



WEEK AHEAD



☎ +44 (0) 20 3282 7777 ✉ info@ironfx.com

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

Week ahead: June 4th to 9th

Market focus on RBA's interest rate decision

Next week's market movers

- On Monday, we get Australia's retail sales growth rate for April.
- On Tuesday, Australia's Current Account balance for the first quarter of 2018 and UK's services PMI for May could move the market, but the star of the day should be RBA's interest rate decision.
- On Wednesday, the release of Australia's GDP growth rate for the first quarter of 2018, the US and Canada's trade balance figures for April could form the main themes of discussion.
On Thursday, Australia's trade balance figure for April and Eurozone's GDP growth rate for Q1 will be released.
- On Friday, Japan's current account for April and GDP growth rate for the first quarter of 2018, China's trade balance figure for May, as well as Canada's employment data for May could get the market's attention.
- On Saturday, China's inflation data could keep markets on overtime.

In the next week a number of financial data releases could attract the market's attention. Our team chose and concentrated 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 session we get Australia's retail sales growth rate for April. The rate is forecasted to accelerate and reach +0.2% month on month (mom) compared to previous reading of 0.0% mom.

Should the actual growth rate meet the forecast, we could see the Aussie strengthening as such an acceleration could at least indirectly, support household consumption which was one of RBA's worries in the latest accompanying statement.



On Tuesday, during the Asian session we get Australia's Current account balance for the first quarter of 2018. The figure is forecasted to be a narrowed deficit reaching as low as -9.95 billion AUD compared to previous month's reading of -14 billion AUD.

Should the actual figure meet the forecast we could see the AUD strengthening as it would be the first narrowing of the deficit after four consecutive times of widening of the deficit in previous months.

Later on, in the Asian session we get RBA's interest rate decision. The bank is widely expected to remain on hold at +1.50% as AUD Overnight Indexed Swaps, currently, imply a probability for the bank to remain on hold of 99.65%. Hence the market's focus could turn to the accompanying

statement. Considering the unemployment rate rising and reaching 5.6%, despite the banks predictions in the latest accompanying statement and the wage price index growth rate remaining at low levels, it could be the case that the bank will issue an accompanying statement with a rather dovish tone. On the other side a possible improvement of the GDP growth rate and the retail sales growth rate could provide a tone of optimism. Overall, we could see the market reacting negatively to the interest rate decision, weakening the Aussie or have a rather muted reaction the announcement, as it did at the previous decision.

In the European session we get UK's Services PMI for May. The indicator is forecasted to rise and reach 53.0 compared to previous reading of 52.8.

Should the actual reading meet the forecast we could see the GBP strengthening as the increase in the indicator's reading could imply an improvement of UK's largest economy sector, especially in the turmoil of the Brexit negotiations.

On Wednesday, during the Asian morning we get Australia's GDP growth rate for the first quarter of 2018. The rate is forecasted to accelerate to +0.8% quarter on quarter (qoq) compared to previous reading of +0.4% qoq.

Should the actual reading meet the forecast we could see the Aussie strengthening at the good news as an accelerated GDP growth rate could imply that the Australian economy is growing at a faster pace.

In the American session the US trade balance figure for April is due out. The figure is forecasted to be a widened deficit of -51.0B USD compared to previous reading of -49.0B USD.

Should the actual reading meet the forecast we could see the USD weakening as a widening of the deficit could spoil the nice picture by last month's god figure. Also the figure could get additional attention amid the trade disputes the US is currently in.

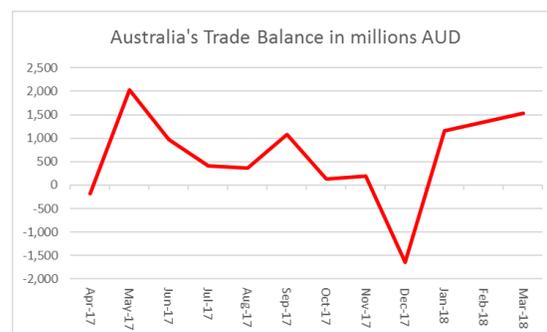
At the same time, Canada's trade balance figure is to be released. The figure is forecasted to be a narrowed deficit of -2.24 B CAD compared to previous deficit of -4.14B CAD.

A possible cutting in half (almost) of the Canadian trade deficit, could provide some support for the Loonie.

On Thursday, during the Asian session we get Australia's trade balance figure for April. The figure is forecasted to be a lower surplus of +1.000B AUD compared to previous figure of +1.527B AUD.

Should the actual figures meet the forecast we could see the Aussie weakening, as a reduced by almost a third surplus could imply a slowing down of the Australian economy.

In the European session we get Eurozone's GDP growth rate for the first quarter of 2018. The rate is forecasted to remain unchanged at +0.4% qoq compared to the respective preliminary release.



Should the actual rate meet the forecast we could see the common currency weakening as the rate remains at rather low levels compared to previous quarters.

On Friday, during the Asian morning we get Japan's current account balance for April. The figure is forecasted to drop, reaching as low as 2.0965 trillion JPY compared to previous month's reading of 3.1223 trillion JPY.

If the forecast is realized we could see the JPY weakening as a slashing of the surplus by nearly a third, could have a negative effect on the intensely export oriented economy.

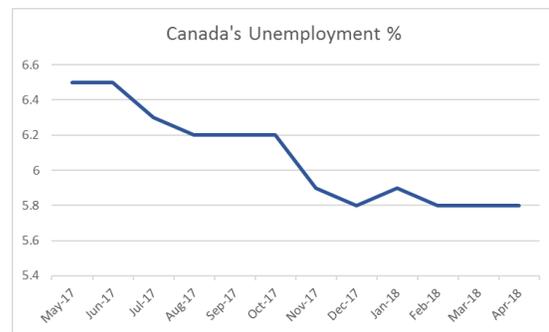
At the same time, we get Japan's GDP growth rate for the first quarter of 2018. The rate is forecasted to accelerate and reach +0.2% qoq compared to previous reading of -0.2% qoq.

Should the actual reading meet the forecast we could see the JPY strengthening as the growth rate has a substantial acceleration and gets out of the red prints.

Later on, in the Asian session we get China's trade balance figure for May, which is forecasted to be a reduced surplus of 24.70 billion USD compared to previous reading of 28.78 billion USD.

Should the actual reading meet the forecast we could see the Aussie and the Kiwi weakening as the China's imports are forecasted to decelerate to +16.0% compared to previous reading of 21.5% and the Australian and New Zealand economy are heavily exporting to China.

In the American session, we get Canada's employment data for May. The employment change figure is forecasted to rise and reach +17k compared to previous reading of -1.1k and the unemployment rate is forecasted to remain unchanged at 5.8%.



Should the actual readings meet the forecast we could see the CAD strengthening as despite the unemployment rate remaining unchanged, the employment change increases and changes to a positive sign, implying a possibility for a tightening labour market. Also the unemployment rate, despite being unchanged it remains at rather low levels for the Canadian economy.

On Saturday, during the Asian session we get China's CPI and PPI rate for May. Both rates are forecasted to tick up. Specifically, the CPI rate is set to reach +1.9% yoy compared to previous reading of +1.8% yoy and the PPI rate to reach +3.5% mom compared to previous reading of +3.4% mom.

The upticks could provide some support on AUD and NZD at the Monday opening, as it could signal positive messages for the Chinese economy and consecutively for the two prementioned currencies, which their respective economies have tight links with the Chinese economy.

www.IronFX.co.uk | www.IronFX.com.au | www.IronFX.co.za | www.IronFX.com

Group Licences and Authorizations

8Safe UK Limited is authorized and regulated by the Financial Conduct Authority (FCA no. 585561)

GVS (AU) Pty Limited is authorized and regulated by ASIC (AFSL no. 417482)

IronFX Global (South Africa) (Pty) Ltd is authorized by the Financial Services Board (FSP no. 45276)

Notesco Financial Services Limited is authorized and regulated by CySEC (Licence no. 125/10)

High Risk Warning

Our services include products that are traded on margin and carry a risk of losing all your initial deposit. Before deciding on trading on margin products you should consider your investment objectives, risk tolerance and your level of experience on these products. Trading with high leverage level can either be against you or for you. Margin products may not be suitable for everyone and you should ensure that you understand the risks involved. You should be aware of all the risks associated in regards to products that are traded on margin and seek independent financial advice, if necessary.

Disclaimer: The information in this document should not be considered as an investment advice or investment recommendation but instead as educational material only. This material is just the personal opinion of the author(s) and client's investment objective and risks tolerance have not been considered. IronFX is not responsible for any loss arising from any information herein contained. Redistribution of this material is strictly prohibited. IronFX does not offer its services to residents of certain jurisdictions such as USA, Iran, Cuba, Sudan, Syria and North Korea.