



Markets Today

A daily outlook for Australia, key global economies and markets

21 October 2015

A Bit of a Yawner

Mildly depressing to come in and find AUD/USD still within 10 points of 0.7250 in what has been another night lacking major news or other developments (save that the US Treasury is now struggling to sell Treasury bills in front of next month's clash on spending and the debt ceiling).

The NZD at least has shown some movement, dropping over a cent from intra-day high to low and following a small set-back in dairy prices at the latest Global Dairy Trade (GDT) auction. The GDT index was down 3.1% on two weeks ago, including a 4.6% drop in whole milk powder prices. To some surprise, the Canadian dollar sits at the top of the G10 FX leader-board, offshore markets seemingly happier at the fact that there was a decisive election outcome rather than a hung parliament, albeit the new Liberal government under Justin Trudeau was elected on a promise to engage in more bond-financed fiscal spending. That, and a simple case of 'sell the rumour, buy the fact' looks to be behind CAD's gains.

Elsewhere we see the Euro a tad higher, and where a further reduction in hopes for any near term step-up in the intensity or duration of ECB QE followed news that Eurozone banks are, according to the latest ECB survey released overnight, relaxing their standards for business lending. It's also worth noting that the ECB once again reported a very large Eurozone current account surplus, for August (€17.7bn) albeit a bit down on July and consensus expectations. This serves as a reminder of one factor providing support for the single currency in the current world where investment/capital flows are running relatively light and are subject to periodic bouts of flight (or 'home bias'). The same applies to the JPY and where Japan is also now running relatively large current account surpluses (see Chart of the Day in the attached pdf – there is one today, promise).

In other market US stocks are in no-man's land, closing down very small, while Treasury yields are on average about 5bps higher across the curve than this time yesterday. One influence on the latter has been a very strong US housing starts release (+6.5%) albeit building permits were down (-5.0%) and the strength was led by the highly volatile multi-family sector (i.e. apartments).

On the policy maker front, Yellen, Dudley and Powell have all put in appearances but none of them made any comments on the economy or Fed policy. The Bank of England's Ian McCafferty (who has been dissenting on the MPC in favour of higher rates) repeated his view that the Bank needs to be lifting rates now and risks being behind the curve. Sterling was unmoved. BoE Governor Mark carney meanwhile appeared before lawmakers but spoke only on regulatory matters, and has flagged up his speech later today – on how the Bank of England would handle a UK exit from the EU – as 'a bit of a yawner'.

Coming Up

Bits and pieces on the calendar today, but its highly questionable if anything here will generate much by way of market excitement.

New Zealand net migration (still running at record levels of late) kicks us off at 08:45 AEST and should continue to tell an important part of the New Zealand macro story to which markets remain largely indifferent.

RBA Assistant Governor Malcolm Edey speaks at ISDA's annual conference at 9:30 but will likely not touch on the macro economy or RBA policy, unless he chooses to say something in any Q&A.

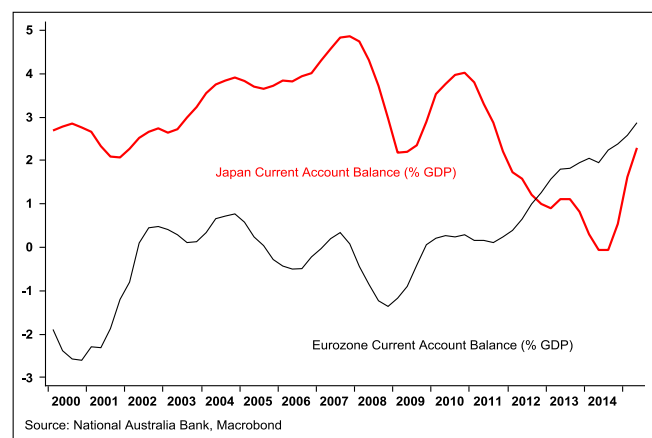
Skilled vacancy data for September is due but is already superseded by the likes of Seek's job ads. Japanese trade data will be of passing interest for Yen traders.

The Bank of Canada meets tonight, and who have recently been a little more upbeat on the economy while not giving any suggestion they would be contemplating shifting policy anytime soon. Oil prices, the key source of economic weakness in the past year or more, are little changed from when BoC last met on 9 September. It's highly unlikely any reference will be made to the change of government, confirmed yesterday.

Overnight

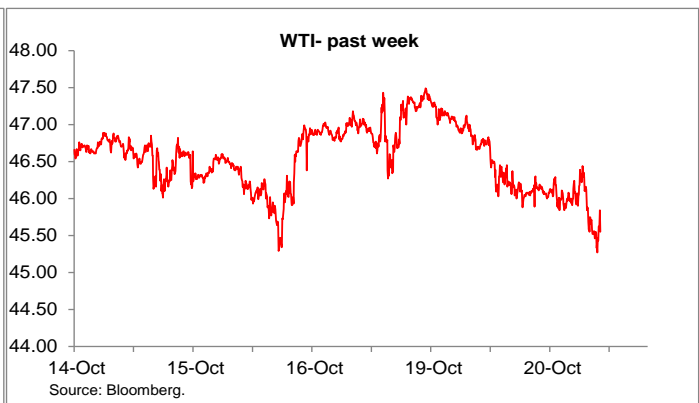
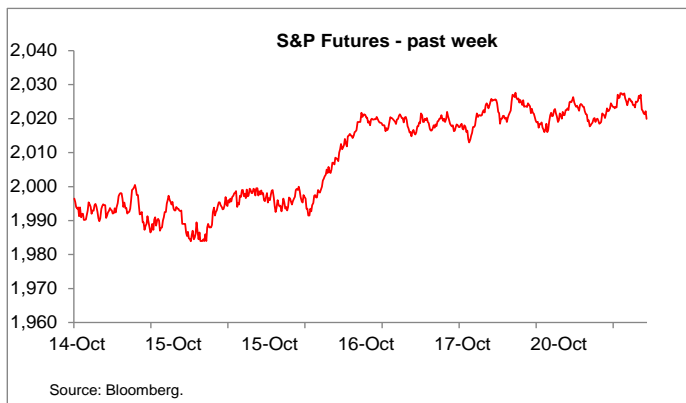
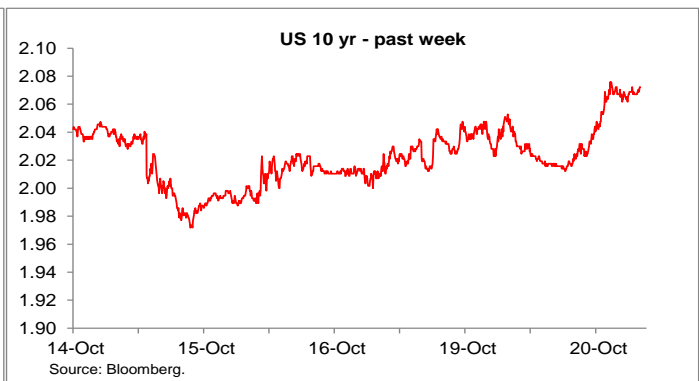
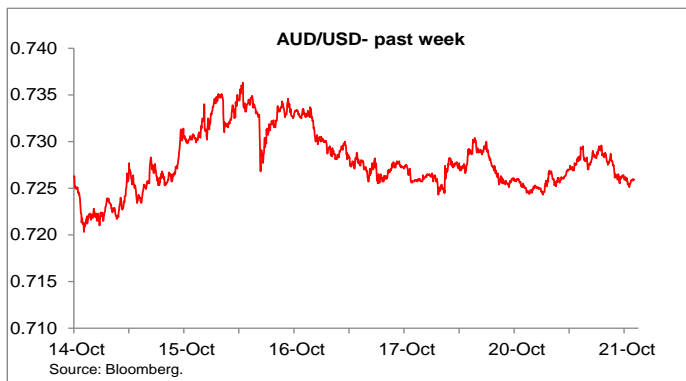
- On global stock markets, the S&P 500 is -0.10%. Bond markets sees US 10-years +4.95bp to 2.07%. On commodity markets, Brent crude oil +0.37% to \$48.79, gold+0.2% to \$1,176, iron ore -0.7% to \$52.93. AUD is at 0.7259 and the range was 0.7242 to 0.7298.

Chart of the Day: EZ & Japan Current A/Cs (% GDP)



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Markets



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>0.7259</td> <td>0.2</td> <td>0.7242</td> <td>0.7298</td> <td>HKD</td> <td>7.7501</td> <td>0.0</td> </tr> <tr> <td>NZD</td> <td>0.6748</td> <td>-0.6</td> <td>0.6736</td> <td>0.6846</td> <td>CNY</td> <td>6.3485</td> <td>-0.2</td> </tr> <tr> <td>EUR</td> <td>1.1340</td> <td>0.1</td> <td>1.1324</td> <td>1.1387</td> <td>SGD</td> <td>1.3918</td> <td>0.2</td> </tr> <tr> <td>GBP</td> <td>1.5446</td> <td>-0.1</td> <td>1.5437</td> <td>1.5506</td> <td>IDR</td> <td>13,683</td> <td>1.2</td> </tr> <tr> <td>JPY</td> <td>119.88</td> <td>0.3</td> <td>119.41</td> <td>119.96</td> <td>THB</td> <td>35.44</td> <td>0.0</td> </tr> <tr> <td>CAD</td> <td>1.2983</td> <td>-0.3</td> <td>1.2936</td> <td>1.3047</td> <td>KRW</td> <td>1,131</td> <td>0.9</td> </tr> <tr> <td>AUD/EUR</td> <td>0.6400</td> <td>0.1</td> <td></td> <td></td> <td>TWD</td> <td>32.35</td> <td>0.0</td> </tr> <tr> <td>AUD/JPY</td> <td>87.04</td> <td>0.5</td> <td></td> <td></td> <td>PHP</td> <td>46.37</td> <td>0.6</td> </tr> <tr> <td>AUD/GBP</td> <td>0.4702</td> <td>0.3</td> <td></td> <td></td> <td>CHF</td> <td>0.96</td> <td>0.0</td> </tr> <tr> <td>AUD/NZD</td> <td>1.0758</td> <td>0.8</td> <td></td> <td></td> <td>SEK</td> <td>8.30</td> <td>-0.1</td> </tr> </table>						Indicative 24hr ranges (**)				Other FX		Last	% chge	Low	High	Last	% chge	AUD	0.7259	0.2	0.7242	0.7298	HKD	7.7501	0.0	NZD	0.6748	-0.6	0.6736	0.6846	CNY	6.3485	-0.2	EUR	1.1340	0.1	1.1324	1.1387	SGD	1.3918	0.2	GBP	1.5446	-0.1	1.5437	1.5506	IDR	13,683	1.2	JPY	119.88	0.3	119.41	119.96	THB	35.44	0.0	CAD	1.2983	-0.3	1.2936	1.3047	KRW	1,131	0.9	AUD/EUR	0.6400	0.1			TWD	32.35	0.0	AUD/JPY	87.04	0.5			PHP	46.37	0.6	AUD/GBP	0.4702	0.3			CHF	0.96	0.0	AUD/NZD	1.0758	0.8			SEK	8.30	-0.1
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 | Major Indices | | | | |---------------|--------|-------|-------| | | Last | % day | % y/y | | Dow | 17,235 | +0 | 5.1 | | S&P 500 | 2,032 | -0.1 | 6.7 | | Nasdaq | 4,885 | -0.4 | 13.2 | | FTSE | 6,345 | -0.1 | 1.2 | | DAX | 10,148 | -0.2 | 16.4 | | CAC 40 | 4,674 | -0.1 | 17.1 | | Nikkei | 18,207 | +0.4 | 23.0 | | Shanghai | 3,425 | +1.1 | 46.4 | | Hang Seng | 22,989 | -0.4 | -0.4 | | ASX 200 | 5,236 | -0.6 | -1.7 | | | | | | Last | % day | |-------------|---------|-------| | Oil (Brent) | 48.79 | 0.4 | | Oil (WTI) | 45.55 | -0.7 | | Oil (Tapis) | 47.56 | -3.6 | | Gold | 1176.00 | 0.2 | | CRB | 197.42 | 0.4 | | GS Metals | 271.4 | -1.5 | | Aluminium | 1515 | -0.3 | | Copper | 5209 | -0.1 | | Nickel | 10376 | 0.2 | | Zinc | 1750 | -1.6 | | Ch. steel | 1797 | -0.4 | | Iron ore | 52.9 | -0.7 | | Coal | 53.2 | 0.3 | | Wheat Chic. | 498.3 | 1.0 | | Sugar | 14.06 | -1.4 | | Cotton | 63.78 | 0.9 | | Coffee | 124.8 | 0.7 | | || | Interest Rates | | | | Benchmark 10 Year Bonds | | | | |-----------------------|------|------|------|-------------------------|--------|------|-------| | Indicative Swap Rates | | | | Last | chge | Sprd | | | Cash | 3mth | 2Yr | 10Yr | | | | | | USD | 0.25 | 0.32 | 0.74 | 2.04 | USD 10 | 2.07 | 0.05 | | AUD | 2.00 | 2.14 | 1.96 | 2.93 | AUD 10 | 2.62 | 0.02 | | NZD | 2.75 | 2.86 | 2.75 | 3.52 | NZD 10 | 3.30 | 0.02 | | EUR | 0.05 | 0.06 | 0.04 | 1.00 | CAD 10 | 1.54 | 0.08 | | GBP | 0.50 | 0.58 | 0.95 | 1.90 | EUR 10 | 0.63 | 0.06 | | JPY | 0.10 | 0.08 | 0.11 | 0.49 | GBP 10 | 1.86 | 0.03 | | CAD | 0.50 | 1.17 | 0.83 | 1.95 | JPY 10 | 0.31 | -0.02 | | | | | | | Overnight Futures | | | |-------------------|-------|-------| | | Last | Chge | | Australia | | | | 3 mth bill | 97.95 | -0.02 | | 3 Yr bond | 98.17 | -0.04 | | 10 Yr bonc | 97.29 | -0.06 | | 3/10 sprd | 0.89 | 0.02 | | SPI | -7.0 | -0.1 | | |
| | CO ₂ Emissions - Euros | | | |-----------------------------------|------|-------| | | Last | % day | | Jun-2015 | 8.49 | 1.4 | | Dec-2015 | 8.47 | 1.4 | | Dec-2016 | 8.53 | 1.4 | | | | | |

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
Wednesday, 21 October 2015								
NZ	Net Migration SA	Sep				5470	21.45	8.45
AU	RBA's Edey speaks at a ISDA's 2015 Annual Australia Conference						22.45	9.45
AU	Conf. Board Leading Index MoM	Aug					23.00	10.00
AU	Westpac Leading Index MoM	Sep				-0.3	23.30	10.30
JN	Trade Balance Adjusted	Sep		-63.4		-358.778	23.50	10.50
AU	Skilled Vacancies MoM	Sep				0.2	0.00	11.00
NZ	Credit Card Spending MoM	Sep				1.1/10.5	2.00	13.00
JN	All Industry Activity Index MoM	Aug		-0.2		0.2	4.30	15.30
UK	Public Finances (PSNCR)	Sep					8.30	19.30
CA	Bank of Canada Rate Decision	Oct-21		0.5		0.5	14.00	1.00
UK	BoE's Gov Carney Speaks in Oxford						17.00	4.00
Thursday, 22 October 2015								
NZ	ANZ Job Advertisements MoM	Sep				-1.7	21.00	8.00
AU	NAB Quarterly Business Survey	3Q				4.11	0.30	11.30
CH	MNI October Business Indicator	Oct						
EC	ECB Publishes Monthly Report						8.00	19.00
UK	BoE's Cuncliffe Speaks at Event in London						8.20	19.20
UK	Retail Sales Ex Auto Fuel MoM	Sep		0.4/4.7		0.1/3.5	8.30	19.30
EC	ECB Main Refinancing Rate	Oct-22		0.05		0.05	11.45	22.45
US	Chicago Fed Nat Activity Index	Sep		-0.2		-0.41	12.30	23.30
CA	Retail Sales MoM	Aug		0.1		0.5	12.30	23.30
US	Initial Jobless Claims	Oct-17		265		255	12.30	23.30
US	FHFA House Price Index MoM	Aug		0.5		0.6	13.00	0.00
EC	Consumer Confidence	Oct A		-7.4		-7.1	14.00	1.00
US	Existing Home Sales	Sep		5.39/1.46		5.31/-4.8	14.00	1.00
US	Leading Index	Sep		0		0.1	14.00	1.00
US	Kansas City Fed Manf. Activity	Oct		-9		-8	15.00	2.00
UK	BoE's Bailey Speaks at Event in London						19.30	6.30
Friday, 23 October 2015								
CH	China September Property Prices	Sep						
JN	Nikkei Japan PMI Mfg	Oct P		50.5		51	1.35	12.35
CH	Conference Board Leading Economic Index	Sep						
JN	Leading Index CI	Aug F				103.5	5.00	16.00
GE	Markit/BME Germany Manufacturing/Services PMI	Oct P		51.7/53.9		52.3/54.1	7.30	18.30
GE	Markit/BME Germany Composite PMI	Oct P		53.7		54.1	7.30	18.30
EC	Markit Eurozone Manufacturing/Services PMI	Oct P		51.7/53.5		52/53.7	8.00	19.00
CA	CPI NSA MoM/YoY	Sep		-0.1/1.1		0/1.3	12.30	23.30
CA	CPI Core SA MoM	Sep				0.1	12.30	23.30
UK	CBI Reported Sales	Oct				49	11.00	22.00
US	Markit US Manufacturing PMI	Oct P		52.7		53.1	13.45	0.45
Monday, 26 October 2015								
GE	IFO Business Climate	Oct				108.5	9.00	20.00
UK	BBA Loans for House Purchase	Sep				46743	9.30	20.30
US	New Home Sales	Sep		549/-0.5		552/5.7	14.00	1.00
US	Dallas Fed Manf. Activity	Oct		-6		-9.5	14.30	1.30
Tuesday, 27 October 2015								
NZ	Trade Balance	Sep				-1035	21.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Oct-25				115.6	22.30	9.30
JN	PPI Services YoY	Sep				0.7	23.50	10.50
CH	Industrial Profits YoY	Sep				-8.8	1.30	12.30
EC	M3 Money Supply YoY	Sep				4.8	9.00	20.00
UK	GDP QoQ	3Q A		/		0.7/2.4	9.30	20.30
UK	Index of Services MoM	Aug				0.2	9.30	20.30
US	Durable Goods Orders	Sep		-1.3		-2	12.30	23.30
US	Cap Goods Orders Nondef Ex Air	Sep				-0.2	12.30	23.30
US	S&P/CS 20 City MoM SA	Aug		0.15/5.1		-0.2/4.96	13.00	0.00
US	Markit US Composite PMI	Oct P				55	13.45	0.45
US	Markit US Services PMI	Oct P				55.1	13.45	0.45
US	Consumer Confidence Index	Oct		102		103	14.00	1.00
US	Richmond Fed Manufact. Index	Oct		-2		-5	14.00	1.00
Wednesday, 28 October 2015								
JN	Retail Sales MoM/YoY	Sep		/		0/0.8	23.50	10.50
JN	Large Retailers' Sales	Sep				1.8	23.50	10.50
AU	CPI QoQ/YoY	3Q		/		0.7/1.5	0.30	11.30
AU	CPI YoY	3Q				1.5	0.30	11.30
AU	CPI Trimmed Mean QoQ/YoY	3Q		/		0.6/2.2	0.30	11.30
AU	CPI Trimmed Mean YoY	3Q				2.2	0.30	11.30
AU	CPI Weighted Median QoQ/YoY	3Q		/		0.5/2.4	0.30	11.30
CH	Westpac-MNI Consumer Sentiment	Oct				118.2	1.45	12.45
GE	GfK Consumer Confidence	Nov				9.6	7.00	18.00
US	MBA Mortgage Applications	Oct-23				-27.6	11.00	22.00
US	FOMC Rate Decision (Lower/Upper Bound)	Oct-28		0/0.25		0/0.25	18.00	5.00
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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