

US: Jerome Powell was nominated this week to replace Janet Yellen as the new Fed chair once her term expires on February 3, 2018. He has worked under Bernanke and Yellen and has had a hand in formulating the current policy stance, which includes interest rate policy, balance sheet normalization and the long-run policy framework. His nomination now needs to be confirmed by the Senate, which Republican leadership wants to achieve before year end. In his confirmation as a governor at the Federal Reserve Board, Powell had the support of both Republican and Democratic senators.

US trade deficit widens slightly in September. The trade deficit widened to \$43.5 in September from \$42.8 previously. Both import and export growth picked up in September relative to the weakness during July and August, but the widening in the deficit came about as imports rose slightly faster than exports.

The unemployment rate is closing in on 4.0%. To three decimals the unemployment rate declined to 4.065% from 4.220% last month. This was driven to a large degree by the 0.4pp drop in participation to 62.7%.

UK: As was widely expected, the MPC raised the Bank Rate by 25bp, the first hike in 11 years. The Asset Purchase and Corporate bond purchase targets were left unchanged at £435bn and £10bn, respectively. The Committee voted 7:2 in favour of a hike with Ramsden and Cunliffe dissenting. The initial market reaction in response to the announcement was a pretty sharp unwind of hike expectations. GBPEUR fell 1.8% on the day, and the rates market initially pushed back the timing of the next hike from mid-2018 to end-2018 before retracing by close of business. The initial takeaway by investors seemed to be that of a more dovish tone from the MPC. During the press conference, Governor Carney stated that the MPC plan two further hikes over the forecast horizon of three years, and that it was time to take the "foot off the accelerator".

Japan: Industrial production continued to expand in Q3 and appears set to reaccelerate in Q4, although risks in the heavily weighted auto sector may not be fully discounted. The BoJ remains above consensus in its CPI forecasts despite revising down. US President Trump visits Japan next week. North Korea is an immediate focus. Calls for an FTA could present a downside risk to domestic prices over the longer term.

EM flows: There were small but positive flows into both EM bond and equity funds in the week-ending 1 November. Investors appear to have taken a more defensive approach in EM over the past few weeks given a firmer USD and idiosyncratic developments in Turkey and South Africa. Over the past few years, November and December have delivered mediocre returns, on average, in EM assets, which may also feed into investors' caution for the rest of the year.

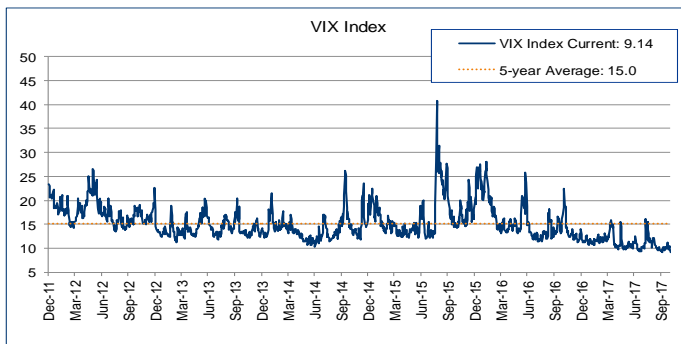
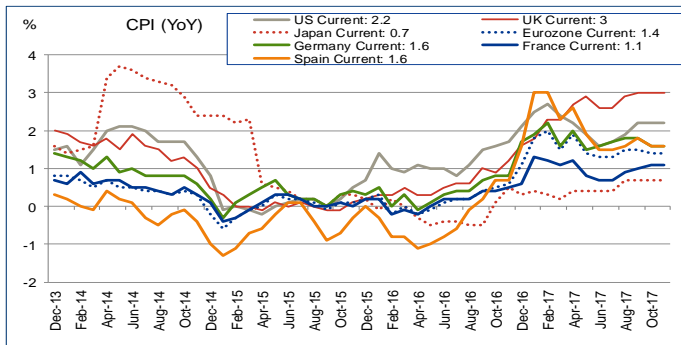
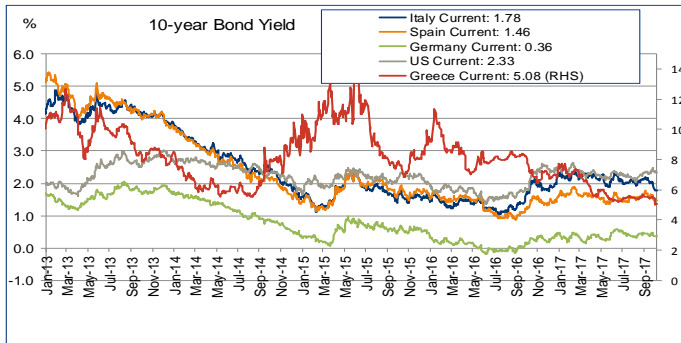
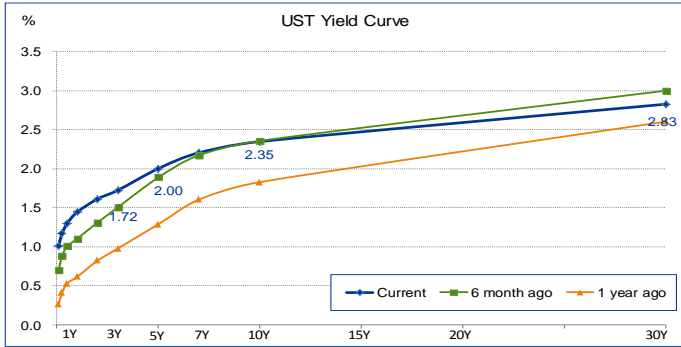
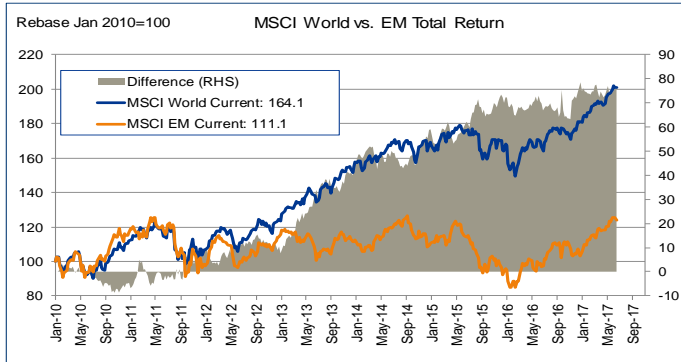
Equity	Current		Total Return			
	Level	Dividend yield	1 week (%)	MTD (%)	QTD (%)	YTD (%)
S&P 500	2588	1.93	0.29	0.51	2.85	17.50
NASDAQ	6764	1.08	0.96	0.55	4.19	26.82
RUSSELL 2000	1495	1.34	-0.87	-0.51	0.34	11.31
MSCI World (Developed only)	2045	2.35	0.56	0.44	2.37	19.29
MSCI All Country World	499	2.34	0.67	0.47	2.58	20.79
MSCI Europe	134	3.28	0.67	0.21	2.20	12.47
MSCI Australia	2009	3.01	0.92	0.31	1.85	22.71
MSCI EM	1126	2.27	1.46	0.64	4.17	33.45
MSCI Asia Pacific	170	2.33	1.50	1.08	5.40	28.76
MSCI Asia ex-Japan	700	2.25	2.07	1.11	5.88	38.90
MSCI Brazil	1979	2.50	-3.68	-1.56	-4.79	20.79
MSCI China	87	1.92	1.74	1.10	5.00	51.66
MSCI India	1249	1.31	1.77	1.33	7.89	28.84
MSCI Indonesia	7102	2.43	2.24	1.45	2.26	17.82
MSCI Korea	782	1.32	3.36	1.66	7.20	35.18
MSCI Russia	570	4.87	-0.77	-0.37	-2.25	-0.69
MSCI Taiwan	406	3.64	0.73	-0.19	5.56	22.62
Nikkei 225	22548	1.60	3.68	2.40	10.72	19.90
Shanghai Composite	3386	1.86	-1.32	-0.64	0.68	10.87
Hang Seng Index	28514	3.55	0.59	1.27	3.94	34.91

Fixed income	Current		Total Return			
	Spread	YTM/ YTW	1 week (%)	MTD (%)	QTD (%)	YTD (%)
Global Bonds (Barclays Global Agg)	36	1.61	0.42	-0.09	-0.47	5.75
US Bonds (Barclays US Agg)	37	2.60	0.44	0.15	0.21	3.36
Global IG Corp (Barclays Global Agg Corp)	96	2.46	0.51	0.02	0.10	7.64
Global High Yield (Barclays Global HY)	341	5.06	0.05	-0.22	0.15	9.65
EM USD Bonds (JP EMBI Global)	317	5.51	-0.18	-0.45	-0.28	8.43
EM Corporate Bonds (JP CEMBI Div)	264	4.40	0.18	0.02	0.34	7.67
EM Local Bonds (JP GBI-EM Global Div)	N/A	6.21	-0.36	-0.61	-3.41	10.39
Asian USD Bonds (ACI)	225	3.78	0.31	0.06	0.49	5.86
Asian Local Currency (Markit iBoxx ALCB)	N/A	3.72	0.93	0.42	0.33	8.18

Commodities	Current	Price Change			
		1 week (%)	MTD (%)	QTD (%)	YTD (%)
Goldman Sachs Commodity Index	420.75	2.16	1.37	5.42	5.78
WTI Crude	55.88	3.19	2.76	7.56	-2.07
Brent Crude	62.46	3.09	2.49	10.37	6.46
Natural Gas	3.05	2.93	5.42	1.53	-18.02
Spot Gold	1269.71	-0.52	-0.11	-0.82	10.19
Spot Silver	16.87	0.06	0.88	1.28	5.96
CBOT Corn	349.75	0.29	1.16	-1.55	-7.96
CBOT Wheat	429.25	1.06	2.57	-4.24	-7.69

FX market	Current		Price Change			
	Level	Implied Yield	1 week (%)	MTD (%)	QTD (%)	YTD (%)
USD Index	94.94	N/A	0.40	0.41	2.00	-7.11
AUD (quoted in USD)	0.77	1.89	-0.48	-0.07	-2.34	6.31
GBP (quoted in USD)	1.31	0.49	-1.04	-1.59	-2.47	5.78
EUR (quoted in USD)	1.16	-0.65	-0.31	-0.27	-1.68	10.41
JPY	114.35	-0.50	-1.01	-0.62	-1.59	2.32
BRL	3.31	6.36	-0.77	-1.26	-4.56	-1.79
CNH	6.64	4.01	-0.04	-0.11	0.11	5.05
CNY	6.64	4.23	-0.10	-0.15	-0.09	4.67
INR	64.69	5.68	0.26	-0.01	1.01	5.06
KRW	1115.13	1.41	0.87	0.30	2.71	8.28
MXN	19.18	7.70	0.30	-0.19	-4.84	8.06
NZD	1.45	2.16	0.01	0.44	-4.61	-0.69
RUB	59.07	7.18	-1.86	-1.23	-2.57	4.28
SGD	1.36	1.18	-0.30	-0.15	-0.53	5.95
TWD	30.20	0.05	0.01	-0.09	0.45	7.24
TRY	3.88	13.65	-2.45	-2.25	-8.15	-9.17
ZAR	14.25	7.84	-1.41	-0.87	-4.83	-3.73

Watch list this week	
07 November 2017	Eurozone Retail sales (Sep);
08 November 2017	Japan Current Account and Trade balance (Oct); China Exports and Imports (Oct);
09 November 2017	UK Industrial Production (Sep); China CPI and PPI (Oct);
10 November 2017	--



Source: Bloomberg

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