



Markets Today

A daily outlook for Australia, key global economies and markets

26 June 2015

Still no result on Greece: Any surprise?

If you had come in this morning, looked at the news released on the US economy overnight and how the US bond and equity markets had traded, you would not be surprised at all with the prices on the screen this morning, irrespective of what has and has not been going on as far as Greece is concerned.

There were two main pieces US economic readings released, the personal income and spending report for May (also with its key PCE deflators) and weekly jobless claims, ahead of non-farm payrolls due in a week.

Personal income rose another 0.5% in May as expected, with consumers stepping out and spending an additional 0.9% after a modest upwardly-revised 0.1% in April. Take out inflation of 0.3% and real consumer spending rose a solid 0.6%, putting real consumer spending on track for a 3.0% gain in Q2 after Q1's 2.1% rise. Consumer spending growth is coming back though with still moderate core inflation.

The headline deflator rose 0.3, but the core PCE deflator by an additional tepid 0.1% for annual growth of 1.2%, still well below the Fed's 2% medium term target. So new PCE core inflation trigger for rate lift-off but renewed confidence on growth should deliver more confidence that spare capacity is diminishing that will lift inflation, given time. Weekly jobless claims remained low and would not have deflected expectations of another solid payrolls report next week.

And there was Greece. And still there is no deal. Greece was given till 11am BST to come up with a revised deal. None was forthcoming by that time though one did surface an hour later. After discussion that counter proposal was not acceptable to the creditors with the meetings breaking up for another day. No doubt there will be yet more meetings tonight – and quite possibly into the weekend. Tonight, the EU Leaders Summit continues with the second day of their two day meeting, the Leaders briefed by EuroGroup head Dijsselbloem. Incidentally, the FT overnight published an article showing the Troika's counter-proposals to Greece and what they were seeking. This takes Word's Tracking Changes to a new level; it's worth seeing if you have a moment. Read the FT article [here](#) and click on the document excerpt to see the Troika's changes in their full glory.

Major currency markets have been strictly range-bound overnight with the EUR hardly budging from 1.12 trading in a 30-40 bps range around the figure and the AUD likewise in an even narrower range close to 0.7740, having risen to that level in yesterday afternoon's trade. European equities were flat, US equities closed down (Dow -0.4%; S&P -0.3%), while US 10 yr Treasury yields are up 4bps for the day. German bunds were almost unchanged. The National Bank of Greece did not seek ELA liquidity assistance from the ECB overnight, so likely reduced daily Greek bank deposit outflows.

Coming up today/tonight

Again, no market sensitive Australian data today. First up is NZ trade, and after that, it's the Friday Japan data slug that'll be the focus. The most market sensitive of these is Japan's CPI that's

out at 9.30 AEST. With last year's sales tax rise out of the annual growth calculations, it's more representative of the underlying economy. Core CPI (ex fresh food and energy) was +0.4% y/y to April and that's also the consensus for May. Japan's labour market (also 9.30) is expected to show a steady 3.3% unemployment rate. The University of Michigan consumer sentiment for June is due tonight, this one the later month survey update. The first half of June reading was 94.6, showing signs of stabilising. Kansas City Fed President George (nv, hawk) is speaking to a Payments System conference. EC money supply for May is out in the Europe session; probably won't be right at the top of the market's watch list right now.

And there's Greece.

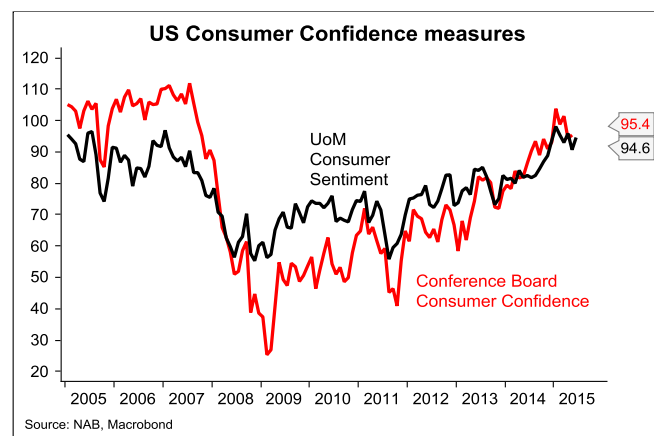
Overnight

- **No deal over Greece; markets yawn : Eurostoxx 600 -0.2%, Dax +0.0%, CAC -0.1%, FTSE -0.5%. Dow -76 points to 17,890, -0.4%, S&P 500 -0.4%, Nasdaq -0.3%, VIX 14.01 +5.7%. Mumbai -3.5%, Nikkei 225 -0.2% and ASX 200 +0.6%; ASX SPI futures this morning -0.1%. US bond yields: 2s at 0.69% (1), 10s at 2.41% (+4). WTI oil at \$59.65 (-1.0%), Brent at \$63.29 (-0.3%), Malaysian Tapis (yesterday) \$65.00 (-1.3%). Gold at \$1172.40/oz (-0.0%). Base metals: LME copper +0.5%, nickel -0.5%, aluminium +0.4%. Iron ore \$62.2/t -0.5% Chinese steel rebar futures +0.2%. Soft commodities spot futures: wheat +2.5%, sugar -1.2%, cotton +1.2%, coffee 0.0%. Euro Dec 14 CO2 emissions at €7.61/t (1.3%). The AUD/USD's range overnight 0.7696-0.7753; indicative range today 0.7700-0.7765; the AUD/USD is 0.7738 now**
- **US personal income/spending (May) 0.5%/0.9% (L: 0.4%/0.0%; E: 0.5%/0.7%); PCE core deflator 0.1%/1.2% (L: 0.1%/1.2%; E: 0.1%/1.2%)**
- **US Jobless claims (w/e 20 June) 271K (L: 267K; E: 273K; Kansas City Fed manufacturing (Jun) -9 (L: -13; E: -9)**

Good luck.

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Chart of the day: US consumer sentiment choppy this year



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	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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