

The week ahead features the **latest GDP data for the Eurozone and Japan**. The market expects Japanese GDP growth to ease to 1.0% qoq in 3Q17 from 2.5% in the prior quarter and for the Eurozone to increase 0.6% qoq. The European Commission's latest forecasts published last week expect Eurozone GDP to grow by 2.2% this year, the best in a decade. **In the US, the CPI data on Wednesday is important for any signs of inflation heading higher.** There are also updates on US retail sales (Wednesday) and US industrial production (Thursday). **For the UK**, there are inflation updates (Tuesday) and retail sales numbers on Thursday. **China** publishes the latest monthly data on retail sales, industrial production and FAI with the markets looking for activity to stabilise.

"US fiscal policy uncertainty piles pressure on equities and dollar" headlined the FT's market section on Saturday.... Equity markets faltered reflecting investor disappointment in [US tax plans](#)...for a nice summary see Bloomberg [here](#)....see the [Tax Policy Center's analysis](#) on who wins and who loses....in 2018, 76% of US taxpayers would experience a tax cut averaging about USD1900 and 7% would face a tax increase of USD2100. The Senate plan also wants to reduce interest deductibility which is impacting the junk bond market

President Trump warns APEC on "trade abuse" and he said "we are not going to let the US be taken advantage of anymore". China says it will ease limits on foreign ownership of Chinese financial institutions.

Saturday's FT headlines **"Hammond targets VAT shake-up"** as the UK Budget on 22 November is set to reduce the GBP85k VAT turnover threshold down to GBP43k...this could leave small business worse...it looks like gaffe-prone Chancellor Philip Hammond risks repeating the mistake he made in his 1st Budget over a planned increase in National Insurance for the self-employed which he was then forced to drop. The Sunday Times headlines "Tory turmoil as 40 MPs say May must go". The Sunday Times Business section reports that Venezuela is heading for a debt default with investors set to shun a creditors meeting tomorrow (Monday).

The FT's John Authers points out that **the Brent oil price is up 43% since its low on 21 June** and he notes that the "oil burden", the amount of oil consumed multiplied by the price per barrel as a percentage of GDP, is now just above 2% of global GDP compared to 5% in 2012 and 7.5% at the beginning of the 1980's. Saudi turmoil contributed to a 5th weekly advance in the price of oil.

Equity Markets

Index	Previous Close	Current	Change (%)
DOW	23461.94	23422.21	-0.17%
S&P	2584.62	2582.3	-0.09%
FTSE	7432.99	7460.65	0.37%
EGYPT IDX	1346.283	1341.897	-0.33%
JORDAN SE	2082.81	2089.51	0.32%

Foreign Exchange

	Previous Close	Current	Change (%)
GBP/USD	1.3196	1.3093	-0.78%
GBP/JPY	149.791	148.522	-0.85%
AUD/USD	0.7661	0.765	-0.14%
EUR/GBP	0.88414	0.88937	0.59%
EUR/USD	1.1665	1.1644	-0.18%
EUR/JPY	132.39	132.09	-0.23%
USD/JPY	113.53	113.44	-0.08%
USD/CHF	0.9961	0.9964	0.03%
USD/JOD	0.7077	0.7092	0.21%

Commodities

	Previous Close	Current	Change (%)
GOLD	1275.07	1277.28	0.17%
SILVER	16.8835	16.9102	0.16%
OIL	56.74	56.69	-0.09%

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Market Commentary Monday, 13 November 2017



EPFR say that **money flowing out of US active equity funds was USD4.5bn last week** taking the cumulative outflow this year to USD150bn. The increasing share of passive equity investing might explain why so far equity market corrections have been very limited...the money goes in to the market and stays in.

Today: 31st ASEAN Summit, Manila. Japan PPI October. India CPI October. ECB's Constancio speaks at 20th Euro Finance week in Frankfurt (10amCET). US monthly budget statement October. Senate Finance Committee delivers its tax plan.

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