



# Markets Today

A daily outlook for Australia, key global economies and markets

30 June 2015

## High drama as the week kicks off

We expected this week to be one of fast moving events, and that's how it's playing out. Greek PM Alex Tsipras has been speaking saying that he will do whatever he can to protect the Greek people; the Greek Finance Ministry has been denying rumours that ATM withdrawals will be reduced from €60/day to €20/day as Greek queued up get their €60.

The night seemed to start off with the inevitable claims and counter claims after the breaking off of negotiations late on Friday. But as the day unfolded at the start of the week, the Troika/Institutions (Greece's creditors) appeared to be holding the olive branch out to Greece in an effort to get a last minute deal and forestall Greece's exit from the Euro and a "no" vote at Sunday's referendum. But even then, in the event of a "no" vote, is that to be interpreted as "no, we want out of the Euro", or "no, we want a better deal than the one on offer but want to stay in the Euro". Who's to know? Uncertainty prevails. EC President Juncker was offering more conciliatory gestures, wanting to spell out in fact what seems essentially to still be on offer to Greece even after tomorrow that the creditors had said previously was the expiry date for last week's offer. He also wanted to ensure Greek voters make an informed decision at the referendum.

There was even talk during the day of a group of Syriza MPs preparing to get a side deal done with the creditors by Wednesday and to propose forming a new unity government in an effort to ensure Greece remains in the EC and the Euro-zone. Even the IMF was holding out its own olive branch, saying that should Greece miss the payment Tuesday (highly likely), then it would be in arrears rather than default. Playing with words to some extent, but clearly a statement to diffuse tensions, calm investor sentiment and keep hopes alive that a deal might still be forthcoming with Greece before or after Sunday.

After yesterday's equity market declines in Asia yesterday, it was replayed overnight, plus more in European and US markets with investors shying away from risk and plunging into bonds, the safe haven ones anyway. The German DAX fell 3.6% and periphery Euro markets were down as much as 5.2% in Milan. It was a similar picture in Euro bonds, German bunds rallying strongly, but the periphery selling off, Italian 10y +24bps. Currency markets have been an all-together different story. The AUD has held its composure, and the Euro has rebounded, trading at 1.125 this morning, after opening yesterday morning below 1.10. It remains to be seen whether that reflects more hope for Greece and the Euro. It's a very partial and incoherent reaction across asset classes. LME copper rose.

## Coming up today/tonight

If the market can re-focus at all from Greece today, there's HIA New Home Sales report for May (L: +0.6%) this demand indicator coming before tomorrow's Building Approvals report for May. Then there's May RBA credit aggregates report, one that surprised on the low side in April growing 0.3% from a pull-back in each of components. We look for growth to increase to 0.4% in May; the market is looking for somewhat faster growth in the month of 0.5%.

Glenn Stevens is speaking later this afternoon on The Changing Landscape of Central Banking in London, at 6.40 AEST.

There is also the weekly ANZ-Roy Morgan Consumer Confidence indicator for last week, and for NZ, the ANZ Business Survey and NZ Credit Aggregates.

Aside from Greece, the preliminary EC June CPI is due (lower now after the low German read), while in the US, the focus will be on whether the Conference Board measure of consumer confidence matches the improved reading for June from the UoM survey and what the survey has to say about labour market conditions in terms of difficulty finding jobs ahead of Thursday's payrolls report. The Chicago PMI is also due and expected to improve to 50, up from 46.2 in May.

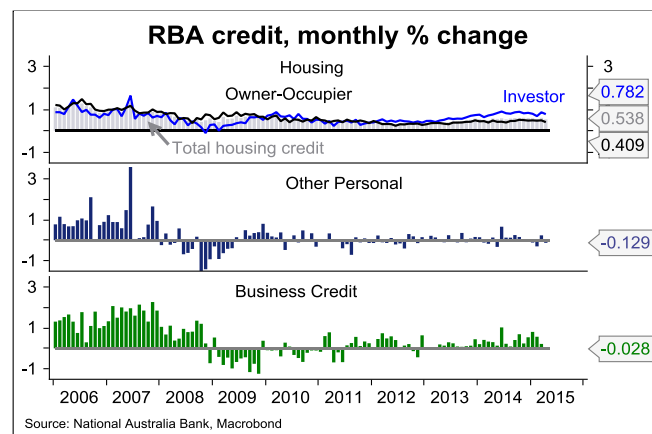
## Overnight

- Greece sees flight to quality in stocks and bonds:** Eurostoxx 600 -2.7%, Dax -3.6%, CAC -3.7%, FTSE -2.0%. Dow -350 points to 17,596, -2.0%, S&P 500 -2.0%, Nasdaq -2.1%, VIX 18.85 +34.5%. Mumbai -3.3%, Nikkei 225 -2.4% and ASX 200 -2.2%; ASX SPI futures this morning -0.6%. US bond yields: 2s at 0.63% (-8), 10s at 2.32% (-15). WTI oil at \$58.23 (-2.3%), Brent at \$61.99 (-2.0%), Malaysian Tapis (yesterday) \$62.76 (-1.7%). Gold at \$1179.20/oz (+0.5%). Base metals: LME copper +0.6%, nickel -4.9%, aluminium -0.2%. Iron ore \$61.3/t -1.2% Chinese steel rebar futures -3.5%. Soft commodities spot futures: wheat +2.6%, sugar +1.0%, cotton -0.4%, coffee -0.8%. Euro Dec 14 CO2 emissions at €7.37/t (-2.4%). The AUD/USD's range overnight 0.7643-0.7712; indicative range today 0.7650-0.7725; the AUD/USD is 0.7680 now
- German CPI (Jun)** -0.1%/0.3% (L: 0.4%/0.0%; E: 0.5%/0.7%); **US Pending Home Sales (May)** 0.9% (L: +3.4%; E: +1.0%); **Dallas Fed manufacturing (Jun)** -7 (L: -20.8; E: -16)

Good luck.

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## Chart of the day: RBA credit eked lower across the board in April

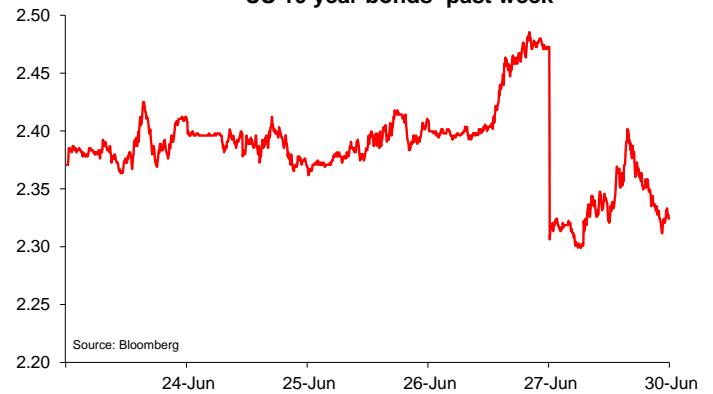


Markets

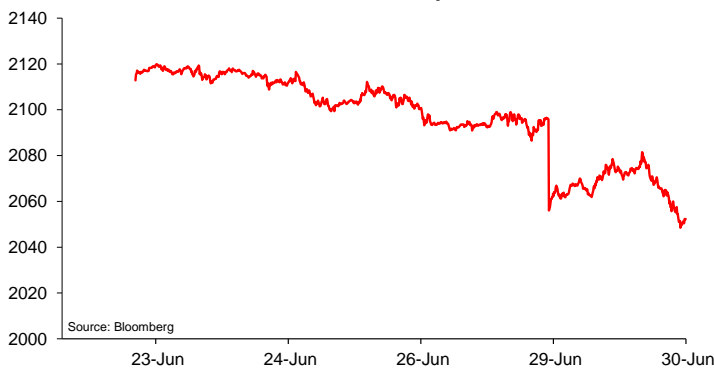
AUD/USD- past week



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	0.7680	0.0	0.7677	0.7681	HKD	7.7522 0.0
NZD	0.6853	0.3	0.6808	0.6883	CNY	6.2068 0.0
EUR	1.1240	1.0	1.1102	1.1279	SGD	1.3460 -0.2
GBP	1.5735	0.3	1.5576	1.5790	IDR	13,310 -0.4
JPY	122.52	-0.3	122.40	123.00	THB	33.77 -0.1
CAD	1.2402	0.4	1.2339	1.2413	KRW	1,120 -0.1
AUD/EUR	0.6832	-0.8			TWD	30.89 -0.2
AUD/JPY	94.10	0.0			PHP	45.08 -0.2
AUD/GBP	0.4878	-0.1			CHF	0.92 -1.0
AUD/NZD	1.1205	0.0			SEK	8.23 -1.1

Equities

Major Indices			
	Last	% day	% year
Dow	17,596	-2.0	4.4
S&P 500	2,058	-2.1	4.9
Nasdaq	4,958	-2.4	12.7
VIX Index	18.85	34.5	67.4
FTSE	6,620	-2.0	-2.0
DAX	11,083	-3.6	12.9
CAC 40	4,870	-3.7	9.8
Nikkei	20,110	-2.9	32.6
Shanghai	4,053	-3.3	97.9
Hang Seng	25,967	-2.6	12.0
ASX 200	5,422	-2.2	0.5

Commodities\*

	Last	% day
Oil (Brent)	61.99	-2.0
Oil (WTI)	58.23	-2.3
Oil (Tapis)	62.76	-1.7
Gold	1179.20	0.5
CRB	223.58	-0.6
GS Metals	299.0	-0.2
Aluminium	1701	-0.2
Copper	5790	0.6
Nickel	11835	-4.9
Zinc	2019	-0.5
Ch. steel	2129	-3.5
Iron ore	61.3	-1.2
St. coal	61.8	n.a.
Wheat Chic.	590.8	2.6
Sugar	12.07	1.0
Cotton	67.23	-0.4
Coffee	132.4	-0.8

Interest Rates

Indicative Swap Rates				Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.25	0.28	0.89	2.43	USD 10	2.32	-0.15
AUD	2.00	2.14	2.18	3.33	AUD 10	2.95	-0.10 0.63
NZD	3.25	3.28	3.09	3.88	NZD 10	3.62	0.01 1.29
EUR	0.05	0.06	0.12	1.13	CAD 10	1.75	-0.13 -0.58
GBP	0.50	0.58	1.11	2.18	EUR 10	0.80	-0.13 -1.53
JPY	0.09	0.09	0.15	0.63	GBP 10	2.07	-0.11 -0.25
CAD	0.75	1.17	0.98	2.23	JPY 10	0.45	-0.02 -1.87

Overnight Futures

	Last	Chge
<b>Australia</b>		
3 mth bill	97.88	-0.02
3 Yr bond	97.95	-0.01
10 Yr bond	96.99	0.17
3/10 sprd	0.96	-0.18
SPI	-34.0	-0.6

CO<sub>2</sub> Emissions - Euros

	Last	% day
Dec-2015	7.37	-2.4
Dec-2016	7.45	-2.5
Dec-2017	7.56	-2.3

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	
<b>Tuesday, 30 June 2015</b>									
NZ	Building Permits MoM	May				-1.7%	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				0.6%	1.00	11.00	
NZ	ANZ Business Confidence	Jun				15.7	1.00	11.00	
JN	Labor Cash Earnings YoY	May				0.9%	1.30	11.30	
AU	RBA Credit Aggregates MoM/YoY	May	0.4%/6.0%	0.5%/6.1%		0.3%/6.1%	1.30	11.30	
NZ	Credit Aggregates, Household YoY	May				5.80%	3.00	13.00	
GE	Unemployment Rate	Jun		6.40%		6.40%	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	
AU	RBA's Stevens Gives Speech at OMFIF Function in London on "The Changing Landscape of Central Banking"							8.40	18.40
EC	Unemployment Rate	May					9.00	19.00	
EC	CPI Estimate YoY	Jun		0.20%			9.00	19.00	
EC	CPI Core YoY	Jun A		0.80%		0.90%	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/YoY SA	Apr		1%/4.95%		0.98%/5.0%	13.00	23.00	
US	Chicago Purchasing Manager	Jun		50.0		46.2	13.45	23.45	
US	Consumer Confidence Index	Jun		96.7		95.4	14.00	0.00	
<b>Wednesday, 1 July 2015</b>									
AU	AiG Perf of Mfg Index	Jun				52.3	23.30	9.30	
JN	Tankan Large Mfg Index/All Industry Capex	2Q		12/5.3%		12/-1.2%	23.50	9.50	
AU	CoreLogic RP Data House Px MoM	Jun				-0.90%	0.00	10.00	
CH	Manufacturing/Non-Manufacturing PMI	Jun				50.2/53.2	1.00	11.00	
CH	Non-manufacturing PMI	Jun				53.2	1.00	11.00	
AU	Building Approvals MoM/YoY	May	2%/15.2%	1.3%/14.5%		-4.4%/16.3%	1.30	11.30	
AU	Engineering Construction	Q1					1.30	11.30	
JN	Markit/JMMA Japan Manufacturing PMI	Jun F				49.9	1.35	11.35	
CH	HSBC China Manufacturing PMI	Jun F				49.6	1.45	11.45	
AU	RBA Commodity Price Index SDR, MoM/YoY	Jun				-1.5%/-19.5%	6.30	16.30	
GE	Markit/BME Germany Manufacturing PMI	Jun F				51.9	7.55	17.55	
EC	Markit Eurozone Manufacturing PMI	Jun F				52.5	8.00	18.00	
UK	Markit UK PMI Manufacturing SA	Jun				52	8.30	18.30	
US	MBA Mortgage Applications	Jun-26				1.60%	11.00	21.00	
US	Challenger Job Cuts YoY	Jun				-22.50%	11.30	21.30	
US	ADP Employment Change	Jun		205K		201K	12.15	22.15	
US	Markit US Manufacturing PMI	Jun F				53.4	13.45	23.45	
US	Wards Total Vehicle Sales	Jun		17.10M		17.71M	14.00	0.00	
US	Construction Spending MoM	May		0.50%		2.20%	14.00	0.00	
US	ISM Manufacturing	Jun		53.0		52.8	14.00	0.00	
NZ	Dairy Auction, early am NZT					-1.30%			
<b>Thursday, 2 July 2015</b>									
JN	Monetary Base YoY	Jun				35.6%	23.50	9.50	
NZ	QV House Prices YoY	Jun				9.0%	0.00	10.00	
NZ	ANZ Commodity Price, NZ\$ terms	Jun		1.50%		-2.7%	1.00	11.00	
AU	Trade Balance	May	-3000M	-2250M		-388M	1.30	11.30	
AU	NAB Online Retail Sales index, MoM/YoY	May				1.5%/9.6%	1.30	11.30	
AU	NAB Well Being Index	Q2					1.30	11.30	
AU	Overseas arrivals and departures	Apr					1.30	11.30	
EC	ECB account of the monetary policy meeting						11.30	21.30	
US	Nonfarm Payrolls/Unemployment rate	Jun		223K/5.4%		280K/5.5%	12.30	22.30	
US	Initial Jobless Claims	Jun-27					12.30	22.30	
CA	RBC Canadian Manufacturing PMI	Jun				49.8	13.30	23.30	
US	ISM New York	Jun				54.0	13.45	23.45	
US	Factory Orders	May		0.0%		-0.4%	14.00	0.00	
<b>Friday, 3 July 2015</b>									
US	Independence Day holiday								
AU	AiG Perf of Services Index	Jun				49.6	23.30	9.30	
AU	Retail Sales MoM	May	0.6%	0.5%		0.0%	1.30	11.30	
CH	HSBC China Services/Composite PMI	Jun				53.5/51.2	1.45	11.45	
GE	Markit Germany Services/Composite PMI	Jun F				54.2/54.0	7.55	17.55	
EC	Markit Eurozone Services/Composite PMI	Jun F				54.4/54.1	8.00	18.00	
UK	Markit/CIPS UK Services/Composite PMI	Jun				56.5/55.8	8.30	18.30	
<b>Upcoming Central Bank Interest Rate Announcements</b>									
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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