

## Watch the Data

China PMIs and US Payrolls loom large today - more talks at the White House about potentially ending the government shutdown on the calendar and Jerome Powell speaking - if that doesn't interest you, you can watch pictures of China's dark-side moon landing.



Source: iStock

### Plenty to keep you occupied today

As well as the service sector and composite follow up to the disappointing manufacturing Caixin index out of China today, US non-farm payrolls is another potentially market-moving release. Whilst the Caixin index will likely echo the weakness of the earlier manufacturing sector, employment data out of the US could be unexpectedly upbeat, following a strong ADP release yesterday. As ever, wages will be the key to watch. Frankly, a strong wages number will go down with markets like a cup of cold poison, given that it will bring Fed hikes back into play, so a more market-friendly outcome will be one in which employment continues to grow, but wages growth continues its lichen-like progression and provides the Fed with the room to deliver the pause the market so clearly thinks it needs to deliver.

Also on that front, Jerome Powell, plus Janet Yellen and Ben Bernanke, all speak today at the American Economic Association in Atlanta. While these events rarely deliver market moving content, this is always an outside possibility. In particular, remarks by Fed chair Powell that nodded

in the direction of the weak stock market as a significant factor for Fed consideration (it is after-all a type of financial tightening) could be important. What Bernanke and Yellen say, though possibly interesting, should have no market impact. They are no longer pulling the levers.

## Meanwhile, back at the White House

There have been quite a few estimates of the economic impact of the partial US government shutdown, but the over-riding message is that this is a political battle, not an economic one, unlike the Trade war with China. There is more talk of Congress leaders meeting with President Trump later today to try to thrash out a compromise deal. But neither side appears willing to give any significant ground, and we aren't holding out much hope that this is over by the time we come back into the office on Monday morning. The faintest glimmer was a remark by the US President that he might be able to build his wall for less than the original sum demanded. This might sow the seeds of a compromise around which a deal could be struck to end the shutdown.

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