



Middle Market Update



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Economic Update

Australia

The RBA's October Board Minutes revealed no major surprises. The RBA remains positive on the outlook and stated the economy had performed better than forecasted over 2018. The RBA mentioned the forecast changes in the recent Statement of Monetary Policy with the outlook for GDP growth notched higher, largely due to stronger business investment. The labour market had also performed more strongly than expected, although this strength has not yet translated to higher wages growth or inflation, both broadly in line with expectations. Market pricing for a November 2019 rate hike has fallen from 64% to 56%. Looking to the week ahead, the focus in Australia will be the release of Q3 Capex data which is released on Thursday.

Offshore

Global equity markets continued to exhibit volatility with the S&P500 down close to 1% over the week, geopolitical risks continue to be the catalyst responsible for the volatility. Oil prices have fallen close to a further 10% over the week with market participants reporting potential excess supply and lower global demand as drivers, in addition to Trump's calls for lower oil prices. Market pricing for a further US Fed rate hike next month has increased from 75% to 80%.

Britain's Withdrawal Agreement was finally agreed by the EU, the focus now moves to whether the UK Parliament approves the deal. Prime Minister May delivered a letter to the nation saying the agreement "delivers Brexit, gives the UK back control over its borders, safe guards the rights of citizens, cuts payments to the EU and sets a bright and secure future for the UK".

ECB President Draghi mentioned recent data has been weaker than forecasted however the ECB continues to anticipate net asset purchases to end by end of next year. President Draghi mentioned that world trade growth momentum has slowed "considerably".

For more ING economic analysis, go to <https://think.ing.com/>.

Market snapshot

Rates			
Australia	27/11/2018	20/11/2018	Change
RBA Cash Rate	1.50%	1.50%	0.00%
1 Month BBSW	1.86%	1.87%	-0.01%
3 Month BBSW	1.95%	1.94%	0.01%
6 Month BBSW	2.12%	2.11%	0.01%
1 Year Swap	1.96%	1.98%	-0.02%
3 Year Bond Futures	2.13%	2.15%	-0.02%
10 Year Bond Futures	2.66%	2.68%	-0.02%
U.S.	27/11/2018	20/11/2018	Change
2 Year Bond Futures	2.83%	2.78%	0.06%
10 Year Bond Futures	3.07%	3.06%	0.01%
Equities			
ASX 200	5,672	5,694	-22
S&P 500	2,671	2,690	-19
FX			
AUD/USD	0.7229	0.7293	-0.0064
AUD/NZD	1.0654	1.0665	-0.0011
AUD/EUR	0.6379	0.6365	0.0014
AUD/GBP	0.5639	0.5674	-0.0035
Commodities			
Gold	\$1,222.18	\$1,224.05	-\$1.87
Oil	\$51.75	\$57.17	-\$5.42
Iron ore	\$72.25	\$75.29	-\$3.04

Did you know?

According to the *My Generation* September 2018 report by Rice Warner (and commissioned by ING), Gen Y had a more realistic view of when they planned to retire (age 61) compared to our last generations report from 2016 which showed the majority of Gen Ys planned to retire at 51-60 years and one third planned to retire early at 31-40 years of age.

Need more information?

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