



Markets Today

A daily outlook for Australia, key global economies and markets

25 June 2015

11 days of 11th hour negotiations

It sure feels like it. It's still Greek news setting the pace for the market. After some enthusiasm (well hope anyway) that a deal was well on the way, the IMF has, according to press reports, thrown a spanner in the works demanding abolition of early retirement pensions (rather than increased contributions) and a tougher line on VAT rises. Greek PM Tsipras met with EC President Juncker, IMF's Lagarde, ECB's Draghi, and EuroGroup's Dijsselbloem for an extended session but there's still no word from Tsipras. Creditors are still saying there'll be no talk of debt relief/ restructuring until a reform package is agreed.

Separately, the EuroGroup (Euro FinMins) met but without a result and are meeting again tonight. Tsipras was also meeting again with JLDD as we write this so the market will be alert to wire news through our day today and with more meetings tonight. Remaining sticking points apparently remain over the early retirement pensions, VAT changes, bailout extension time (3m/6m?). There's the EU leaders' Summit tonight and though Tusk said earlier in the week that this meeting would not be one for technical negotiations, it might well require heads of state intervention to seal a deal that would also have to be passed by the Greek Parliament with the June 30 IMF deadline looming.

There was a bid tone to Treasuries and German bunds, yields on both easing somewhat, though Euro periphery bonds also mostly rallied. Equities fell in Europe and in the US, European sentiment also not helped by a weaker than expected German Ifo Business Survey after nine months of improvement. And it was as much in the "current assessment" as in "expectations". US Q1 GDP was revised from -0.7% to -0.2%, as expected.

The USD has been only marginally stronger overall, the AUD losing some ground overnight to test below 0.77 for a time, trading just above the figure this morning. For what it's worth, yesterday's second tier China consumer sentiment was mildly positive and spot iron ore is up \$1.19 overnight.

Finally, and as a postscript to yesterday, the IMF released its Concluding Statement at the conclusion of its Article IV consultation with Australia, with uncontentious content and policy recommendations. The Fund recommended monetary policy should be ready to ease further if needed, noted APRA action to address housing risks and recommended that fiscal repair not be front loaded, also wanting more public investment.

Coming up today/tonight

No market sensitive Australian data today. There's the ABS Job Vacancies report for May, a more comprehensive reading on job availability and prospective employment. We've detected that very recent labour demand releases (ANZ Job Ads, SEEK and yesterday's skilled vacancies) have softened again, signalling that the pick-up in employment may well slow again. As some counter, net immigration inflows to March have shown some signs of slowing, pointing to some slight moderation in population growth, lowering the employment growth hurdle rate needed to stabilise the unemployment rate. In that regard, the Statistician is today publishing its population estimates for the end of

December. This, and the related net immigration data for March, could yet have some bearing in the estimates of population used in the monthly labour force reports. Population growth had already slowed from 1.8% y/y to September 2013 to 1.5% by September 2014. NAB's Consumer Anxiety Survey for Q2, outlining the latest factors affecting anxiety, is also being released today.

If the market does not consumed with Greece, the main focus in the US will be weekly jobless claims and the May personal income, spending and PCE deflators report, that report helping analysts firm up estimates for prospective consumption growth in Q2. Retail sales for May point to some acceleration in spending, the consensus looking for nominal growth of 0.7% and real growth of 0.5%. The market will also be very watchful of the deflators, the market looking for steady 0.1%/1.2% annual growth in the core PCE deflator.

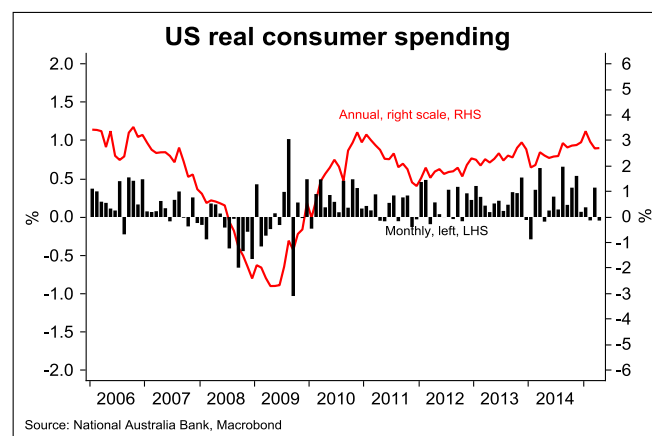
Overnight

- Greece negotiations hitting potholes: Eurostoxx 600 -0.4%, Dax -0.6%, CAC -0.2%, FTSE +0.1%. Dow -178 points to 17,966, -1.0%, S&P 500 -1.0%, Nasdaq -0.7%, VIX 13.26 +9.5%. Mumbai +2.5%, Nikkei 225 -0.7% and ASX 200 -0.3%; ASX SPI futures this morning -0.2%. US bond yields: 2s at 0.68% (0), 10s at 2.37% (-4). WTI oil at \$60.25 (-1.2%), Brent at \$63.54 (-1.4%), Malaysian Tapis (yesterday) \$65.88 (+3.0%). Gold at \$1174.40/oz (-0.2%). Base metals: LME copper -0.7%, nickel -0.7%, aluminium -0.5%. Iron ore \$62.5/t +1.9% Chinese steel rebar futures -0.2%. Soft commodities spot futures: wheat -0.7%, sugar +2.1%, cotton +0.1%, coffee 4.2%. Euro Dec 14 CO2 emissions at €7.51/t (-0.1%). The AUD/USD's range overnight 0.7683-0.7772; indicative range today 0.7670-0.7730; the AUD/USD is 0.7704 now**
- German Ifo Survey (June) 107.4 (L: 108.5; E: 108.1); US GDP (Q1, final) revised to -0.2% from -0.7% (E: -0.2%)**

Good luck.

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Chart of the day: US household consumption

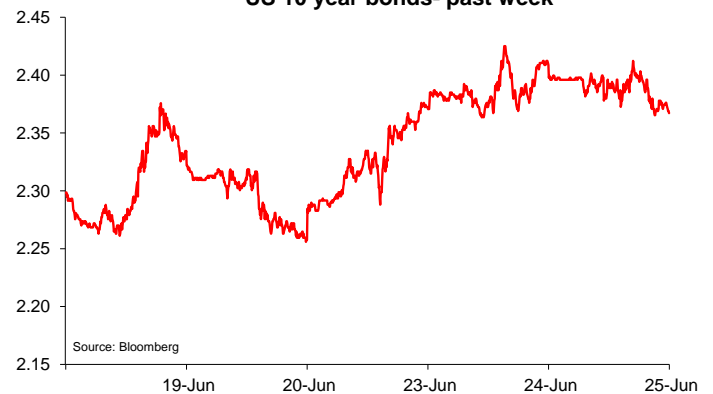


Markets

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	0.7704	0.0	0.7702	0.7705	HKD	7.7524 0.0
NZD	0.6888	0.1	0.6850	0.6908	CNY	6.2073 0.0
EUR	1.1206	0.0	1.1168	1.1222	SGD	1.3433 -0.1
GBP	1.5706	-0.3	1.5667	1.5771	IDR	13,305 0.0
JPY	123.88	0.0	123.76	124.38	THB	33.78 0.0
CAD	1.2386	0.7	1.2300	1.2423	KRW	1,109 -0.1
AUD/EUR	0.6875	-0.5			TWD	30.98 0.1
AUD/JPY	95.41	-0.5			PHP	45.08 0.0
AUD/GBP	0.4904	-0.2			CHF	0.93 0.2
AUD/NZD	1.1183	-0.6			SEK	8.24 0.2

Equities

Major Indices			
	Last	% day	% year
Dow	17,966	-1.0	6.8
S&P 500	2,109	-0.7	8.1
Nasdaq	5,122	-0.7	17.7
VIX Index	13.26	9.5	9.3
FTSE	6,845	0.1	0.9
DAX	11,471	-0.6	15.4
CAC 40	5,045	-0.2	11.7
Nikkei	20,868	0.3	36.7
Shanghai	4,690	2.5	131.6
Hang Seng	27,405	0.3	19.8
ASX200	5,687	0.0	5.3

Commodities*

	Last	% day
Oil (Brent)	63.54	-1.4
Oil (WTI)	60.25	-1.2
Oil (Tapis)	65.88	3.0
Gold	1174.40	-0.2
CRB	224.04	-0.1
GS Metals	300.9	-0.6
Aluminium	1716	-0.5
Copper	5739	-0.7
Nickel	12770	-0.7
Zinc	2044	-0.5
Ch. steel	2235	-0.2
Iron ore	62.5	1.9
St. coal	61.8	n.a.
Wheat Chic.	535.0	-0.7
Sugar	12.02	2.1
Cotton	64.59	0.1
Coffee	135.1	4.2

Interest Rates

Indicative Swap Rates				Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.25	0.28	0.90	2.46	USD 10	2.37	-0.04
AUD	2.00	2.16	2.15	3.38	AUD 10	3.05	-0.02 0.68
NZD	3.25	3.26	3.10	3.97	NZD 10	3.73	0.00 1.36
EUR	0.05	0.06	0.13	1.17	CAD 10	1.77	-0.06 -0.59
GBP	0.50	0.57	1.16	2.24	EUR 10	0.84	-0.03 -1.52
JPY	0.09	0.10	0.15	0.64	GBP 10	2.13	0.02 -0.24
CAD	0.75	1.17	1.01	2.24	JPY 10	0.46	0.00 -1.90

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.88	0.00
3 Yr bond	97.94	0.03
10 Yr bond	96.92	0.06
3/10 sprd	1.02	-0.03
SPI	-12.0	-0.2

CO₂ Emissions - Euros

	Last	% day
Dec-2015	7.51	-0.1
Dec-2016	7.59	-0.1
Dec-2017	7.69	-0.1

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
Thursday, 25 June 2015								
AU	Job vacancies	May				0.80%	1.30	11.30
AU	Australian Demographic Statistics	Q4					1.30	11.30
AU	Australian National Accounts: Finance and Wealth	Q1					1.30	11.30
AU	NAB Consumer Anxiety Survey	Q2					1.30	11.30
NZ	High LVR ratio new residential loans, proportion above 80%	May					3.00	13.00
GE	GfK Consumer Confidence	Jul		10.1		10.2	6.00	16.00
EC	ECB speaks at 2015 IIF Europe Summit in Frankfurt						6.15	16.15
EC	ECB's Nuoy speaks at European Parliament						7.00	17.00
EC	ECB's Costa and Brazil's Tombini at meeting of central banks						8.00	18.00
UK	CBI Reported Sales	Jun				51	10.00	20.00
US	Personal Income/Spending	May		0.5%/0.7%		0.4%/0.0%	12.30	22.30
US	PCE Deflator MoM/YoY	May		0.3%/0.2%		0.0%/0.1%	12.30	22.30
US	PCE Core MoM/YoY	May		0.1%/1.2%		0.1%/1.2%	12.30	22.30
US	Initial Jobless Claims	Jun-20		273K		267K	12.30	22.30
US	Markit Composite PMI	Jun P				56	13.45	23.45
US	Markit Services PMI	Jun P		56.5		56.2	13.45	23.45
US	Bloomberg Consumer Comfort	Jun-21					13.45	23.45
US	Kansas City Fed Manf. Activity	Jun				-13	15.00	1.00
CA	BoC's Deputy Governor Schembri speaks					1.55	15.55	1.55
Friday, 26 June 2015								
NZ	Trade Balance	May	-\$114M	-\$M100		\$123M	22.45	8.45
JN	Jobless Rate	May		3.30%		3.30%	23.30	9.30
JN	Job-To-Applicant Ratio	May		1.17		1.17	23.30	9.30
JN	Overall Household Spending YoY	May		3.60%		-1.30%	23.30	9.30
JN	Natl CPI YoY	May		0.40%		0.60%	23.30	9.30
JN	Tokyo CPI YoY	Jun		0.50%		0.50%	23.30	9.30
JN	Tokyo CPI Ex-Fresh Food YoY	Jun		0.10%		0.20%	23.30	9.30
JN	Tokyo CPI Ex Food, Energy YoY	Jun		0.10%		0.10%	23.30	9.30
EC	M3 Money Supply YoY	May		5.40%		5.30%	8.00	18.00
EC	M3 3-month average	May		5.10%		4.70%	8.00	18.00
US	U. of Mich. Sentiment	Jun F		94.6		94.6	14.00	0.00
US	Fed's George (alt) Speaks on the Payments System in Kansas City						16.45	2.45
Sunday, 28 June 2015								
CH	Industrial Profits YoY	May				2.60%	1.30	11.30
CH	Leading Index	May				98.31	14.00	0.00
Monday, 29 June 2015								
JN	Retail Trade YoY	May				5.00%	23.50	9.50
JN	Industrial Production MoM/YoY	May P				1.2%/0.1%	23.50	9.50
JN	Retail Sales MoM	May				0.40%	23.50	9.50
UK	Mortgage Approvals	May				68.1K	8.30	18.30
UK	Money Supply M4 MoM/YoY	May				0.00%	8.30	18.30
UK	M4 Ex IOFCs 3M Annualised	May				4.00%	8.30	18.30
EC	Economic Confidence	Jun				103.8	9.00	19.00
EC	Business Climate Indicator	Jun				0.28	9.00	19.00
EC	Industrial Confidence	Jun				-3	9.00	19.00
EC	Services Confidence	Jun				7.8	9.00	19.00
EC	Consumer Confidence	Jun F				-5.6	9.00	19.00
GE	CPI MoM / YoY	Jun P					12.00	22.00
GE	CPI EU Harmonized MoM/YoY	Jun P					12.00	22.00
CA	Industrial Product Price MoM	May				-0.90%	12.30	22.30
JN	Small Business Confidence	Jun					14.00	0.00
GE	Retail Sales MoM/YoY	May					14.00	0.00
UK	Nationwide House PX MoM/YoY	Jun					14.00	0.00
CA	Bloomberg Nanos Confidence	Jun-26					14.00	0.00
US	Pending Home Sales MoM / YoY	May		1.0%/..		3.4%/13.4%	14.00	0.00
US	Dallas Fed Manf. Activity	Jun		-16		-20.8	14.30	0.30
Tuesday, 30 June 2015								
NZ	Building Permits MoM	May				-1.70%	22.45	8.45
UK	GfK Consumer Confidence	Jun				1	23.05	9.05
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jun-28				114	23.30	9.30
AU	HIA New Home Sales MoM	May				0.60%	1.00	11.00
NZ	ANZ Activity Outlook	Jun				32.6	1.00	11.00
NZ	ANZ Business Confidence	Jun				15.7	1.00	11.00
JN	Labor Cash Earnings YoY	May					1.30	11.30
JN	Real Cash Earnings YoY	May					1.30	11.30
AU	Private Sector Credit MoM/YoY	May				0.3%/6.1%	1.30	11.30
JN	Vehicle Production YoY	May				-7.50%	4.00	14.00
JN	Construction Orders YoY	May				-12.10%	5.00	15.00
GE	Unemployment Change (000's)	Jun					7.55	17.55
GE	Unemployment Rate	Jun					7.55	17.55
UK	Current Account Balance	1Q				-25.3B	8.30	18.30
UK	GDP QoQ/YoY	1Q F				0.3%/2.4%	8.30	18.30
UK	Index of Services MoM / 3m/3m	Apr				0.1%/0.4%	8.30	18.30
UK	Lloyds Business Barometer	Jun					8.30	18.30
AU	RBA's Stevens Gives Speech at OMFIF Function in London						8.40	18.40
EC	Unemployment Rate	May					9.00	19.00
EC	CPI Estimate YoY	Jun					9.00	19.00
EC	CPI Core YoY	Jun A					9.00	19.00
CA	GDP MoM / YoY	Apr				-0.2%/1.5%	12.30	22.30
US	ISM Milwaukee	Jun				47.7	13.00	23.00
US	S&P/CS 20 City MoM SA	Apr		1.00%		0.98%	13.00	23.00
US	S&P/CS Composite-20 YoY	Apr		4.90%		5.04%	13.00	23.00
US	Chicago Purchasing Manager	Jun				46.2	13.45	23.45
Upcoming Central Bank Interest Rate Announcements								
Australia, RBA		7-Jul	2.00%	2.00%		2.00%		
UK BOE		9-Jul	0.50%	0.50%		0.50%		
Japan, BoJ		15-Jul	0.0%-0.1%	0.0%-0.1%		0.0%-0.1%		
Europe ECB		16-Jul	0.05%	0.05%		0.05%		
Canada, BoC		16-Jul				0.75%		
New Zealand, RBNZ		23-Jul	3.00%	3.00%		3.25%		
US Federal Reserve		30-Jul						

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

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