

Unanimous ECB buoys markets

The ECB left their refinancing, deposit and marginal lending rates [unchanged](#) at 0.05%, -0.2% and 0.3% respectively at their November policy meeting. In his accompanying press conference President Mario Draghi [stipulated](#) that 'they will soon start to purchase asset-backed securities' which 'together with the series of targeted longer-term refinancing operations to be conducted until June 2016, will have a sizeable impact on our balance sheet, which is expected to move towards the dimensions it had at the beginning of 2012'. Scuppering rumours of discord amongst the ECB governing council, at least temporarily, Draghi stated that the decision was unanimous amongst all members. Along with noting the divergent policy paths of major central banks, both now and in the future, the news saw the Euro weaken sharply and sent equity markets to fresh session highs.

US jobless claims pushed lower last week with a decline to 278k [reported](#). The reading was below the 288k pace of the previous week and expectations for a decline to 285k and left the 4-week series average at 279k, the lowest level seen since late April 2000.

Q3 non-farm productivity continued to expand in Q3, albeit at a slower pace than what was seen in Q2, with a gain of 2.0% [reported](#). The reading was higher than the 1.5% gain expected with output, at +4.4%, outpacing a smaller 2.3% rise in total hours worked.

German factory orders rebounded modestly during September with an increase of 0.8% [reported](#). The gain was an improvement on the upwardly-revised 4.2% decline of August but below expectations for an increase of 2.3%. Despite the gain, the annualised rate fell to -1% from +0.8%, the largest annual contraction recorded since June.

The Day Ahead (AEDT)

The ASX 200 looks set to start the session firmly in the black with SPI futures pointing to a gain of 26pts on the open. Presuming the AUD doesn't come under further significant pressure, the RBA's quarterly SoMP looks the most likely source if it does arrive, expect financials, after dragging yesterday, to be the main source of strength today. Elsewhere keep an eye on the materials sector. Yes, the iron ore price hit another fresh 5-year low overnight, but with so much bad news already priced in even a modest bounce in Dalian futures will see rapid short covering, particularly amongst the junior miners.

The AUDUSD finds itself back under pressure this morning, largely as a result of continued USD strength overnight, with the pair currently fetching .8559. Unless we get a surprise from the RBA SoMP at 11.30am, it's likely that we'll have a quiet day of trade before the arrival of US non-farm payrolls this evening. While the momentum behind it is great, with short positioning stretched and having fallen 2.7% this week, there's a chance we'll see some modest short-covering take place in the latter parts of the session. Support is found at .8554 with further buying likely to emerge at .8525 and .8500 with resistance kicking in at .8580, .8625 and again at .8650

The RBA release their quarterly statement on monetary policy at 11.30am. After what can only be described as a cut-and-paste job for their November monetary policy statement, markets will be hoping for some more 'meat on the bones' from this more-encompassing, often market-moving release. In particular, views on developments in the housing market, the level of the Australian Dollar and outlook for the domestic economy in light of patchy economic data would be welcomed. As ever with this release, watch for changes in their GDP, unemployment and CPI forecasts.

US non-farm payrolls for October will be released tomorrow morning at 12.30am. Markets are looking for a net increase of 235k, down from the 248k pace of September, with the unemployment rate tipped to remain steady at 5.9%. Elsewhere average hourly earnings are expected to rise 0.2% following no growth in September while the average workweek likely to remain static at 34.6 hours. Alongside the October report watch for revisions to prior data. They often occur and are usually influential.

While they will be overshadowed by the US non-farm payrolls release markets will also have to digest trade data from Germany, France and UK, industrial production figures from German, Spain and France, Canadian unemployment, French business sentiment along with Spanish CPI. On the policy front we'll also hear from Fed Chair Janet Yellen along with Bank of England Governor Mark Carney later on this evening.

Currencies	Level	+/-	%
AUDUSD	0.8559	-0.0033	-0.38%
AUDEUR	0.6921	0.0038	0.55%
AUDGBP	0.5408	0.0028	0.52%
AUDJPY	98.60	0.0280	0.03%
AUDNZD	1.1137	0.0031	0.28%
EURUSD	1.2366	-0.0118	-0.95%
GBPUSD	1.5827	-0.0145	-0.91%
NZDUSD	0.7684	-0.0051	-0.66%
USDJPY	115.21	0.49	0.43%
USDCHE	0.9738	0.0096	1.00%
USDCNY	6.1126	-0.0019	-0.03%
USD INDEX	88.14	0.7100	0.81%
Equities			
DJIA	17554.47	69.94	0.40%
S&P500	2031.21	7.68	0.38%
Nasdaq	4638.469	17.746	0.38%
STOXX 50	3102.07	10.53	0.34%
FTSE	6551.15	12.01	0.18%
DAX	9377.41	61.93	0.66%
CAC	4227.68	19.26	0.46%
ASX200	5506.107	-11.769	-0.21%
Nikkei	16792.48	-144.84	-0.86%
Shanghai	2425.864	6.61	0.27%
Hang Seng	23649.31	-46.31	-0.20%
Kospi	1936.48	5.05	0.26%
Sensex	27915.88	0	0.00%
Commodities			
Gold	\$1,141.59	-3.75	-0.33%
Silver	\$15.42	0.04	0.25%
Crude Oil	\$77.99	-0.95	-1.20%
Iron Ore	\$75.38	-1.08	-1.41%
Copper	\$301.40	0.85	0.28%
Met. Coal	\$108.50	0.5	0.46%
AU Debt Futures			
3m BBSW	2.720%	0.00%	
3 Year	2.590%	0.04%	
10 Year	3.365%	0.07%	
Govt 10-Yr Bond Yields			
Australia	3.247%	-0.04%	
NZ	4.039%	0.03%	
Japan	0.465%	0.00%	
Germany	0.826%	0.00%	
UK	2.243%	-0.02%	
US	2.390%	0.05%	

Source: Bloomberg

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