

## Global growth concerns pushed to the side

US initial jobless [claims](#) rose to 283k last week, above the multi-year low of 266k struck in the previous corresponding week and expectations for an increase to 281k. While slightly below expectations, the 4-week moving average, a better gauge on overall labour market strength, fell to 281k, the lowest level seen since May 2000.

US manufacturing activity expanded at a slightly slower pace in October with Markit's PMI [gauge](#) falling to 56.2. The reading, below both the 57.5 figure of September and forecasts for a decline to 57.0, was the lowest level seen since July this year.

US economic growth accelerated sharply in September, at least according to economic indicators, with the Chicago Fed national activity [index](#) rising to 0.47. The reading was well above the downwardly-revised 0.25 reading of August and expectations for an increase to 0.15 and was the highest level seen since March. While 58 of 85 index components made a positive contribution for the month, the figure remains below the 0.70 level that signals 'an increasing likelihood that a period of sustained accelerating inflation has begun'.

US house prices recorded their largest month-on-month increase since March 2014 in August with the FHFA house price [index](#) rising 0.5%. The reading was higher than the 0.2% increase of July and expectations for a gain of 0.3% and left the annual rate of change at +4.8%.

Activity in Eurozone services and manufacturing sectors rebounded modestly in October with Markit's flash composite PMI [gauge](#) rising to 52.2. The reading, above the 52.0 level of September and expectations for a decline to 51.5, was the first month in three that an increase has been recorded. The manufacturing gauge rose to 50.7, higher than the 50.3 level of September and forecasts for a decline to 49.9, while services held steady at 52.4, above the 52.0 reading expected. Reinstating the trend seen until recently, good numbers from Germany were partly offset by another lacklustre performance from France.

**Germany:** Manufacturing: 51.8 (Prior 49.9, Exp 49.5)  
Services: 54.8 (Prior 55.7, Exp 55.0 – Lowest since June 2014)

**France:** Manufacturing: 47.3 (Prior 48.8, Exp 48.5)  
Services: 48.1 (Prior 48.4, Exp 48.3 – Lowest since Feb 2014)

UK retail sales fell sharply in September with a decline of 0.3% [reported](#). The reading, below the 0.4% gain in August and expectations for a decline of 0.1%, left the annual rate at 2.7%, well below the 3.7% pace of August. Excluding auto sales, lumpy items that can skew the headline reading, sales fell 0.3%, below the flat reading expected, with the year-on-year rate slipping to 3.1% from 4.4%.

Saudi Arabia, the world's largest crude producer, [cut](#) oil supply by 328k bpd to 9.36m in September according to sources with knowledge of their oil policy.

### The Day Ahead (AEDT)

The ASX 200 looks set to resume its uptrend this morning with SPI futures pointing to a gain of 17pts on the open. Given its proximity, most investors will be watching the 5398 point level closely today, the 50% retracement of the September highs to the October lows. Should the index clear that level successfully, something that looks likely given the strong gains on Wall Street overnight, a test of the 200-day moving average at 5426 will be in play.

Another 'nothing' session for the AUDUSD overnight with the pair operating in a tight band between .8752-.8806 throughout. Presuming the Chinese property price data doesn't print well above or below expectations, range trading is favoured. Support is located just ahead of .8746 and below .8700 with resistance kicking in at .8775, .8806 and again at .8833.

Regional data releases today include Chinese property prices, New Zealand international trade, South Korean Q3 GDP along with Singaporean industrial production.

Data releases this evening include new home sales from the States, UK Q3 GDP, German consumer confidence along with retail sales, consumer confidence and hourly wages growth from Italy. On Sunday the ECB release the results of European bank stress testing recently undertaken.

Currencies	Level	+/-	%
AUDUSD	0.8764	-0.0014	-0.16%
AUDEUR	0.6929	-0.0012	-0.17%
AUDGBP	0.5468	-0.0002	-0.03%
AUDJPY	94.87	0.8130	0.86%
AUDNZD	1.1202	0.0135	1.22%
EURUSD	1.2648	0.0001	0.01%
GBPUSD	1.6028	-0.0022	-0.14%
NZDUSD	0.7823	-0.0106	-1.34%
USDJPY	108.26	1.11	1.04%
USDCHE	0.9540	0.0003	0.03%
USDCNY	6.1197	0.0016	0.03%
USD INDEX	85.85	0.1240	0.14%

Equities			
DJIA	16677.9	216.58	1.32%
S&P500	1950.82	23.71	1.23%
Nasdaq	4452.793	69.945	1.60%
STOXX 50	3044.3	35.77	1.19%
FTSE	6419.15	19.42	0.30%
DAX	9047.31	107.17	1.20%
CAC	4157.68	52.59	1.28%
ASX200	5383.135	-2.733	-0.05%
Nikkei	15138.96	-56.81	-0.37%
Shanghai	2302.418	-24.135	-1.04%
Hang Seng	23333.18	-70.79	-0.30%
Kospi	1931.65	-5.32	-0.27%
Sensex	26851.05	63.82	0.24%

Commodities			
Gold	\$1,232.43	-9.02	-0.73%
Silver	\$17.20	0.04	0.26%
Crude Oil	\$82.09	1.68	2.09%
Iron Ore	\$80.29	-1.54	-1.88%
Copper	\$304.00	2.7	0.90%
Met. Coal	\$109.00	-1	-0.91%

AU Debt Futures			
3m BBSW	2.700%	0.01%	
3 Year	2.610%	0.05%	
10 Year	3.340%	0.05%	

Govt 10-Yr Bond Yields			
Australia	3.258%	0.00%	
NZ	3.995%	-0.04%	
Japan	0.473%	-0.01%	
Germany	0.901%	0.03%	
UK	2.240%	0.03%	
US	2.272%	0.05%	

Source: Bloomberg

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