
Blog week ending 20th October 2017

US equities break through all-time highs

Markets

- **The local equity market finished higher buoyed by a US market** breaking through new highs yet again.
- **Asian markets were mostly down** as the markets eagerly awaited news from the 19th national congress of the Communist Party of China.
- **European shares headed lower following concerns regarding stalling Brexit talks** and ongoing Spanish independence claims.
- **In local stock news, IOOF Holdings will acquire ANZ bank's OnePath Pensions and Investments business** along with its aligned financial planning business for \$975m. The business division had been up for sale for some time. The deal will make IOOF significantly larger, whilst boosting ANZ's regulatory capital requirements. ANZ is still looking for a buyer of their OnePath insurance business.
- **Telstra has reduced its underlying fixed costs by \$244m** and says it's on track to achieving \$1.5bn of productivity savings by 2022. The Chairman also indicated that there is no need for the dividend to go lower from here.

Economics

- **The unemployment rate ticked lower to 5.5%** with an additional 19,800 jobs added over the month, well ahead of expectations. Plenty more part-time jobs than full-time jobs in this increase.
- **The Reserve Bank of Australia has called out potential risks in the investment property market** and warned that measures they recently forced on banks, aimed at managing those risks, had limited power to curtail speculation. The bank also highlighted non-bank lenders as a risk area to watch.
- **US inflation rose for a second month**, with the largest monthly gain in 8 months. Retail sales showed a rise of 1.6% in September, marking its highest level since 2004.
- **A key US consumer sentiment index hit its highest reading since 2004** in September. The latest reading is a 16% lift on the same time last year.
- **European Central Bank president Mario Draghi expressed confidence about the bank achieving its inflation goal**, though cautioned that current progress was not yet sufficiently convincing and added that a substantial degree of monetary stimulus is still required.
- **Chinese September trade data impressed** with exports up 8.1% from a year ago while imports were up 18.7%. In addition, China's imports of iron ore jumped over 16% in September surpassing the previous monthly peak set in November 2015.
- **Chinese oil imports hit 9 million barrels per day in September**, solidifying the country's position as the world's biggest oil importer.

About Futuro Financial Services Pty Ltd:

Futuro is a ASF licensee that manages a national network that accounts for more than \$2 billion in funds under advice. Since it was established in 2002, Futuro has grown organically to cover some 80 authorised representatives in around 45 offices nationally. The core vision of the group is to be the dealer of choice for highly successful groups of planners, or those that aspire to be so.

Politics

- **A couple more election results this week with Austria electing the world's youngest leader** at only 31, and the Nationals in NZ giving up power (even though they won the most seats) as the Labor party formed a 3-way coalition government and pretty much called for an end to capitalism. The future will be interesting.
- **On the Brexit front, the 5th round of talks between British and European officials concluded with an absence of any material progress.**

About Futuro Financial Services Pty Ltd:

Futuro is a ASF licensee that manages a national network that accounts for more than \$2 billion in funds under advice. Since it was established in 2002, Futuro has grown organically to cover some 80 authorised representatives in around 45 offices nationally. The core vision of the group is to be the dealer of choice for highly successful groups of planners, or those that aspire to be so.