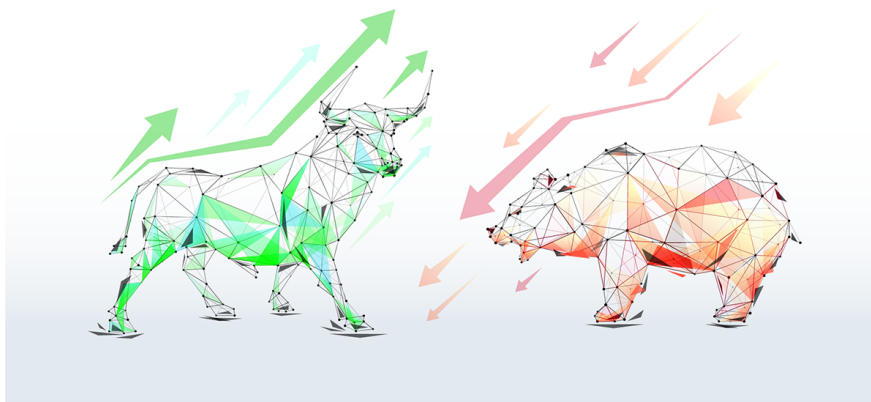


New highs in stock markets

Animal spirits seem strong and optimistic, just don't look at the data too closely.



Source: Shutterstock

Little news gets big response

I didn't write a note yesterday. My computer took ages to boot up, then the quote I was hoping to leverage off, from President Trump, that a trade deal was "very close" turned out to be impossible to track down quickly. As a result, I began to doubt I had even read it.

I'm not a journalist (I couldn't deal with those deadlines) but I like to check my sources before publishing. Anyway, failure to track down that quote made linking it to tougher penalties in China for IP infringement impossible, and so pulled the thread out from the fairly tenuous "feel-good-factor" trade-deal storyline I was hoping to run with.

So this morning, I flipped open my iPad at 5:50am as usual, the first act of the day to try to kickstart the thought processes. And here are the top Financial Times headlines:

- "Boomtime back as dealmaking hits \$70bn in a day" - with a subtitle of
- "US stocks hit new record thanks to return of animal spirits and ebbing of recession fears".
Then there is
- "Yield crazed investors pile into US subprime car loans".

These sat on the same page as

- "September drop in trade dashes world recovery hopes" and admittedly the next one is

from Bloomberg Daybreak, not the FT, and also not quite a punchy:

- "US Economic activity fell in October" according to the Chicago Fed index and Dallas Fed's manufacturing index.

Bloomberg Daybreak's Cameron Crise explains in some detail why this congruence of market enthusiasm and not so bright macro data may not be the bell tolling for the end of the stock-market bull-run, even though it shares some of the same symptoms as previous market tops. I admit, unlike Crise, I'm a macro guy and no equity expert. But I can't help feeling that something isn't quite right. Read him and let me know what you think.

Better news from New Zealand

While their recent decision to leave interest rates unchanged may have taken many market analysts by surprise, the data seems to be swinging in the Reserve Bank of New Zealand's (RBNZ) direction, helping lift the NZD vs the AUD.

3Q19 (real - that is, adjusted for inflation) retail sales rose 1.6%QoQ. It was expected to rise only 0.5%, up from 0.2% in 2Q19. That looks too good to be true, though this data has been exhibiting very strong negative autocorrelation (it is saw-toothed), so to compensate for that I bunged a 4-quarter moving average through it to see what the underlying QoQ trend is. It is 1.1% with an upward tilt. That is more than 4% annualised.

There was strength across a wide range of retail goods, with particular highlights of electrical goods (4.4%), furniture / housewares, and liquor. One could perhaps begin to make a Rugby World Cup story out of this (TV's, TV stands and recliners, and match refreshments), in which case the 2.3% pharmaceutical figure is likely to rise further in the 4Q19 release (sorry, couldn't help it. Well done in the first cricket Test against England by the way, and see you in Hamilton).

While the Jury is still out on future Reserve Bank of Australia (RBA) decisions, I would say the 50% ish probability of an RBNZ cut priced in OIS markets next year looks high relative to the 70%+ probability for an RBA cut. The NZD could continue to do well against the AUD, and a speech this afternoon by RBA Governor Lowe is likely to keep the door open to further RBA easing, helping that trend along.

HK Pro-democracy protestors back out after District Council Elections

Hong Kong's District Council elections delivered around 85% of the 452 seats to pro-democracy candidates when the final results were tallied. That is up from 13% of the seats at the last election in 2015. The turnout was approximately 71%, high for district elections seen as largely toothless in political terms.

But after 3 days of no protests, the protestors were apparently out again last night, according to some HK colleagues. This election doesn't appear to have changed much.

Singapore production outlook

Here's what Prakash Sakpoal has to say about the outlook for Singapore's industrial production (IP) for October, released this afternoon at 1pm. "Continued weak non-oil domestic exports with a 12.3% YoY fall in October suggests the -1.4% YoY consensus on IP is a bit optimistic. However,

significant seasonality and volatility in this data mask the underlying trend, which seems to be improving slightly. The six-month annualised growth rates of NODX and IP have been moving up, which the central bank (MAS) will likely regard as sufficient reason to leave policy on hold at its next review in April 2020".

Author

Alissa Lefebre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Michiel Tukker

Senior European Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Sector Economist, TMT & Healthcare

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland
adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan
min.joo.kang@asia.ing.com

Coco Zhang

ESG Research
coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT
jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure
Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials
Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist
samuel.abettan@ing.com

Franziska Biehl

Senior Economist, Germany
Franziska.Marie.Biehl@ing.de

Rebecca Byrne

Senior Editor and Supervisory Analyst
rebecca.byrne@ing.com

Mirjam Bani

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)
mirjam.bani@ing.com

Timothy Rahill

Credit Strategist
timothy.rahill@ing.com

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Oleksiy Soroka, CFA

Senior High Yield Credit Strategist

oleksiy.soroka@ing.com

Antoine Bouvet

Head of European Rates Strategy

antoine.bouvet@ing.com

Jeroen van den Broek

Global Head of Sector Research

jeroen.van.den.broek@ing.com

Edse Dantuma

Senior Sector Economist, Industry and Healthcare

edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist

sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy

gerben.hieminga@ing.com

Nadège Tillier

Head of Corporates Sector Strategy

nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials

suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Paolo Pizzoli

Senior Economist, Italy, Greece

paolo.pizzoli@ing.com

Marieke Blom

Chief Economist and Global Head of Research
marieke.blom@ing.com

Raoul Leering
Senior Macro Economist
raoul.leering@ing.com

Maarten Leen
Head of Global IFRS9 ME Scenarios
maarten.leen@ing.com

Maureen Schuller
Head of Financials Sector Strategy
Maureen.Schuller@ing.com

Warren Patterson
Head of Commodities Strategy
Warren.Patterson@asia.ing.com

Rafal Benecki
Chief Economist, Poland
rafal.benecki@ing.pl

Philippe Ledent
Senior Economist, Belgium, Luxembourg
philippe.ledent@ing.com

Peter Virovacz
Senior Economist, Hungary
peter.virovacz@ing.com

Inga Fechner
Senior Economist, Germany, Global Trade
inga.fechner@ing.de

Dimitry Fleming
Senior Data Analyst, Netherlands
Dimitry.Fleming@ing.com

Ciprian Dascalu
Chief Economist, Romania
+40 31 406 8990
ciprian.dascalu@ing.com

Muhammet Mercan
Chief Economist, Turkey
muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Karol Pogorzelski

Senior Economist, Poland

Karol.Pogorzelski@ing.pl

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Viraj Patel

Foreign Exchange Strategist

+44 20 7767 6405

viraj.patel@ing.com

Owen Thomas

Global Head of Editorial Content

+44 (0) 207 767 5331

owen.thomas@ing.com

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Peter Vanden Houte

Chief Economist, Belgium, Luxembourg, Eurozone

peter.vandenhoute@ing.com

Benjamin Schroeder

Senior Rates Strategist

benjamin.schroeder@ing.com

Chris Turner

Global Head of Markets and Regional Head of Research for UK & CEE

chris.turner@ing.com

Gustavo Rangel

Chief Economist, LATAM

+1 646 424 6464

gustavo.rangel@ing.com

Carlo Cocuzzo

Economist, Digital Finance

+44 20 7767 5306

carlo.cocuzzo@ing.com