

## Teflon markets return: Ebola, Earnings, ECB wiped

The results of the [ECB's](#) Asset Quality review were released late last night with the bank finding an additional €136b in non-performing loans throughout the European financial system. In total 25 banks were found to have insufficient capital levels, 12 of which have already covered their shortfall, with the total of additional capital required coming in at a cumulative €25b.

US new home sales rose unexpectedly in September with an increase of 0.2% [reported](#). The figure, coming on the back of the largest month-on-month increase since April 1993 in August, was well above expectations for a decline of 6.8%. In annualised terms sales have now grown by 467k, the highest level since July 2008 but still well below the all-time peak of 1.389m struck in the bubbly days of July 2005.

The UK [economy](#) grew 0.7% in Q3 2014, in line with expectations but below the 0.9% pace of Q2, with the annual rate slipping to 3.0% from 3.2%. Overall output increased in all four industrial components, unsurprisingly services contributed the largest amount to growth, with the economy now 3.4% larger than the previous cyclical high struck in Q1 2008.

German consumer confidence rebounded unexpectedly in November with the forward-looking GfK [survey](#) rising to 8.5. The reading was higher than the upwardly-revised 8.4 figure of October and expectations for a decline to 8.0 and was the first month in four that an increase has been recorded.

Italian retail sales fell for a fourth consecutive month in August with a decline of 0.1% [reported](#). The reading matched the 0.1% decline seen in July and left the annual rate of change at -3.1%, the lowest level seen since March. Partly explaining the weakness seen of late, hourly [wages](#) growth came in flat for a third month in September with the annual increase holding steady at 1.1% while consumer [confidence](#) fell to 101.4 in October from 101.9 in September, the lowest level seen since February.

### The Day Ahead (AEDT)

The ASX 200 looks set to climb for a ninth session in ten today with SPI futures pointing to a gain of 18pts on the open. Having rebounded 5.67% from lows struck on October 13, all eyes will be 200-day MA found at 5427.08 with a close above this level likely to see bulls emboldened and, potentially, further short covering following the near-10% market fall in September and early October. With little else in the way to disrupt the recent pattern, higher-yielding names look set to outperform yet again.

The AUDUSD has opened bid this morning, presumably on some relief over the ECB's AQR results, with the pair currently fetching .8808. With no major news or data scheduled in Asia expect a quiet session of trade, potentially with an upward bias, today. Support is found at .8793, Friday's close, up to .8800 with further buying interest located at .8875 and again between .8746-50. On the topside resistance kicks in at .8822, .8837, .8850 and again at .8859.

Data releases this evening include pending home sales, Markit services PMI and Dallas Fed manufacturing index from the US, Eurozone monetary growth, IFO business confidence from Germany along with UK retail turnover.

Currencies	Level	+/-	%
AUDUSD	0.8809	0.0045	0.51%
AUDEUR	0.6948	0.0019	0.27%
AUDGBP	0.5477	0.0010	0.17%
AUDJPY	95.45	0.5790	0.61%
AUDNZD	1.1217	0.0015	0.13%
EURUSD	1.2677	0.0029	0.23%
GBPUSD	1.6083	0.0055	0.34%
NZDUSD	0.7853	0.0030	0.38%
USDJPY	108.36	0.1	0.09%
USDCHE	0.9514	-0.0026	-0.27%
USDCNY	6.1165	-0.0032	-0.05%
USD INDEX	85.73	-0.1220	-0.14%
Equities			
DJIA	16805.41	127.51	0.76%
S&P500	1964.58	13.76	0.71%
Nasdaq	4483.715	30.922	0.69%
STOXX 50	3030.37	-13.93	-0.46%
FTSE	6388.73	-30.42	-0.47%
DAX	8987.8	-59.51	-0.66%
CAC	4128.9	-28.78	-0.69%
ASX200	5412.248	29.113	0.54%
Nikkei	15291.64	152.68	1.01%
Shanghai	2302.28	-0.138	-0.01%
Hang Seng	23302.2	-30.98	-0.13%
Kospi	1925.69	-5.96	-0.31%
Sensex	26851.05	0	0.00%
Commodities			
Gold	\$1,231.05	-1.38	-0.11%
Silver	\$17.21	0.01	0.04%
Crude Oil	\$81.01	-1.08	-1.32%
Iron Ore	\$80.48	0.19	0.24%
Copper	\$304.10	0.1	0.03%
Met. Coal	\$109.25	0.25	0.23%
AU Debt Futures			
3m BBSW	2.690%	-0.01%	
3 Year	2.600%	-0.01%	
10 Year	3.300%	-0.04%	
Govt 10-Yr Bond Yields			
Australia	3.275%	0.02%	
NZ	4.000%	0.00%	
Japan	0.465%	-0.01%	
Germany	0.891%	-0.01%	
UK	2.229%	-0.01%	
US	2.269%	0.00%	

Source: Bloomberg

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