

Ka-ching: BoJ easing ignites risk appetite

Chinese manufacturing activity cooled in October with the NBS' PMI gauge falling to 50.8. The reading, the lowest level seen since May, was below the 51.1 level of September and expectations for an increase to 51.2. In a sign that activity may continue to cool ahead, new orders, new export orders and order backlogs, all lead indicators, deteriorated over the month.

US personal spending logged its first decline since January in September with a decline of 0.2% [reported](#). The reading, following a disappointing read on retail sales earlier in the month, was weaker than the 0.5% increase of August and expectations for a further gain of 0.1%. While spending fell incomes growth continued to advance with an increase of 0.2% recorded. While down on the 0.3% gain of August and expectations for a similar rise in September, the figure was the ninth-consecutive month that growth has been recorded. Elsewhere core PCE inflation ticked higher by 0.1%, in line with expectations and the same increase seen in August, while the savings rate rose to 5.6% from 5.4%.

Manufacturing activity across Chicago and surrounds improved sharply in October with the ISM's Chicago PMI [gauge](#) surging to 66.2. The reading was higher than the 60.5 figure of September and expectations for a decline to 60.0 and was the highest level seen since October 2013. Gauges on new orders and employment rose while inventory levels fell, a good sign for a potential pickup in activity in the months ahead.

Eurozone [CPI](#) rose 0.4% in the year to October, a result that was higher than the 0.3% pace of September but in line with market expectations. While the headline rate improved, core inflation continued to ease, rising 0.7% compared to 0.8% in September, the equal-lowest level on record. Elsewhere [unemployment](#) held at 11.5% for a fourth-consecutive month in September, a result that was in line with expectations.

The Day Ahead (AEDT)

The ASX 200 looks set to start the new month moderately in the black with SPI futures pointing to a gain of 8pts on the open. While the falling AUD will benefit those firms who generate a large proportion of earnings offshore, should the currency continue its slide today, it may well act as a negative as foreign investors exit, at least in the short term. The main company-specific news today arrives from Westpac with the release of their full year profit announcement. With so much good news already built in it'll have to be a bumper number, particularly beyond the headline, to garner a positive reaction from the market. With the commodity complex looking weak any disappointment, particularly from such lofty levels, may well see the index slip into the red over the course of today's session.

The AUDUSD has gapped lower this morning, partly on the back of the Chinese PMI miss, partly on the back of continued buying in USDJPY, with the pair currently fetching .8743. While such a move is often followed by the market 'filling the gap' to Friday's closing level, with the USDJPY continuing to find support and with a raft of domestic data releases due out during today's session, you'd suspect the data will have to come in unilaterally strong to see such a move eventuate. Support starts at .8737, .8719 and at .8700 with resistance kicking in at .8750, .8765, .8782 and again at .8800.

After a relative dearth last week the domestic economic calendar springs back to life today with the release of the AIG performance of manufacturing index, RP data/Rismark house price index, TD-MI inflation gauge, ANZ job ads, building approvals along with the latest commodity price index from the RBA.

A raft of PMI gauges will be released around the region today with manufacturing reads from China, South Korea and India, along with non-manufacturing PMI in China, set to hit the screens midway through the session.

Like Asia, manufacturing PMI reads dominate the European and US calendars this evening with figures from the Eurozone, UK, Canada and US all scheduled for release. PMI gauges aside, we'll also receive US construction spending for September. On the policy front we'll also hear from Charles Evans, Chicago Fed President and policy dove, along with Richard Fisher, Dallas Fed President and always-entertaining policy hawk, in the early hours of tomorrow morning.

Currencies	Level	+/-	%
AUDUSD	0.8743	-0.0106	-1.20%
AUDEUR	0.6988	-0.0026	-0.37%
AUDGBP	0.5474	-0.0055	-0.99%
AUDJPY	98.61	1.9770	2.05%
AUDNZD	1.1259	-0.0001	-0.01%
EURUSD	1.2511	-0.0104	-0.82%
GBPUSD	1.5974	-0.0032	-0.20%
NZDUSD	0.7766	-0.0092	-1.17%
USDJPY	112.78	3.57	3.27%
USDCHE	0.9643	0.0084	0.88%
USDCNY	6.1130	-0.0024	-0.04%
USD INDEX	86.92	0.8030	0.93%
Equities			
DJIA	17390.52	195.1	1.13%
S&P500	2018.05	23.4	1.17%
Nasdaq	4630.742	64.605	1.41%
STOXX 50	3113.32	77.42	2.55%
FTSE	6546.47	82.92	1.28%
DAX	9326.87	212.03	2.33%
CAC	4233.09	91.85	2.22%
ASX200	5526.602	50.399	0.92%
Nikkei	16413.76	755.56	4.83%
Shanghai	2420.178	29.102	1.22%
Hang Seng	23998.06	296.02	1.25%
Kospi	1964.43	5.5	0.28%
Sensex	27865.83	519.5	1.90%
Commodities			
Gold	\$1,172.94	-26.24	-2.19%
Silver	\$16.16	-0.32	-1.96%
Crude Oil	\$80.54	-0.58	-0.71%
Iron Ore	\$79.59	-0.23	-0.29%
Copper	\$304.70	-1.35	-0.44%
Met. Coal	\$108.00	-1.25	-1.14%
AU Debt Futures			
3m BBSW	2.700%	0.00%	
3 Year	2.600%	0.00%	
10 Year	3.345%	0.02%	
Govt 10-Yr Bond Yields			
Australia	3.284%	-0.05%	
NZ	3.984%	-0.01%	
Japan	0.453%	-0.01%	
Germany	0.840%	0.00%	
UK	2.246%	0.02%	
US	2.336%	0.03%	

Source: Bloomberg

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