

Earnings and rumours: Risk rips higher

Rumours of additional ECB monetary easing swept across financial markets overnight with [Reuters](#) reporting that the Bank may start purchasing corporate debt in secondary market, potentially by early 2015. Sources familiar with the situation stated that the ECB have already carried out work on such a program with the aim of lowering borrowing costs for businesses which, in turn, will help support the Eurozone economy. If indeed the rumours turn out to be true, an ECB spokesperson refuted the claims overnight along with a separate [article](#) in the Financial Times, let's hope lower borrowing costs are used for reinvestment purposes rather than additional stock buy backs as witnessed in other ultra-loose monetary policy jurisdictions of late.

US existing home sales logged their largest monthly percentage increase since June this year in September with an increase of 2.4% [reported](#). The reading, well ahead of the 1.8% decline of August and expectations for an increase of 1.0%, left the annual pace of sales at 5.17m, the highest level seen since September 2013. Perhaps explaining the rise in headline figure, the median sales price fell to \$209,700 from \$218,400, a decline of 4%, although prices from a year earlier held in positive territory at 5.6%. On a regional basis all bar the Midwest (-5.6%) saw sales increase with the largest coming from the West which recorded a surge of 7.1% following a 4.3% decline in August.

Guy Debelle, RBA Deputy Governor, spoke in Sydney overnight to the CBA's 7th Annual Australasian Fixed Income Conference. Unlike the October monetary policy released yesterday, a large component of his speech was devoted to recent developments in the established housing market, especially towards investors. While no policy implications came from the speech, not in my mind at least, it is clear the RBA are continuing to focus on investor activity in housing, be it rightly or wrongly. For those who are interested in what he had to say, you can access the full speech [here](#).

The Eurozone government debt-to-GDP [ratio](#) fell to 90.9% in 2013, a result largely due to revisions to GDP methodology rather than on any fiscal improvements. Despite being below the 92.6% level seen previously, the figure was higher than the 89.0% level seen in 2012. Only Luxembourg and Germany recorded surpluses, 0.6% and 0.1%, with Slovenia, Greece and Spain recording the highest deficits at 14.6%, 12.2% and 6.8% respectively.

The Day Ahead (AEDT)

The ASX 200 looks set to enter 'seventh heaven' today with SPI futures pointing to a gain of 55pts on the open. While a seventh-consecutive day of gains is all but assured, the Q3 CPI print at 11.30am, something that will have to come in benign to continue fuelling buying in higher-yielding names, will largely determine whether the index will be able to hold its gains or succumb to profit-taking in the later parts of trade. Resistance is found at 5370, 5400 and at 5425 with support kicking in at 5332 and again at 5325.

The AUDUSD has edged lower overnight despite gains in commodity markets with the pair currently fetching .8782. Unsurprisingly, particularly as it's only released four times a year, all attention today will be on the domestic CPI print at 11.30am with a hotter-than-expected reading likely to send the pair soaring back above the .8800 level. Conversely, should it print weak, expect the AUD to sink back towards buying interest located below the .8750 level. Support kicks in at .8775, .8746 and .8687 with resistance located at .8800, .8822, .8833 and again above .8850.

Australian Q3 CPI will be released at 11.30am. Core CPI is expected to have increased by 0.5%, down from the 0.7% pace of Q2, with the annualised rate also expected to cool to +2.7% from +2.8% seen previously. Alongside the CPI release we'll also receive 2 leading indices, one from the Conference Board and one from Westpac, along with the latest skilled vacancy report for September. On the regional front Japanese trade figures for September will also be released.

Data releases this evening include CPI and MBA mortgage market index from the States along with retail sales from Canada. On the policy front we'll also get the Bank of Canada October monetary policy decision, no change is expected, along with the minutes of the Bank of England's October MPC meeting. While it is unlikely to contain any hints about policy, RBA Governor Glenn Stevens will also speak at 8am tomorrow morning.

Currencies	Level	+/-	%
AUDUSD	0.8782	-0.0004	-0.05%
AUDEUR	0.6906	0.0042	0.61%
AUDGBP	0.5447	0.0011	0.21%
AUDJPY	94.01	0.0220	0.02%
AUDNZD	1.1033	0.0005	0.05%
EURUSD	1.2715	-0.0084	-0.66%
GBPUSD	1.6121	-0.0041	-0.25%
NZDUSD	0.7959	-0.0008	-0.10%
USDJPY	107.05	0.08	0.07%
USDCHF	0.9492	0.0064	0.68%
USDCNY	6.1230	-0.0011	-0.02%
USD INDEX	85.37	0.3650	0.43%
Equities			
DJIA	16614.81	215.14	1.31%
S&P500	1941.28	37.27	1.96%
Nasdaq	4419.48	103.406	2.40%
STOXX 50	2991.46	64.16	2.19%
FTSE	6372.33	105.26	1.68%
DAX	8886.96	169.2	1.94%
CAC	4081.24	90	2.25%
ASX200	5325.031	5.592	0.11%
Nikkei	14804.28	-306.95	-2.03%
Shanghai	2339.657	-17.071	-0.72%
Hang Seng	23088.58	18.32	0.08%
Kospi	1915.28	-14.78	-0.77%
Sensex	26575.65	145.8	0.55%
Commodities			
Gold	\$1,250.77	9.30	0.75%
Silver	\$17.51	0.13	0.72%
Crude Oil	\$82.81	-0.14	-0.17%
Iron Ore	\$81.83	0.23	0.28%
Copper	\$302.50	4.15	1.39%
Met. Coal	\$110.00	-0.5	-0.45%
AU Debt Futures			
3m BBSW	2.670%	0.00%	
3 Year	2.580%	-0.01%	
10 Year	3.310%	0.00%	
Govt 10-Yr Bond Yields			
Australia	3.192%	-0.12%	
NZ	4.028%	-0.02%	
Japan	0.480%	0.00%	
Germany	0.870%	0.02%	
UK	2.171%	-0.02%	
US	2.223%	0.02%	

Source: Bloomberg

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