



Markets Today

A daily outlook for Australia, key global economies and markets

13 October 2015

A Veritable Smorgasbord Awaits

With the whole of North America on holiday (albeit US stock markets were open) it has been a predictably quiet night. Currencies have again proved to be somewhat livelier than stocks or (European) bond markets, though yields have pushed lower in the latter while US stocks are eking out small gains into the close. Earlier European stock finished mostly in the red, albeit only down smalls.

In currencies it is again the NZD and AUD that feature at the top of the G10 leadership board (in AUD's case matched by the Swedish Krone where both are up 0.33% since Friday). NZD has punched back above 0.67 having languished just below for much of Monday's local session (high of 0.6740) while the AUD has made new highs on this run-up from 0.6937 since 29 September, printing 0.7382 and which leaves it currently sitting on its 100 day moving average. We should be prepared to see it trade on to a 0.74 handle this week if not later today depending in particular on what the latest China trade data brings and bearing in mind that the RMB is continuing to strengthen. USD/CNY is down 0.34% since Friday.

Fed-speak has again been thick on the ground. Atlanta Fed President Dennis Lockhart downplayed the impact of China's slowdown on the US though did admit a link via the negative impact of China on Europe. He re-iterates that the October (29th) meeting is 'live' and says markets appear to be misaligned with the Fed over 'lift-off' before going on to say he doesn't think it is too series.

Chicago Fed President Charles Evans now has mid-2016 as his preferred lift-off date and repeats what he said at the weekend, that a sub-1% Fed Funds rate may be appropriate by end-2016. In September 2013 Evans wanted no rate hike until late 2015; in March 2015 not before early 2016, and now he thinks mid-2016 is best. Watch this space.

Also to note is that oil has had a really bad night with Nymex and Brent crude both off over \$2 on news that OPEC production just hit a new 3-year high.

Coming Up

Today promises to be the biggest day of the week, with China trade data, the NAB business survey, RBA deputy governor Phil Lowe speaking (08:40 AEDT) and JP Morgan, Intel and Johnson & Johnson among the US firms reporting their 3rd quarter earnings.

Survey expectations for the September China trade data show a median expectation for a further deterioration in both exports (-6.0% y/y from -5.5%) and imports (16.5% from -14.3% in August). Outcomes better than expected could help perpetuate the recent strong rally in EM Asian currencies and the AUD, while worse than expected outcomes can stop the rallies dead in their tracks, at least temporarily.

NAB's August business survey showed business conditions lifting to 11 from 6 while confidence fell to 1 from 4. One particular point of interest today will be whether the Liberal leadership spill and ouster of Tony Abbott in favour of Malcolm Turnbull as PM had any perceptible impact on business confidence.

RBA Deputy Governor Lowe's speech, to the CFA institute's Australia Investment conference, is titled '*Fundamentals and Flexibility*'.

Ahead of the aforementioned US earnings reports, we'll get the US NFIB Small Business Optimism survey (for which we have already had the Hiring Plans Index ahead of the non-farm payrolls report - down to 12 from 13 in September) and the German ZEW survey. The latter should give us the first read on the impact on business sentiment from the VW diesel emissions scandal. Falls in both the Current Situation and Expectations readings are expected.

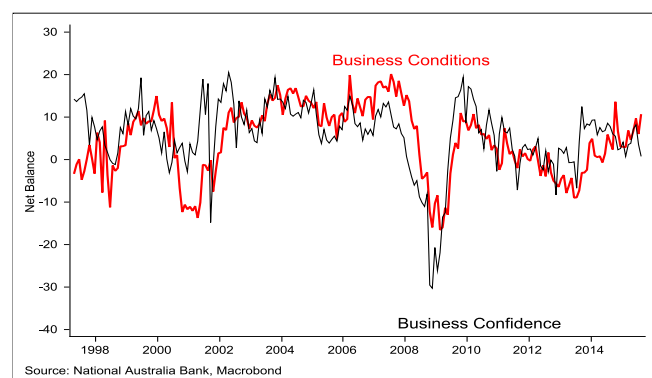
Also due tonight are latest inflation read-outs from the UK, where headline CPI is seen sticking at 0.0%, and final numbers from Germany also expected to have held at the 0.0% preliminary y/y rate. The latest from ECB President Draghi on inflation in the Eurozone, over the weekend, is that oil prices are largely to blame for the likelihood of it taking longer for inflation to come up to the 'near 2% target', with no enthusiasm at this stage to be fuelling hopes for more aggressive easing.

James Bullard is tonight's featured Fed speaker.

Overnight

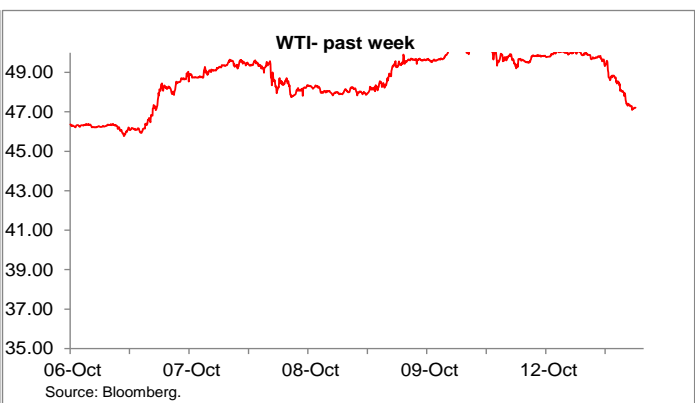
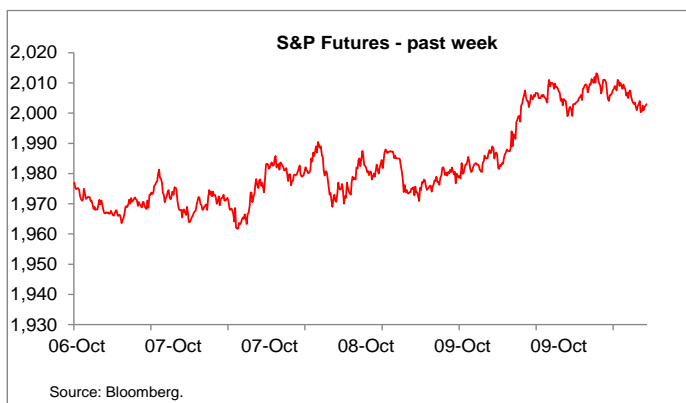
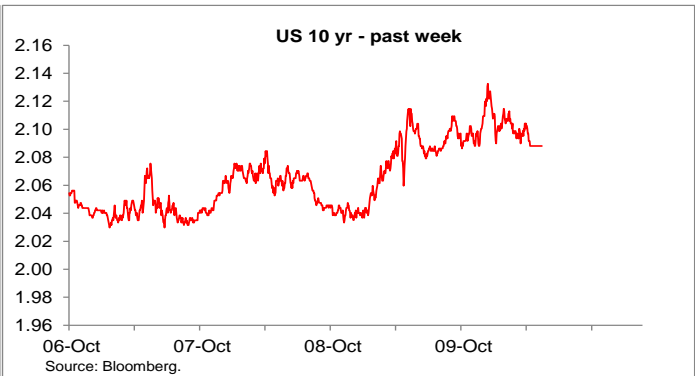
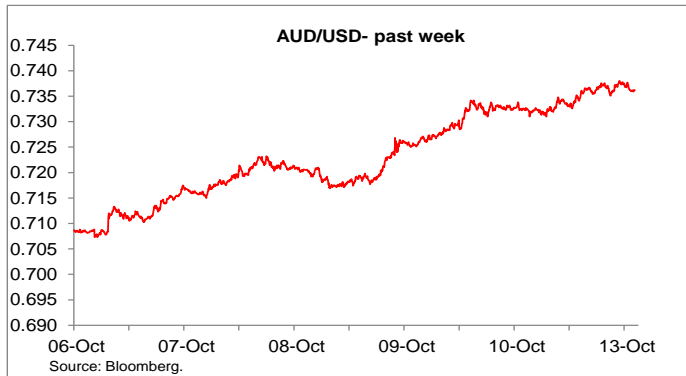
- On global stock markets, the S&P 500 is currently +0.1%. US bond markets were closed, while 10yr German Bund yields fell by 3.8bps to 0.576%. On commodity markets, Brent crude oil -5.05% to \$49.99, gold+0.5% to \$1,162, iron ore +1.1% to \$56.61. AUD is at 0.7362 and the range was 0.7305 to 0.7382.

Chart Of The Day: NAB Business Conditions & Confidence



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Markets



Foreign Exchange							
Indicative 24hr ranges (**)				Other FX			
	Last	% chge	Low	High		Last	% chge
AUD	0.7359	0.3	0.7305	0.7382	HKD	7.7501	0.0
NZD	0.6713	0.4	0.6673	0.6740	CNY	6.3235	-0.3
EUR	1.1363	0.0	1.1353	1.1397	SGD	1.3981	0.3
GBP	1.5340	0.1	1.5306	1.5373	IDR	13,408	0.0
JPY	120.00	-0.2	119.89	120.30	THB	35.35	-0.5
CAD	1.3011	0.5	1.2902	1.3010	KRW	1,144	0.0
AUD/EUR	0.6474	0.3			TWD	32.31	0.0
AUD/JPY	88.32	0.1			PHP	45.82	-0.1
AUD/GBP	0.4796	0.2			CHF	0.96	0.1
AUD/NZD	1.0957	-0.1			SEK	8.17	-0.3

Equities			
Major Indices			
	Last	% day	% y/y
Dow	17,124	+0.2	3.5
S&P 500	2,016	+0	5.7
Nasdaq	4,838	+0.1	13.1
FTSE	6,371	-0.7	0.5
DAX	10,120	+0.2	15.1
CAC 40	4,689	+0	15.1
Nikkei	18,439	+1.6	20.5
Shanghai	3,288	+3.3	39.0
Hang Seng	22,731	+1.2	-1.8
ASX200	5,233	-0.9	1.5

Commodities*		
	Last	% day
Oil (Brent)	49.99	-5.1
Oil (WTI)	47.22	-4.9
Oil (Tapis)	53.04	-1.3
Gold	1162.30	0.5
CRB	199.73	-1.5
GS Metals	277.8	4.2
Aluminium	1581	-1.3
Copper	5332	0.3
Nickel	10618	1.4
Zinc	1824	0.2
Ch. steel	1835	-1.0
Iron ore	56.6	1.1
Coal	53.0	-1.2
Wheat Chic.	514.5	-0.4
Sugar	14.24	-0.7
Cotton	61.69	0.1
Coffee	134.5	2.2

CO ₂ Emissions - Euros		
	Last	% day
Jun-2015	8.32	-0.6
Dec-2015	8.30	-0.6
Dec-2016	8.37	-0.6

Interest Rates								
Indicative Swap Rates				Benchmark 10 Year Bonds				
	Cash	3mth	2Yr	10Yr		Last	chge	Sprd
USD	0.25	0.32	0.77	2.07	USD 10	2.09	0.00	
AUD	2.00	2.18	1.99	2.98	AUD 10	2.71	0.00	0.62
NZD	2.75	2.86	2.73	3.59	NZD 10	3.44	0.00	1.35
EUR	0.05	0.06	0.05	0.96	CAD 10	1.52	0.01	-0.57
GBP	0.50	0.57	0.96	1.86	EUR 10	0.58	-0.04	-1.51
JPY	0.10	0.08	0.11	0.50	GBP 10	1.82	-0.04	-0.27
CAD	0.50	1.17	0.84	1.97	JPY 10	0.32	0.00	-1.77

Overnight Futures		
	Last	Chge
Australia		
3 mth bill	97.92	-0.01
3 Yr bond	98.14	0.01
10 Yr bond	97.28	0.02
3/10 sprd	0.86	-0.01
SPI	-17.0	-0.3

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	Period	Forecast	Consensus	Actual	Previous	GMT	AEDT
Tuesday, 13 October 2015								
AU	Speech by Philip Lowe, Deputy Governor, RBA to CFA Institute Investment Conference						21.40	8.40
NZ	Food Prices MoM	Sep	-0.20%			-0.5	21.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Oct 11				110	22.30	9.30
UK	Brc Kpmg Retail Sales Monitor	Sep		1.5		-1	23.10	10.10
JN	BoJ minutes for Sep 14-15 meeting			0			23.50	10.50
AU	NAB Business Conditions, Confidence	Sep				11/1	0.30	11.30
CH	Trade balance CNY	Sep		292.42		368.03	1.30	12.30
CH	Exports/Imports YoY CNY	Sep		-7.4/-16.5		-6.1/-14.3	1.30	12.30
CH	Trade balance USD	Sep		48.21		60.24	2.00	13.00
CH	Exports/Imports YoY USD	Sep		-6/-16		-5.5/-13.8	2.00	13.00
JN	Consumer Confidence	Sep		41.6		41.7	5.00	16.00
JN	Japan Machine Tool Orders Yoy	Sep P				-16.5	6.00	17.00
GE	German CPI MoM/YoY	Sep F		-0.2/0		-0.2/0	6.00	17.00
EC	ECB's Mersch speaks in Singapore						6.30	17.30
UK	CPI MoM/YoY	Sep		0/0		0.2/0	8.30	19.30
UK	PPI Output Core NSA MoM/YoY	Sep		0/0.2		0/0.1	8.30	19.30
UK	ONS House Price YoY	Aug		5		5.2	8.30	19.30
GE	ZEW Current assessment/Expectations	Oct		64/6.5		67.5/12.1	9.00	20.00
EC	ZEW Survey Expectations	Oct				33.3	9.00	20.00
US	Nfib Small Business Optimism I	Sep		95.3		95.9	10.00	21.00
US	Fed's Bullard speaks to NABE in Washington						12.00	23.00
US	Monthly Budget Statement	Sep		95		-64.4	18.00	5.00
Wednesday, 14 October 2015								
AU	W-MI Consumer Sentiment Index/MoM	Oct				93.9/-5.6	23.30	10.30
EC	ECB's Mersch speaks in Singapore						1.00	12.00
CH	CPI/PPI YoY	Sep		1.8/-5.9		2/-5.9	1.30	12.30
NZ	Crown Financial Statements (2014/15)						2.00	13.00
UK	Claimant count, ('000K)/Unemployment rate	Sep		-2.15/3.1		1.2/5.5	8.30	19.30
EC	Industrial production MoM/YoY	Aug		-0.5		0.6/1.9	9.00	20.00
US	Retail Sales/Ex Autos MoM	Sep		0.2/-0.1		0.2/0.1	12.30	23.30
US	PPI MoM/YoY	Sep		-0.2		0/-0.8	12.30	23.30
US	Business Inventories	Aug		0.1		0.1	14.00	1.00
US	U.S. Federal Reserve Releases Beige Book						18.00	5.00
Thursday, 15 October 2015								
NZ	Bnz-Business NZ Performance Of Mfg PMI	Sep				55	21.30	8.30
NZ	Anz Roy Morgan Consumer Confidence	Oct				110.8/0.9	0.00	11.00
AU	W-MI Consumer Inflationary expectations	Oct				3.2	0.00	11.00
AU	Employment/Unemployment	Sep	11/6.2	9.6/6.2		17.4/6.2	0.30	11.30
AU	Participation Rate	Sep	65	65		65	0.30	11.30
AU	Motor vehicle sales MoM/YoY	Sep				-1.6/2.1	0.30	11.30
AU	FX Transactions Market	Sep				336	0.30	11.30
JN	Industrial production MoM/YoY	Aug F		/		-0.5/0.2	4.30	15.30
EC	ECB's Nowotny speaks at Conference in Warsaw						7.00	18.00
EC	ECB's Hansson speaks at Conference in Warsaw						9.30	20.30
CA	Teranet/National Bank HPI MoM/YoY	Sep				1/5.4	12.30	23.30
US	Us Initial Jobless Claims Sa	Oct 8		270		263	12.30	23.30
US	CPI MoM/YoY	Sep		-0.2/-0.1		-0.1/0.2	12.30	23.30
US	Core CPI MoM/YoY	Sep		0.1/1.8		0.1/1.8	12.30	23.30
US	Us Empire State Manufacturing	Oct		-8		-14.67	12.30	23.30
CA	Canadian Existing Home Sales M	Sep				0.3	13.00	0.00
US	Philadelphia Fed Business Outl	Oct		-2		-6	14.00	1.00
US	Fed's Bullard makes opening remarks at conference							1.30
US	Fed's Dudley speaks at Brookings Institution							1.30
EC	ECB's Nowotny speaks at Conference in Warsaw						17.00	4.00
Friday, 16 October 2015								
US	Cleveland Fed's Mester Delivers Remarks at Event in New York						20.30	7.30
NZ	CPI MoM/YoY	3Q	0.2/0.3	0.2/0.3		0.4/0.3	21.45	8.45
AU	RBA releases half yearly Financial Stability Review						0.30	11.30
AU	NAB Australian Wellbeing Index	3Q					0.30	11.30
EC	Trade balance	Aug				22.4	9.00	20.00
EC	CPI MoM/YoY	Sep		0.2/-0.1		0/0.1	9.00	20.00
EC	Core CPI YoY	Sep F		0.9		0.9	9.00	20.00
EC	ECB's Jazbec speaks at Conference in Warsaw						9.45	20.45
CA	Manufacturing Sales MoM	Aug		-1		1.7	12.30	23.30
CA	International transactions	Aug		/-0.3		-10.12	12.30	23.30
US	Industrial production MoM	Sep		-0.3		-0.4	13.15	0.15
US	JOLTs Job Openings	Aug		5600		5753	14.00	1.00
US	UoM Consumer Sentiment	Oct P		89		87.2	14.00	1.00
US	Net long term TIC flows	Aug				7.7	20.00	7.00
Upcoming Central Bank Interest Rate Announcements								
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%		
Japan	BoJ	30-Oct	0.0%-0.1%	0.0%-0.1%		0.0%-0.1%		
Australia	RBA	3-Nov	2.00%	2.00%		2.00%		
UK	BOE	5-Nov				0.50%		

GMT: Greenwich Mean Time; AEDT: Australian Eastern Daylight Saving Time

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