

Chinese data dump: 'Risk on' regardless?

Divergent performances from tech-heavyweights [Apple](#) and [IBM](#) in Q3 with the former posting strong headline earnings numbers, entirely on the back of iPhone 6 sales, while the latter disappointed badly on a slowdown in emerging market sales.

Germany's [Bundesbank](#) has warned about the prospect of sluggish domestic growth in H2 2014. In their monthly bulletin they noted that 'a flurry of unfavourable news reports relating to the international environment have dampened Germany's economic outlook in the second half of the year' with 'current indicators casting doubt on the assumption on which the spring forecasts were based, namely that the underlying cyclical trend would strengthen further in the second half of 2014'.

The ECB kicked off their latest covered bond purchase program overnight, buying short-dated French bonds according to a bank spokesperson. For a refresher on details of the program click [here](#). While no details about the purchases were made, all figures relating to the program will be released by the ECB each Monday starting from next week.

German producer [prices](#) held steady in September, in line with expectations, with the annual rate falling to -1.0%, the lowest level seen since January. Helping to explain the fall in the headline rate, energy prices slumped 3.8% in the 12 months to September, the fastest pace of deflation seen so far this year. Ex-energy prices rose 0.1% on year, still benign but higher than the 0.2% declines seen earlier in the year.

[Italian](#) industrial orders and sales rebounded modestly in August with gains of 1.5% and 0.4% respectively. Despite improving on the 1.5% and 1.1% falls of July, with weaker data rolling off both series, the annual rates fell to -3.2% and -2.3% respectively, lows not seen since August 2013.

The Day Ahead (AEDT)

The ASX 200 looks set to extend its winning streak into a sixth-consecutive session today with SPI futures pointing to a gain of 14pts on the open. Presuming that nothing nasty comes out of the RBA monetary policy minutes at 11.30am, something that I think is unlikely, look for the index to extend gains in the afternoon session with investors likely to take the view that the Chinese data, no matter whether it prints strong or weak, will be bullish given its implications global growth or the prospect of further stimulus from China's PBoC. Topside resistance kicks in at 5332, 5342 and 5372 with support located at yesterday's close and again below 5300.

The AUDUSD has crawled higher overnight with the pair currently fetching .8786. Like with equities, presuming the RBA minutes are largely uneventful, I expect the pair to push higher today on the basis that whether weak or strong, the Chinese data at 1pm will be perceived as bullish. Support is found at .8746 and .8726 with resistance kicking in above .8804, .8822, .8840 and again at .8859.

The minutes of the RBA's October monetary policy meeting will be released at 11.30am this morning. Having seen the Board leave the final paragraph of the monetary policy statement unchanged, attention will be almost solely focused on discussions relating to the established housing market. Markets are craving more 'meat on the bones' in terms of potential macroprudential policies – hopefully that's what we'll receive. Before the excitement of that event the latest ANZ-Roy Morgan consumer confidence survey will be released at 9.30am.

A raft of Chinese economic data will be released this afternoon with Q3 GDP the undisputed headline act. Markets are expecting GDP growth to have cooled to 7.2% in the year to September, down from 7.5% in Q2. Elsewhere industrial production is tipped to rebound to 7.5% in September, well ahead of the 6.9% pace of August, while retail sales are expected to slow to 11.7% from 11.9% seen previously. Last but not least, particularly given its importance to economic growth, fixed-asset investment is expected to print at 16.3% in September from 16.5% in August. All releases are scheduled for 1pm, unless they're leaked beforehand of course!

US existing home sales will be released this evening. On the policy front we'll also hear from RBA Deputy Governor Philip Lowe who'll speak from 7.55pm this evening.

Currencies	Level	+/-	%
AUDUSD	0.8786	0.0029	0.33%
AUDEUR	0.6864	-0.0003	-0.04%
AUDGBP	0.5436	0.0000	0.00%
AUDJPY	93.98	0.0870	0.09%
AUDNZD	1.1028	-0.0019	-0.17%
EURUSD	1.2799	0.0047	0.37%
GBPUSD	1.6162	0.0054	0.34%
NZDUSD	0.7967	0.0041	0.52%
USDJPY	106.97	-0.25	-0.23%
USDCHF	0.9428	-0.0044	-0.46%
USDCNY	6.1241	-0.0011	-0.02%
USD INDEX	85.01	-0.1040	-0.12%
Equities			
DJIA	16399.67	19.26	0.12%
S&P500	1904.01	17.25	0.91%
Nasdaq	4316.074	57.636	1.35%
STOXX 50	2927.3	-34.94	-1.18%
FTSE	6267.07	-43.22	-0.68%
DAX	8717.76	-132.51	-1.50%
CAC	3991.24	-41.94	-1.04%
ASX200	5319.439	47.718	0.91%
Nikkei	15111.23	578.72	3.98%
Shanghai	2356.728	15.544	0.66%
Hang Seng	23070.26	47.05	0.20%
Kospi	1930.06	29.4	1.55%
Sensex	26429.85	321.32	1.23%
Commodities			
Gold	\$1,241.47	3.10	0.25%
Silver	\$17.39	0.11	0.62%
Crude Oil	\$82.95	0.20	0.24%
Iron Ore	\$80.82	0.00	0.00%
Copper	\$298.35	-2	-0.67%
Met. Coal	\$110.50	0.5	0.45%
AU Debt Futures			
3m BBSW	2.670%	0.00%	
3 Year	2.590%	-0.04%	
10 Year	3.310%	-0.02%	
Govt 10-Yr Bond Yields			
Australia	3.308%	0.08%	
NZ	4.045%	0.04%	
Japan	0.483%	0.01%	
Germany	0.850%	-0.01%	
UK	2.192%	0.00%	
US	2.206%	0.01%	

Source: Bloomberg

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