Sales slump

British new car registrations fell by an annual three percent in October, preliminary data released by a car industry body showed on Monday.

Global slowdown begins to look more troublesome

The drop in global equities in October was remarkable for its extent, the frequency of consecutive negative days, and the synchronized decline in all the major markets.

The most likely fundamental trigger for the severity of the equity correction was an increase in investors' perceptions of downside, or even recessionary, risks to the global economy. Dramatic talk about trade wars obviously exacerbated the drop in confidence, FT reported.

The flow of economic data suggested that there was, indeed, a decline in world activity during October. In fact, the global growth rate clearly peaked late in 2017, since when there has been a noticeable reversion to the mean.

The period of above-trend growth that was so powerful last year proved short lived, and now seems to have been mainly cyclical, rather than secular, in nature.

However, the slowdown will be met with important policy adjustments, notably in China. Furthermore, temporary downward shocks to growth in the eurozone (car emissions regulation) and Japan (natural disasters) will disappear.

The weakening profile for global activity is therefore likely to represent nothing worse than a 'return to normal and, in the absence of new downward shocks, will not develop into a full blown global recession within a 12-24 month forecasting horizon.

Nevertheless, until changes in Chinese policy gain traction, and trade threats abate, markets may continue to worry about downside risks.

Latest nowcast results

According to the latest nowcasts, activity growth in the world economy has slowed from a peak of five percent a year ago to only three percent now, about 0.7 percent below trend. Much of this decline has occurred in the last couple of months.

Growth has declined almost everywhere. China has slowed from 7.4 percent a year ago to 5.3 percent now, the lowest growth rate since the serious downturn in 2015. The eurozone has also reported disappointing data throughout 2018, and the latest dip in October has taken growth down to only 1.1 percent. In contrast, the US has been a beacon of strong growth throughout the year, bucking the global pattern.

Prospects for 2019

The main change next year is likely to be in the geographical pattern of global activity.

US: Fiscal and monetary policy will be far less supportive next year than in 2018. The positive fiscal thrust will drop from a peak of 0.8 percent this year to zero at the end of next year, assuming no further measures to reduce taxes or raise infrastructure spending after the midterm elections.

Furthermore, financial conditions will be much less accommodative, in response to continued Fed tightening, lower equity prices and the stronger dollar. Jan Hatzius of Goldman Sachs reckons that financial conditions will subtract 0.75 percentage points from growth next year, after adding a similar amount this year.

The sharp turnround in these policy measures will probably take growth well below its two percent trend rate by end 2019.

This slowdown, however, is a healthy development, given the concerns about severe overheating in the labor market

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The eurozone and UK: The outlook here is quite hard to judge. Growth has already slowed sharply in 2018, reflecting adverse weather and a waning of monetary policy support, compared to last year. There were tentative signs of improvement around midyear, but Germany has been severely knocked off course by the change in emissions regulation in the car industry, causing a large new setback in business surveys in October. Meanwhile, Italy has been dented by the budget crisis this autumn.

Nevertheless, business and consumer confidence remain fairly robust, and the labor market is strengthening. The ECB is confident that underlying growth remains firmly around trend, and that seems like a sensible estimate for next year.

The UK, however, has been growing well below trend and is very vulnerable to a Brexit shock next spring.

China: This is where the downside risks seem most severe. The Chinese nowcast dropped sharply in October, following many months when it was fairly solid in the face of deteriorating news commentary.

This weakening has coincided with an increase in trade threats from Washington, and the politburo has now admitted that the economy is being affected by 'external forces'. They now seem ready to act more aggressively to boost private sector activity, following the moderate easing in monetary policy and the decline in the exchange rate around midyear.

The latest policy statements place less emphasis on deleveraging and more on boosting private infrastructure spending than earlier announcements, and this should show up in monetary and other activity data before year end.

However, the outlook for 2019 also depends on whether presidents Trump and Xi can move towards detente on trade policy, as hinted by their latest telephone discussions ahead of the G20 Summit this month.

A bad outcome on trade could knock more than a percentage point off Chinese growth next year, making it much harder for domestic policy to fill the gap.

Global economy: A significant slowdown in the US looks likely, but this should be offset by a rebound in the Eurozone, China and Japan after temporary hits to growth dissipate, and Chinese policy easing takes effect. Growth may be around trend in 2019, slightly higher than the latest nowcast.

The risk of an outright recession remains moderate, at least in the absence of self-feeding shocks in the financial markets.

Main Indices of TSE

Index	Value	Change	Percent
Total Index	184082.8	1164.2	0.63
Industry Index	167861.5	1019.9	0.60
Free Float Index	192350	-902	-0.46
First Market Index	136705.3	900	0.65
Second Market Index	361486.1	2174.5	0.60

Overall Index details on 20181105

First	182918.6	Change end of year(%)	604.12%
High	184017.7	Historical highest	78400.5 (20140105)
Low	182918.6	Historical lowest	100 (1369/1/6)
Close	184082.8	Base Value	100 (1369/1/6)
Change	2522.5		

Industry Index details on 20181105

First	166841.6	Change end of year(%)	862.34%
Max Value	167565.8	Historical highest	73072.6 (20140105)
Max Value	161413.6	Historical lowest	1113.4 (1377/8/25)
Closing	167861.5	Base Value	
Closing	2306.2		

Free Float Index details on 20181105

First	193252	Change end of year(%)	
Max Value	195412	Historical highest	95040 (20120105)
Max Value	178652	Historical lowest	
Closing	192350	Base Value	
Closing	3826		

Main Board Index details on 20181105

First	135805.3	Change end of year(%)	704.85%
Max Value	136705.3	Historical highest	67441.4 (20140105)
Max Value	121786.9	Historical lowest	
Closing	136705.3	Base Value	4740.4 (1381/6/2)
Closing	2388.7		

Secondary Index details on 20181105

First	359311.6	Change end of year(%)	1265.46%
Max Value	361425.8	Historical highest	181353 (20170522)
Max Value	291894.2	Historical lowest	
Closing	361486.1	Base Value	4740.4 (1381/6/2)
Closing	2235.2		

PMI: Egypt's non-oil business activity slows slightly in Oct.

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Egypt's non-oil private-sector activity weakened slightly in October to reach its lowest level of 2018, a survey showed on Monday.

The Emirates NBD Egypt Purchasing Managers' Index (PMI) for the non-oil private sector weakened to 48.6 in October from 48.7 in September, below the 50 mark that separates growth from contraction, Reuters wrote.

September's return to contraction followed expansionary readings in July and August.

Daniel Richards, MENA economist at Emirates NBD, said the data "suggested that private sector firms remain under pressure as Egypt's IMF-sponsored economic reform program continues".

"That being said, the reading is still far higher than those seen at the start of the process in November 2016, and future expectations remain robust."

The PMI has had an average reading of 47.9 since the International Monetary Fund reform program began.

The non-oil private-sector saw a decline in output for the second consecutive month, which companies attributed to lower demand for goods and services due to challenging market conditions.

Companies also saw a decrease in export orders in October, though at a slower pace than seen in September, which they linked to challenging economic conditions in international markets.

Egypt's fiscal year runs from July to June.

Egypt has been implementing a series of tough economic reforms as part of the three-year $12 billion deal with the IMF. Measures included devaluing the Egyptian pound, slashing energy subsidies and imposing new taxes in an attempt to draw back investors who fled during the 2011 uprising.

Major Currencies

Currency	To USD	Currency	To USD
Turkish Lira	0.1832	Japanese 100 Yen	0.8826
Euro	1.1388	Chinese Yuan	0.1448
British Pound	1.3030	UAE Dirham	0.2722
Australian Dollar	0.7187	Kuwaiti Dinar	3.2856
Canadian Dollar	0.7627	Iraqi 100 Dinar	0.0838

Major Commodities

Crude Oil	$62.73	Silver	$14.71
Gold	$1233.60	Platinum	$873.20
Copper	$2.78	Wheat	$510.50

South Korean imported car sales jump 24% on new models in Oct.

South Korea's imported vehicle sales jumped 24 percent in October from a year earlier on high demand for new models, industry data showed on Monday.

The total number of newly registered foreign vehicles climbed to 20,813 last month from 16,833 a year ago, the Korea Automobile Importers and Distributors Association (KAIDA) said in a statement, according to Yonhap.

"Customers chose Mercedes-Benz and Lexus models over BMW cars, which are still regarded as fire-prone vehicles due to faulty (exhaust gas recirculation, or EGR,) components," a KAIDA spokeswoman said.

In October, BMW vehicle sales plunged 52 percent to 2,131 units from 4,400 in the previous year. In contrast, Mercedes-Benz vehicle sales jumped 40 percent to 6,371 from 4,539 during the same period, the statement said.

BMW has yet to complete the recall of about 106,000 models with fire-prone EGR coolers and pipes by the end of this year. The German carmaker has been plagued by dozens of engine fires, mainly its best-selling 520d sedan. BMW identified the EGR parts as the 'root cause' of the fire incidents.

The three best-selling models for the one-month period were the Mercedes-Benz E 300 sedan, Lexus ES300h sedan and Mercedes-Benz E 300 4MATIC sedan, the statement said.

In the January-October period, the total number of imported cars sold in the country stood at 217,868, up 14 percent from 190,394 units a year ago, KAIDA said.

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