



# Markets Today

A daily outlook for Australia, key global economies and markets

6 November 2015

## On standby

Not a massive session as far as new market direction was concerned overnight ahead of payrolls tonight. The US dollar sits fractionally a tad higher in net terms this morning, though not from any particular strength in the big dollar markets support or fed rate pricing.

It was a down session for the pound in the aftermath of the Bank of England unchanged rate decision, its quarterly inflation report and Bloomberg TV interview with its Governor Mark Carney. As entirely expected the Bank of England left rates unchanged with an 8-1 vote, with its quarterly inflation report suggesting that there is not enough CPI pressure to justify a rate hike for most MPC members, and that the outlook for global growth had weakened since August. Despite their softer tones and outlook, to keep the market guessing, in his Bloomberg TV interview after the BoE decision, Governor Carney outlined his view that it would still be prudent to think that the Bank of England would be increasing rates year.

Most currencies marked time against the US dollar overnight. The Aussie this morning sits in very familiar territory trading just below nought 0.7150 in the aftermath of yesterday's speech from RBA Governor Glenn Stevens which reaffirmed that if rates were to move it would be much more likely to be an easing for now at least he still harbours some concerns about housing, not knowing how successful or otherwise policy measures to cool some heated parts of the sector will be. The domestic form a little better of late as well. Iron ore and copper prices lower overnight.

ECB's Draghi was speaking, again talking about the stabilising deflation risks, that the ECB has a higher degree of independence and must consider the weaker global environment impacts its ability to return to price stability. Again, talking he's talking up the prospect of ramping up QE/trimming its deposit rate at its December meeting. The Euro had something of an up-and-down and up night, whipped around by the above comments, softer than expected German factory orders but an upgrade to the European Commission's growth forecasts.

It was very light on for US data with only the weekly jobless claims (and Q3 productivity after recent GDP). For once, jobless claims popped higher after the run of continuously low levels consistent with the stronger labour market. (Weekly noise or a late October wrinkle in the US labour market?) US fed funds futures backed off its December lift-off probability only a touch, down from 60% to 56%. Fed hawk Dennis Lockhart spoke on CNBC saying he expects the case for a hike in December will strengthen up to the December meeting, the improving US job market supporting lift-off this year. The more dovish Bill Dudley of the New York Fed said that in the current environment, he would like to see a little bit more in terms of wage inflation.

## Coming up

Again, it's another busy 24 hours as far as the schedule is concerned. First up today, the RBA releases its Statement on Monetary Policy, revealing some likely downward revision to its near-term inflation forecasts, if only from base effects and

trimming its medium to longer term potential growth forecasts from slower population growth. As well the forecasts, the market will be looking for any nuances in the forward guidance as any influence over the market's current pricing of December being unlikely and next February as possible to probable. (We continue to expect that the RBA will remain on hold for many months yet.) We also have Malcolm Edey RBA Assistant Governor (Financial System) speaking at noon AEDT at a property conference on the Gold Coast.

Then it's all pretty much about payrolls tonight, with the likelihood of a print anywhere near close to expectations underpinning current pricing tilted towards fed rate lift-off in December. Is also even more fed speak night we James Bullard and Lael Brainard both speaking.

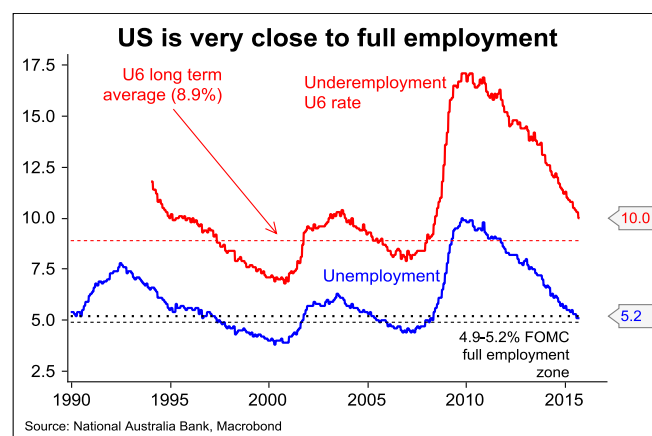
## Overnight

- Markets waiting for payrolls: Eurostoxx 600 -0.4%, Dax +0.4%, CAC +0.6%, FTSE -0.7%. Dow -30 points to 17,837, -0.2%, S&P 500 -0.2%, Nasdaq -0.4%, VIX 15.64 +0.8%. Shanghai +1.8%, Mumbai +1.8%, Nikkei 225 -0.4% and ASX 200 -0.9%; ASX SPI futures this morning -0.4%. US bond yields: 2s at 0.84% (3), 10s at 2.25% (+2). WTI oil at \$45.24 (-2.3%), Brent at \$48.00 (-1.2%), Malaysian Tapis (yesterday) \$48.08 (-2.7%). Gold at \$1104.20/oz (-0.2%). Base metals: LME copper -2.4%, nickel -0.6%, aluminium +0.2%. Iron ore \$48.7/t -1.0% Chinese steel rebar futures +0.1%. Soft commodities spot futures: wheat -0.3%, sugar +0.8%, cotton +0.0%, coffee 0.3%. Euro CO<sup>2</sup> emissions price (Dec 15) +0.8%. The AUD/USD's range overnight 0.7126-0.7170; indicative range today 0.7120-0.7170; the AUD/USD is 0.7142 now**
- EC Retail sales (Sep) -0.1%/2.9% (L: 0.0%/2.3%; E: 0.2%/3.0%); German factory orders (Sep) -1.7%/-1.0% (L: -1.8%/1.9%; E: 1.0%/1.9%)**
- US Jobless claims (w/e 31 Oct) 276K (L: 260K; E: 262K)**

Good luck.

David.deGaris@nab.com.au

## Chart of the day: US labour market

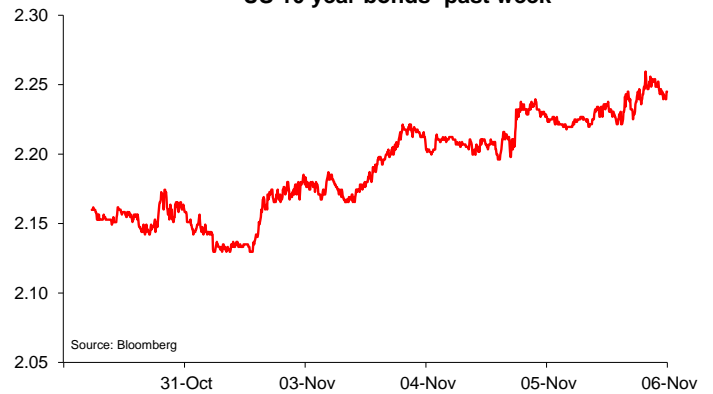


Markets

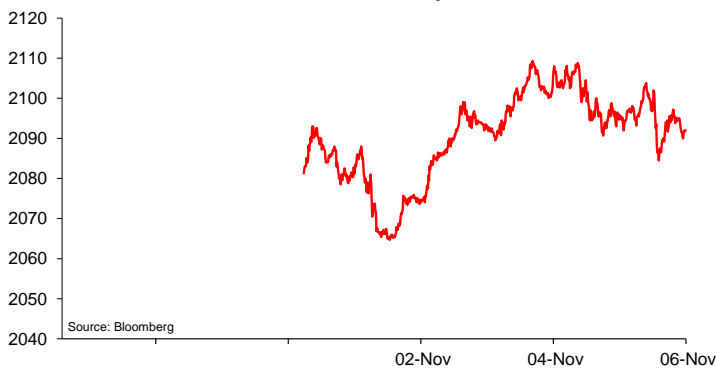
AUD/USD- past week



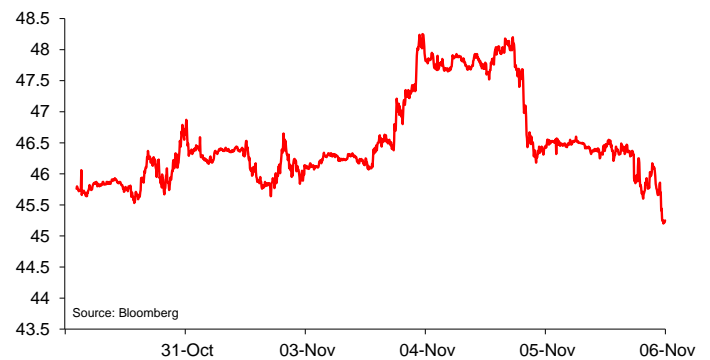
US 10 year bonds- past week



S&P 500 futures- past week



WTI futures- past week



Foreign Exchange

Indicative 24hr ranges (**)				Other FX		
	Last	% chge	Low	High	Last	% chge
AUD	0.7142	-0.1	0.7126	0.7170	HKD	7.7512 0.0
NZD	0.6618	0.1	0.6603	0.6647	CNY	6.3448 0.0
EUR	1.0884	0.2	1.0855	1.0899	SGD	1.4067 0.0
GBP	1.5211	-1.1	1.5206	1.5405	IDR	13,546 -0.2
JPY	121.68	-0.2	121.52	122.01	THB	35.58 0.0
CAD	1.3164	0.0	1.3145	1.3188	KRW	1,139 -0.1
AUD/EUR	0.6562	-0.2			TWD	32.45 -0.1
AUD/JPY	86.90	-0.1			PHP	46.87 -0.2
AUD/GBP	0.4695	1.2			CHF	1.00 -0.1
AUD/NZD	1.0791	0.0			SEK	8.63 -0.2

Equities

Major Indices			
	Last	% day	% year
Dow	17,837	-0.2	2.0
S&P 500	2,097	-0.2	3.6
Nasdaq	5,123	-0.4	10.9
VIX Index	15.64	0.8	10.4
FTSE	6,365	-0.7	-2.7
DAX	10,888	0.4	16.9
CAC 40	4,980	0.6	18.3
Nikkei	19,116	1.0	13.8
Shanghai	3,523	1.8	45.2
Hang Seng	23,051	0.0	-2.5
ASX200	5,193	-0.9	-5.7

Commodities\*

	Last	% day
Oil (Brent)	48.00	-1.2
Oil (WTI)	45.24	-2.3
Oil (Tapis)	48.08	-2.7
Gold	1104.20	-0.2
CRB	192.44	-0.9
GS Metals	263.5	0.0
Aluminium	1507	0.2
Copper	5011	-2.4
Nickel	9800	-0.6
Zinc	1664	-1.1
Ch. steel	1781	0.1
Iron ore	48.7	-1.0
St. coal	61.8	n.a.
Wheat Chic.	527.0	-0.3
Sugar	14.76	0.8
Cotton	61.95	0.0
Coffee	120.9	0.3

Interest Rates

Indicative Swap Rates				Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.25	0.34	0.91	2.12	USD 10	2.25	0.02
AUD	2.00	2.20	2.01	2.94	AUD 10	2.78	0.05 0.54
NZD	2.75	2.93	2.77	3.58	NZD 10	3.39	0.00 1.14
EUR	0.05	0.06	-0.03	0.95	CAD 10	1.66	0.02 -0.59
GBP	0.50	0.58	1.02	1.95	EUR 10	0.61	0.01 -1.64
JPY	0.10	0.08	0.11	0.49	GBP 10	1.97	-0.03 -0.28
CAD	0.50	1.17	0.90	1.99	JPY 10	0.32	0.00 -1.93

Overnight Futures

	Last	Chge
<b>Australia</b>		
3 mth bill	97.89	0.00
3 Yr bond	98.05	-0.02
10 Yr bond	97.18	-0.06
3/10 sprd	0.88	0.04
SPI	-22.0	-0.4

CO<sub>2</sub> Emissions - Euros

	Last	% day
Dec-2015	8.47	0.8
Dec-2016	8.54	0.8
Dec-2017	8.64	0.7

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
<b>Friday, 6 November 2015</b>								
NZ	Crown Financial Statements	Sep qtr					21.45	8.45
AU	AiG PCI Construction	Oct				51.9	22.30	9.30
AU	RBA Statement on Monetary Policy						0.30	11.30
AU	RBA's Edey Speech at Conference on Gold Coast						1.00	12.00
JN	Leading index	Sep P		101.8		103.5	5.00	16.00
GE	Industrial production MoM/YoY	Sep		0.5/1.3		-1.2/2.3	7.00	18.00
UK	Industrial production MoM	Sep		-0.1		1	9.30	20.30
UK	Trade Balance	Sep		-3100		-3765	9.30	20.30
US	Non-farm payrolls/Unemployment	Oct		182/5		142/5.1	13.30	0.30
US	Average hourly earnings MoM/YoY	Oct		0.2/2.3		0/2.2	13.30	0.30
CA	Employment/Unemployment	Oct		10/7.1		12.1/7.1	13.30	0.30
US	Fed's Bullard Speaks on Economy and Policy in St. Louis						14.00	1.00
US	Consumer Credit	Sep		18		16.018	20.00	7.00
US	Fed's Brainard Takes Part in IMF Panel on Monetary Policy						21.15	8.15
<b>Saturday, 7 November 2015</b>								
CH	Foreign Reserves	Oct		3456.5		3514.12		
<b>Sunday, 8 November 2015</b>								
CH	Trade balance, USD	Oct		60.9		60.34		
CH	Exports/Imports USD YoY	Oct		-3.6/-14.9		-3.7/-20.4		
CH	Foreign Direct Investment YoY CNY	Oct		5		7.1		
<b>Monday, 9 November 2015</b>								
AU	ANZ Job Advertisements MoM	Oct				3.9	0.30	11.30
JN	Labor Cash Earnings YoY	Sep				0.5	1.30	12.30
GE	Trade Balance	Sep				15.3	7.00	18.00
GE	Current Account Balance	Sep				12.3	7.00	18.00
EC	Sentix Investor Confidence	Nov				11.7	9.30	20.30
EC	OECD Economic Outlook						10.30	21.30
EC	ECB's Coeure Participates in Eurgroup Meeting in Brussels							
CA	Housing Starts	Oct				230.701	13.15	0.15
US	Labor Market Conditions Index Change	Oct				0	15.00	2.00
US	Fed's Rosengren Speaks on Outlook for U.S. Economy						17.00	4.00
<b>Tuesday, 10 November 2015</b>								
NZ	ANZ Truckometer Heavy MoM	Oct				1.7	21.00	8.00
NZ	Card Spending Retail MoM/YoY	Oct		/		0.9/0.7	21.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Nov-08				115.2	22.30	9.30
JN	BoP Current Account Adjusted	Sep				1590.1	23.50	10.50
UK	BRC Sales Like-For-Like YoY	Oct				2.6	0.10	11.10
AU	NAB Business Confidence/Conditions	Oct				5/9	0.30	11.30
AU	Home Loans MoM	Sep		-1		2.9	0.30	11.30
AU	Investment Lending	Sep				-0.4	0.30	11.30
CH	CPI/PPI YoY	Oct		1.5/-5.9		1.6/-5.9	1.30	12.30
EC	ECB's Nouy Speaks in Frankfurt						8.15	19.15
US	NFIB Small Business Optimism	Oct				96.1	11.00	22.00
EC	ECB's Coeure Speaks in Berlin						11.15	22.15
EC	ECB's Constancio Participates in Ecofin Meeting in Brussels							
US	Import Price Index MoM/YoY	Oct		-0.3/		-0.1/-10.7	13.30	0.30
US	Wholesale Inventories MoM	Sep		0		0.1	15.00	2.00
CA	Bank of Canada's Wilkins Makes Introductory Remarks in Toronto						17.00	4.00
<b>Wednesday, 11 November 2015</b>								
NZ	RBNZ Governor Wheeler News Conference on FSR						20.05	7.05
AU	Westpac Consumer Conf Index/MoM	Nov		/		97.8/4.2	23.30	10.30
JN	BOJ Harada makes a speech in Utsunomiya						1.30	12.30
CH	Retail Sales YoY	Oct		10.9		10.9	5.30	16.30
CH	Retail Sales YTD YoY	Oct		10.5		10.5	5.30	16.30
CH	Industrial Production YoY	Oct		5.8		5.7	5.30	16.30
CH	Industrial Production YTD YoY	Oct		6.2		6.2	5.30	16.30
CH	Fixed Assets Ex Rural YTD YoY	Oct		10.2		10.3	5.30	16.30
CH	Bloomberg GDP Monthly Estimate YoY	Oct				6.55	6.00	17.00
JN	Machine Tool Orders YoY	Oct P				-19.1	6.00	17.00
UK	Jobless Claims Change	Oct				4.6	9.30	20.30
EC	ECB's Constancio Speaks in Madrid							
EC	ECB President Mario Draghi Speaks at BOE event in London						13.15	0.15
<b>Upcoming Central Bank Interest Rate Announcements</b>								
UK	BOE	5-Nov				0.50%		
Japan	BoJ	19-Nov	0.0%-0.1%	0.0%-0.1%		0.0%-0.1%		
Australia	RBA	1-Dec	2.00%	2.00%		2.00%		
Europe	ECB	3-Dec				0.05%		
Canada	BoC	3-Dec				0.50%		
New Zealand	RBNZ	10-Dec	2.50%	2.50%		2.75%		
US	Federal Reserve	17-Dec				0-0.25%		

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

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

### 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

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