
Blog week ending 17th November 2017

Aussie shares lower on weaker than expected Chinese data

Markets

- **The local equity market finished lower along with Asia**, following the release of Chinese economic data.
- **Japanese and US equity markets finished higher**, whilst European markets went in the other direction.
- **In local stock news, NAB bank has sacked 20 bankers and slashed the pay of 32 more** after uncovering more than 2,300 dodgy home loans. This comes after NAB conducted an extensive review into all its home loans. Many of the falsely approved loans belonged to overseas investors. Fair to assume more will be uncovered within NAB and the other big 4.
- **Bank stocks came under pressure this week** as two of the big 4 banks went ex-dividend.
- **Retailer Harvey Norman reported a 4.8% increase in sales** across its franchise network in the first 8 weeks of the financial year. Surprisingly strong numbers in light very weak national retail sales figures and declining household disposable income.
- **The oil price fell this week as rising US output** drowned out ongoing OPEC led production cuts and rising Middle East tensions.

Economic

- **The RBA has signalled that a possible longer hold on interest rates may be required** due to defiantly low inflation. We have the RBA on hold for this year and all 2018.
- **Domestic wage growth in the September quarter came in below market expectations**, thus further confirming downward pressure on inflation. The growth rate would've been even more underwhelming if it weren't for a mandated jump in the minimum wage.
- **US economic data continued to impress**, with industrial production and manufacturing data coming in above market expectations. A key housing market index also rose against expectations of a flat data point. The data validates the US Fed's strategy of slowly raising rates.
- **China's retail sales rose 10% for the year** to October while industrial output grew 6.2%. Both data points came in below market forecasts, thus impacting the Aussie dollar and the mining sector. The Chinese government continues to focus on debt risks and the environment.

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

- **As expected, US Republican lawmakers put forward different plans for tax reform**, which makes the passage of any tax reform that much harder to achieve. Republicans are stuck between towing the party line and representing their constituents, which alarmingly is becoming all too common of late.
- **The Chinese government has indicated it will raise foreign ownership limits** in domestic financial firms. Encouraging, but it won't necessarily lead to increases in foreign ownership when the rule of law in China is set at the discretion of the Chinese government.
- **Australian politics continues to impart little confidence on consumers and businesses**, with the deepening citizenship crisis leaving PM Turnbull with a minority in the lower house of parliament. This follows the most recent round of polling which wasn't too kind to the PM and the Coalition.

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