



Markets Today

A daily outlook for Australia, key global economies and markets

29 April 2015

\$A tops the leaderboard overnight, AUD/USD up over 0.80

The overnight session was one of US\$ weakness and \$A strength, trades that gathered momentum early in the London session, a session marked by a big miss on US consumer confidence. The Euro has tested 1.10, while the AUD/USD is up over 2% trading above 0.80 this morning, the Bloomberg US\$ spot index off 0.59% and the Aussie higher on the crosses. The US\$ selling was underway before the consumer confidence report hit the screen but had another leg down in its wake. Even a miss on UK GDP that printed at 0.3% for Q1 (against 0.5% expected) was a mere speed bump in US\$ selling against sterling. We also note that the Euro was not harmed by reports that Ireland was planning tax cuts and spending increases in its 2016 Budget, indications the Republic has turned the corner. Reported overnight, Irish retail volumes (+9.2% y/y) and property prices (+16.8% y/y) surged in March.

There's been lots of analysts' soul searching why the Conference Board measure of consumer confidence did not move in step with modest rise in the UoM measure. We would note that the Conference Board measure is often watched for what it says about US consumers' perceptions of the job market. On that score the "Jobs Plentiful Index" (Jobs plentiful-jobs hard to get net balance) worsened to -7.3 from -4.5, the lowest since December and not unlike overall confidence. Regionally, most broad multi-state survey areas in fact rose but the West Central region was fell 13 points, the region that includes Oklahoma and Texas, affected by the downturn in oil and gas. The Dallas Fed Manufacturing index has also moved into contractionary territory this year.

In the wash up, the AUD is at the top of the FX leader board this morning, spot iron ore price up again yesterday by \$0.79 to \$59.88/t and higher on the crosses. Gold and metal prices rose somewhat too, though the softness in the \$US would explain a good deal of that. China yesterday announced measures to support local government financing.

We head into tonight's US GDP report and FOMC with the \$US looking vulnerable to any growth weakness and signs that Fed might delay rate lift-off.

Coming up today/ tonight

NZ's March trade report and the ANZ NZ Business Survey are out this morning. The \$424m monthly surplus we anticipate (versus \$392m market median) is flattered by seasonality. The real story is the annual balance that we think will go further into deficit to \$2.66b from weak dairy prices. We are watching the ANZ business survey for any signs of weakness.

German regional CPIs are to be released early this evening ahead of the preliminary Germany CPI for April as well as the monthly EC Confidence Surveys for April. The Business Climate Indicator is expected to ease to 0.2 from 0.23.

And then the focus hones in on the US, first with GDP and then tomorrow morning with the FOMC announcement, will be whether the headline Q1 US GDP growth is going to be friendly to the \$US or not. With the Atlanta Fed *Nowcast* of Q1 GDP

sitting at just 0.1%, we're a little surprised that analysts do not have a model that's more aligned to this estimate. The consensus for GDP is 1%. Then it'll be whether the detail matches the headline.

As for the FOMC, three things to watch for me. 1) How the statement characterises the economy and we'd expect some downgrade from "growth has moderated somewhat"; 2) how they describe the factors behind the slowing and the relative importance of the weather; 3) an update from March's statement when they removed patient but said April was "unlikely"; will they say the same that about June? That seems likely and an open book beyond then, the Fed totally dependent on the data flow and how temporary the slowdown is.

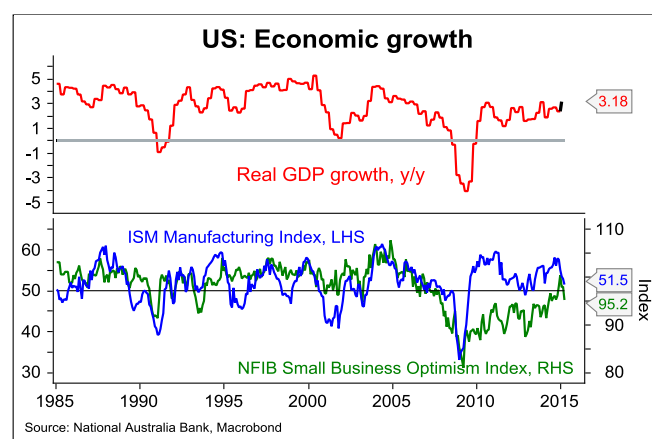
Overnight

- \$A tops the leader board overnight: Eurostoxx 600 -1.5%, Dax -1.9%, CAC -1.8%, FTSE -1.0%. Dow +72 points to 18,110, +0.4%, S&P 500 +0.4%, Nasdaq +0.3%, VIX 12.41 -5.4%. Mumbai -1.1%, Nikkei 225 -0.1% and ASX 200 +0.8%; ASX SPI futures this morning +0.2%. US bond yields: 2s at 0.56% (4), 10s at 2.00% (+8). WTI oil at \$57.02 (+0.1%), Brent at \$64.64 (-0.3%), Malaysian Tapis (yesterday) \$65.10 (-0.2%). Gold at \$1211.60/oz (+0.7%). Base metals: LME copper +0.9%, nickel -0.8%, aluminium +2.0%. Iron ore \$59.9/t +1.3% Chinese steel rebar futures -0.2%. Soft commodities spot futures: wheat +0.7%, sugar -1.2%, cotton +0.2%, coffee 1.1%. Euro Dec 14 CO2 emissions at €7.39/t (2.8%). The AUD/USD's range overnight 0.7866-0.8028; indicative range today 0.7975-0.8050; the AUD/USD is 0.8022 now**
- UK GDP (Q1) 0.3%/2.4% (L: 0.6%/3.0%; E: 0.6%/2.7%)**
- US Conference Board Consumer confidence (Apr) 95.2 (L: 101.3; E: 102.5); Richmond Fed Manufacturing (Apr) -3 (L: -8; E: -2); Case-Shiller 20 cities house prices (Feb) 0.93%/5.03% (L: 0.87%/4.6%; E: 0.7%/4.7%)**

Good luck.

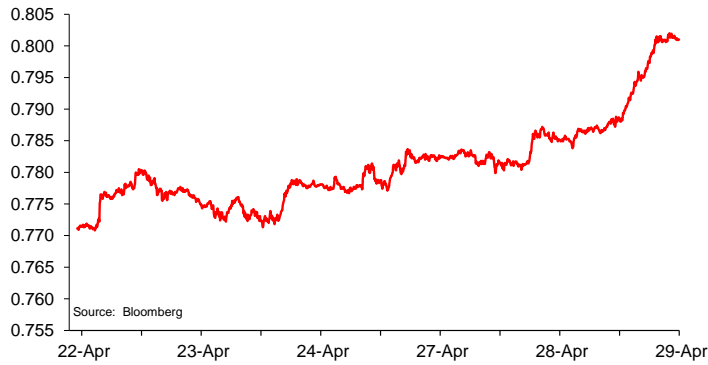
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Chart of the day: US y/y growth benefits from low base effect



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	0.8022	0.0	0.8021	0.8025	HKD	7.7502 0.0
NZD	0.7721	0.4	0.7676	0.7742	CNY	6.2028 0.0
EUR	1.0981	0.4	1.0917	1.0992	SGD	1.3175 -0.4
GBP	1.5340	0.3	1.5272	1.5344	IDR	12,941 -0.1
JPY	118.87	0.0	118.77	119.14	THB	32.61 0.0
CAD	1.2031	-0.2	1.2015	1.2100	KRW	1,065 -0.4
AUD/EUR	0.7307	0.7			TWD	30.46 -0.1
AUD/JPY	95.35	1.0			PHP	44.17 -0.1
AUD/GBP	0.5229	0.6			CHF	0.96 0.0
AUD/NZD	1.0390	1.0			SEK	8.52 -0.7

Equities

Major Indices			
	Last	% day	% year
Dow	18,110	0.4	10.1
S&P 500	2,115	0.3	13.1
Nasdaq	5,055	-0.1	24.1
VIX Index	12.41	-5.4	-11.2
FTSE	7,031	-1.0	4.9
DAX	11,812	-1.9	25.0
CAC 40	5,173	-1.8	16.0
Nikkei	20,059	0.4	40.4
Shanghai	4,476	-1.1	121.6
Hang Seng	28,443	0.0	26.7
ASX 200	5,949	-0.6	8.4

Commodities*

	Last	% day
Oil (Brent)	64.64	-0.3
Oil (WTI)	57.02	0.1
Oil (Tapis)	65.10	-0.2
Gold	1211.60	0.7
CRB	224.69	0.3
GS Metals	327.7	0.9
Aluminium	1874	2.0
Copper	6118	0.9
Nickel	13445	-0.8
Zinc	2295	-0.2
Ch. steel	2402	-0.2
Iron ore	59.9	1.3
St. coal	61.8	n.a.
Wheat Chic.	485.8	0.7
Sugar	13.22	-1.2
Cotton	66.39	0.2
Coffee	138.6	1.1

Interest Rates

Indicative Swap Rates				Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.25	0.28	0.80	2.09	USD 10	2.00	0.08
AUD	2.25	2.24	2.21	2.96	AUD 10	2.56	0.06 0.55
NZD	3.50	3.64	3.53	3.83	NZD 10	3.40	0.02 1.39
EUR	0.05	0.06	0.06	0.51	CAD 10	1.56	0.09 -0.45
GBP	0.50	0.57	0.97	1.79	EUR 10	0.16	0.00 -1.84
JPY	0.09	0.09	0.14	0.52	GBP 10	1.70	0.00 -0.31
CAD	0.75	1.17	1.05	2.01	JPY 10	0.30	-0.01 -1.70

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.83	-0.01
3 Yr bond	98.04	-0.04
10 Yr bond	97.39	-0.07
3/10 sprd	0.65	0.03
SPI	12.0	0.2

CO₂ Emissions - Euros

	Last	% day
Dec-2015	7.39	2.8
Dec-2016	7.47	2.8
Dec-2017	7.60	2.7

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
Wednesday, 29 April 2015								
NZ	Trade Balance	Mar	424M	360M		50M	22.45	8.45
NZ	ANZ Activity Outlook/Business Confidence	Apr				42.2/35.8	1.00	11.00
CH	Westpac-MNI Consumer Sentiment	Apr				114.7	1.45	11.45
GE	GfK Consumer Confidence	May					6.00	16.00
EC	Business Climate Indicator	Apr		0.27		0.23	9.00	19.00
GE	CPI MoM/YoY	Apr P		-0.1%/0.4%		0.5%/0.3%	12.00	22.00
US	GDP Annualized QoQ	1Q A		1.0%		2.2%	12.30	22.30
US	Pending Home Sales MoM	Mar		1.0%		3.1%	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%		3.50%	21.00	7.00
NZ	Building Permits MoM	Mar				-6.3%	22.45	8.45
UK	GfK Consumer Confidence	Apr		4		4	23.05	9.05
AU	Import/export price index QoQ	1Q		1.0%/0.0%		0.9%/0.0%	1.30	11.30
AU	Private Sector Credit MoM/YoY	Mar	0.6%/6.3%	0.5%/6.3%		0.5%/6.2%	1.30	11.30
AU	NAB Quarterly SME Business Survey, Confidence/Conditions	1Q				1/2	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		6.4%		6.4%	7.55	17.55
EC	ECB Publishes Economic Bulletin						8.00	18.00
EC	Unemployment Rate	Mar		11.20%		11.3%	9.00	19.00
EC	CPI Estimate YoY	Apr		0.0%			9.00	19.00
EC	CPI Core YoY	Apr A		0.6%		0.6%	9.00	19.00
US	Employment Cost Index	1Q		0.6%		0.6%	12.30	22.30
CA	GDP MoM/YoY	Feb		-0.2%/--		-0.1%/2.4%	12.30	22.30
CA	Average Weekly Earnings YoY	Feb					12.30	22.30
US	Personal Income/Spending	Mar		0.2%/0.5%		0.4%/0.1%	12.30	22.30
US	Initial Jobless Claims	Apr-25					12.30	22.30
US	PCE Core MoM / YoY	Mar		0.1%/1.4%		0.1%/1.4%	12.30	22.30
US	Fed's Tarullo speaks to Community Bankers in Washington (V)						12.30	22.30
US	Chicago Purchasing Manager	Apr		49.5		46.3	13.45	23.45
EC	OECD Economic Outlook						14.00	0.00
Friday, 1 May 2015								
AU	AIG Perf of Mfg Index	Apr				46.3	23.30	9.30
JN	Jobless Rate	Mar		3.5%		3.5%	23.30	9.30
JN	Natl CPI YoY	Mar		2.2%		2.2%	23.30	9.30
AU	CoreLogic RP Data House Px MoM	Apr				1.4%	0.00	10.00
CH	Manufacturing/Non-manufacturing PMI	Apr		50/--		50.1/53.7	1.00	11.00
JN	Markit/JMMA Japan Manufacturing PMI	Apr F				49.7	1.35	11.35
AU	Commodity Index YoY	Apr				-19.7%	6.30	16.30
US	Fed's Mester Speaks at FRB Philadelphia Conference (Alt)						12.30	22.30
CA	RBC Canadian Manufacturing PMI	Apr				48.9	13.30	23.30
US	Markit US Manufacturing PMI	Apr F				54.2	13.45	23.45
US	Construction Spending MoM	Mar		0.5%		-0.1%	14.00	0.00
US	ISM Manufacturing	Apr		52		51.5	14.00	0.00
US	U. of Mich. Sentiment	Apr F		96		95.9	14.00	0.00
US	Fed's Williams Speaks at Chapman University Conference (V)						19.45	5.45
Monday, 4 May 2015								
AU	TD Securities Inflation MoM/YoY	Apr				0.4%/1.5%	0.30	10.30
NZ	ANZ Commodity Price	Apr				4.6%	1.00	11.00
AU	ANZ Job Advertisements MoM	Apr				-1.4%	1.30	11.30
AU	Building Approvals MoM	Mar				-3.2%	1.30	11.30
CH	HSBC China Manufacturing PMI	Apr F				49.2	1.45	11.45
GE	Markit/BME Germany Manufacturing PMI	Apr F					7.55	17.55
EC	Markit Eurozone Manufacturing PMI	Apr F					8.00	18.00
US	Factory Orders	Mar				0.20%	14.00	0.00
US	Fed's Evans Speaks on Economy and Monetary Policy in Indiana (V)						16.25	2.25
Tuesday, 5 May 2015								
AU	RBA CIO Gim Gives Speech in Sydney						21.30	7.30
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	May-03					23.30	9.30
AU	AiG Perf of Services Index	Apr				50.2	23.30	9.30
NZ	QV House Prices YoY	Apr				7.7%	0.00	10.00
AU	Trade Balance	Mar				-1256M	1.30	11.30
AU	RBA Cash Rate Target	May-05		2.00%		2.25%	4.30	14.30
UK	Markit/CIPS UK Construction PMI	Apr				57.8	8.30	18.30
CA	Int'l Merchandise Trade	Mar				-0.98B	12.30	22.30
US	Trade Balance	Mar				-\$35.4B	12.30	22.30
US	Markit US Services PMI	Apr F					13.45	23.45
UK	Halifax House Prices MoM / 3mths/year	Apr				0.4%/8.1%	14.00	0.00
US	ISM Non-Manf. Composite	Apr				56.5	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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