



Markets Today

A daily outlook for Australia, key global economies and markets

22 May 2015

Manufacturing a recovery of sorts

The Euro-zone preliminary PMI readings for May hit the screens early in the European session, revealing something of a net recovery for the Euro-zone, the manufacturing index up to 52.3 from 52.0. France did better (strictly less worse at 49.3 from 48.0), while Germany slipped to 51.4 from 52.1. The small net improvement was a tad better than expected and gave some support to the Euro mid-session in the lead up to the US session and data.

A tripartite heads of state meeting between Hollande, Merkel and Tsipras is taking place after a EU Heads of State meeting in Riga, Latvia. Hollande has been on the wires expressing confidence a deal can be struck by FinMins on Greece by late May/ early June.

Sterling was the one currency that did get a noticeable boost after the release of much better than expected April retail sales, rising by 1.2% against expectations of a 0.4% increase. The ONS put this down to better weather and is a positive start to consumer spending for this quarter.

There was a swathe of US data, two regional manufacturing reports for May (both missing expectations), jobless claims broadly in line, the Chicago Fed national activity index missing as did the Existing Home sales report. Though not the most sensitive reports, they play a little into the softer US story; the Leading Index was the exception, boosted by the recently reported jump in building permits.

The US Bureau of Economic Analysis is saying that they are re-examining the seasonal adjustment of GDP with hints of still residual Q1 weakness claimed by some, including some regional Feds, though not apparently by the Fed researchers in Washington. Watch this space for any update that would be reflected in revisions when the Bureau publishes their preliminary Q2 GDP report on July 30.

The ECB's Draghi and Fed Vice-Chair Stanley have been speaking at an event in Portugal on EU unemployment, Draghi saying that while growth has improved somewhat, growth is still too low everywhere. Fischer has said that the Euro appeared to have weathered the crisis but that it would only be a success if it brought prosperity to its members.

Meanwhile, the AUD/USD has been marking time, trading in a 40 point range overnight and opens this morning close to 0.79 amid a rise in the spot iron ore prices yesterday, up \$0.79 to \$57.91.

Coming up today/tonight

A relatively quiet data lies ahead as far as scheduled data is concerned with no local AU data. NZ has its May ANZ Consumer Confidence report.

San Francisco Fed President John Williams (voter) is speaking at 9.00am this morning on central bank governance.

Germany releases a breakdown of its overall Q1 GDP as well as possible revisions, though no revision is expected from the preliminary +0.3%/1.0% estimate. That's due at 4.00pm AEST. That report will obviously be watched but there'll be more intense

interest in the May German Ifo report with a slight slippage in activity expected after last month's lift. ECB President Draghi is scheduled to speak again in Portugal, as is BoE Governor Mark Carney. Then focus shifts to the US April CPI (as well as the Canadian CPI and retail sales) with Fed Chair Yellen speaking as well. The US Memorial Day holiday on Monday might well see lighter liquidity in tonight's session.

Overnight

- Equities higher in Europe and in the US: Eurostoxx 600 +0.4%, Dax +0.1%, CAC +0.3%, FTSE +0.1%. Dow +0 points to 18,286, +0.0%, S&P 500 +0.0%, Nasdaq +0.2%, VIX 12.11 -6.0%. Mumbai +1.9%, Nikkei 225 +0.4% and ASX 200 -0.1%; ASX SPI futures this morning +0.3%. US bond yields: 2s at 0.57% (-1), 10s at 2.19% (-6). WTI oil at \$60.69 (+2.9%), Brent at \$66.50 (+2.3%), Malaysian Tapis (yesterday) \$67.26 (+2.0%). Gold at \$1205.90/oz (-0.2%). Base metals: LME copper +0.5%, nickel -0.9%, aluminium -0.6%. Iron ore \$57.9/t +1.4% Chinese steel rebar futures +0.6%. Soft commodities spot futures: wheat +1.8%, sugar -0.8%, cotton -0.7%, coffee -5.6%. Euro Dec 14 CO2 emissions at €7.33/t (-0.7%). The AUD/USD's range overnight 0.7867-0.7911; indicative range today 0.7870-0.7920; the AUD/USD is 0.7895 now**
- Euro-zone Manufacturing PMI (May P) 52.3 (L: 52.0; E: 51.8); Germany 51.4 (L: 52.1; E: 52.0); France 49.3 (L: 48.0; E: 48.5)**
- UK Retail Sales (Apr) +1.2% (L: -0.5%; E: 0.4%)**
- Chicago Fed National Activity Index (Apr) -0.15 (L: 264K; E: 0.00); Jobless claims (w/e 16; payrolls survey week) 274K (L: 264K; E: 270K); Philly Fed index (May) 6.7 (L: 7.5; E: 8.0); Existing Home Sales -3.3% (L: +6.1%; E: 0.8%); Leading Index (Apr) +0.7% (L: +0.2%; E: +0.3%); Kansas City Fed manufacturing (May) -13 (L: -7; E: -4)**

Good luck.

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Chart of the day: German Ifo pointing to an upturn

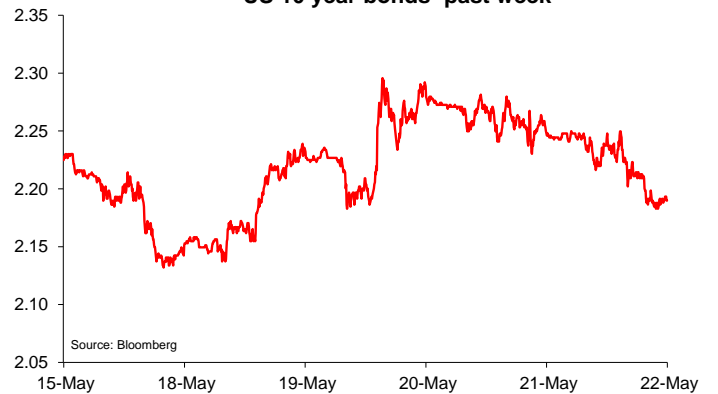


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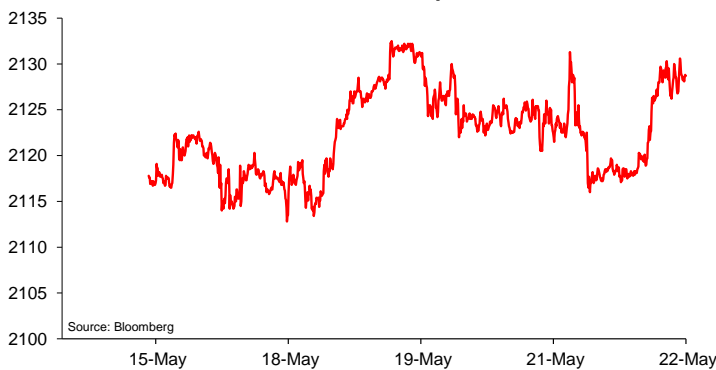
AUD/USD- past week



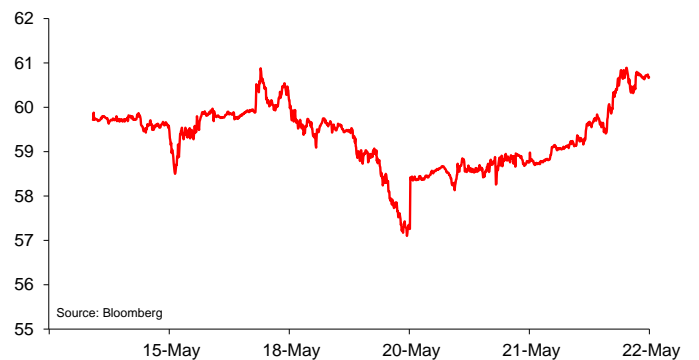
US 10 year bonds- past week



S&P 500 futures- past week



WTI futures- past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7895	0.0	0.7893	0.7898	HKD	7.7537 0.0
NZD	0.7349	0.4	0.7293	0.7354	CNY	6.1950 0.0
EUR	1.1116	-0.4	1.1104	1.1166	SGD	1.3358 0.1
GBP	1.5664	-0.1	1.5644	1.5701	IDR	13,121 -0.1
JPY	121.03	0.0	120.93	121.27	THB	33.41 0.0
CAD	1.2198	0.0	1.2187	1.2243	KRW	1,093 -0.1
AUD/EUR	0.7104	0.5			TWD	30.43 0.0
AUD/JPY	95.55	0.0			PHP	44.51 0.1
AUD/GBP	0.5041	0.2			CHF	0.94 0.5
AUD/NZD	1.0744	-0.4			SEK	8.32 0.5

Equities

Major Indices			
	Last	% day	% year
Dow	18,286	0.0	10.6
S&P 500	2,131	0.2	12.9
Nasdaq	5,091	0.4	23.2
VIX Index	12.11	-6.0	1.7
FTSE	7,013	0.1	2.8
DAX	11,865	0.1	22.3
CAC 40	5,147	0.3	15.2
Nikkei	20,203	0.0	40.9
Shanghai	4,529	1.9	124.1
Hang Seng	27,524	-0.2	19.9
ASX200	5,662	0.9	3.3

Commodities*

	Last	% day
Oil (Brent)	66.50	2.3
Oil (WTI)	60.69	2.9
Oil (Tapis)	67.26	2.0
Gold	1205.90	-0.2
CRB	228.24	0.8
GS Metals	320.7	0.1
Aluminium	1773	-0.6
Copper	6252	0.5
Nickel	13000	-0.9
Zinc	2190	-0.5
Ch. steel	2346	0.6
Iron ore	57.9	1.4
St. coal	61.8	n.a.
Wheat Chic.	529.5	1.8
Sugar	12.49	-0.8
Cotton	63.73	-0.7
Coffee	128.5	-5.6

Interest Rates

Indicative Swap Rates				Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.25	0.28	0.84	2.25	USD 10	2.19	-0.06
AUD	2.00	2.13	2.13	3.21	AUD 10	2.94	-0.03 0.75
NZD	3.50	3.49	3.38	3.99	NZD 10	3.77	0.02 1.58
EUR	0.05	0.06	0.11	0.96	CAD 10	1.75	-0.05 -0.44
GBP	0.50	0.57	1.02	2.05	EUR 10	0.64	0.01 -1.55
JPY	0.09	0.10	0.15	0.61	GBP 10	1.98	0.00 -0.21
CAD	0.75	1.17	1.06	2.16	JPY 10	0.41	0.02 -1.78

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.86	0.00
3 Yr bond	97.95	0.02
10 Yr bond	97.09	0.00
3/10 sprd	0.87	0.02
SPI	19.0	0.3

CO₂ Emissions - Euros

	Last	% day
Dec-2015	7.33	-0.7
Dec-2016	7.42	-0.5
Dec-2017	7.52	-0.7

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
Friday, 22 May 2015								
AU	RBA Payment System Board Meeting							
NZ	ANZ Consumer Confidence MoM	May				3.4%	1.00	11.00
JN	Bank of Japan Policy Statement/Kuroda Press Conference						3.00	13.00
GE	GDP SA QoQ / NSA YoY	1Q F		0.3%/1.1%		0.3%/1.1%	6.00	16.00
GE	Ifo Business Climate	May		108.3		108.6	8.00	18.00
GE	Ifo Current Assessment	May		113.5		113.9	8.00	18.00
GE	Ifo Expectations	May		103		103.5	8.00	18.00
US	CPI MoM/YoY	Apr		0.1%/-0.2%		0.2%/-0.1%	12.30	22.30
CA	CPI NSA MoM / CPI YoY	Apr		0.1%/1.0%		0.7%/1.2%	12.30	22.30
CA	Retail Sales	Mar		0.3%		1.7%	12.30	22.30
US	CPI YoY	Apr		-0.2%		-0.1%	12.30	22.30
US	Markit US Manufacturing PMI	May P		54.5		54.1	13.45	23.45
US	Fed's Yellen Speaks in Providence						17.00	3.00
Monday, 25 May 2015								
JN	Trade Balance Adjusted	Apr				¥3.3B	23.50	9.50
US	Fed's Mester Speaks to Academic Conference in Reyjavik (Alt)						16.00	2.00
Tuesday, 26 May 2015								
NZ	Trade Balance	Apr					22.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	May-24					23.30	9.30
US	Durable Goods Orders	Apr					12.30	22.30
US	FHFA House Price Index MoM	Mar				0.7%	13.00	23.00
US	House Price Purchase Index QoQ	1Q				1.4%	13.00	23.00
US	S&P/CS 20 City MoM SA	Mar					13.00	23.00
US	S&P/CS Composite-20 YoY	Mar					13.00	23.00
US	New Home Sales	Apr					14.00	0.00
US	Consumer Confidence Index	May					14.00	0.00
US	Richmond Fed Manufact. Index	May					14.00	0.00
US	Dallas Fed Manf. Activity	May					14.30	0.30
Wednesday, 27 May 2015								
JN	Bank of Japan April 30 meeting minutes						23.50	9.50
AU	Westpac Leading Index MoM	Apr				-0.3%	0.30	10.30
AU	Construction Work Done	1Q				-0.2%	1.30	11.30
CH	Industrial Profits YoY	Apr					1.30	11.30
CH	Westpac-MNI Consumer Sentiment	May					1.45	11.45
GE	GfK Consumer Confidence	Jun					6.00	16.00
US	MBA Mortgage Applications	May-22					11.00	21.00
US	Markit US Services PMI	May P					13.45	23.45
GE	Retail Sales MoM	Apr					14.00	0.00
CA	Bank of Canada Rate Decision	May-27		0.75%		0.75%	14.00	0.00
Thursday, 28 May 2015								
JN	Retail Sales MoM	Apr					23.50	9.50
JN	Large Retailers' Sales	Apr					23.50	9.50
AU	Private Capital Expenditure	1Q				-2.2%	1.30	11.30
EC	Economic Confidence	May					9.00	19.00
EC	Business Climate Indicator	May					9.00	19.00
EC	Industrial/Services/Consumer Confidence	May//F					9.00	19.00
CA	Current Account Balance	1Q				-\$13.9B	12.30	22.30
US	Initial Jobless Claims	May-23					12.30	22.30
AU	CBA/HIA House Affordability	1Q				96.2	14.00	0.00
US	Pending Home Sales MoM	Apr					14.00	0.00
Friday, 29 May 2015								
NZ	Building Permits MoM	Apr					22.45	8.45
UK	GfK Consumer Confidence	May					23.05	9.05
JN	Jobless Rate	Apr					23.30	9.30
JN	Natl CPI YoY	Apr					23.30	9.30
JN	Industrial Production MoM	Apr P					23.50	9.50
AU	HIA New Home Sales MoM	Apr					1.00	11.00
NZ	ANZ Activity Outlook/Business Confidence	May					1.00	11.00
AU	Private Sector Credit MoM/YoY	Apr					1.30	11.30
NZ	Money Supply M3 YoY	Apr					3.00	13.00
UK	GDP QoQ/YoY	1Q P					8.30	18.30
CA	Quarterly GDP Annualized	1Q				2.4%	12.30	22.30
CA	GDP MoM/YoY	Mar					12.30	22.30
US	GDP Annualized QoQ	1Q S					12.30	22.30
US	Chicago Purchasing Manager	May					13.45	23.45
US	U. of Mich. Sentiment	May F					14.00	0.00
Upcoming Central Bank Interest Rate Announcements								
Japan, BoJ		22-May	0.0%-0.1%	0.0%-0.1%		0.0%-0.1%		
Canada, BoC		27-May				0.75%		
Australia, RBA		2-Jun	2.00%	2.00%		2.00%		
Europe ECB		3-Jun	0.05%	0.05%		0.05%		
UK BOE		4-Jun	0.50%	0.50%		0.50%		
New Zealand, RBNZ		11-Jun	3.50%	3.50%		3.50%		
US Federal Reserve		18-Jun				0%-0.25%		

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

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