



Markets Today

A daily outlook for Australia, key global economies and markets

22 September 2015

Big dollar rules still

Not a massive night for price action on the currency markets, but what we did see was signs of a little further strength in the USD. Dennis Lockhart, Atlanta Fed President and voter in 2016 (not this year) suggested the Fed's delay from tightening at the Sept meeting was mostly influenced by market volatility. However, "as things settle down" and with the US economy ready for policy normalisation, he will be ready for the first hike on the path to a more "normal interest rate environment". He is still expecting this by year-end, noting that the September FOMC was a "close call". Lockhart said that October is "live" (he reminded that the Fed could do a press conference then, even though none is formally scheduled) and that a thin market at year-end is not an obstacle to a December move. US data on existing home sales undershot expectations but as expected had no market reaction.

In contrast, and no doubt with one eye on the single currency, ECB Chief Economist Peter Praet admitted he was a "little bit worried" about the recent spike in market volatility but reiterated that if the ECB's objectives were at risk they will do "what is necessary", ready to "forcefully act" if their inflation mandate was seen as at risk. Both more fuel under the fire fuelling the USD.

With a somewhat firmer USD, the AUD has been caught in the crossfire, the AUD trading toward the lower levels of earlier last week at 0.7130 this morning. Spot iron ore fell 0.68% (\$57.30/t) while copper was up 0.29%; oil rose, Brent up 2.55%.

BoC Governor Stephen Poloz has also been speaking overnight with some balanced views on the Canadian economy, noting that the Canadian dollar is mitigating the oil shock damage. The Canadian dollar has been weaker overnight, notwithstanding a push back up in global oil prices.

BoE Governor Mark Carney has also been speaking, but on financial market reform. Deputy Governor Cunliffe did a press interview saying that the next move for the BoE is up but hosing that down by noting disinflationary pressures from abroad and seeing no signs of building price pressure, noting rate increases to be limited and gradual. The GBP is little changed.

Coming up today/tonight

ANZ-Roy Morgan's consumer confidence reading for last week will be an initial reflection of the new Turnbull Government initial impact on consumer confidence. Of course, Federal leadership is but one of a plurality of factors that impact on consumer confidence but it some initial lift in confidence would not surprise, especially given this morning's increase in Newspoll political ratings.

Today's ABS House prices for the June quarter and will largely be seen as of historical interest given that we already have CoreLogic RP Data house prices for the first three weeks of September. The CoreLogic RP Data prices rose by 2.5% for Q2, so we'd be looking for a rise close to that.

China's leading index for August is out this morning but it's not market sensitive at all, at least not so far anyway. Tokyo's three day holiday continues today and tomorrow.

Tonight should be relatively uneventful as far as scheduled events are concerned. The ECB's Nuoy is speaking and she is the Chair of the ECB's Supervisory Council, so the market might well be looking for a renewed push from her on the need for uniform prudential supervision across Euro economies. This comes in the light of recent comments that Germany is looking to strengthen its own legislation to go its own way, the German Finance Ministry barely giving lip services to ECB claims for cross border prudential alignment and authority, according to wire reports. Only second tier data is due: the UK has CBI trends and monthly public finance reports, there is EC Consumer Confidence while in the US there is the FHFA house prices and the Richmond Fed manufacturing index.

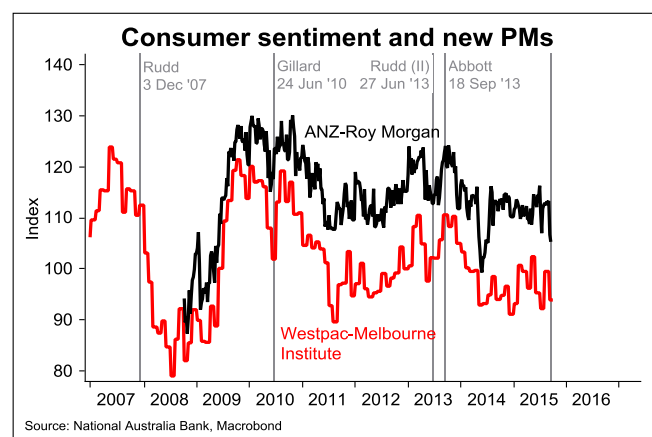
Overnight

- US\$ up further; equities too for once: Eurostoxx 600 +0.9%, Dax +0.3%, CAC +1.1%, FTSE +0.1%. Dow +126 points to 16,510, +0.8%, S&P 500 +0.8%, Nasdaq +0.0%, VIX 20.14 -9.6%. Shanghai +1.9%, Mumbai +1.9%, Nikkei 225 +0.0% and ASX 200 -2.0%; ASX SPI futures this morning +0.5%. US bond yields: 2s at 0.71% (3), 10s at 2.20% (+7). WTI oil at \$46.48 (+4.0%), Brent at \$48.64 (+2.5%), Malaysian Tapis (yesterday) \$47.89 (-3.1%). Gold at \$1132.60/oz (-0.5%). Base metals: LME copper +0.3%, nickel +2.0%, aluminium -0.5%. Iron ore \$57.3/t -0.7% Chinese steel rebar futures -0.3%. Soft commodities spot futures: wheat +2.1%, sugar -0.3%, cotton +0.4%, coffee -0.9%. Euro Dec 14 CO2 emissions at €7.99/t (-1.6%). The AUD/USD's range overnight 0.7122-0.7182; indicative range today 0.7110-0.7160; the AUD/USD is 0.7130 now**
- China's MNI Business Indicator (Sep) 51.3 (L: 56.0); it's based on a survey of 200 listed companies**
- US Existing Home Sales (Aug) 5.31M/-4.8% (L: 5.59M/+2.0%; E: 5.50M/-1.6%)**

Good luck.

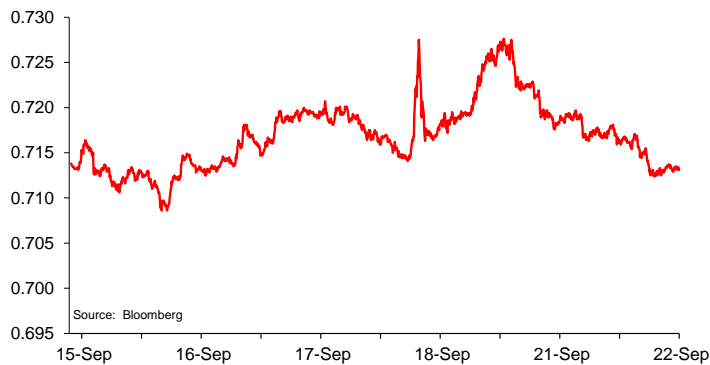
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Chart of the day: Consumer Confidence

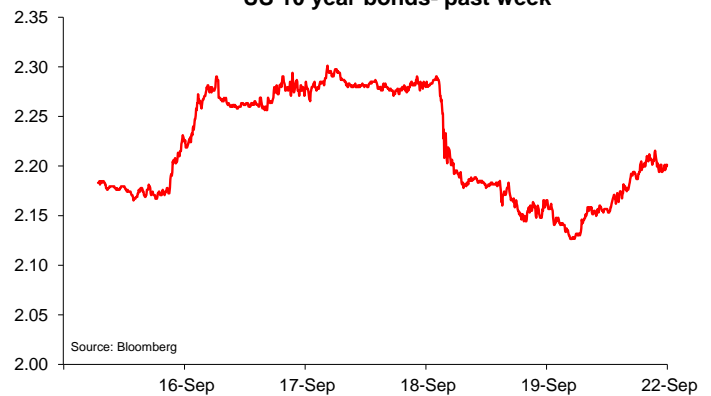


Markets

AUD/USD- past week



US 10 year bonds- past week



S&P 500 futures- past week



WTI futures- past week



Foreign Exchange					Equities			Commodities*																																																																																									
<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Indicative 24hr ranges (**)</th> <th colspan="2">Other FX</th> </tr> <tr> <th>Last</th> <th>% chge</th> <th>Low</th> <th>High</th> <th>Last</th> <th>% chge</th> </tr> </thead> <tr> <td>AUD</td> <td>0.7130</td> <td>0.0</td> <td>0.7130</td> <td>0.7133</td> <td>HKD</td> <td>7.7500</td> <td>0.0</td> </tr> <tr> <td>NZD</td> <td>0.6319</td> <td>-0.4</td> <td>0.6299</td> <td>0.6364</td> <td>CNY</td> <td>6.3711</td> <td>0.0</td> </tr> <tr> <td>EUR</td> <td>1.1190</td> <td>-0.8</td> <td>1.1181</td> <td>1.1284</td> <td>SGD</td> <td>1.4101</td> <td>0.1</td> </tr> <tr> <td>GBP</td> <td>1.5509</td> <td>-0.2</td> <td>1.5480</td> <td>1.5564</td> <td>IDR</td> <td>14,513</td> <td>0.2</td> </tr> <tr> <td>JPY</td> <td>120.56</td> <td>0.2</td> <td>120.24</td> <td>120.75</td> <td>THB</td> <td>35.84</td> <td>0.1</td> </tr> <tr> <td>CAD</td> <td>1.3252</td> <td>0.5</td> <td>1.3175</td> <td>1.3266</td> <td>KRW</td> <td>1,178</td> <td>-0.1</td> </tr> <tr> <td>AUD/EUR</td> <td>0.6372</td> <td>0.3</td> <td></td> <td></td> <td>TWD</td> <td>32.66</td> <td>0.1</td> </tr> <tr> <td>AUD/JPY</td> <td>85.98</td> <td>-0.2</td> <td></td> <td></td> <td>PHP</td> <td>46.49</td> <td>0.0</td> </tr> <tr> <td>AUD/GBP</td> <td>0.4597</td> <td>-0.3</td> <td></td> <td></td> <td>CHF</td> <td>0.97</td> <td>0.5</td> </tr> <tr> <td>AUD/NZD</td> <td>1.1287</td> <td>0.0</td> <td></td> <td></td> <td>SEK</td> <td>8.37</td> <td>1.2</td> </tr> </table>						Indicative 24hr ranges (**)				Other FX		Last	% chge	Low	High	Last	% chge	AUD	0.7130	0.0	0.7130	0.7133	HKD	7.7500	0.0	NZD	0.6319	-0.4	0.6299	0.6364	CNY	6.3711	0.0	EUR	1.1190	-0.8	1.1181	1.1284	SGD	1.4101	0.1	GBP	1.5509	-0.2	1.5480	1.5564	IDR	14,513	0.2	JPY	120.56	0.2	120.24	120.75	THB	35.84	0.1	CAD	1.3252	0.5	1.3175	1.3266	KRW	1,178	-0.1	AUD/EUR	0.6372	0.3			TWD	32.66	0.1	AUD/JPY	85.98	-0.2			PHP	46.49	0.0	AUD/GBP	0.4597	-0.3			CHF	0.97	0.5	AUD/NZD	1.1287	0.0			SEK	8.37	1.2
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 | Major Indices | | | | |---------------|--------|-------|--------| | | Last | % day | % year | | Dow | 16,510 | 0.8 | -4.5 | | S&P 500 | 1,967 | 0.5 | -2.2 | | Nasdaq | 4,829 | 0.0 | 5.4 | | VIX Index | 20.14 | -9.6 | 66.3 | | FTSE | 6,109 | 0.1 | -10.7 | | DAX | 9,949 | 0.3 | 1.5 | | CAC 40 | 4,586 | 1.1 | 2.8 | | Nikkei | 18,070 | -2.0 | 10.7 | | Shanghai | 3,157 | 1.9 | 37.8 | | Hang Seng | 21,757 | -0.7 | -9.2 | | ASX 200 | 5,066 | -2.0 | -5.5 | | | | | | Last | % day | |-------------|---------|-------| | Oil (Brent) | 48.64 | 2.5 | | Oil (WTI) | 46.48 | 4.0 | | Oil (Tapis) | 47.89 | -3.1 | | Gold | 1132.60 | -0.5 | | CRB | 196.85 | 1.4 | | GS Metals | 273.3 | -0.1 | | Aluminium | 1616 | -0.5 | | Copper | 5269 | 0.3 | | Nickel | 9865 | 2.0 | | Zinc | 1657 | -1.8 | | Ch. steel | 1902 | -0.3 | | Iron ore | 57.3 | -0.7 | | St. coal | 61.8 | n.a. | | Wheat Chic. | 504.0 | 2.1 | | Sugar | 11.67 | -0.3 | | Cotton | 60.79 | 0.4 | | Coffee | 117.3 | -0.9 | | || | Interest Rates | | | | Benchmark 10 Year Bonds | | | Overnight Futures | | | | |----------------|-----------------------|------|------|-------------------------|--------|------|-------------------|------------|-------|-------| | | Indicative Swap Rates | | | | Last | chge | Sprd | Last | | Chge | | | Cash | 3mth | 2Yr | 10Yr | | | | Australia | | | | USD | 0.25 | 0.32 | 0.83 | 2.21 | USD 10 | 2.20 | 0.07 | 3 mth bill | 97.92 | -0.01 | | AUD | 2.00 | 2.19 | 2.07 | 3.07 | AUD 10 | 2.72 | -0.05 | 3 Yr bond | 98.09 | -0.03 | | NZD | 2.75 | 2.84 | 2.71 | 3.58 | NZD 10 | 3.31 | 0.03 | 10 Yr bond | 97.20 | -0.05 | | EUR | 0.05 | 0.06 | 0.07 | 1.04 | CAD 10 | 1.54 | 0.08 | 3/10 sprd | 0.89 | 0.02 | | GBP | 0.50 | 0.59 | 1.01 | 1.96 | EUR 10 | 0.68 | 0.02 | SPI | 25.0 | 0.5 | | JPY | 0.10 | 0.08 | 0.10 | 0.49 | GBP 10 | 1.88 | 0.05 | | | | | CAD | 0.50 | 1.17 | 0.79 | 1.96 | JPY 10 | 0.31 | 0.00 | | | | | | | | | | CO ₂ Emissions - Euros | | | |-----------------------------------|------|-------| | | Last | % day | | Dec-2015 | 7.99 | -1.6 | | Dec-2016 | 8.07 | -1.6 | | Dec-2017 | 8.18 | -1.6 | | |

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
Tuesday, 22 September 2015								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Sep-20				105.3/-1.3%	23.30	9.30
AU	House Price Index QoQ/YoY	2Q	2.5%/7.5%	2.4%/8.0%		1.6%/6.9%	1.30	11.30
AU	NAB Special Report on Innovation in Australia						1.30	11.30
CH	Conference Board Leading Economic Index	Aug					2.00	12.00
EC	ECB's Supervisory Chair Nouy speaks						7.30	17.30
UK	PSNB ex Banking Groups	Aug		9.2B		-1.3B	8.30	18.30
UK	CBI Trends Total Orders	Sep		0		-1	10.00	20.00
US	FHFA House Price Index MoM	Jul		0.40%		0.20%	13.00	23.00
EC	Consumer Confidence	Sep A		-7.1		-6.9	14.00	0.00
US	Richmond Fed Manufact. Index	Sep		3		0	14.00	0.00
Wednesday, 23 September 2015								
US	Fed's Lockhart speaks on economy (V)						22.30	8.30
AU	Conf. Board Leading Index MoM	Jul				-0.2%	0.00	10.00
AU	Skilled Vacancies MoM	Aug				0.1%	1.00	11.00
CH	Caixin China PMI Mfg	Sep P		47.8		47.3	1.45	11.45
GE	Markit/BME Manufacturing/Services PMI	Sep P		52.8/54.5		53.3/54.9	7.30	17.30
EC	Markit Manufacturing/Services PMI	Sep P		52.2/54.2		52.3/54.4	8.00	18.00
UK	BBA Loans for House Purchase	Aug					8.30	18.30
US	MBA Mortgage Applications	Sep-18					11.00	21.00
CA	Retail Sales/Ex Autos MoM	Jul				0.6%/0.8%	12.30	22.30
EC	ECB's Draghi quarterly hearing in Brussels						13.00	23.00
US	Markit US Manufacturing PMI	Sep P		53.2		53	13.45	23.45
EC	ECB's Weidmann speaks						16.00	2.00
US	Fed's Lockhart speaks on economy (V)						16.30	2.30
Thursday, 24 September 2015								
NZ	Fonterra Announces 2014/15 Results, Prev. \$4.40/20-30 cents/\$3.85 (milk price 2014/15, dividend 2014/15, milk price 2015/16), 8-9am NZT							
NZ	Trade Balance	Aug		-\$780M		-\$649M	22.45	8.45
JN	Nikkei Japan PMI Mfg	Sep P		51.2		51.7	1.35	11.35
NZ	New residential lending	Aug				27.9%	3.00	13.00
US	RBA's Alex Heath speaks at Urban Development Institute, Perth						4.00	14.00
JN	All Industry Activity Index MoM	Jul		0.0%		0.3%	4.30	14.30
GE	GfK Consumer Confidence	Oct		9.8		9.9	6.00	16.00
GE	Ifo Business Climate	Sep		107.9		108.3	8.00	18.00
GE	Ifo Current Assessment/Expectations	Sep		114.8/101.6		114.8/102.2	8.00	18.00
UK	BBA Loans for House Purchase	Aug				46033	8.30	18.30
US	Chicago Fed Nat Activity Index	Aug				0.34	12.30	22.30
US	Initial Jobless Claims	Sep-19				264K	12.30	22.30
US	Durable Goods Orders/core orders	Aug		-2%/-0.1%		2%/2.2%	12.30	22.30
US	Bloomberg Consumer Comfort	Sep-20					13.45	23.45
US	New Home Sales	Aug		515K/1.6%		507K/5.4%	14.00	0.00
US	Kansas City Fed Manf. Activity	Sep				-9	15.00	1.00
Friday, 25 September 2015								
US	Fed Chair Yellen delivers lecture						21.00	7.00
JN	Natl CPI/Ex Fresh Food & Energy YoY	Aug		0.1%/0.7%		0.2%/0.6%	23.30	9.30
JN	Tokyo CPI/Ex Fresh Food & Energy YoY	Sep		-0.1%/0.5%		0.1%/0.4%	23.30	9.30
JN	PPI Services YoY	Aug		0.5%		0.6%	23.50	9.50
EC	ECB's Weidmann takes part in Florence conference						7.00	17.00
EC	M3 Money Supply YoY	Aug		5.4%		5.3%	8.00	18.00
US	GDP Annualized QoQ (later vintage)	2Q T		3.70%		3.70%	12.30	22.30
US	Fed's Bullard speaks on Monetary Policy (NV)						13.15	23.15
US	Markit US Services/Composite PMI	Sep P		55.7/ ..		56.1/55.7	13.45	23.45
US	U. of Mich. Sentiment	Sep F		87.0		85.7	14.00	0.00
Upcoming Central Bank Interest Rate Announcements								
Australia, RBA		6-Oct	2.00%	2.00%		2.00%		
Japan, BoJ		7-Oct	0.0%-0.1%	0.0%-0.1%		0.0%-0.1%		
UK BOE		8-Oct				0.50%		
Europe ECB		22-Oct				0.05%		
Canada, BoC		22-Oct				0.50%		
US Federal Reserve		29-Oct				0-0.25%		
New Zealand, RBNZ		29-Oct	2.50%	2.50%		2.75%		

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

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