



# Markets Today

A daily outlook for Australia, key global economies and markets

24 June 2015

## Solved, Sorted, Just Not Signed

All is well, solved, sorted; just not signed. Markets are pretty content with the idea that Greece and its creditors will do a deal before the June 30 deadline. And the Fed will hike in September, and China can avoid an equity market accident. Excellent. That saw equities higher, yields higher in the US, oil and iron ore prices higher, gold lower and the USD solid across the board. Measures of market volatility and risk aversion have dropped back sharply too.

Phew, everything's done then. Except the deal isn't signed, the expected Fed hike isn't until September and China's equity market dropped almost 4% yesterday before ending the day up 2%. So we know that events aren't done, until they are actually done, and lots can happen in the meantime.

The news overnight was pretty positive: in the US the durable goods orders were typically volatile and while causing a short-term negative sentiment blip, the housing numbers and Fed speaker Powell reinforcing his dot point forecast, stating that he favours two interest rate hikes this year, meant that the positive outweighed the negative overall. Powell noted that the USD is strong because the US economy is relatively stronger than other countries. This is all true, and the USD is duly appreciating.

The EUR underperformed, continuing the recent correlation of higher European equity markets and lower EUR. The news there was also very good: no real negative Greece news, the Flash PMI for the Eurozone was solid and the ECB continued to increase its emergency funding to Greek banks- but they showed fewer outflows. We just need to see the reforms voted for in the Greek Parliament.

The news from the UK was mixed. The new Government has promised a referendum on Britain's inclusion in the Eurozone and its exclusion is referred to as Brexit. The ratings agency Moody's has noted overnight that a Brexit would be negative for the UK. That's not surprising really. But the BoE's Weale, in an interview with the FT, notes that strong wages data point towards a rate hike. As a dissenter, that also should not be surprising.

The Chinese equity market fell again yesterday; apparently driven by a desire by regulators to have banks improve their risk controls on margin lending. The better than expected, but still soft, Market PMI didn't help either. It was good enough not to push for more PBoC easing, but not good enough to generate positive growth momentum. This negative sentiment supported the USD, and weighed on the AUD through the day. But then, late in the day, equities rallied and

the AUD duly followed; the change in sentiment driver is hard to come by.

## Coming Up

Another very quiet day locally, left watching the Chinese equity market and the ongoing Greece negotiations. The data lull can often leave local markets fluctuating and following offshore moves. Australia does release the official skilled vacancies data, but that doesn't tend to be monitored by markets.

US GDP revision is expected to show an improvement in the data, but doesn't tend to be a strong market mover.

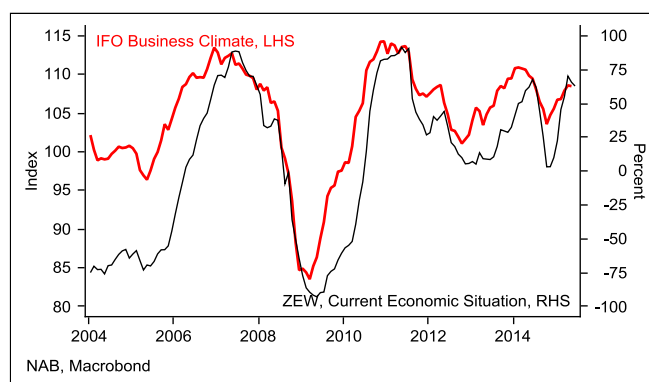
German IFO may show a drop due to poor sentiment surrounding the ongoing Greek negotiations and weak equity market (prior to the weekend), but as the flash release was pretty good it might not follow the traditional patterns. This introduces more two way risk.

## Overnight

On global stock markets, the S&P 500 was +0.10%. Bond markets saw US 10-years +3.98bp to 2.41%. On commodity markets, Brent crude oil +2.13% to \$64.69, gold-0.6% to \$1,176, iron ore +2.2% to \$61.34. AUD is at 0.7734 and the range was 0.7679 to 0.7749.

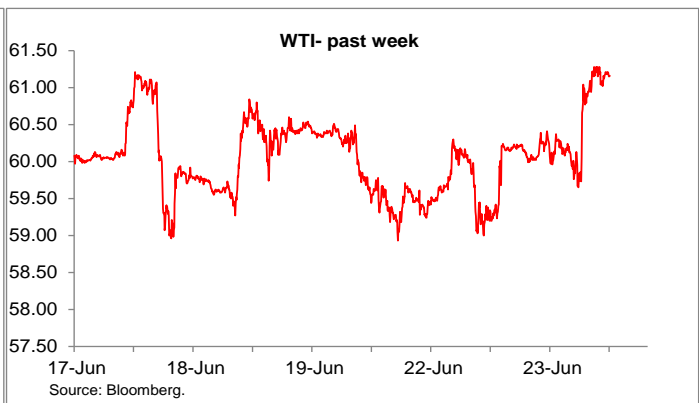
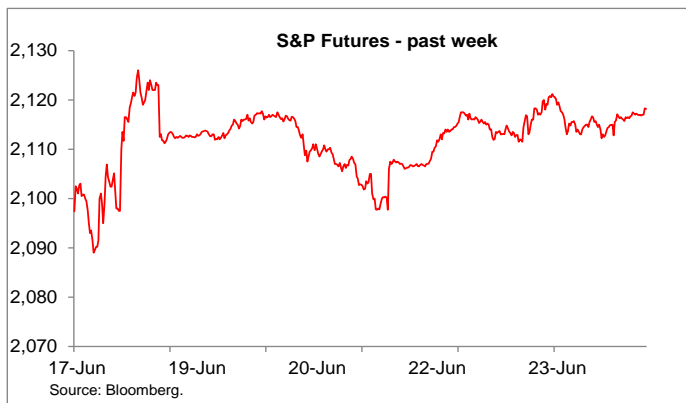
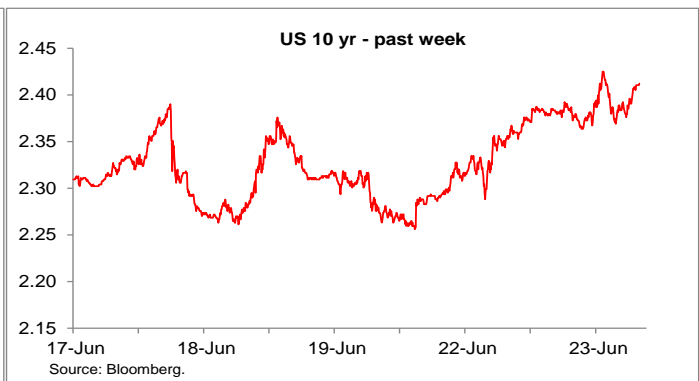
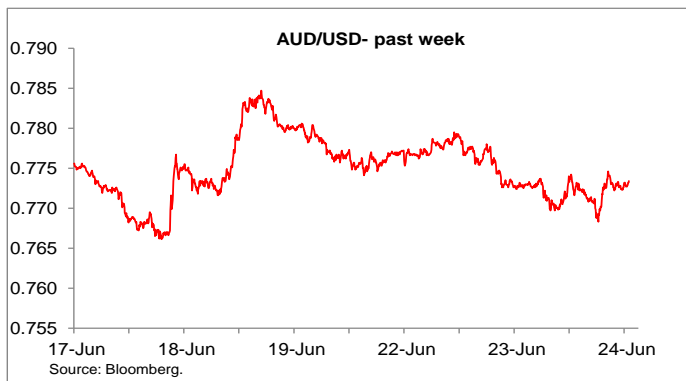
- China Markit PMI 49.6A, 49.4E, 49.2P
- US Durable Goods: -1.8%A, -1E, -1.5P rev from -0.3
- Core orders +0.4%A, 0.5E, -0.3P rev from +1
- US New Home Sales: +2.2%A, 1.2E, 8.1P rev from 6.8
- EZ Flash PMI: 54.1A, 53.3E, 53.6P
- Fed Speaker Powell considered hawkish outlining his preference for two hikes this year

## Chart of the Day: German IFO and ZEW



[Emma.lawson@nab.com.au](mailto:Emma.lawson@nab.com.au)

Markets



Foreign Exchange								Equities				Commodities*		
<b>Indicative 24hr ranges (**)</b>				<b>Other FX</b>				<b>Major Indices</b>						
	Last	% chge	Low	High		Last	% chge		Last	% day	% y/y		Last	% day
AUD	0.7734	0.1	0.7679	0.7749	HKD	7.7526	0.0	Dow	18,144	+0.1	7.1	Oil (Brent)	64.69	2.1
NZD	0.6848	-0.2	0.6815	0.6875	CNY	6.2067	0.0	S&P 500	2,125	+0.1	8.3	Oil (WTI)	61.16	1.3
EUR	1.1169	-1.5	1.1135	1.1347	SGD	1.3410	0.4	Nasdaq	5,160	+0.1	18.1	Oil (Tapis)	63.94	-0.3
GBP	1.5729	-0.6	1.5709	1.5832	IDR	13,255	-0.4	FTSE	6,835	+0.1	0.5	Gold	1176.20	-0.6
JPY	123.92	0.4	123.35	124.19	THB	33.77	0.2	DAX	11,543	+0.7	16.3	CRB	224.36	0.5
CAD	1.2332	0.2	1.2309	1.2383	KRW	1,105	0.5	CAC 40	5,058	+1.1	12.0	GS Metals	302.8	1.8
AUD/EUR	0.6924	1.6			TWD	30.85	0.2	Nikkei	20,809	+1.9	35.3	Aluminium	1696	0.9
AUD/JPY	95.83	0.5			PHP	45.10	0.1	Shanghai	4,576	+2.2	125.0	Copper	5771	2.2
AUD/GBP	0.4917	0.7			CHF	0.93	1.4	Hang Seng	27,333	+0.9	19.5	Nickel	12826	3.6
AUD/NZD	1.1293	0.3			SEK	8.26	1.3	ASX 200	5,684	+1.3	4.6	Zinc	2045	1.1
												Ch. steel		
												Iron ore		
												Coal		
												Wheat Chic.		
												Sugar		
												Cotton		
												Coffee		
												CO <sub>2</sub> Emissions - Euros		
												Last		
												Jun-2015		
												Dec-2015		
												Dec-2016		

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>Wednesday, 24 June 2015</b>								
JN	PPI Services YoY	May		0.50%		0.70%	23.50	9.50
JN	Bank of Japan May 21-22 meeting minutes						23.50	9.50
AU	Skilled Vacancies MoM	May				0.00%	1.00	11.00
CH	Westpac-MNI Consumer Sentiment	Jun				111.1	1.45	11.45
CH	Conference Board Leading Economic Index	May				322.2/+1.1	2.00	12.00
JN	Small Business Confidence	Jun	48.3		48.1		5.00	15.00
GE	IFO Business Climate	Jun		108		108.5	8.00	18.00
UK	BBA Loans for House Purchase	May		43350		42116	8.30	18.30
US	MBA Mortgage Applications	Jun-19				-5.50%	11.00	21.00
US	GDP Annualized QoQ saar	1Q T		-0.20%		-0.70%	12.30	22.30
EC	ECB's Constancio on panel in Frankfurt						14.00	0.00
<b>Thursday, 25 June 2015</b>								
AU	Job vacancies	May				0.80%	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
<b>Friday, 26 June 2015</b>								
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
<b>Sunday, 28 June 2015</b>								
CH	Industrial Profits YoY	May				2.60%	1.30	11.30
CH	Leading Index	May				98.31	14.00	0.00
<b>Monday, 29 June 2015</b>								
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
<b>Tuesday, 30 June 2015</b>								
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	<b>RBA's Stevens Gives Speech at OMFIF Function in London</b>						<b>8.40</b>	<b>18.40</b>
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
<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

## Global Markets Research

Peter Jolly  
Global Head of Research  
+61 2 9237 1406

### Australia

#### Economics

Ivan Colhoun  
Chief Economist, Markets  
+61 2 9237 1836

David de Garis  
Senior Economist  
+61 3 8641 3045

Tapas Strickland  
Economist  
+61 2 9237 1980

#### FX Strategy

Ray Attrill  
Global Co-Head of FX Strategy  
+61 2 9237 1848

Emma Lawson  
Senior Currency Strategist  
+61 2 9237 8154

#### Interest Rate Strategy

Skye Masters  
Head of Interest Rate Strategy  
+61 2 9295 1196

Rodrigo Catril  
Interest Rate Strategist  
+61 2 9293 7109

#### Credit Research

Michael Bush  
Head of Credit Research  
+61 3 8641 0575

Simon Fletcher  
Senior Credit Analyst – FI  
+61 2 9237 1076

#### Distribution

Barbara Leong  
Research Production Manager  
+61 2 9237 8151

## Group Economics

Alan Oster  
Group Chief Economist  
+61 3 8634 2927

### New Zealand

Stephen Toplis  
Head of Research, NZ  
+64 4 474 6905

Craig Ebert  
Senior Economist  
+64 4 474 6799

Doug Steel  
Senior Economist  
+64 4 474 6923

Kymerly Martin  
Senior Market Strategist  
+64 4 924 7654

Raiko Shareef  
Currency Strategist  
+64 4 924 7652

Yvonne Liew  
Publications & Web Administrator  
+64 4 474 9771

### Asia

Christy Tan  
Head of Markets Strategy/Research, Asia  
+852 2822 5350

### UK/Europe

Nick Parsons  
Head of Research, UK/Europe,  
and Global Co-Head of FX Strategy  
+44 207 710 2993

Gavin Friend  
Senior Markets Strategist  
+44 207 710 1588

Derek Allassani  
Research Production Manager  
+44 207 710 1532

James Glenn  
Senior Economist – Australia  
+61 3 9208 8129

Vyanne Lai  
Economist – Australia  
+61 3 8634 0198

Phin Ziebell  
Economist – Agribusiness  
+61 475 940 662

Amy Li  
Economist – Australia  
+61 3 8634 1563

Dean Pearson  
Head of Industry Analysis  
+61 3 8634 2331

Robert De lure  
Senior Economist – Industry Analysis  
+61 3 8634 4611

Brien McDonald  
Senior Economist – Industry Analysis  
+61 3 8634 3837

Karla Bulauan  
Economist – Industry Analysis  
+61 3 8641 4028

Tom Taylor  
Head of Economics, International  
+61 3 8634 1883

Tony Kelly  
Senior Economist – International  
+61 3 9208 5049

Gerard Burg  
Senior Economist – Asia  
+61 3 8634 2788

John Sharma  
Economist – Sovereign Risk  
+61 3 8634 4514

Jacqui Brand  
Personal Assistant  
+61 3 8634 2181

## Important Notice

This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 ("NAB"). Any advice contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this document, NAB recommends that you consider whether the advice is appropriate for your circumstances. NAB recommends that you obtain and consider the relevant Product Disclosure Statement or other disclosure document, before making any decision about a product including whether to acquire or to continue to hold it.

Please click [here](#) to view our disclaimer and terms of use.