



Markets Today

A daily outlook for Australia, key global economies and markets

24 April 2015

The battle for the low end

It was a case of softer than expected readings on both sides of the Atlantic overnight, but in the wash up, the market was inclined to give more credence to the softer suite of US economy reports than for Europe's. The Bloomberg spot dollar index in net terms is off by 0.61%, with major currencies, including the AUD making gains against the big dollar. In the wake of all the data, the AUD/USD has been trading up toward 0.78 again in late New York/ early Asia trade.

The ANZAC currencies are not quite at the top of the pile this morning, but have made a good fist of it. IN the background for the Aussie, iron ore prices rose again yesterday, as did LME copper, while the VIX is lower as US stocks closed higher. And the Kiwi has also made some headway against the softer USD notwithstanding a speech from RBNZ Assistant Governor John McDermott leaving the market with the impression that the bias for the NZ cash rate between now and the end of the year is likely to be down not up.

The preliminary PMIs for France and Germany both missed expectations and March readings, initially seeing the Euro pull back to below 1.07, but this proved to be a buy area on the day. The pull back had analysts scratching their heads, the single currency economy appearing to slow despite the benefit of a lower currency and ultra-low/negative bond yields. ECB Chief Economist Praet said in the aftermath that the Euro-zone economy was turning the corner (German consumer confidence was also resilient) and the market seemed to take some comfort from that, the EUR/USD rallying even in the lead up to the US data points. Other headlines from Europe ahead of the EU Finance Ministers meeting in Riga tonight have centred on talk of "Grimbo", yet another catchphrase for Greece, this one a period of limbo for Greece, another update to Grexit and Graccident.

Though far from the most market sensitive data, weaker-than-expected US New Home Sales, an uptick in jobless claims and a pull-back in Kansas City Fed manufacturing played to the softer US growth thematic. US Treasury yields eased as did the US\$.

The RBA's Guy Debelle was speaking in London overnight on a FX panel, lamenting the compression of bond market term premia and little overall compensation for risk. He did however report that the RBA, ASIC and AFMA are working on the development of "a robust risk-free interest rate benchmark in the local market, likely based on overnight indexed swap (OIS) rates" as opposed to a credit benchmark such as the bank bill swap rate. He expects progress in coming months.

Coming up today/ tonight

Quiet data-wise through our local session today.

Most of the attention of the pointy heads tonight will be on the German Ifo Business Survey that's regarded as one of the best monthly indicators of Germany's economic performance. The Current Assessment index – a coincident indicator of the economy's performance – is expected to increase to 112.4 from 112, a level that is consistent with if not a little above Germany's current 1.4% growth rate. The EuroGroup FinMln meeting

tonight will get plenty of press coverage; "kicking the can down the road" will likely get a run on the wires. Then the focus will turn to the US durable goods orders report, orders having softened, and in part from the downturn in oil and gas exploration and drilling machinery requirements. This report is for March and headline orders are expected to rise 0.6% with core orders up 0.3% after February declines. March saw steadier WTI so it will be interesting to see whether this was reflected in any further pull back in development activity.

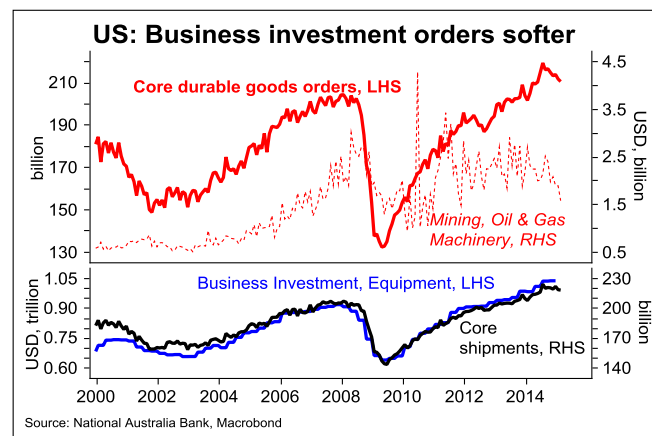
Overnight

- **The US\$ loses a little grip: Eurostoxx 600 -0.4%, Dax -1.2%, CAC -0.6%, FTSE +0.4%. Dow +20 points to 18,059, +0.1%, S&P 500 +0.1%, Nasdaq +0.2%, VIX 12.48 -1.8%. Mumbai +0.4%, Nikkei 225 +0.4% and ASX 200 -0.6%; ASX SPI futures this morning +0.5%. US bond yields: 2s at 0.53% (-2), 10s at 1.96% (-2). WTI oil at \$57.48 (+2.4%), Brent at \$64.73 (+3.2%), Malaysian Tapis (yesterday) \$63.10 (+1.7%). Gold at \$1193.30/oz (+0.5%). Base metals: LME copper +0.5%, nickel +0.2%, aluminium -1.6%. Iron ore \$54.8/t +1.4% Chinese steel rebar futures +2.1%. Soft commodities spot futures: wheat +0.5%, sugar +3.5%, cotton +4.0%, coffee -1.5%. Euro Dec 14 CO2 emissions at €7.29/t (2.4%). The AUD/USD's range overnight 0.7711-0.7790; indicative range today 0.7750-0.7800; the AUD/USD is 0.7778 now**
- **Euro-zone Manufacturing PMI (Apr, prelim) 51.9 (L: 52.2; E: 52.6); EZ Services PMI (Apr, prelim) 53.7 (L: 54.2; E: 54.5); UK Retail sales (Mar) -0.5%/4.2% (L: 0.7%/5.7%; E: 0.4%/5.4%)**
- **US initial jobless claims (w/e 18 Apr, payroll survey week) 295K (L: 294K; E: 287K); New home sales (Mar) 481K/-11.4% (L: 539K/7.8%; E: 515K/-4.5%); Kansas City Fed mfg (Apr) -7 (L: -4; E: -2); Markit Manufacturing (Apr) 54.2 (L: 55.7; E: 55.7)**

Good luck.

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Chart of the day: US drillers' orders under pressure



Markets

AUD/USD- past week



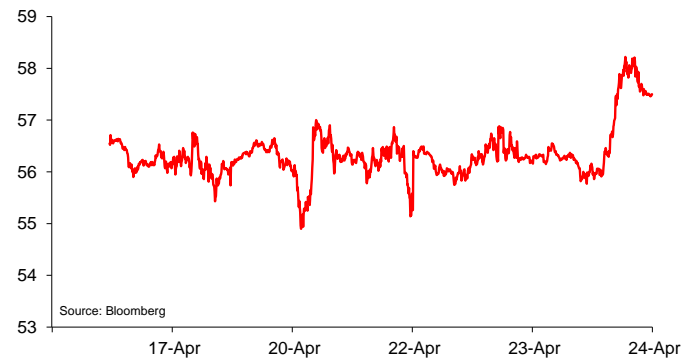
US 10 year bonds- past week



S&P 500 futures- past week



WTI futures- past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7778	0.0	0.7777	0.7779	HKD	7.7500 0.0
NZD	0.7594	0.5	0.7536	0.7606	CNY	6.1981 0.0
EUR	1.0823	0.8	1.0731	1.0846	SGD	1.3415 -0.4
GBP	1.5058	0.3	1.4980	1.5071	IDR	12,955 0.1
JPY	119.56	-0.3	119.42	120.09	THB	32.44 -0.1
CAD	1.2148	-0.7	1.2121	1.2250	KRW	1,081 -0.1
AUD/EUR	0.7186	-0.1			TWD	31.01 -0.2
AUD/JPY	92.98	0.4			PHP	44.20 -0.2
AUD/GBP	0.5165	0.4			CHF	0.95 -1.1
AUD/NZD	1.0238	0.2			SEK	8.64 -1.2

Equities

Major Indices	Last	% day	% year
	Dow	18,059	0.1
S&P 500	2,113	0.2	12.7
Nasdaq	5,056	0.4	22.5
VIX Index	12.48	-1.8	-6.0
FTSE	7,054	0.4	5.7
DAX	11,724	-1.2	22.8
CAC 40	5,179	-0.6	16.4
Nikkei	20,188	0.3	40.1
Shanghai	4,415	0.4	114.6
Hang Seng	27,828	-0.4	23.3
ASX 200	5,845	0.1	5.7

Commodities*

	Last	% day
Oil (Brent)	64.73	3.2
Oil (WTI)	57.48	2.4
Oil (Tapis)	63.10	1.7
Gold	1193.30	0.5
CRB	223.69	1.3
GS Metals	315.0	-0.4
Aluminium	1778	-1.6
Copper	5940	0.5
Nickel	12705	0.2
Zinc	2223	-0.6
Ch. steel	2370	2.1
Iron ore	54.8	1.4
St. coal	61.8	n.a.
Wheat Chic.	510.5	0.5
Sugar	13.03	3.5
Cotton	65.45	4.0
Coffee	141.5	-1.5

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.25	0.28	0.79	2.03	USD 10	1.96	-0.02
AUD	2.25	2.26	2.16	2.86	AUD 10	2.52	0.08 0.56
NZD	3.50	3.60	3.53	3.79	NZD 10	3.36	-0.01 1.40
EUR	0.05	0.06	0.07	0.51	CAD 10	1.48	-0.02 -0.48
GBP	0.50	0.57	0.97	1.79	EUR 10	0.17	0.00 -1.79
JPY	0.09	0.09	0.14	0.52	GBP 10	1.69	-0.02 -0.27
CAD	0.75	1.17	1.02	1.93	JPY 10	0.32	0.01 -1.64

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.83	0.00
3 Yr bond	98.11	0.00
10 Yr bond	97.49	0.00
3/10 sprd	0.63	0.00
SPI	31.0	0.5

CO₂ Emissions - Euros

	Last	% day
Dec-2015	7.29	2.4
Dec-2016	7.37	2.4
Dec-2017	7.49	2.2

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	Time Period	NAB Forecast	Consensus	Actual	Previous	GMT	AEST
Friday, 24 April 2015								
GE	IFO Business Climate	Apr		108.2		107.9	8.00	18.00
GE	IFO Current Assessment	Apr		112.5		112	8.00	18.00
GE	IFO Expectations	Apr		104.5		103.9	8.00	18.00
US	Durable Goods Orders	Mar		0.60%		-1.40%	12.30	22.30
Monday, 27 April 2015								
NZ	ANZAC Holiday observed							
CH	Industrial Profits YoY	Mar					1.30	11.30
US	Markit US Services PMI	Apr P					13.45	23.45
GE	Retail Sales MoM/YoY	Mar					14.00	0.00
EC	European Commission Economic Forecasts						14.00	0.00
US	Dallas Fed Manf. Activity	Apr					14.30	0.30
Tuesday, 28 April 2015								
AU	RBA's Stevens Speech in Sydney						22.40	8.40
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Apr-26					23.30	9.30
AU	Conf. Board Leading Index MoM	Feb				0.4%	0.00	10.00
UK	BBA Loans for House Purchase	Mar					8.30	18.30
UK	GDP QoQ/YoY	1Q A					8.30	18.30
US	S&P/CS 20 City MoM SA	Feb					13.00	23.00
US	S&P/CS Composite-20 YoY	Feb					13.00	23.00
EC	European Commission Economic Forecasts						14.00	0.00
UK	Nationwide House PX MoM	Apr					14.00	0.00
US	Consumer Confidence Index	Apr					14.00	0.00
US	Richmond Fed Manufact. Index	Apr				-8	14.00	0.00
Wednesday, 29 April 2015								
NZ	Trade Balance	Mar				50M	22.45	8.45
NZ	ANZ Activity Outlook	Apr					1.00	11.00
NZ	ANZ Business Confidence	Apr					1.00	11.00
CH	Westpac-MNI Consumer Sentiment	Apr					1.45	11.45
GE	GfK Consumer Confidence	May					6.00	16.00
EC	Business Climate Indicator	Apr					9.00	19.00
EC	Consumer Confidence	Apr F					9.00	19.00
GE	CPI MoM/YoY	Apr P					12.00	22.00
CA	Industrial Product Price MoM	Mar					12.30	22.30
US	GDP Annualized QoQ	1Q A					12.30	22.30
US	Pending Home Sales MoM	Mar					14.00	0.00
CA	Former BOC Governor Dodge speaks in Ottawa						16.00	2.00
US	FOMC Rate Decision	Apr-29					18.00	4.00
Thursday, 30 April 2015								
NZ	RBNZ Official Cash Rate	Apr-30		3.50%		3.50%	21.00	7.00
NZ	Building Permits MoM	Mar					22.45	8.45
UK	GfK Consumer Confidence	Apr					23.05	9.05
AU	Import/export price index QoQ	1Q				0.9%/0.0%	1.30	11.30
AU	Private Sector Credit MoM/YoY	Mar					1.30	11.30
NZ	Money Supply M3 YoY	Mar					3.00	13.00
JN	Bank of Japan Policy Statement/Kuroda Press Conference						3.00	13.00
JN	BOJ Semi Annual Outlook Report						6.00	16.00
GE	Unemployment Rate	Apr					7.55	17.55
EC	ECB Publishes Economic Bulletin						8.00	18.00
EC	Unemployment Rate	Mar					9.00	19.00
EC	CPI Estimate YoY	Apr					9.00	19.00
EC	CPI Core YoY	Apr A					9.00	19.00
US	Employment Cost Index	1Q				0.6%	12.30	22.30
CA	GDP MoM/YoY	Feb					12.30	22.30
CA	Average Weekly Earnings YoY	Feb					12.30	22.30
US	Personal Income/Spending	Mar					12.30	22.30
US	Initial Jobless Claims	Apr-25					12.30	22.30
US	PCE Core MoM / YoY	Mar					12.30	22.30
US	Chicago Purchasing Manager	Apr					13.45	23.45
EC	OECD Economic Outlook						14.00	0.00
Upcoming Central Bank Interest Rate Announcements								
US	Federal Reserve	29-Apr	0%-0.25%	0%-0.25%		0%-0.25%		
New Zealand	RBNZ	30-Apr	3.50%	3.50%		3.50%		
Japan	BoJ	30-Apr	0.0%-0.1%	0.0%-0.1%		0.0%-0.1%		
Australia	RBA	5-May	2.00%	2.00%		2.25%		
UK	BOE	11-May	0.50%	0.50%		0.50%		
Canada	BoC	27-May				0.75%		
Europe	ECB	3-Jun	0.05%	0.05%		0.05%		

GMT: Greenwich Mean Time; AEST: Australian Eastern Standard Time

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