

A lack of inspiration

Markets seem to be struggling to find a theme to latch on to, so am I.



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OK, what now?

By the time I get into work, I usually have an idea what the key theme for the day, or the week is going to be. Maybe there is a big data release, perhaps a central bank meeting will be pivotal. More usually these days, there is some geopolitical event that is grabbing all the headlines or market pricing hinting at a big breakout.

I regret, that this morning, I can see none of those usual hooks to hang today's note on. So I'll keep it brief and to the point. For more detail, click on links in the text below for the expert views.

Using US markets as the bellwether for the rest of the world, stock markets seem to be hanging on, though not convincingly, bond yields, in contrast, seem to want to nudge higher, but without conviction. The USD seems undecided, but its fate may be decided by what is going on elsewhere in the world (EUR, CNY general risk aversion). And except for Japan, there are few contenders in currency-space that look worse in this gargoye-infested beauty contest.

Data events

In terms of data, the G-7 has two notable events to watch out for. The first, the ECB meeting on Thursday. Things have not been going quite so well in Europe as many would have hoped (growth outlook, inflation, Italian budget and rating downgrade), so some words of encouragement from ECB President Mario Draghi that their withdrawal from unorthodox policy remains on track would

go a long way to underpinning confidence in the Euro. Nevertheless, 1.18 looks a long way away right now and we would need to see a break through 1.16 first to make that look promising.

On Friday, [the US releases 3Q18 economic growth numbers](#). Consensus has this pegged at 3.6% (seasonally adjusted annualised rate), a shade down from the 3.9% Atlanta Fed GDPNow forecast, and the 4.2% rate recorded in 2Q18. But anything starting with a 3 would still indicate continued robust growth, and no threat to expectations of further steady Federal Reserve (fed) rate hikes.

Second tier releases include the Fed's Beige book (Thursday US time for the Asian Friday) which may show the extent of building wage price pressure, though probably won't say too much new. And also Germany's Ifo survey out the same day - currently re-bounding after a mid-year slump.

In Asia, a Bank Indonesia (BI) meeting on Tuesday [will likely see them leave policy rates unchanged at 5.75%](#), as the IDR is looking reasonably stable once more.

Preliminary 3Q18 GDP in Korea might see some undershoot to a skewed consensus view of 0.8%QoQ growth, which if it happens, could see the KRW testing the higher end of 1140 again if doubts surface about a possible November hike.

Other stuff

As for other potentially market-moving background stories, the Khashoggi incident seems to be losing its power to keep oil prices elevated, and recent US inventory figures have been weighing on crude benchmark rates. The front-month Brent contract is now just under \$80/bbl. This is a kinder environment for Asian countries with both an inflation problem and a current account problem, India for one, and the Philippines for another. Indonesia doesn't really have an inflation problem but would benefit from a terms-of-trade boost to its current account.

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