

**Global Economy and Markets**

- **The Federal Reserve** will reveal its latest statement this afternoon (2 PM) and will likely hold policy steady.
- **Initial Jobless Claims** fell to 751 K last week from a revised 758 K in the prior week (originally 751 K). **Continuing Claims** declined to 7.285 M from an updated 7.823 M (originally 7.756 M).
- **The Bank of England released its policy decision this morning.** The Monetary Policy Committee voted unanimously to hold the Bank Rate at 0.1% and also to raise the target for government bond purchases by £150, compared with DE and Consensus expectations of a £100 increase.
- **Eurozone Retail Sales** contracted 2% MoM in September following a 4.2% rise in August. Year-over-year, the growth in Retail slowed to 2.2% from 4.4%. Retail declined 7.6% MoM for Textiles, Clothing and Footwear after a 15.9% gain and went down 13.6% YoY. Sales via Mail Order and Internet fell 5.5% MoM following a 12.7% rise but were up 17.4% YoY. Excluding Food Products and Automotive Fuel, Sales declined 2.6% MoM after a 5.4% rise. Retail could be weak moving forward due to uncertainty from virus outbreaks.
- **German Factory Orders** grew 0.5% MoM in September (DE 1.8%, Consensus 2%) after a 4.9% rise in August. Orders for Intermediate Goods and Consumer Goods increased 4% and 2.6% MoM, but Orders for Capital Goods fell 2% MoM and went down 4.8% YoY. Orders improved 2.3% MoM domestically and 2.7% from outside the Eurozone but fell 6% from other Eurozone nations.
- The Euro Stoxx 600 went up 0.83% and the FTSE 100 rose 0.47%. The Nikkei increased 1.73% and the Hang Seng jumped 3.25%. The Shanghai Composite went up 1.3%.
- The WTI Crude Oil price moved to \$38.98 and the price of Brent Crude Oil went to \$41.12. The yield on 10-year U.S. Treasuries went near 0.76%. Gold was around \$1929 while the Dollar Index was near 92.7.

**U.S. and GLOBAL REVIEW – Wednesday**

**The ISM Non-Manufacturing PMI declined to 56.6 in October** (DE 57.6, Consensus 57.5) from 57.8 in September. The Report indicated a fifth consecutive month of growth, but momentum slowed from the prior month.

**Data – Overall Progress Slowing**

The **Business Activity** Index decreased to 61.2 from 63, suggesting growth in Activity slowed. **New Orders** rose for a fifth month but with less pace, as this Index moved to 58.8 from 61.5. **Prices** rose for a seventh month – and at a faster rate – as this Index jumped to 63.9 from 59.

The **Inventories** Index increased to 53.1 from 48.8, marking growth after two months of contraction. **Supplier Delivery Times** lengthened at a more substantial pace, as this gauge moved to 56.2 from 54.9. **Employment** was largely stagnant after growing in September, evident by this Index falling to 50.1 from 51.8.

## Perspectives – Outbreaks Will Continue Creating Hurdles For Services

The headline figure was considerably lower than DE and Consensus forecasts.

Trends in the key components matched expectations of **slackening growth**. If progress in Services continues at the October pace, the Recovery would still be promising. However, outbreaks and restrictions could create a larger slowdown.

**Employment was one of the main concerns** of the Report, and layoffs in the Services Sector could rise if the virus continues to spread rapidly.

Elsewhere,

- **The ADP Employment Report was released for October.** It showed a 365 K gain for Total Nonfarm Private Employment following a prior 753 K increase. Employment rose 348 K for Services and 17 K for the Goods Sector. Leisure and Hospitality expanded by 125 K while Education and Health Employment increased 79 K. Manufacturing and Construction each experienced gains of 7 K.
- **China's Caixin-Markit Services PMI** advanced to 56.8 in October, signaling strong growth in Services Output. New Orders increased rapidly, and Input Cost Inflation reached its highest in over two years. Meanwhile, Business Sentiment strengthened to the highest level since April 2012. The **Composite PMI** went up to 55.7 from 54.5, reaching the best reading of the decade. (Lu Yu)
- **Eurozone Producer Prices** rose 0.3% MoM in September following a 0.1% rise in August. Year-over-year, the PPI was down 2.4% after being down 2.6%. Excluding Energy, the PPI was flat after a 0.1% MoM rise. Growth in Energy Prices moved to 0.8% MoM from 0.5% but was down 8.4% YoY. Producer Prices are set to stay weak amid restrictions across the Continent.