

Global Overview: US equities closed lower for the week with the Dow Jones at -0.4%, the S&P 500 at -0.7%, weighed by telecom and utilities, and the Nasdaq at -0.4% ahead of second US Presidential debate and Q3/16 earnings season. Hawkish Fed comments strengthened the US Dollar following firmer ISM manufacturing and non-manufacturing PMIs, while Gold sank also on ECB QE taper rumors. 2-year and 10-year Treasury yields closed higher ahead of Columbus Day as US macro data strengthened the case for a rate hike by year end despite nonfarm payrolls slightly missing expectations at 156K (FF now pricing a ~64% rate hike by December 2016). Oil ended the week higher supported by an unexpected drawdown in US crude inventories and increased favorable market positioning. Informal meeting between OPEC and non-OPEC members including Russia to further discuss the production cut agreement reached last week also helped oil prices. European equities closed lower with the Stoxx 600 at -1.0% on concerns around the ECB tapering its bond buying before ending its QE program which resulted in a sell-off in EU government bonds, pushing 10-yr Bund yields into positive territory. UK equities closed higher with the FTSE 100 at +2.1% while 10-year Gilts sold off on weaker Sterling amid rising concerns around a 'hard Brexit' as PM Theresa May announced that Article 50 will be invoked by end of March 2017. The cable plunged briefly to new lows then recovered on Friday from several factors: i) heightened concerns around a hard Brexit, ii) possible fat finger trade or rogue algorithms and iii) stop orders on derivatives trades triggered at key threshold levels during thin markets also exacerbated by lack of liquidity typically provided by algorithms. Japanese equities closed higher with the Nikkei at +2.5% boosted by a stronger USD/JPY. Chinese equities were closed for Golden Week holiday. Emerging markets closed higher with the MSCI EM at +1.3%. Inflows into emerging markets equity funds offset the redemptions from global stock funds, yet inflows into global bond funds accelerated.

Previous Week Macro Data

	Actual	Cons.
US ISM manufacturing PMI (Sep)	51.5	50.4
US Total vehicle sales (Aug)	17.6M	17.5M
EU Markit PMI composite (Sep)	52.6	52.6
EU Retail sales (YoY) (Aug)	0.6%	1.8%
US ADP employment change (Sep)	154K	165K
US Trade balance (Aug)	-\$40.7B	-\$39.2B
US ISM non-manufacturing PMI (Sep)	57.1	53.0
US Factory orders (MoM) (Aug)	0.2%	-0.2%
US EIA crude oil Δ (Sep 30)	-3.0M	-
US Initial jobless claims (Sep 30)	249K	256K
UK Industrial production (YoY) (Aug)	0.7%	1.3%
US Average hourly earnings (YoY) (Sep)	2.6%	2.6%
US Nonfarm payrolls (Sep)	156K	172K
US Unemployment rate (Sep)	5.0%	4.9%
UK NIESR GDP estimate (3M) (Sep)	0.4%	-
US Wholesale inventories (Aug)	-0.2%	-0.1%

Upcoming Week Macro Data

	Cons.	Prior
T EU ZEW economic sentiment (Oct)	-	5.4
T US NFIB business optimism index (Sep)	95.0	94.4
T US Labor market conditions index (Sep)	-	-0.7
W EU Industrial production (YoY) (Aug)	1.0%	-0.5%
W US JOLTS job openings (Aug)	5.8M	5.9M
Th UK CB leading economic index (Sep)	-	0.0%
Th CNY Trade balance (Sep)	\$53.0B	\$52.0B
Th US Initial jobless claims (Oct 7)	253K	249K
Th US EIA crude oil Δ (Oct 7)	-	-3.0M
F CNY CPI (YoY) (Sep)	1.6%	1.3%
F US Retail sales (MoM) (Sep)	0.6%	-0.3%
F US Michigan consumer sentiment index (Oct)	92.0	91.2
F US Business inventories (Aug)	0.1%	0.0%

Upcoming Week Policy & Related Events

T US Fed Evans & Kashkari
W US Fed Dudley & George, FOMC minutes, EU ECB Coeuré & Mersch
Th US Fed Harker
F US Fed Rosengren & Yellen

Upcoming Week Key Earnings

M LVMH
T Alcoa, Fastenal
W CSX Corporation
Th Infosys, Delta Air Lines, Sky Plc., Progressive Corporation, First Republic Bank
F JP Morgan Chase, Wells Fargo, Citigroup, PNC Financial Services

Equities	Value	1 Day %	1 Week %	YTD %	P/E	Div. Yld. %
S&P 500	2,153.7	▼ -0.33	▼ -0.67	5.4	19.45	2.15
Dow Jones	18,240.5	▼ -0.15	▼ -0.37	4.7	17.55	2.63
NASDAQ	5,292.4	▼ -0.27	▼ -0.37	5.7	22.98	1.21
Russell 2000	1,236.6	▼ -0.78	▼ -1.21	8.9	19.68	1.39
STOXX 600	339.6	▼ -0.93	▼ -0.96	-7.2	17.78	3.64
FTSE 100	7,044.4	▲ 0.63	▲ 2.10	12.8	23.06	4.04
Nikkei 225	16,860.1	▲ 0.31	▲ 2.49	-11.4	18.57	1.95
Shanghai Index	3,002.8	▼ -0.68	▼ -2.88	-14.0	15.12	1.98
S&P Pan Arab	605.6	▲ 0.49	▼ -0.07	-9.1	11.02	4.10
MSCI ACWI	1,688.4	▼ -0.38	▼ -0.78	-1.6	17.39	3.39
MSCI EM	914.8	▼ -0.24	▲ 1.26	15.2	13.69	2.49

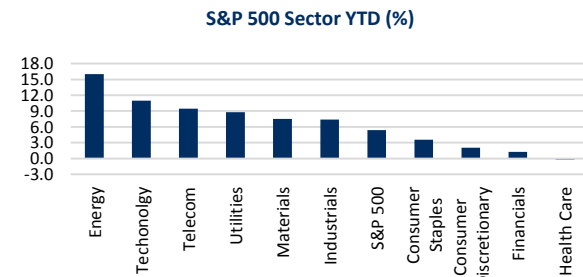
Credit	Value	Yield %	YTD %
Barclays Global Aggregate	479.05	1.22	8.4
Barclays Global Agg. – Corporate	245.55	2.34	7.8
Barclays Global High Yield	1,189.26	5.84	14.6
Markit CDX N.A. Investment Grade	74.35	NA	NA
Markit CDX N.A. High Yield (Price)	105.15	NA	NA
Markit CDX Emerging Markets	93.51	NA	NA
Markit iTraxx ITX Crossover	243.28	NA	NA
Markit iTraxx Europe	48.09	NA	NA

Rates	Value	Yield %
Treasuries 2-Yr	99.84	0.83
Treasuries 10-Yr	98.03	1.72
Treasuries 30-Yr	95.77	2.45
Gilts 10-Yr	104.95	0.97
Bunds 10-Yr	99.92	0.01
French 10-Yr	99.44	0.31
Italian 10-Yr	102.09	1.37
Spanish 10-Yr	108.56	1.01
Greek 10-Yr	70.82	8.23
JGBs 10-Yr	101.64	-0.06

Commodities	Value	YTD %
Oil-Brent	51.50	38.1%
Oil-WTI	49.34	33.2%
Natural Gas	3.16	35.4%
Gold	1,266.10	19.3%
Silver	17.75	28.2%
Copper	216.80	1.5%
S&P GSCI CME	371.81	19.3%

Volatility	Value	YTD %
S&P 500 VIX	13.48	-26.0%
Euro Stoxx 50 VIX	20.04	-9.6%
Emerging Markets VIX	22.69	-1.0%
Crude Oil VIX	35.88	-22.4%
Interest Rate VIX	81.16	-0.8%

Currencies	Value	YTD %
EUR-USD	1.1175	2.9%
GBP-USD	1.2377	-16.0%
USD-JPY	103.1500	-14.2%
USD-CNY	6.7012	3.2%
USD-CHF	0.9791	-2.3%
AUD-USD	0.7593	4.2%
USD-CAD	1.3262	-4.2%
USD-SEK	8.6425	2.4%
DXY Index	96.6560	-2.0%



	Value	Blend	Growth
Large	6.6	5.4	4.2
Mid	12.2	9.7	7.2
Small	13.7	11.5	9.6

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Source: Reuters, Bloomberg, Barclays, Morningstar, WSJ, CNBC, Briefing, FXStreet.

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