

Possible deal for the Titans!?

- On Thursday, President Trump spoke to Chinese President Xi Jinping in an attempt to ease concerns over an escalating trade war; the President added that they had a “long and very good conversation”. Consequently, Trump has reportedly asked officials in his administration to start drafting the terms of a possible trade deal with China.
- Chinese President Xi Jinping is set to kick-off next week by delivering a major speech in an import-export exposition which is set to draw more than 2,800 companies from more than 130 countries. It is believed that the Chinese will be looking to import more goods into Beijing.
- U.S ISM Manufacturing PMI came in at 57.7, lower than the expected 59.0 and previous figure of 59.
- Bank of England said that if a Brexit deal is achieved, there could be further increases to interest rates. Despite good economic data, the uncertainty over Brexit seemed to have hit business sentiment.
- UK Manufacturing PMI came in at 51.1; lower than the expected figure of 53.0 and the previous figure of 53.6.
- UK Official Bank Rate matched the forecasted and previous figure of 0.75%.
- Gold buying by central banks hits its highest level since the fourth quarter of 2015. Around \$5.82 billion was spent during the third quarter and Russia led the buying, purchasing more than 92 tons of gold. The Russian central bank’s Governor stated that gold is “a 100 percent guarantee from legal and political risks”.
- The ease of doing business in India improved notably after a series of reforms have made it easier for companies to get construction permits, pay taxes, and trade across borders. The country jumped 23 spots from a year ago to 77 out of 199 countries in the World Bank’s ease of doing business rankings.
- Apple reported better than expected earnings and revenue estimates for the third quarter, however, shares tumbled 7 % after the company missed shipment and sales estimates on iPhones. To note, the higher earnings and revenues were due to Apple raising their prices to offset the slower demand. Following the news, the company fell below its historic \$1 trillion market.
- Consequently, Apple has announced that it will make major changes to its reporting structure starting next quarter, signaling a “defining moment” in the company’s history. The decision taken by Apple is to stop breaking down unit sales of iPhones and iPads.
- Starbucks shares soared more than 9 percent as the company reported better than expected earnings and same-store sales growth during its most recent quarter. The company finally broke out of its slump and recorded a 4 percent growth in store sales in the U.S. thanks to customers spending more in cafes.
- Lufthansa saw its shares climb 7 percent, their highest in 3 months, as its management expects fares to stabilize in the coming quarters.
- Credit Suisse third-quarter profits jumped 74 % from a year ago but missed estimates on market volatility. Net income stood at 424 million Swiss francs vs 449 expected and the 224 figure of Q3 2017.
- Swiss Re swings to profits of \$1.1 billion compared to a \$468 million loss during the same period last year. The reinsurer claimed total losses of \$1.6 billion during the 3 quarters due to a typhoon in Japan and a collapse of a bridge in Italy’s Genoa. Despite those losses, 2018 is turning out to be much less severe than 2017.
- Royal Dutch Shell third quarter profits soared to their highest level in four years, boosted by rising crude prices as the company pushed ahead with one the world’s largest share buyback program. The world’s second largest listed oil and gas company saw its cash generation rise by nearly 60 percent to \$12.1 billion.



- DNA sequencing giant Illumina just bought rival Pac Bio for \$1.2 billion to help retain its dominant position in the DNA sequencing space. According to Forbes, that's the largest ever deal that Illumina has made in more than 20 years.

Equity indices					
	Index	Country	Last price	% Change (1D)	% Change YTD
US	Dow Jones	US	25,380.74	1.06	2.68
	S&P 500	US	2,740.37	1.06	2.50
	Nasdaq	US	7,434.06	1.75	7.69
Europe	Euro Stoxx	Europe	3,204.21	1.15	-7.50
	FTSE 100	UK	7,114.66	0.75	-6.76
	CAC 40	France	5,085.78	1.30	-3.02
	DAX	Germany	11,468.54	1.31	-10.05
	IBEX 35	Spain	8,954.80	1.02	-9.94
Asia-Pacific	FTSE MIB	Italy	19,185.14	1.25	-11.11
	Nikkei	Japan	21,687.65	2.56	-2.29
	Hang Seng	Hong Kong	25,416.00	4.21	-11.47
	S&P / ASX 200	Australia	3,907.10	0.82	-6.69
MENA	Shanghai Stock Exchange	China	2,606.24	2.70	-19.07
	Dubai Financial Market	UAE	2,805.22	0.74	-16.76
	Tadawul	KSA	7,879.37	-0.35	9.04

Foreign Exchange			
Currencies	Last price	% Change (1D)	% Change YTD
EUR/USD	1.1436	0.2	-4.7
GBP/USD	1.3037	0.2	-3.5
AUD/USD	0.7238	0.4	-7.3
USD/JPY	112.7600	0.0	-0.1
USD/CHF	1.0001	0.2	-2.6
CNY/USD	0.1450	-0.4	5.9

Commodities			
Commodity	Last price	% Change (1D)	% Change YTD
Gold	1.2	0.4	-2.5
Silver	1.3	0.3	-1.4
WTI	0.8	0.1	-2.9
Brent	109.0	0.0	3.4
Natural Gas	1.0	0.3	-1.2
Copper	0.2	-0.2	-1.6

*as of 11/2/18 11:28 AM

Treasury and Money Markets

10Y UST yield	30Y UST yield	10Y Bund yield	OATS yield	Italy 10Y yield	Spain 10Y yield	Gilt 10Y yield	EU Marginal Lending Facility	EU Deposit Facility	EU Eonia rate	Fed Fund rate
US	US	Germany	France	Italy	Spain	UK	EU	EU	EU	US
3.1608	3.3971	0.4270	0.7790	3.3540	1.5670	1.4840	0.0000	-0.4000	-0.3410	2.2500

Equity Markets

US markets soared amid comments from Trump indicating potential progress in U.S. - China trade relations. The surge brought a 3-day gain in the Dow to more than 900 points.

European stocks were seen higher on hopes of a U.S.-China trade agreement. At the same time investors will be eying European banks, with the European Banking Authority due to release its latest stress test results.

Asian stocks ratcheted to the upside following a report that U.S. President Donald Trump has asked officials in his administration to start drafting a potential trade deal with Beijing.

Daily Movers

	Highest		Lowest	
S&P 500	DELPHI TECHNOLOGIES PLC	5.13	GENERAL ELECTRIC CO	-5.15
	XYLEM INC	4.83	ENTERGY CORP	-1.12
	BORGWARNER INC	4.14	COGNIZANT TECH SOLUTIONS-A	-0.36
Dow Jones	INTEL CORP	2.86	GENERAL ELECTRIC CO	-5.15
	CATERPILLAR INC	2.79	VERIZON COMMUNICATIONS INC	-1.82
	UNITED TECHNOLOGIES CORP	2.71	MCDONALD'S CORP	-1.14
Eurostoxx	ING GROEP NV	8.36	TOTAL SA	-1.77
	VOLKSWAGEN AG-PREF	6.75	ENI SPA	-1.77
	DEUTSCHE BANK AG-REGISTERED	6.01	REPSOL SA	-0.57
DAX	DEUTSCHE LUFTHANSA-REG	11.37	LINDE PLC	-3.38
	INFINEON TECHNOLOGIES AG	6.92	ADIDAS AG	-0.48
	VOLKSWAGEN AG-PREF	6.75	DEUTSCHE TELEKOM AG-REG	-0.17
CAC	KERING	7.57	TOTAL SA	-1.77
	ARCELORMITTAL	4.85	EDF	-1.33
	LVMH MOET HENNESSY LOUIS VUI	3.65	SANOFI	-0.51
FTSE	ANTOFAGASTA PLC	8.66	BP PLC	-4.05
	BT GROUP PLC	7.34	ROYAL DUTCH SHELL PLC-B SHS	-3.22
	ANGLO AMERICAN PLC	6.46	ROYAL DUTCH SHELL PLC-A SHS	-2.76

Earnings Calendar

US Earnings Announcement: Alibaba, Chevron, Exxon Mobil, Berkshire Hathaway, Duke Energy, Loomis, AbbVie.

Europe Earnings Announcement: Macquarie, Imperial Oils, Common Wealth Bank Australia, FF Group, Siemens Healthineers AG.



Investors' Watch list

- U.S. Average Hourly Earnings m/m: Consensus: 0.2%; Previous 0.3%
- U.S. Non-Farm Employment Changes: Consensus: 194k; Previous: 134k
- U.S. Unemployment Rate: Consensus: 3.7%; Previous: 3.7%
- U.K. Construction PMI: Consensus: 52.0; Previous: 52.1



Currencies

EUR/USD rose just above the 1.1400 handle at 1.1408 as the Greenback slightly tumbled following an improvement in risk appetite following positive talks between President Trump and President Xi.

GBP/USD surged towards 1.3012 as the US Dollar Index slumped and as Governor Carney hinted at slightly faster future hikes in interest rates given the UK reaches a soft Brexit deal with the EU.

AUD/USD rose above 0.72 for the first time in a month as an upbeat data from Australia boosted the AUD on Thursday. Additionally, USD weakness provided an additional lift to the pair.

USD/JPY struggled to find traction beyond the 113.00 and settled at 112.72 following a slide in the US dollar.



Commodities

Gold Prices steadied ahead of U.S. nonfarm payrolls data due later today.

Oil Prices slid on surging output from Russia, the U.S. and Saudi Arabia in the month of October. The sharp increase in supply comes ahead of U.S. sanctions on Iran which are due to go into effect next week.



Bonds and Treasuries

US Treasury prices dipped ahead of the October job report set to come out later today. Investors expect a strong labor market report, and signals of a healthy economy tend to push investors away from relatively safe fixed-return investments like government debt.

The 10-year Treasury Yield rose to 3.167%.

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