on Friday, the market could shift its focus on Canada's and Japan's inflation data.

In the next week a number of financial data releases could attract the market's attention. Our team chose and concentrates on the ones which it considers as the most influential and discusses their possible forecasts and their respective effects on various currencies.

On Monday, during the Asian morning, we get Japan's Corporate Goods Prices for April. The rate is forecasted to accelerate and reach +0.1% month on month (mom) compared to previous reading of -0.1% mom. Should the actual results meet the forecast we could see the JPY strengthening as it's economy is highly industry driven and even a slight increase in country's PPI growth rate could imply that inflationary pressures exist.

On Tuesday, during the Asian morning we get China's Industrial Output growth rate for April. The rate is forecasted to accelerate and reach +6.3% year on year (yoy) compared to previous reading of +6.0% yoy. Should the actual results meet the forecast we could see AUD, NZD strengthening as the acceleration could imply that the Chinese imports from the prementioned countries could increase boosting the two commodity based economies.

At the same time we get China's retail sales growth rate for April. The rate is forecasted to tick down to +10.0% yoy compared to previous reading of +10.1% yoy. Should the actual rate meet the forecast we could see little to no effect for AUD and NZD as the consumers continue to trust the Chinese economy and place their money in it. Also the small difference and simultaneous release of the industrial output growth rate for April could mute the market's reaction.

In the European session we get Germany's preliminary release for the GDP growth rate for the first quarter of 2018. The rate is forecasted to slow down and reach +0.4% quarter on quarter (qoq) compared to previous reading of +0.6% qoq. Should the actual rate meet the forecast we could see the EUR weakening as it is a marked slowdown and the release is of preliminary nature. Overall it could be considered as another weak financial result for the Eurozone.

In the European session also, we UK's employment data for March. The unemployment rate is forecasted to remain unchanged at 4.2%, the Average Earnings (+Bonus) growth rate is forecasted to slow-down to +2.7% yoy compared to previous reading of +2.8% yoy and the employment change figure is forecasted to be a positive +130k compared to previous reading of +55k.

Should the actual results meet the forecast, the data could point out a rather tight labor market, but the deceleration in the average earnings (+ Bonus) growth rate could blur the picture. Overall, we share the

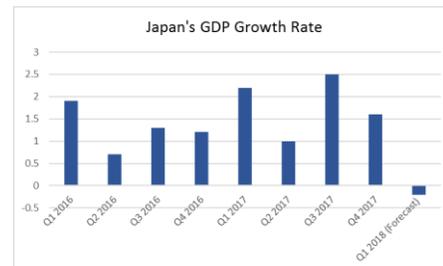
view that the slowdown of the Average Earnings could be overshadowed by the low unemployment rate and the substantial increase in the employment change figure. We see the case for the average earnings growth rate to slightly overshadow the other data and the pound could slip.

Later on we get Germany's ZEW economic sentiment indicator for May. The indicator is forecasted to remain unchanged at reach as low as -8.2 compared to previous reading of -8.2. Should the actual results meet the forecast we could see the EUR weakening as the pessimistic view remains unchanged for the German economy as indicated by the results.

Last in the European session, we get Eurozone's preliminary release of the GDP growth rate for the first quarter of 2018. The rate is forecasted to remain unchanged at +0.4% qoq compared to previous reading. Should the actual result meet the forecast we could see the EUR weakening as it could imply stagnation in Eurozone's growth.

In the American session we get the US retail sales data for April. The headline retail sales growth rate is forecasted to decelerate to +0.4% mom compared to previous reading of +0.6% mom, while the core retail sales growth rate is forecasted to accelerate to +0.5% mom compared to previous reading of +0.2% mom. The rates seem to send mixed signals as the one is slowing down while the other is accelerating, but we see the case for the USD could get some support as the acceleration of the core CPI rate could indicate that the consumers still feel comfortable to continue to spend money in the market.

On Wednesday, during the Asian morning we get the preliminary release of Japan's GDP growth rate for quarter 1. The rate is forecasted to decelerate and reach 0.0% qoq compared to previous reading of +0.4% qoq and should we zoom out we see that the rate on an annualized basis not only decelerates but gets a negative sign reaching -0.2% qoq compared to previous reading of +1.6% qoq. Should the actual readings meet the forecast we could see the JPY weakening as it is a substantial decrease and the rate is changing signs.



In the European session we get Eurozone's final release for the CPI rate of April. The rate is forecasted to tick down to +1.2% yoy compared to previous reading of +1.3% yoy. Should the actual results meet the forecast we could see the common currency weakening as another weak financial result for the Eurozone will be released.

Thursday, during the Asian morning we get Australia's employment data for April. The unemployment rate is expected to remain unchanged at 5.5%, while the employment change figure is forecasted to be a +20.0k compared to previous reading of +4.9k. Should the actual readings meet the forecast we see the case for AUD getting some support as the employment data could indicate a rather tightening labour market as the employment change figure is substantially higher than the previous reading.

On Friday, during the Asian morning we get Japan's inflation data for April. The core CPI rate is forecasted to decelerate to +0.8% yoy compared to previous reading of +0.9% yoy while the headline's CPI rate last reading was of +1.1% yoy. Should the actual results be indicative of a slowdown in the inflation rates we could see the JPY weakening as BoJ's plans for boosting the inflation rate would be set in doubt once again.

In the American session we get Canada's inflation data. The headline CPI rate's last reading was of +2.3% yoy while the BoC Core CPI rate's last reading was of +1.4% yoy. Should the actual readings show an acceleration of the inflation rates we could see the CAD getting some support as it could imply that previous month's slow-down in the Core CPI rate could be on temporary grounds.

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