



ECB ramp up rate cut pace - Having lowered rates at its June and September meetings, the European Central Bank accelerated its pace, cutting its deposit rate 0.25% to 3.25% on Thursday. ECB President Christine Lagarde said downside risks to inflation are larger than upside ones and that growth is somewhat weaker than expected, fuelling expectations of at least another 0.25% cut at the December meeting. Lagarde expects the Eurozone to avoid recession but said that potential US trade restrictions are a downside risk.

Oil prices fell on reports that Israel said it wouldn't attack Iran's oil, nuclear facilities according to Israeli Prime Minister Benjamin Netanyahu who told the Biden administration that Israel is willing to strike military rather than oil or nuclear facilities in Iran. Israeli Defense Minister Yoav Gallant vowed Tuesday that Israel would respond to the Iranian attack, saying its response would be "precise, painful and surprising," but, he added, "we are not interested in opening additional fronts or new conflicts."

US retail sales rose to a stronger-than-expected 0.4% in September after rising 0.1% in August. Core sales rose 0.7% compared with August's 0.3% rise. After the release, the Federal Reserve Bank of Atlanta's GDPNow model is projecting that the US economy will grow at a 3.4% pace. Meanwhile, US Federal Reserve Governor Christopher Waller said Monday that the central bank should proceed cautiously on rate cuts and that data warrant moving to neutral at a deliberate pace. Waller warned that hurricanes and strikes could reduce October payrolls by 100,000.

UK Chancellor of the Exchequer Rachel Reeves seeks to fill a fiscal hole of more than £25 billion in the budget to be revealed on 30 October, about £3 billion more than earlier projections, suggesting taxes may have to be raised more than expected. Meanwhile, UK consumer prices were flat in September and rose 1.7% year over year, falling below the Bank of England's target for the first time since April 2021. Markets are pricing in about 43 basis points of cuts before the end of the year. To date, the Bank of England has been among the world's more cautious central banks when it comes to easing monetary policy.

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