

Risk retreats on reports of ECB revolt

Bad news for ECB President Mario Draghi and those looking for further aggressive steps from the ECB, if the reports heard overnight become reality, with [Reuters](#) reporting that 'National central bankers in the euro area plan to challenge European Central Bank chief Mario Draghi on Wednesday over what they see as his secretive management style and erratic communication and will urge him to act more collegially.' If this report does indeed eventuate it'll make this Thursday's ECB policy decision and press conference all the more intriguing.

US factory orders slipped for a second-consecutive month in September, the first back-to-back monthly decline since earlier this year, with a fall of 0.6% [reported](#). The reading was in line with market expectations but an improvement on the huge 10.0% plunge of August with core orders, those which excludes transportation items, coming in flat for a second-consecutive month.

The US international trade deficit widened unexpectedly in September with an increase to \$43.0b [reported](#). The reading was higher than the \$40.0b deficit of August and forecasts for a small increase to \$40.2b. Overall exports fell 1.5% to \$195.586b while imports held steady at \$238.617b.

Business conditions across New York City improved at a far slower pace in October with the ISM's New York [PMI](#) falling to 54.8. The reading, below the 63.7 level of September and expectations for a decline to 62.0, was the lowest level seen since April this year. While current conditions moderated, it was interesting to see gauges on revenues, employment and expected demand all improved sharply during the month.

The European Commission released their autumn economic forecasts overnight with the group slashing their GDP and inflation expectations for 2015. Growth is expected to come in at 1.1%, down from 1.7% in their spring assessment, with inflation tipped to rise 0.8%, some 0.4% below what they saw in April. The cuts to growth forecasts for the two largest economies within the Eurozone, Germany and France, were particularly savage. To view the document in full click [here](#). If you'd like to peruse their assessments on Germany and France they can be found on pages 66 and 76 respectively.

Eurozone producer price [inflation](#) rose 0.2% in September, higher than the 0.2% decline of August and expectations for no growth overall, with the annual rate ticking up to -1.4% from -1.5%. Ex-energy prices fell 0.1%, the first decline seen since March, with the annual rate remaining steady at -0.2%.

The Day Ahead (AEDT)

The ASX 200 looks set for a soft start this morning with SPI futures pointing to a decline of 6pts on the open. With the commodities complex looking awful yet again it'll likely be left to the higher-yielding financial, industrial and utilities names to help counteract the slide in materials and energy.

The AUDUSD continued to inch higher overnight with the pair benefitting from renewed USD weakness and modest short covering post the RBA decision yesterday. With no major releases scheduled locally it's likely that the movements in USDJPY, something of a proxy for USD strength or weakness in Asian in recent times, will likely determine movements in the AUDUSD today. Support starts at .8712, .8704 and at .8680 with resistance kicking in at .8750, .8770 and again at .8800.

Results from the US mid-term elections should start rolling in before Midday AEDT.

The latest AIG performance of services index for October will be released at 9.30am this morning. Elsewhere in the region we'll receive New Zealand Q3 unemployment, always a volatile release, services PMI from China and India long with Japanese monetary growth. On the policy front we'll also hear from BoJ Governor Kuroda at 1.30pm.

Data releases this evening include a swathe of services PMI gauges from the US, Eurozone and UK, the ADP national unemployment report and MBA mortgage market index from the States along with Eurozone retail sales. On the Fed front we'll also hear from FOMC members Kocherlakota, Lacker and Rosengren in the early hours of tomorrow morning.

Currencies	Level	+/-	%
AUDUSD	0.8735	0.0053	0.61%
AUDEUR	0.6963	0.0011	0.16%
AUDGBP	0.5461	0.0025	0.47%
AUDJPY	99.26	0.3990	0.40%
AUDNZD	1.1238	-0.0016	-0.14%
EURUSD	1.2545	0.0056	0.45%
GBPUSD	1.5996	0.0022	0.14%
NZDUSD	0.7772	0.0058	0.75%
USDJPY	113.64	-0.22	-0.19%
USDCHE	0.9602	-0.0050	-0.52%
USDCNY	6.1162	-0.0030	-0.05%
USD INDEX	87.06	-0.2570	-0.29%
Equities			
DJIA	17383.84	17.6	0.10%
S&P500	2012.1	-5.71	-0.28%
Nasdaq	4623.637	-15.269	-0.33%
STOXX 50	3034.24	-48.08	-1.56%
FTSE	6453.97	-34	-0.52%
DAX	9166.47	-85.23	-0.92%
CAC	4130.19	-63.84	-1.52%
ASX200	5519.924	13.037	0.24%
Nikkei	16862.47	448.71	2.73%
Shanghai	2430.677	0.645	0.03%
Hang Seng	23845.66	-70.31	-0.29%
Kospi	1935.19	-17.78	-0.91%
Sensex	27860.38	0	0.00%
Commodities			
Gold	\$1,168.45	1.87	0.16%
Silver	\$16.02	-0.13	-0.82%
Crude Oil	\$77.03	-1.26	-1.61%
Iron Ore	\$78.01	-0.62	-0.79%
Copper	\$301.90	-4.45	-1.45%
Met. Coal	\$109.00	-0.3	-0.27%
AU Debt Futures			
3m BBSW	2.710%	0.00%	
3 Year	2.570%	0.01%	
10 Year	3.315%	0.00%	
Govt 10-Yr Bond Yields			
Australia	3.321%	0.05%	
NZ	3.968%	-0.02%	
Japan	0.439%	-0.01%	
Germany	0.806%	-0.05%	
UK	2.227%	-0.05%	

Source: Bloomberg

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