



Markets Today

A daily outlook for Australia, key global economies and markets

12 November 2015

Sterling effort

Lots of interest overnight whether ECB President Mario Draghi would throw more fuel onto the ECB stimulus expectation fire, schedule to speak at a BoE sponsored open forum on Financial Market Reform event in London. The event was focused on the regulatory and financial market mistakes of the past and efforts to clean up the sector and its regulation, with speakers including Bank of England Governor Mark Carney, the Chancellor of the Exchequer, bankers and academia. Draghi stuck to his reform script, speaking about the need for credible institutions as a counter balance for the freedom of operation. In thinly veiled references structural challenges faced by the Euro, he said that countries can't fully enjoy open markets without agreeing to some form of shared political control. There was also an EU summit in Malta on the European refugee crisis; both big issues for sure but not market moving.

It was Veterans' Day holiday in the US, but markets were open. On the FX front, there was some buying interest in Sterling overnight, the best performing currency among the majors, benefiting from a further reduction in the UK unemployment rate in September quarter to 5.3%. the lowest level since 2008 and comments from BoE Chief Economist Andy Haldane suggesting he is shifting his ground towards a steady-to-higher rates from a more open view on direction.

The AUD has continued to trade in familiar territory, opening this morning towards the higher end of its recent ranges, not hurt by yesterday's Chinese trio of activity data suggesting growth of Australia's largest trading partner has not stepped down in net terms in October. Industrial production growth was a tenth softer however retail sales growth a tenth higher, a little more evidence of China's economic transition to greater reliance on consumption. Commodities have been mixed overnight. Base metal prices rose on the LME by 0.56%, copper up 0.36%, spot iron ore prices in China inched back a little, +0.7% to \$48.58/t. Oil however took another turn for the worse, WTI down 2.74% and Brent declining 3.37% ahead of EIA weekly stockpiles data tonight. Gold eased further, down 0.43% to \$1083.60/oz.

Coming up

The local market will be fixated on this morning's employment report for October at 1130. Despite recent data validity issues, the labour market release is a significant market mover ranked in the top five as far as the AUD and short-dated yields are concerned. The market consensus is for employment to rise 15K; NAB is forecasting a stronger 25K based on continuing positive leads from labour demand indicators, including as recently as Tuesday's NAB survey employment index which remain steady at a positive +3. (Our internal short-term models of employment suggest our +25K forecast could be conservative so upside risk. Even in the event of a larger rise in employment, this often comes with a bounce in the participation rate limiting the fall in the monthly unemployment rate.) NAB is forecasting the unemployment rate to pull back from 6.2% to 6.1%.

First thing this morning is NZ's manufacturing PMI, NZ food prices (8.30/8.45), both for October, followed by the NZ ANZ consumer confidence survey for November at 11.

Germany releases its final October CPI tonight, while there is EC and India's industrial production reports for September. India also publishes its September CPI.

In the US, labour market focus with weekly jobless claims and the JOLTS job openings reports with the potential for more central bank-focused comments with several Fed speakers including Bullard, Lacker, Evans, and Dudley along with BoE Chief Economist Andy Haldane, again. Fed Chair Yellen is speaking, though only giving welcoming remarks at a Fed Policy Conference so likely silent on the economy and policy.

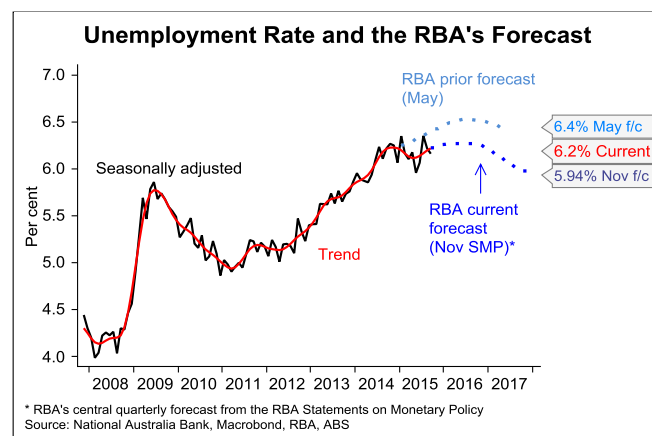
Overnight

- AUD holding: Eurostoxx 600 +0.6%, Dax +0.7%, CAC +0.8%, FTSE +0.3%. Dow -34 points to 17,724, -0.2%, S&P 500 -0.2%, Nasdaq -0.2%, VIX 15.89 +3.9%. Shanghai +0.3%, Mumbai +0.3%, Nikkei 225 -0.2% and ASX 200 +0.5%; ASX SPI futures this morning -0.4%. US bond yields: 2s at 0.87% (0), 10s at 2.33% (-1). WTI oil at \$43.05 (-2.6%), Brent at \$45.94 (-3.2%), Malaysian Tapis (yesterday) \$46.50 (-1.2%). Gold at \$1084.00/oz (-0.4%). Base metals: LME copper +0.4%, nickel +1.6%, aluminium +0.7%. Iron ore \$48.6/t +0.7% Chinese steel rebar futures -0.9%. Soft commodities spot futures: wheat +0.4%, sugar -0.1%, cotton +0.5%, coffee 0.4%. Euro CO² emissions price (Dec 15) +0.0%. The AUD/USD's range overnight 0.7041-0.7070; indicative range today 0.7035-0.7100; the AUD/USD is 0.7056 now**
- China's industrial production (Oct, y/y) 5.6% (L: 5.7%; E: 5.8%); Retail sales (Oct, y/y) 11.0% (L: 10.9%; E: 10.9%); Fixed assets investment (Oct, y/y ytd) 10.2% (L: 10.3%; 10.2%); UK Jobless claims change (Oct) +3.3K (L: +4.6K; +1.4K); Unemployment (Sep) 5.3% (L: 5.4%; E: 5.4%)**

Good luck.

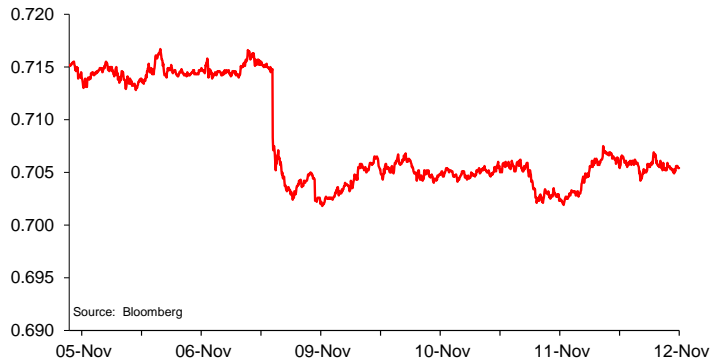
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Chart of the day: Tracking RBA unemployment forecasts

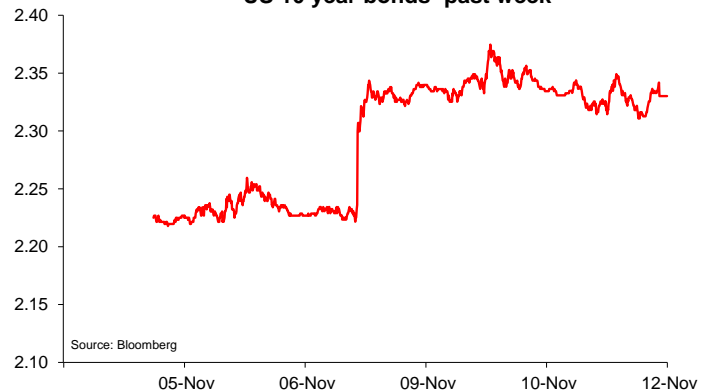


Markets

AUD/USD- past week



US 10 year bonds- past week



S&P 500 futures- past week



WTI futures- past week



Foreign Exchange

Indicative 24hr ranges (**)				Other FX		
	Last	% chge	Low	High	Last	% chge
AUD	0.7056	0.3	0.7025	0.7078	HKD	7.7511 0.0
NZD	0.6558	0.1	0.6543	0.6575	CNY	6.3697 0.1
EUR	1.0742	0.0	1.0706	1.0754	SGD	1.4191 -0.2
GBP	1.5214	0.3	1.5156	1.5222	IDR	13,589 0.0
JPY	122.85	-0.2	122.84	123.20	THB	35.84 -0.1
CAD	1.3271	0.0	1.3232	1.3287	KRW	1,156 0.0
AUD/EUR	0.6569	0.0			TWD	32.70 -0.1
AUD/JPY	86.69	-0.2			PHP	47.15 0.1
AUD/GBP	0.4638	-0.3			CHF	1.00 -0.1
AUD/NZD	1.0759	-0.1			SEK	8.68 0.0

Equities

Major Indices			
	Last	% day	% year
Dow	17,724	-0.2	0.6
S&P 500	2,077	-0.2	1.8
Nasdaq	5,075	-0.2	8.9
VIX Index	15.89	3.9	25.4
FTSE	6,297	0.3	-5.0
DAX	10,908	0.7	16.4
CAC 40	4,953	0.8	16.7
Nikkei	19,691	0.1	14.5
Shanghai	3,650	0.3	46.3
Hang Seng	22,352	-0.2	-6.6
ASX 200	5,123	0.5	-6.2

Commodities*

	Last	% day
Oil (Brent)	45.94	-3.2
Oil (WTI)	43.05	-2.6
Oil (Tapis)	46.50	-1.2
Gold	1084.00	-0.4
CRB	188.35	-0.6
GS Metals	257.5	-0.7
Aluminium	1518	0.7
Copper	4943	0.4
Nickel	9660	1.6
Zinc	1623	1.0
Ch. steel	1769	-0.9
Iron ore	48.6	0.7
St. coal	61.8	n.a.
Wheat Chic.	497.5	0.4
Sugar	14.69	-0.1
Cotton	62.31	0.5
Coffee	120.2	0.4

Interest Rates

Indicative Swap Rates				Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.25	0.36	0.99	2.24	USD 10	2.33	-0.01
AUD	2.00	2.21	2.07	3.00	AUD 10	2.87	-0.02 0.54
NZD	2.75	2.91	2.77	3.63	NZD 10	3.52	0.00 1.19
EUR	0.05	0.06	-0.06	0.95	CAD 10	1.71	-0.01 -0.62
GBP	0.50	0.58	1.04	2.03	EUR 10	0.61	-0.01 -1.72
JPY	0.10	0.08	0.10	0.47	GBP 10	2.05	0.03 -0.28
CAD	0.50	1.17	0.93	2.04	JPY 10	0.32	0.00 -2.01

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.85	0.00
3 Yr bond	97.95	-0.02
10 Yr bond	97.08	-0.02
3/10 sprd	0.88	0.00
SPI	-21.0	-0.4

CO₂ Emissions - Euros

	Last	% day
Dec-2015	8.44	0.0
Dec-2016	8.51	0.0
Dec-2017	8.62	0.0

Please note the high/low FX rates are only an indication. Please refer to your National Dealer for confirmation.

* All near futures contracts, except CRB. GS Metals is Goldman Sachs industrial metals index. Metals prices are CME. Emissions: ICE Dec contracts, Euros

** These are indicative ranges over the past 24 hours; please confirm rates with your NAB dealer

Last is around 6:30am Sydney

Source: Bloomberg

Calendar

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEDT
Thursday, 12 November 2015								
NZ	BusinessNZ Manufacturing PMI	Oct				55.4	21.30	8.30
NZ	Food Prices MoM	Oct	0.2			-0.5	21.45	8.45
JN	Machine Orders MoM/YoY	Sep		3.1/-4.6		-5.7/-3.5	23.50	10.50
NZ	ANZ Consumer Confidence Index/MoM	Nov				114.9/3.7	0.00	11.00
UK	RICS House Price Balance	Oct		45		44	0.10	11.10
AU	Employment change/Unemployment rate	Oct	25/6.1	15/6.2		-5.1/6.2	0.30	11.30
GE	CPI MoM/YoY	Oct F		0/0.3		0/0.3	7.00	18.00
EC	Industrial Production SA MoM/YoY	Sep		-0.1/1.3		-0.5/0.9	10.00	21.00
US	Initial Jobless Claims	Nov-07		270		276	13.30	0.30
CA	New Housing Price Index MoM/YoY	Sep		0.2/1.3		0.3/1.3	13.30	0.30
US	Fed's Bullard Speaks on Monetary Policy in Washington						14.15	1.15
US	Fed's Yellen welcome remarks at Fed Policy Conference						14.30	1.30
US	Fed's Lacker Participates in Monetary Policy Panel						14.45	1.45
US	JOLTS Job Openings	Sep		5385		5370	15.00	2.00
US	Fed's Evans Speaks on Economy and Policy in Chicago						15.15	2.15
UK	BoE's Haldane Speaks in London						17.00	4.00
US	Fed's Dudley Speaks on Economy and Policy in New York						17.15	4.15
US	Monthly Budget Statement	Oct		-130		91.1	19.00	6.00
Friday, 13 November 2015								
NZ	Non Resident Bond Holdings	Oct				68.7	2.00	13.00
JN	Industrial Production MoM/YoY	Sep F		/		1/-0.9	4.30	15.30
JN	Tertiary Industry Index MoM	Sep		0.1		0.1	4.30	15.30
GE	GDP SA QoQ/YoY	3Q P		0.3/1.8		0.4/1.6	7.00	18.00
EC	Trade Balance SA	Sep		19.3		19.8	10.00	21.00
EC	GDP SA QoQ/YoY	3Q A		0.4/1.7		0.4/1.5	10.00	21.00
CA	Bank of Canada's Wilkins Speaks in Toronto						13.00	0.00
US	Retail Sales Advance MoM	Oct		0.3		0.1	13.30	0.30
CA	Teranet/National Bank HPI MoM/YoY	Oct		/		0.6/5.6	13.30	0.30
CA	Teranet/National Bank HP Index	Oct				177.09	13.30	0.30
US	PPI Final Demand MoM/YoY	Oct		0.2/-1.2		-0.5/-1.1	13.30	0.30
US	Business Inventories	Sep		0		0	15.00	2.00
US	U. of Mich. Sentiment	Nov P		91.5		90	15.00	2.00
US	Fed's Mester Speaks on Economic Outlook and Monetary			0		0	17.30	4.30
Monday, 16 November 2015								
NZ	Performance Services Index	Oct				59.3	21.30	8.30
NZ	Retail Sales Ex Inflation QoQ	3Q				0.1	21.45	8.45
JN	GDP SA QoQ	3Q P		-0.1		-0.3	23.50	10.50
UK	Rightmove House Prices MoM/YoY	Nov		/		0.6/5.6	0.10	11.10
AU	New Motor Vehicle Sales MoM/YoY	Oct		/		5.5/7.7	0.30	11.30
EC	CPI MoM/YoY	Oct		/		0.2/-0.1	10.00	21.00
EC	CPI Core YoY	Oct F				1	10.00	21.00
CA	Manufacturing Sales MoM	Sep				-0.2	13.30	0.30
US	Empire Manufacturing	Nov		-5		-11.36	13.30	0.30
CA	Int'l Securities Transactions	Sep				3.11	13.30	0.30
CA	Existing Home Sales MoM	Oct				-2.1	14.00	1.00
CA	Bloomberg Nanos Confidence	Nov-13				57.9	15.00	2.00
Tuesday, 17 November 2015								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Nov-15				115.2	22.30	9.30
JN	Housing Loans YoY	3Q				2.4	23.50	10.50
AU	RBA Nov. Meeting Minutes						0.30	11.30
NZ	2Yr Inflation Expectation	4Q				1.94	2.00	13.00
EC	EU27 New Car Registrations	Oct				9.8	7.00	18.00
UK	CPI MoM/YoY	Oct		/		-0.1/-0.1	9.30	20.30
UK	CPI Core YoY	Oct				1	9.30	20.30
UK	PPI Output Core NSA MoM/YoY	Oct		/		0.1/0.2	9.30	20.30
UK	ONS House Price YoY	Sep				5.2	9.30	20.30
GE	ZEW Survey Current Situation	Nov				55.2	10.00	21.00
US	CPI MoM/YoY	Oct		0.2/		-0.2/0	13.30	0.30
US	Industrial Production MoM	Oct		0.1		-0.2	14.15	1.15
US	NAHB Housing Market Index	Nov		64		64	15.00	2.00
Upcoming Central Bank Interest Rate Announcements								
Japan, BoJ		19-Nov	0.0%-0.1%	0.0%-0.1%		0.0%-0.1%		
Australia, RBA		1-Dec	2.00%	2.00%		2.00%		
Europe ECB		3-Dec				0.05%		
Canada, BoC		3-Dec				0.50%		
New Zealand, RBNZ		10-Dec	2.50%	2.50%		2.75%		
UK BOE		10-Dec				0.50%		
US Federal Reserve		17-Dec				0-0.25%		

GMT: Greenwich Mean Time; AEDT: Australian Eastern Daylight Saving Time

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