

Daily Market Report

Monday 31 October 2016

Australian Equities

The Australian market slumped on Friday, and even some late buying wasn't enough to offset another fall for the week. The S&P/ASX200 index lost 0.2% to 5,283.8. The broader All Ordinaries index fell 0.1% to 5,370.9. Much of this fall was due to AMP dropping 9.1% off the back of a surprise writedown of \$668m and disappointing earnings updates.

Within the major banks, the only winner was NAB which gained 1.2% after its solid annual profit number on Thursday. ANZ fell 1.7% as it booked \$360m in charges, while Commonwealth Bank fell 0.3% and Westpac lost 0.5%. Macquarie gained 1.7% on Friday after releasing its interim profit report. This week Westpac and ANZ report their full-year earnings.

Resources companies continued their winning streak on Friday. Fortescue surged 3.2% to \$5.51, BHP bounced 2.1% to \$22.98 and Rio advanced 0.8% to \$53.75.

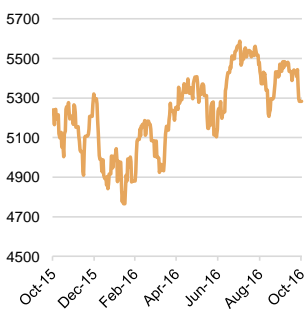
In retail, Woolworths ended the session lower as investors doubted the strength of momentum in its sales. The group had risen 3% in morning trade but ended down 2.3% despite closing the gap on main rival Coles in the first quarter.

Ardent Leisure was the week's worst performer following the fatal accident at its Dreamworld theme park. The stock wavered on the proposed reopening of the theme park, with the uncertainty pushing its shares down 5% per cent. It lost 22% of its value during the week.

Locally, in economic news on Monday, the Reserve Bank of Australia releases financial aggregates data and TD Securities-Melbourne Institute's monthly inflation gauge is due out. The major event in the calendar this week is the RBA's meeting on Tuesday. SPI futures are currently showing the market will be down 3 points at 5,250. The Australian dollar is currently buying \$US75.98.

Australia	Close	Chg	Chg %	MTD %
S&P/ASX 200	5,283.84	-11.71	-0.22%	-2.80%
ASX All Ords	5,370.90	-7.51	-0.14%	-2.79%
S&P/ASX Small Ords	2,338.70	10.50	0.45%	-4.68%
S&P/ASX 200 Industrials	8,603.40	-53.55	-0.62%	-3.39%
S&P/ASX 200 Resources	3,098.70	58.00	1.91%	0.43%
S&P/ASX 200 Prop Trust	1,295.80	-14.30	-1.09%	-9.22%
Small Cap Industrials	2,567.12	0.73	0.03%	-5.08%
Small Cap Resources	2,020.64	42.51	2.15%	-3.08%

S&P/ASX 200



Source: Bloomberg

S&P/ASX Small Ords



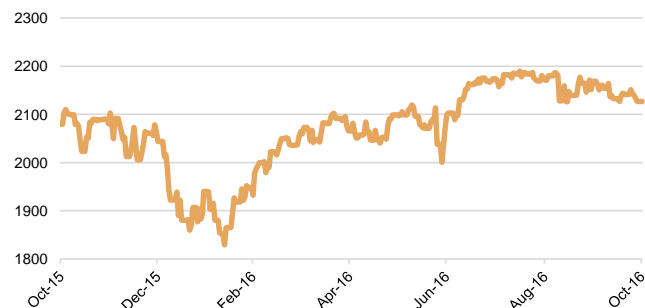
Source: Bloomberg

US Equities

US stocks closed lower on Friday after the Federal Bureau of Investigation (FBI) announced it is investigating new emails related to Democratic nominee Hillary Clinton. The S&P 500 closed 0.3% lower, though was trading higher before the FBI's probe was announced. In economic data, the US economy grew at an annualised rate of 2.9% in the third quarter, though the underlying data looks weaker than this. Regardless, this marked the fastest economic growth in two years. Meanwhile, the corporate earnings season continued on Friday, with energy giants Chevron and ExxonMobil both posting mixed quarterly results. Other firms that reported on Friday include AbbVie, Hershey and Goodyear Tire. On Thursday afternoon, Amazon posted mixed quarterly results, with sales eking above consensus and profits falling well short of estimates. At the close on Friday, Amazon shares were down about 5.2%.

North America	Close	Chg	Chg %	MTD %
Dow Jones Industrials	18,161.19	-8.49	-0.05%	-0.80%
S&P 500 Composite	2,126.41	-6.63	-0.31%	-1.93%
NASDAQ Composite	5,190.10	-25.87	-0.50%	-2.29%
Russell 2000	1,187.61	-2.33	-0.20%	-5.12%

S&P 500



Source: Bloomberg

Asian Equities

Asian markets were mostly lacklustre on Friday. However, Japan's Nikkei was the standout performer as gains in global bond yields lifted shares of Japanese financial companies. The Nikkei Stock Average ended up 0.6%, while Hong Kong's Hang Seng Index was off 0.8%. The Shanghai Composite Index ended the session down 0.3%.

Asia	Close	Chg	Chg %	MTD %
Nikkei 225	17,446.41	109.99	0.63%	6.06%
KOSPI	2,019.42	-4.70	-0.23%	-1.18%
Hang Seng	22,954.81	-177.54	-0.77%	-1.47%
Shanghai Stock Index	3,104.27	-8.08	-0.26%	3.31%
BSE Sensex 30	27,930.21	-11.30	-0.04%	0.27%

European Equities

European stocks were mixed on Friday, though the pan-European Index dropped on Friday after a round of downbeat financial updates. The Stoxx Europe 600 index was down 0.3%, extending its weekly loss to 1%. European markets stayed lower after US gross domestic product data beat expectations at 2.9% growth for the third quarter. The data was interpreted as an indicator that the probability of a rate hike in December has increased. The biggest stock mover was Anheuser-Busch InBev as shares dropped 4.3% after the Budweiser and Stella Artois maker cut its growth guidance for the year after grappling in part with weak consumer spending in Brazil. In other markets, the CAC 40 gained 0.33% and the FTSE 100 rose 0.14%. The DAX lost 0.20%.

Europe	Close	Chg	Chg %	Mtd %
Dax Index	10,696.19	-20.89	-0.19%	1.76%
CAC 40	4,548.58	15.01	0.33%	2.26%
FTSE 100	6,996.26	9.69	0.14%	1.40%
EURO STOXX 50	3,079.24	-5.93	-0.19%	2.56%
EURO STOXX 600	340.80	-0.91	-0.27%	-0.62%

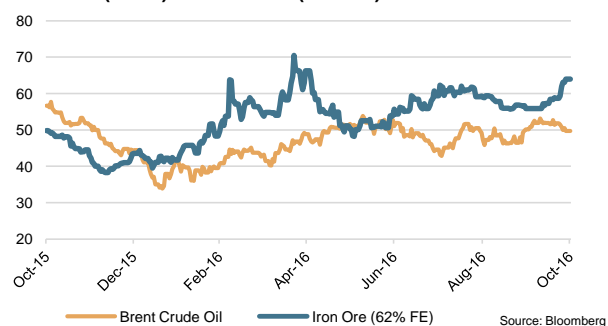
Global Equities

Global	Close	Chg	Chg %	Mtd %
MSCI World ex Aus Unhed \$/	6,921.29	-0.21	0.00%	-0.98%
MSCI World ex Aus Hed \$A	1,292.51	-2.23	-0.17%	-0.41%
MSCI Emerging Markets	903.50	-1.81	-0.20%	0.00%

Commodities

	Close	1 Day	Mtd	3 mths	1 Yr
Gold	1,277.93	0.62%	-3.62%	-5.69%	10.77%
Brent Crude Oil	49.71	-1.51%	-0.96%	11.53%	-11.34%
WTI Crude Oil	48.70	-2.05%	0.95%	17.07%	5.73%
Copper	4,831.50	1.05%	-0.34%	-1.70%	-6.05%
Nickel	10,396.25	0.64%	-1.25%	-1.80%	0.31%
Iron Ore	63.96	-	14.50%	7.73%	28.82%

Crude Oil (Brent) and Iron Ore (62% FE)



Gold US\$/oz



Fixed Interest

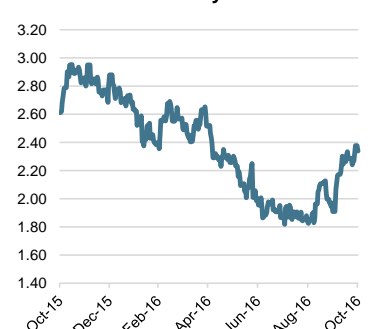
	Close	Chg bps (day)	Chg bps (Mtd)	Chg bps (3 mths)	Chg bps (1 yr)
Australia					
90D Bank Bill	1.76	0.00	4.00	-11.00	-33.00
3Y Gov Bond	1.70	-5.00	23.50	29.60	-4.30
10Y Gov Bond	2.34	-4.00	46.90	50.30	-20.40
United States					
2Y Gov Bond	0.85	-3.37	9.07	19.72	12.90
10Y Gov Bond	1.85	-0.68	25.24	39.37	-32.57
Eurozone					
2Y Gov Bond	-0.62	0.70	6.60	0.80	-29.20
10Y Gov Bond	0.17	-0.30	28.60	28.60	-36.30
UK					
2Y Gov Bond	0.29	-0.20	18.90	18.10	-33.70
10Y Gov Bond	1.26	0.70	51.40	57.50	-66.10

	Close	Chg % (day)	Chg % (Mtd)	Chg % (3 mths)	Chg % (1 yr)
Australia					
AusBond Bank Bill	8,512.15	0.00%	0.13%	0.44%	2.14%
AusBond Comp	8,937.78	-0.13%	-1.46%	-1.27%	3.77%
Global					
Barclay Gbl Agg H L	242.58	-0.05%	-0.86%	-0.63%	7.09%

US Treasury 10yr



Aust Govt Bonds 10yr



Currency

	Close	Chg (day)	Chg (Mtd)	Chg (3 mths)	Chg (1 yr)
AUD/USD	0.7596	0.11%	-0.98%	0.01%	7.24%
AUD/GBP	0.6232	-0.12%	5.62%	8.78%	34.95%
AUD/EUR	0.6913	-0.33%	1.63%	1.99%	7.50%
AUD/YEN	79.47	-0.59%	2.86%	2.95%	-6.71%

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