

Week ahead: February 5th-11th

RBA, RBNZ and BoE interest rate decisions and other key financial data in focus.

Next week's market movers

- In the UK, focus will be shifted to the BoE interest rate decision on Thursday and is expected to remain on hold.
- The RBNZ's interest rate decision on Wednesday, should also attract attention despite the forecast to remain on hold.
- Also RBA's interest rate decision is expected to move the markets, despite that it is forecasted to remain on hold.
- Other key financial data will be released from the US, New Zealand, China and Canada.

On Monday, during the European morning we get UK's Markit/CIPS Services PMI for January. The indicator is forecasted to drop to 54.0 from previous reading of 54.2.

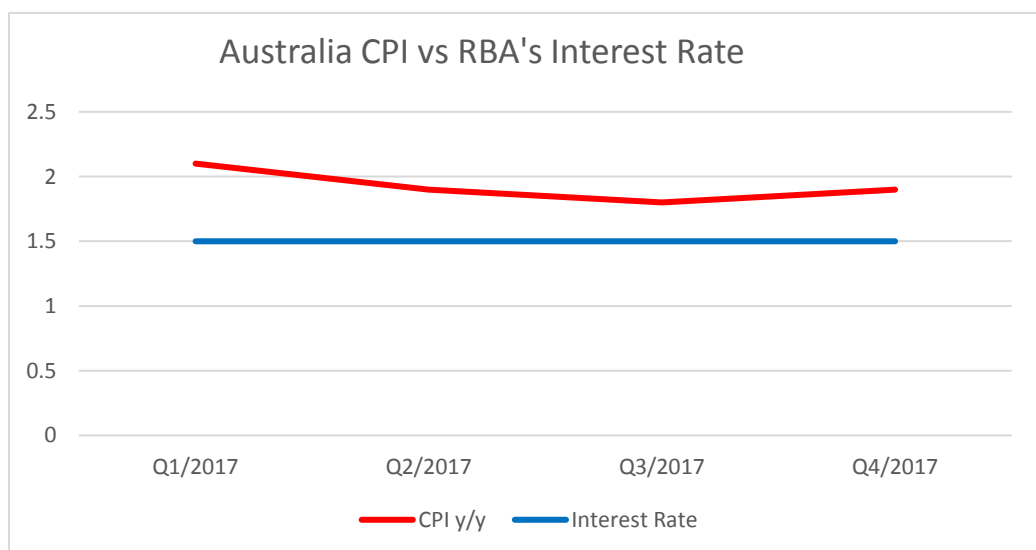
The importance of the indicator lays with the large proportion of the services sector in the UK economy. However the small amount of change could mute the reaction. Should the actual results meet the forecast, GBP could weaken somewhat.

Later on during the US session, the US ISM Non-Manufacturing PMI will be released. The indicator is forecasted to rise slightly to 56.3 from previous reading of 55.9.

The indicator as such is important, however should the actual results meet the forecast, it could indicate a reversal of the past three months downward trend and hence gains on importance. Any actual result, equal or above the forecast could strengthen the USD.

On Tuesday, during the Asian day, the RBA will announce its interest rate decision. RBA is expected to remain on hold at +1.50%.

As mentioned, RBA is expected to

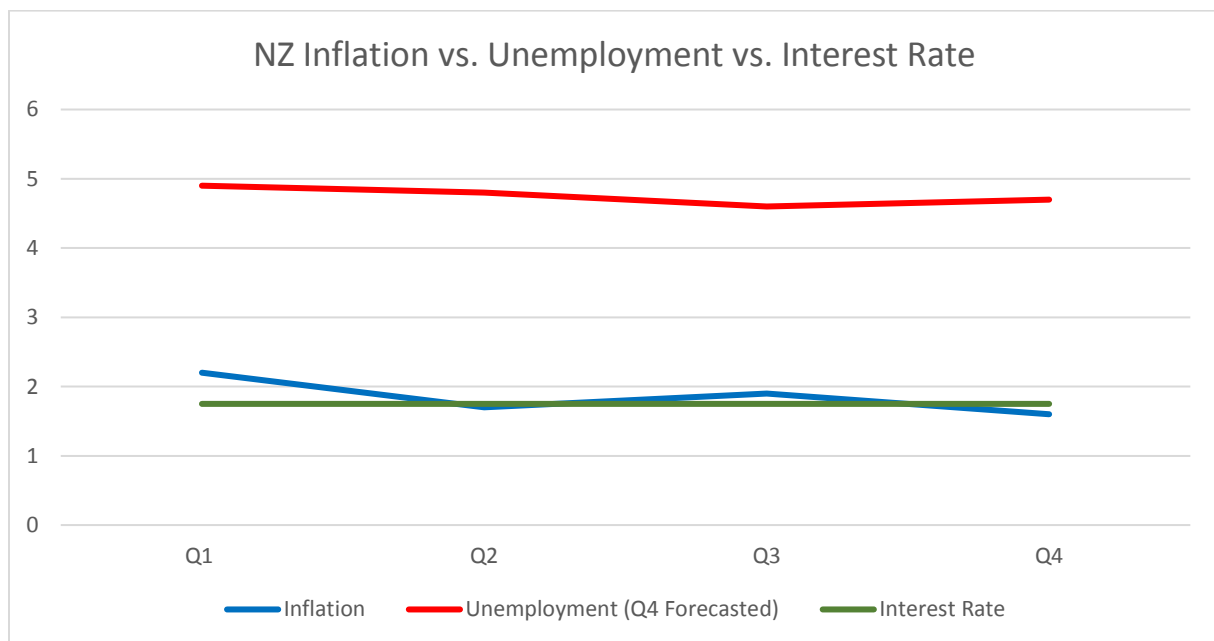


remain on hold preserving the interest rate level at +1.50%, as it did since September 2016. The inflation rate has recently ticked down to +1.9% on a year on year basis (yoy) ,

strengthening the argument for RBA to remain on hold as it is now out of RBA's inflation target range of +2.0%- +3.0%. Please be advised that currently the market seems to expect RBA to remain on hold as AUD Overnight Index Swaps (OIS) imply that scenario by a probability of 99.93%. The accompanying statement, should however provide a valuable insight to RBA's intentions about possible future rate hikes.

Later on, in the US session we get New Zealand's unemployment rate for Quarter (Q) 4. The rate is forecasted to tick up at 4.7% from previous reading of 4.6%.

The indicator is important as such, however it also gains on importance as it is being released one day ahead of NZBA's interest rate decision. Please be advised that NZBA has a dual mandate for both the inflation rate as well as unemployment. However should the actual results meet the forecast the markets reaction may be somewhat muted as the difference is small. We expect the NZ Dollar to weaken somewhat should the forecasts be realized.



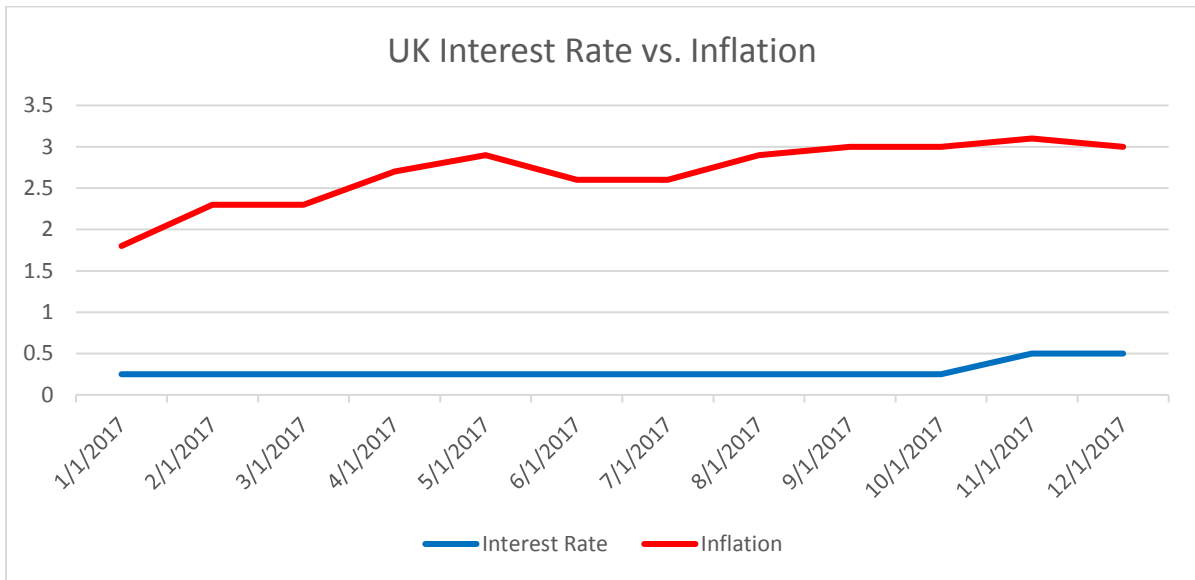
On Wednesday, late in the US session RBNZ's interest rate decision will be announced. RBNZ is expected to remain on hold at +1.75%.

As mentioned before RBNZ is expected to preserve the +1.75% interest rate which it has since October 2016. The argument for RBNZ to remain on hold is strengthened by the inflation rate which has dropped to +1.6% yoy in Q4 2017 from +2.2% yoy in Q1 2017. Please be advised that currently the market seems to expect RBNZ to remain on hold as NZDOIS imply that scenario by a probability of 99.93%. Attention is expected to shift towards the accompanying statement for RBNZ's view of the New Zealand economy and the future rate hike (or not) path.

On Thursday, during the European morning, we get Bank of England's interest rate decision. BoE is expected to remain on hold at +0.50%.

Despite inflation rate being currently at +3.0% yoy, which is above the Bank's target of 2.0% yoy, the bank could be remaining on hold due to the uncertainty of the Brexit negotiations, in

an effort to retain further flexibility. More explanations could be provided in the Inflation Letter and the Inflation Report which will be released also that day. We expect market focus to shift to those two documents. Please be advised that currently GBPOIS imply a probability of 97.27% for BoE to remain on hold. Also bear in mind that BoE had raised the interest rate by 25bp in November 2017.



On Friday, during the Asian morning we get China's CPI rate for December. The rate is currently at +1.8% on a year on year basis.

AUD and NZD are to be influenced by this indicator as both economies have a great exposure to China. Should the actual results be higher than the previous readings, NZD and AUD could strengthen.

Later on, we get Canada's Unemployment rate. The indicator is forecasted to rise to 6.0% from previous readings of 5.7%.

The indicator is important as it is accompanied by other employment data, but also by the marked increase in value. Should actual results meet the forecast the CAD could weaken.

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

Group Licences and Authorisations:

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.