

Global Overview: US equities closed lower with the Dow Jones at -0.6%, the S&P 500 at -1.0% dragged down by healthcare, and Nasdaq at -1.5% amid increased volatility ahead of third US Presidential debate and Q3/16 earnings season, despite better-than-expected bank results. Equities were mainly weighed by i) stronger US Dollar from FOMC minutes suggesting a Fed move “relatively soon” amid growing divergence of Fed speak, supporting market expectations of a Fed rate hike (FF now pricing a ~66% rate hike by December 2016) in addition to favorable US retail data, and ii) disappointing Chinese trade data pointing to weaker outlook for Chinese and global demand on imports and exports respectively. Gold traded lower on firmer US Dollar, while 10-year and 30-year Treasury yields closed higher and 2-year yields remained flat, steepening the yield curve on increased inflationary expectations following FOMC/Yellen, US retail data and Chinese inflation. Crude oil closed higher over USD 50 handle on lower-than-expected inventory build and increased expectations of a coordinated output cut between Russia and OPEC despite firmer US Dollar, increased OPEC output and higher US rig count. European equities inched up ahead of ECB meeting this week, with the Stoxx 600 at +0.1% helped by banks and weaker Euro. European government bond yields edged higher ahead of Yellen speech with 10-year Bund yields rising ~5bps. UK equities closed lower with the FTSE 100 at -0.4% and Sterling weakened amid ‘hard Brexit’ fears and comments from BoE Carney suggesting possible inflation overshoot leading to a selloff in Gilts. Japanese equities were flat while USD/JPY weakened. Chinese equities closed higher with the Shanghai Composite at +2.0% as better than-expected CPI and PPI helped lift sentiment after weaker trade data. Emerging markets closed lower with the MSCI EM at -1.9% despite increased inflows. Q3/16 earnings seasons to accelerate with 96 S&P 500 and 40 Stoxx 600 companies set to report.

Previous Week Macro Data

| | Actual | Cons. |
|--|---------|---------|
| EU ZEW economic sentiment (Oct) | 12.3 | - |
| EU Industrial production (YoY) (Aug) | 1.8% | 1.5% |
| US JOLTS job openings (Aug) | 5.4M | 5.8M |
| CNY Trade balance (Sep) | \$42.0B | \$53.0B |
| US Initial jobless claims (Oct 7) | 246K | 253K |
| US EIA crude oil Δ (Oct 7) | 4.9M | - |
| CNY CPI (YoY) (Sep) | 1.9% | 1.6% |
| US Retail sales (MoM) (Sep) | 0.6% | 0.6% |
| US Michigan consumer sentiment index (Oct) | 87.9 | 91.8 |
| US Baker Hughes oil rig count | 432 | 428 |

Upcoming Week Macro Data

| | Cons. | Prior |
|---|-------|-------|
| M US Industrial production (MoM) (Sep) | 0.2% | -0.4% |
| T UK Core CPI (YoY) (Sep) | 1.4% | 1.3% |
| T US Core CPI (YoY) (Sep) | 2.3% | 2.3% |
| T US NAHB housing market index (Oct) | 63.0 | 65.0 |
| W CNY Retail sales (YoY) (Sep) | 10.7% | 10.6% |
| W CNY Industrial production (YoY) (Sep) | 6.4% | 6.3% |
| W CNY Urban investment (YTD) (YoY) (Sep) | 8.2% | 8.1% |
| W CNY GDP (YoY) (Q3) | 6.7% | 6.7% |
| W UK ILO unemployment rate (3M) (Aug) | 4.9% | 4.9% |
| W US Housing starts (MoM) (Sep) | 1.17M | 1.14M |
| W US EIA crude oil Δ (Oct 14) | - | 4.9M |
| Th UK Retail sales (YoY) (Sep) | 4.4% | 5.9% |
| Th EU ECB interest rate decision (Oct 20) | 0.0% | 0.0% |
| Th US Initial jobless claims (Oct 14) | 250K | 246K |
| Th US Existing home sales (MoM) (Sep) | 5.35M | 5.33M |
| F EU Consumer confidence (Oct) | -7.9 | -8.2 |

Upcoming Week Policy & Related Events

- M UK BoE Broadbent, US Fed Fischer, EU ECB Draghi
- W CNY NBS press conference, US Fed Williams, Kaplan & Dudley, US Presidential debate, US Fed Beige Book
- Th EU ECB monetary policy statement and press conference
- F JPY BoJ Kuroda, US Fed Tarullo & Williams

Upcoming Week Key Earnings

- M BofA, IBM, Netflix, Charles Schwab
- T Johnson & Johnson, Intel, Philip Morris, UnitedHealth Group, Goldman Sachs, BlackRock, Yahoo
- W US Bancorp, Reynolds American, Morgan Stanley, Abbott, American Express, Halliburton, eBay, BB&T, St. Jude Medical
- Th Microsoft, Verizon, Schlumberger, Walgreens, Union Pacific, Danaher, PayPal, BNY Mellon, Travelers, American Airlines
- F GE, SAP, McDonald's, Honeywell, Daimler

| Equities | Value | 1 Day % | 1 Week % | YTD % | P/E | Div. Yld. % |
|----------------|-----------|---------|----------|-------|-------|-------------|
| S&P 500 | 2,132.98 | ▲ 0.02 | ▼ -0.96 | 4.4 | 19.27 | 2.17 |
| Dow Jones | 18,138.38 | ▲ 0.22 | ▼ -0.56 | 4.1 | 17.43 | 2.65 |
| NASDAQ | 5,214.16 | ▲ 0.02 | ▼ -1.48 | 4.1 | 22.68 | 1.25 |
| Russell 2000 | 1,212.41 | ▼ -0.27 | ▼ -1.95 | 6.7 | 19.39 | 1.42 |
| STOXX 600 | 339.95 | ▲ 1.29 | ▲ 0.09 | -7.1 | 17.79 | 3.63 |
| FTSE 100 | 7,013.55 | ▲ 0.51 | ▼ -0.44 | 12.4 | 22.92 | 4.14 |
| Nikkei 225 | 16,856.37 | ▲ 0.29 | ▼ -0.02 | -11.1 | 18.66 | 1.94 |
| Shanghai Index | 3,063.81 | ▲ 0.08 | ▲ 1.97 | -14.1 | 15.15 | 1.98 |
| S&P Pan Arab | 606.73 | ▼ -0.03 | ▲ 0.19 | -8.5 | 11.08 | 4.08 |
| MSCI ACWI | 1,664.72 | ▲ 0.63 | ▼ -1.40 | -3.0 | 17.00 | 3.41 |
| MSCI EM | 897.03 | ▲ 0.72 | ▼ -1.94 | 13.0 | 13.41 | 2.52 |

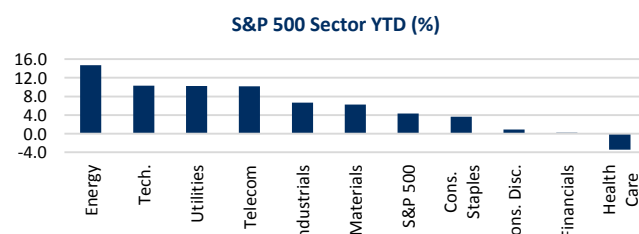
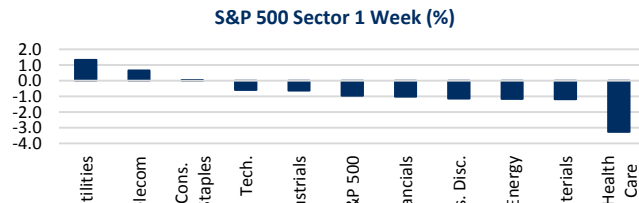
| Credit | Value | Yield % | 1 Week % | YTD % |
|----------------------------------|----------|---------|----------|-------|
| Barclays Global Aggregate | 474.73 | 1.25 | ▼ -1.0 | 7.4 |
| Barclays Global Agg. – Corporate | 244.10 | 2.35 | ▼ -0.6 | 7.2 |
| Barclays Global High Yield | 1,185.99 | 5.84 | ▼ -0.3 | 14.3 |
| Markit CDX N.A. Investment Grade | 75.62 | NA | ▲ 1.6 | NA |
| Markit CDX N.A. High Yield | 104.94 | NA | ▼ -0.2 | NA |
| Markit CDX EM (price) | 93.31 | NA | ▼ -0.3 | NA |
| Markit iTraxx ITX Crossover | 242.00 | NA | ▼ -0.5 | NA |
| Markit iTraxx Europe | 47.69 | NA | ▼ -0.8 | NA |

| Rates | Value | Yield % |
|------------------|--------|---------|
| Treasuries 2-Yr | 99.85 | 0.83 |
| Treasuries 10-Yr | 97.44 | 1.79 |
| Treasuries 30-Yr | 93.73 | 2.55 |
| Gilts 10-Yr | 103.74 | 1.10 |
| Bunds 10-Yr | 99.33 | 0.07 |
| French 10-Yr | 99.07 | 0.34 |
| Italian 10-Yr | 102.01 | 1.38 |
| Spanish 10-Yr | 101.59 | 1.13 |
| Greek 10-Yr | 70.62 | 8.28 |
| JGBs 10-Yr | 101.57 | -0.06 |

| Volatility | Value | 1 Week % | YTD % |
|---------------|-------|----------|-------|
| S&P 500 VIX | 16.12 | ▲ 19.6 | -11.5 |
| Stoxx 50 VIX | 19.46 | ▼ -2.9 | -12.2 |
| EM VIX | 23.45 | ▲ 3.3 | 2.4 |
| Crude Oil VIX | 33.88 | ▼ -5.6 | -26.7 |
| Int. rate VIX | 81.05 | ▼ -0.1 | -0.9 |

| Commodities | Value | 1 Week % | YTD % |
|-------------|----------|----------|-------|
| Oil-Brent | 51.93 | ▲ 0.8 | 39.3 |
| Oil-WTI | 50.24 | ▲ 1.8 | 35.6 |
| Nat. Gas | 3.24 | ▲ 2.3 | 38.5 |
| Gold | 1,255.80 | ▼ -0.8 | 18.3 |
| Silver | 17.47 | ▼ -1.6 | 26.1 |
| Copper | 211.70 | ▼ -2.4 | -0.8 |
| S&P GSCI | 375.63 | ▲ 1.0 | 20.5 |

| Currencies | Value | 1 Week % | YTD % |
|------------|----------|----------|-------|
| EUR-USD | 1.0984 | ▼ -1.7 | 1.1 |
| GBP-USD | 1.2162 | ▼ -1.7 | -17.5 |
| USD-JPY | 104.1900 | ▲ 1.0 | -13.3 |
| USD-CNY | 6.7333 | ▲ 0.5 | 3.7 |
| USD-CHF | 0.9894 | ▲ 1.1 | -1.3 |
| AUD-USD | 0.7600 | ▲ 0.1 | 4.3 |
| USD-CAD | 1.3161 | ▼ -0.8 | -4.9 |
| USD-SEK | 8.8359 | ▲ 2.2 | 4.7 |
| DXY Index | 98.0500 | ▲ 1.4 | -0.6 |



Investment Style 1 Week (%)

| | Value | Blend | Growth |
|-------|-------|-------|--------|
| Large | -1.1 | -1.0 | -0.8 |
| Mid | -0.9 | -0.9 | -1.0 |
| Small | -1.5 | -1.6 | -1.8 |

Investment Style YTD (%)

| | Value | Blend | Growth |
|-------|-------|-------|--------|
| Large | 5.4 | 4.4 | 3.3 |
| Mid | 11.2 | 8.7 | 6.2 |
| Small | 11.9 | 9.7 | 7.6 |

FFA Equity Ideas

For equity ideas or price quotes, please contact us

FFA Fixed Income Ideas

For fixed income ideas or price quotes, please contact our fixed income desk

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

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