



Markets Today

A daily outlook for Australia, key global economies and markets

8 July 2015

More Homework Required

Markets were disappointed by the lack of progress in Greece overnight; albeit they should be used to that by now. It did lead to a big drop in European yields and equity market, EUR also underperformed for much of the day. Things weren't so bad in the US, with equities managing to eke out a small gain after better job information. The commodities remained under pressure, with iron ore slipping significantly but oil recovered some ground. That left AUD lower through the day.

There is a lot of talking but not a lot of proposals just yet. Greece turned up to the Finance Minister's meeting, with the original proposal (of which the referendum said 'no') and a good presentation. They've been sent back to do their homework and there are a number of suggestions flying around. These include short term loans, bi-lateral loans, third programs and lots of chatter.

While it is looking likely that the ATMs in Greece may soon run dry, and the pressure will rise on the Tsipris government, the big meeting now appears to be a summit on Sunday (again) with all the 28 leaders of the Euro area. Big confabs have a poor history of reaching agreement is all I shall say. We will hopefully see more in the interim. A proposal is expected on Thursday.

In the US, news was better, with the JOLTS job openings (which the Fed monitors) holding at highs. The trade deficit was a little wider, and due to lower exports mostly. That is inevitable with a stronger USD and the ports strike.

China's equity markets continued their decline, but there are a few interesting 'quirks' which could either allay your concern, or increase them. Within the decline, there were a number of stocks limit down (ie the trading rules prevent further declines) but a raft of other stocks have been suspended from trading. This is allowed. Reuters reports that more than 200 firms applied to be suspended from trading yesterday, adding to the others who have already done so (~23% of the A share market). This, of course, means that the decline in the index is not reflective of the true position in the equity market, were all stocks allowed to trade.

Declines in the Chinese market weighs on sentiment in Australia and adds to concern regarding Australian exports from commodities to tourism. It is one factor that is presently weighing on the AUD, commodity prices and local equity markets.

The RBA kept interest rates unchanged yesterday, as expected. There was very little changed in the statement, which highlighted the global risks but also the large amount of policy stimulus already in the system to support global

growth. A cautious outlook but one which sees conditions presently stable. Markets were relatively unchanged, which is as expected.

Coming Up

It's a relatively quiet day on the economic front, which leaves us (yet again) watching the vagaries of the Chinese equity market and commodity prices

In Japan, since there has been a recovery in the trade balance, the JPY no longer reacts to the balance of payment data. While interesting, it drops back into insignificance. There are a raft of trade data released, globally, this week. With big swings in currencies over the last six months, it is here that the changes are having an impact (as it should). This is why we find it interesting.

The US is modestly more interesting, with the minutes from the last FOMC minutes. That should explain the changes in the dot points, but mostly is expected to reiterate the line that the Fed expect to raise interest rates this year, but they are very data dependent. We get more from the Fed, with the Fed's Williams speaking on the outlook for the economy. He is a voter and known moderate hawk.

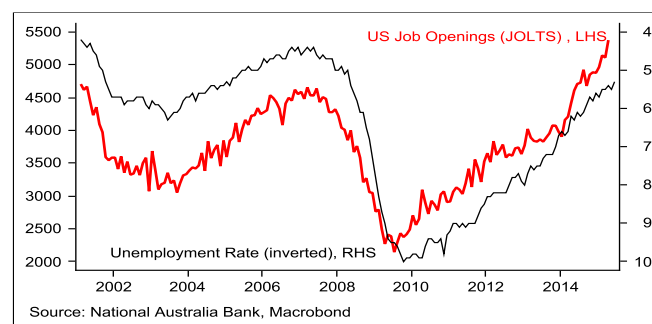
While there is a significant amount of uncertainty about the outcome for Greece, and China, it may be difficult for markets to have a significant reaction to any hawkish data in the near term; thus there is more scope for movement in weaker than expected comments or data for the very short term.

Overnight

On global stock markets, the S&P 500 was +0.50%. Bond markets saw US 10-years -2.68bp to 2.26%. On commodity markets, Brent crude oil +1.84% to \$57.58, gold-1.5% to \$1,156, iron ore -5.1% to \$49.60. AUD is at 0.7448 and the range was 0.7398 to 0.7502.

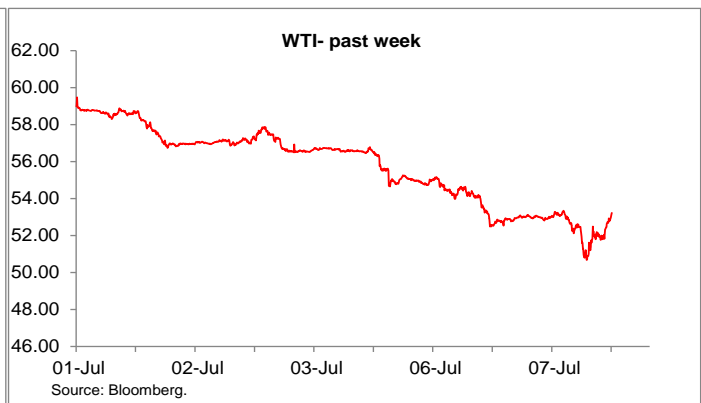
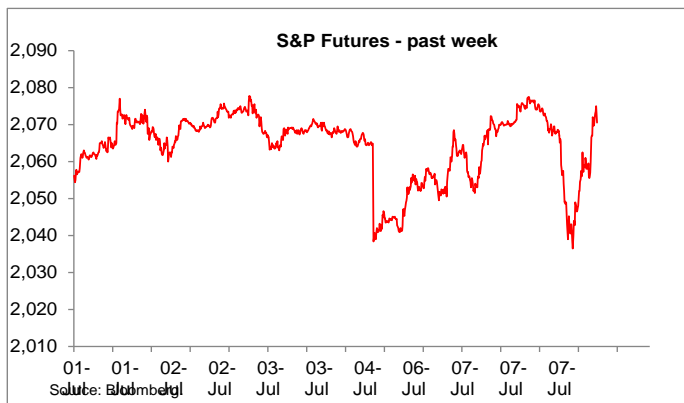
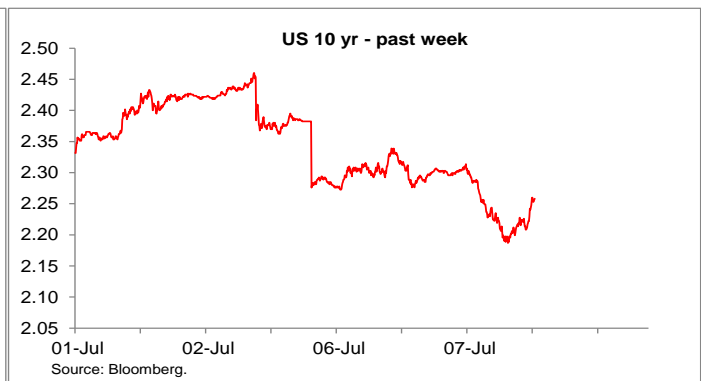
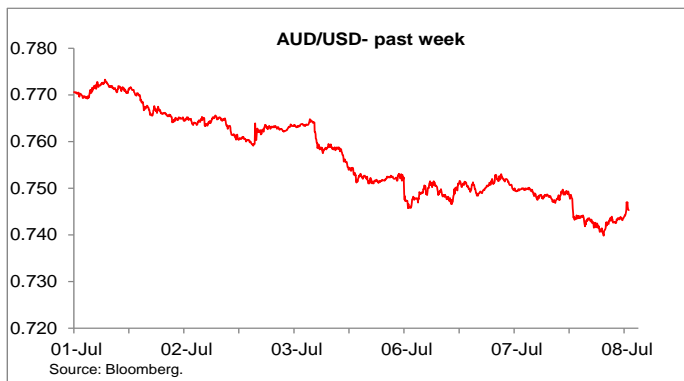
- US Trade -\$41.9A, -40.9P, 42.7P
- US JOLTS 5.363mnA, 5.3E, 5.33P

Chart: US Unemployment versus JOLTS job openings



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Markets



Foreign Exchange								Equities				Commodities*		
Indicative 24hr ranges (**)				Other FX				Major Indices						
	Last	% chge	Low	High		Last	% chge		Last	% day	% y/y		Last	% day
AUD	0.7448	-0.7	0.7398	0.7502	HKD	7.7548	0.0	Dow	17,774	+0.5	4.4	Oil (Brent)	57.58	1.8
NZD	0.6650	-0.6	0.6621	0.6688	CNY	6.2099	0.0	S&P 500	2,079	+0.5	5.1	Oil (WTI)	53.21	1.3
EUR	1.1013	-0.4	1.0916	1.1059	SGD	1.3545	0.4	Nasdaq	4,995	+0.1	12.2	Oil (Tapis)	59.01	-2.6
GBP	1.5465	-0.9	1.5414	1.5609	IDR	13,330	-0.1	FTSE	6,432	-1.6	-5.7	Gold	1155.60	-1.5
JPY	122.61	0.0	122.01	122.88	THB	33.99	0.4	DAX	10,677	-2.0	7.8	CRB	215.53	-1.1
CAD	1.2710	0.5	1.2645	1.2780	KRW	1,130	0.3	CAC 40	4,605	-0.6	4.5	GS Metals	293.2	-2.6
AUD/EUR	0.6764	-0.3			TWD	30.99	0.2	Nikkei	20,377	+1.3	33.1	Aluminium	1627	-1.8
AUD/JPY	91.37	-0.7			PHP	45.24	0.3	Shanghai	3,727	-1.3	80.6	Copper	5332	-4.4
AUD/GBP	0.4817	0.2			CHF	0.95	0.4	Hang Seng	24,975	-1.0	6.1	Nickel	10608	-9.0
AUD/NZD	1.1197	-0.1			SEK	8.50	0.5	ASX 200	5,581	+1.9	1.3	Zinc	1918	-4.3
												Ch. steel		
												Iron ore		
												Coal		
												Wheat Chic.		
												Sugar		
												Cotton		
												Coffee		
												CO ₂ Emissions - Euros		
												Last % day		
												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
Wednesday, 8 July 2015								
NZ	Crown Financial Statements	May					22.00	8.00
UK	BRC Shop Price Index YoY	Jun				-1.9%	23.01	9.01
AU	RBA's Mark Manning, Deputy Head of Payments Policy in panel discussion at Securities Finance Conference						23.40	9.40
JN	BoP Current Account Adjusted	May		¥1329B			23.50	9.50
JN	Trade Balance BoP Basis	May				¥146.2B	23.50	9.50
JN	Bank Lending incl Trusts YoY	Jun				2.60%	23.50	9.50
AU	RBA Monthly Chart Pack						1.30	11.30
AU	Economy Watcher's Survey: Current/Outlook	Jun				53.3/54.5	5.00	15.00
EC	ECB's Coeure speaks in Frankfurt						9.00	19.00
US	MBA Mortgage Applications	Jul-03				-4.70%	11.00	21.00
CA	Building Permits MoM	May				11.6%	12.30	22.30
JN	Eco Watchers Survey Current/Outlook	Jun				53.3/54.5	14.00	0.00
US	U.S. Fed Releases Minutes from June 16-17 FOMC Meeting						18.00	4.00
US	Fed's Williams (v) Speaks on Outlook in Los Angeles						18.00	4.00
US	Consumer Credit	May		\$18.5B		\$20.541B	19.00	5.00
Thursday, 9 July 2015								
NZ	ANZ Truckometer Heavy MoM	Jun				-1.1%	22.00	8.00
NZ	Card Spending Total MoM	Jun	0.50%	0.50%		1.40%	22.45	8.45
UK	RICS House Price Balance	Jun		37%		34%	23.01	9.01
JN	Machine Orders MoM/YoY	May		-3.7%/20.3%		3.8%/3.0%	23.50	9.50
AU	SEEK Job Ads (likely Thursday am)	Jun				-3.1%	0.30	10.30
AU	Employment Change/Unemployment rate	Jun	-17K/6.1%	flat/6.1%		42.0K/6.0%	1.30	11.30
AU	Full/Part Time Employment Change	Jun				14.7K/27.3K	1.30	11.30
AU	Participation Rate	Jun	64.6%	64.7%		64.7%	1.30	11.30
CH	CPI/PPI YoY	Jun		1.3%/-4.6%		1.2%/-4.6%	1.30	11.30
JN	Machine Tool Orders YoY	Jun P				15.0%	6.00	16.00
GE	Current Account Balance	May		15.0B		19.6B	6.00	16.00
US	Fed's Kocherlakota (nv) Speaks on Central Banks in Frankfurt						9.45	19.45
UK	Bank of England Bank Rate	Jul-09		0.50%		0.50%	11.00	21.00
CA	Housing Starts	Jun		190K		201.7K	12.15	22.15
CA	New Housing Price Index MoM	May				0.1%	12.30	22.30
US	Initial Jobless Claims	Jul-04		277K		281K	12.30	22.30
US	Bloomberg Consumer Comfort	Jul-05					13.45	23.45
US	Fed Governor Lael Brainard speaks						14.15	0.15
US	Fed's George (alt) Speaks on Economy in Stillwater, Oklahoma						17.00	3.00
CH	New Yuan Loans	Jun						
CH	Aggregate Financing	Jun						
CH	Money supply	Jun						
Friday, 10 July 2015								
JN	PPI MoM/YoY	Jun		-0.1%/-2.2%		0.3%/-2.1%	23.50	9.50
AU	Home Loans MoM, Owner-occupied loan # MoM	May				1.0%	1.30	11.30
AU	Investment Lending, value MoM	May				2.6%	1.30	11.30
AU	Owner-Occupier value MoM	May				3.1%	1.30	11.30
JN	Consumer Confidence Index	Jun				41.4	5.00	15.00
UK	Trade Balance	May		-£2300		-£1202	8.30	18.30
CA	Net Change in Employment/Unemployment rate	Jun		-4.4K/6.9%		58.9K/6.8%	12.30	22.30
NZ	REINZ House Sales YoY	Jun				21.6%	14.00	0.00
US	Wholesale Inventories/Sales MoM	May		0.3%/0.9%		0.4%/1.6%	14.00	0.00
US	Fed's Rosengren (alt) to Speak at 7th Annual Rocky Mountain Economic						15.35	1.35
US	Fed Chair Yellen Speaks on the US economic outlook in Cleveland						16.30	2.30
Monday, 13 July 2015								
NZ	Food Prices MoM	Jun				0.4%	22.45	8.45
AU	Credit Card Purchases/Balances	May				\$A22.9B/\$A51.1B	1.30	11.30
JN	Industrial Production MoM/YoY	May F					4.30	14.30
JN	Capacity Utilization MoM	May				-0.4%	4.30	14.30
JN	Tertiary Industry Index MoM	May				-0.2%	4.30	14.30
UK	Bank of England Credit Conditions & Bank Liabilities Surveys						8.30	18.30
CH	Trade Balance	Jun				\$59.49B	14.00	0.00
CH	Imports/Exports YoY	Jun				-17.6%/-2.5%	14.00	0.00
CH	Exports YoY CNY	Jun				-2.8%	14.00	0.00
CH	Imports YoY CNY	Jun				-18.1%	14.00	0.00
CH	Trade Balance CNY	Jun				366.80B	14.00	0.00
GE	Wholesale Price Index MoM/YoY	Jun				0.5%/-0.4%	14.00	0.00
JN	Machine Tool Orders YoY	Jun F					14.00	0.00
CA	Bloomberg Nanos Confidence	Jul-10					14.00	0.00
US	Monthly Budget Statement	Jun					18.00	4.00
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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