

# Market Preview

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## FTSE 100 to open slightly higher on Thursday

UK stocks are expected to open slightly higher, though investors are still largely sitting on the sidelines waiting for the US government to get back to work.

We are now heading into the third day of the US government shutdown and, with no sign of compromise among America's opposing politicians, investors will no doubt be looking with increasing trepidation at the looming deadline for raising the country's debt ceiling.

Should a similar impasse occur it could, theoretically, see a US debt default.

Understandably the markets, which never like uncertainty, are quiet as investors avoid any big calls whilst the American politicians play chicken with the world's most influential economy.

Last night, Wall Street's major indices all closed in the red. The Dow Jones shed 58 points, 0.39%, to 15,133 whilst the S&P 500 and the NASDAQ ended the session marginally lower.

With volumes expected to remain light, IG Markets strategist Chris Weston predicts European markets are set for a pretty uneventful open.

He also believes the volatility seen overnight was a function of low trading volumes, which have made movements more pronounced.

"There have been reasonable moves despite traders still not seeing any dramatic clarity around the US government shutdown and looming debt ceiling; it therefore seems these have been a function of low liquidity," Weston said in a note.

"The first big moves were seen in S&P futures, with the index hitting a low of 1673, a fall of 0.6% from the cash close, before rebounding.

"The fall happened in the so-called 'twilight' zone (between the US/Asian handover) and therefore liquidity was thin. If there is going to be a decent move, it's often going to be here, and thus we don't generally pay a huge amount of attention to it."

Asian trading was, meanwhile, boosted by upbeat data from China's service sector which has improved, with an influential purchasing managers index hitting a six month high in September.

Hong Kong's Hang Seng moved almost 1% higher to 23,201 whilst the Shanghai Composite rose 0.7% and Korea's KOSPI was only a fraction higher.

Japan's Nikkei was largely unmoved at 14,177.

IG Markets is calling the FTSE 100 open 16 points higher at 6,445 to 6,450.

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#### MarketTopic Synopsis:

*Market Preview is published daily before trading kicks off, giving investors a roundup of macroeconomic and corporate news that is likely to move the markets along with the expected opening level of the major indices.*

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