



Markets Today

A daily outlook for Australia, key global economies and markets

11 November 2015

Big dollar getting a little bigger

Not a big night as far as market movements are concerned, one extension of a theme being the continued ascendancy of the big dollar that has gained a little more momentum, the Bloomberg spot dollar index up 0.12%. The big dollar notched up some gains against the Euro, Aussie, and Kiwi, the AUD down 0.38% and the NZD off 0.33%. Exceptions were the oil-driven currencies, the Canadian dollar steady while the Norwegian kroner rose, the NOK rising 0.49% with world oil prices recovering a little ground overnight.

The AUD sits at around 0.7020 in early trade this morning, at its overnight lows amid a choppy night for equities in Europe and the US, some decline in the S&P 500 VIX index, but softness in LME metals prices, copper down 0.78%.

The only data of note overnight was the US NFIB small business optimism index for October that was flat at 96.1 against expectations of a small rise. The dollar-supportive element of this report is that net compensation plans reported by US small business ticked a little higher, the net balance increasing from 16 to 17% the equal highest in this up cycle, a hint of a tightening US labour market, the sort of evidence Fed would be looking for the lead up to still likely December fed rate lift-off.

As we reported yesterday, the Portuguese government has now capitulated with the formation of the left wing coalition of parties. It remains to be seen whether this change of government reportedly on an anti-austerity platform will cause another bout of volatility as far as the Euro is concerned; it bears very close watching. So far at least, the Euro has been affected little, mainly on the back foot overnight but at the expense of the US dollar.

Coming up

As we go to print, the RBNZ financial stability report is being released, warning about risks to the NZ economy from dairy and risks of a damaging correction in Auckland house prices saying that financial risks generally have increased. This has seen an initial break lower in the NZ dollar, losing 10-15 points but then steadying with the headlines not Kiwi-friendly.

There is some meaty potential event risk lies ahead today especially with the Chinese October monthly activity reports right near the top or list as far as Aussie dollar watches are concerned (1630 AEDT). In may well be that analysts are correct and that industrial production and retail sales growth coming in almost bang on the September outcomes, but we know that these monthly activity data tend to pick up the signals on the economy to a closer extent was often evident in the quarterly GDP report.

For the past three months, industrial production has been underclubbing consensus expectations. The range of estimates is skewed to the lower end within a range of 5.6 to 6.1%; pricing is an estimate below 5.6% which is only 0.1% lower than September's growth. We also note that yesterday's CPI report was lower than expected.

Ahead of the Chinese growth numbers this morning, the may be some wire coverage from Chicago Fed President Charles Evans who is speaking at a debt management conference at 9:15 AM.

There is also the monthly Westpac–Melbourne Institute consumer sentiment survey (at 1030), conducted in the aftermath of the RBA leaving rates on hold (not that a cut was unit uniformly expected or something that would swing sentiment largely one way of the other in a predictable manner). Since today's monthly sentiment measure was released last month, the weekly ANZ–Roy Morgan measure has been pushing higher. Either way we don't expect it to affect market pricing too much at all. Also later today, Japan releases its machine tool orders numbers for October (17.00 AEDT).

Tonight some Pound focus with the UK October labour market report as well as the BOE's Mark Carney speaking (though on market reform), along with ECB President Draghi who is also speaking in London. There is no US data of note.

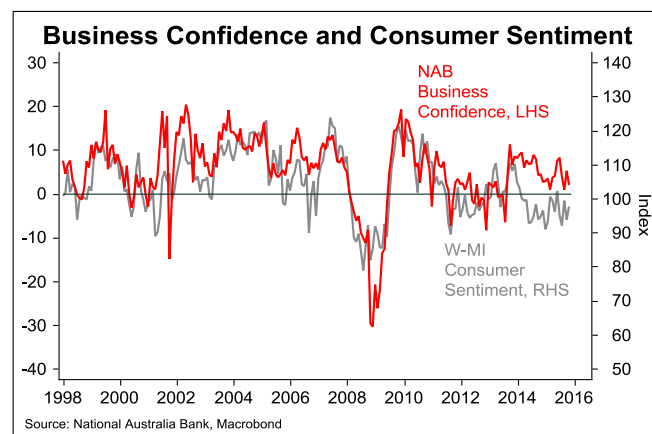
Overnight

- The NZD initially dips from RBNZ Financial Stability Report headlines: Eurostoxx 600 +0.1%, Dax +0.2%, CAC +0.0%, FTSE -0.3%. Dow +22 points to 17,752, +0.1%, S&P 500 +0.1%, Nasdaq -0.2%, VIX 15.55 -5.9%. Shanghai -0.2%, Mumbai -0.2%, Nikkei 225 -0.2% and ASX 200 -0.4%; ASX SPI futures this morning +0.1%. US bond yields: 2s at 0.86% (-2), 10s at 2.32% (-2). WTI oil at \$44.24 (+0.8%), Brent at \$47.50 (+0.7%), Malaysian Tapis (yesterday) \$47.07 (-1.0%). Gold at \$1087.40/oz (-0.1%). Base metals: LME copper -0.8%, nickel -0.8%, aluminium -0.3%. Iron ore \$48.2/t +0.1% Chinese steel rebar futures -0.4%. Soft commodities spot futures: wheat -2.0%, sugar +5.1%, cotton -0.2%, coffee -1.2%. Euro CO₂ emissions price (Dec 15) +1.4%. The AUD/USD's range overnight 0.7019-0.7064; indicative range today 0.6995-0.7045; the AUD/USD is 0.7021 now**
- US NFIB Small Business Optimism Index (Oct) 96.1 (L: 96.1; E: 96.5)**

Good luck.

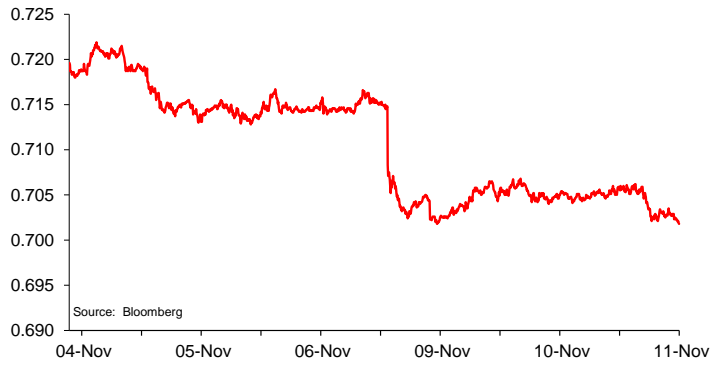
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Chart of the day: Confidence converging, and at average levels

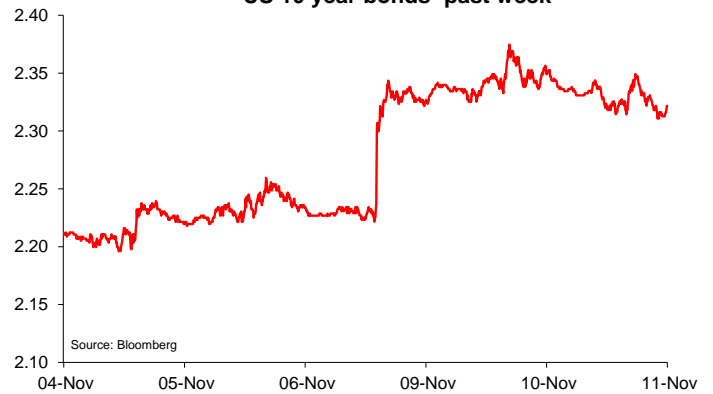


Markets

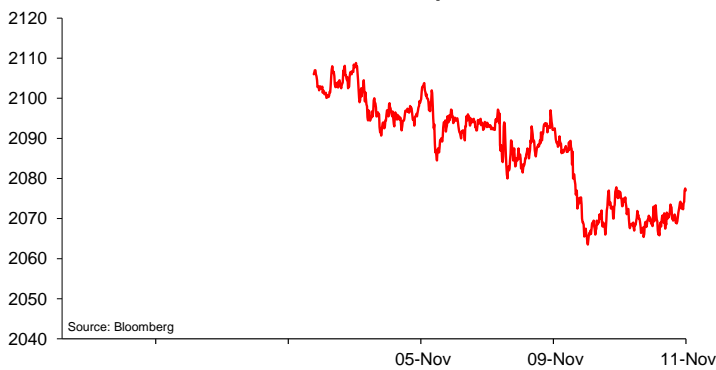
AUD/USD- past week



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	0.7021	-0.4	0.7017	0.7064	HKD	7.7521 0.0
NZD	0.6520	-0.4	0.6501	0.6559	CNY	6.3637 0.0
EUR	1.0710	-0.2	1.0674	1.0741	SGD	1.4235 0.1
GBP	1.5112	0.0	1.5102	1.5147	IDR	13,576 -0.5
JPY	123.24	0.1	123.05	123.44	THB	35.88 -0.1
CAD	1.3277	0.0	1.3245	1.3298	KRW	1,159 -0.2
AUD/EUR	0.6555	-0.3			TWD	32.77 0.0
AUD/JPY	86.53	-0.4			PHP	47.32 0.1
AUD/GBP	0.4647	-0.5			CHF	1.01 0.3
AUD/NZD	1.0769	-0.1			SEK	8.70 0.1

Equities

Major Indices			
	Last	% day	% year
Dow	17,752	0.1	0.8
S&P 500	2,081	0.1	2.1
Nasdaq	5,083	-0.2	9.3
VIX Index	15.55	-5.9	22.7
FTSE	6,275	-0.3	-5.1
DAX	10,833	0.2	15.8
CAC 40	4,912	0.0	16.3
Nikkei	19,671	0.1	14.9
Shanghai	3,640	-0.2	47.4
Hang Seng	22,402	-1.4	-5.9
ASX 200	5,099	-0.4	-7.6

Commodities*

	Last	% day
Oil (Brent)	47.50	0.7
Oil (WTI)	44.24	0.8
Oil (Tapis)	47.07	-1.0
Gold	1087.40	-0.1
CRB	189.42	0.1
GS Metals	259.3	-0.5
Aluminium	1508	-0.3
Copper	4926	-0.8
Nickel	9505	-0.8
Zinc	1607	-2.3
Ch. steel	1790	-0.4
Iron ore	48.2	0.1
St. coal	61.8	n.a.
Wheat Chic.	495.5	-2.0
Sugar	14.71	5.1
Cotton	61.99	-0.2
Coffee	116.3	-1.2

Interest Rates

Indicative Swap Rates				Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.25	0.36	0.96	2.22	USD 10	2.32	-0.02
AUD	2.00	2.20	2.04	3.00	AUD 10	2.89	-0.02 0.56
NZD	2.75	2.91	2.80	3.64	NZD 10	3.54	0.00 1.22
EUR	0.05	0.06	-0.06	0.95	CAD 10	1.71	-0.01 -0.61
GBP	0.50	0.58	1.02	2.00	EUR 10	0.62	-0.04 -1.70
JPY	0.10	0.07	0.10	0.47	GBP 10	2.03	-0.01 -0.30
CAD	0.50	1.17	0.93	2.04	JPY 10	0.32	-0.02 -2.00

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.85	0.00
3 Yr bond	97.98	0.03
10 Yr bond	97.12	0.05
3/10 sprd	0.87	-0.02
SPI	3.0	0.1

CO₂ Emissions - Euros

	Last	% day
Dec-2015	8.44	1.4
Dec-2016	8.51	1.4
Dec-2017	8.62	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, 11 November 2015								
NZ	RBNZ Financial Stability Report						20.00	7.00
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/YTD	Oct		10.9/10.6		10.9/10.5	5.30	16.30
CH	Industrial Production YoY/YTD	Oct		5.8/6.2		5.7/6.2	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		1.35		4.6	9.30	20.30
UK	BoE's Carney Speak at BoE conference on market reform						9.00	20.00
EC	ECB's Constancio Speaks in Madrid							
EC	ECB President Mario Draghi Speaks at BOE event in London						13.15	0.15
Thursday, 12 November 2015								
NZ	BusinessNZ Manufacturing PMI	Oct				55.4	21.30	8.30
NZ	Food Prices MoM	Oct	0.2			-0.5	21.45	8.45
JN	Machine Orders MoM/YoY	Sep		3.1/-4.6		-5.7/-3.5	23.50	10.50
NZ	ANZ Consumer Confidence Index/MoM	Nov				114.9/3.7	0.00	11.00
UK	RICS House Price Balance	Oct		45		44	0.10	11.10
AU	Employment change/Unemployment rate	Oct	25/6.1	15/6.2		-5.1/6.2	0.30	11.30
GE	CPI MoM/YoY	Oct F		0/0.3		0/0.3	7.00	18.00
EC	Industrial Production SA MoM/YoY	Sep		-0.1/1.3		-0.5/0.9	10.00	21.00
US	Initial Jobless Claims	Nov-07		270			13.30	0.30
CA	New Housing Price Index MoM/YoY	Sep		0.2/1.3		0.3/1.3	13.30	0.30
US	Fed's Bullard Speaks on Monetary Policy in Washington						14.15	1.15
US	Fed's Yellen welcome remarks at Fed Policy Conference						14.30	1.30
US	Fed's Lacker Participates in Monetary Policy Panel						14.45	1.45
US	JOLTS Job Openings	Sep		5385		5370	15.00	2.00
US	Fed's Evans Speaks on Economy and Policy in Chicago						15.15	2.15
UK	BoE's Haldane Speaks in London						17.00	4.00
US	Fed's Dudley Speaks on Economy and Policy in New York						17.15	4.15
US	Monthly Budget Statement	Oct		-130		91.1	19.00	6.00
Friday, 13 November 2015								
NZ	Non Resident Bond Holdings	Oct				68.7	2.00	13.00
JN	Industrial Production MoM/YoY	Sep F		/		1/-0.9	4.30	15.30
JN	Tertiary Industry Index MoM	Sep		0.1		0.1	4.30	15.30
GE	GDP SA QoQ/YoY	3Q P		0.3/1.8		0.4/1.6	7.00	18.00
EC	Trade Balance SA	Sep		19.3		19.8	10.00	21.00
EC	GDP SA QoQ/YoY	3Q A		0.4/1.7		0.4/1.5	10.00	21.00
CA	Bank of Canada's Wilkins Speaks in Toronto						13.00	0.00
US	Retail Sales Advance MoM	Oct		0.3		0.1	13.30	0.30
CA	Teranet/National Bank HPI MoM/YoY	Oct		/		0.6/5.6	13.30	0.30
CA	Teranet/National Bank HP Index	Oct		/		177.09	13.30	0.30
US	PPI Final Demand MoM/YoY	Oct		0.2/-1.2		-0.5/-1.1	13.30	0.30
US	Business Inventories	Sep		0		0	15.00	2.00
US	U. of Mich. Sentiment	Nov P		91.5		90	15.00	2.00
US	Fed's Mester Speaks on Economic Outlook and Monetary			0		0	17.30	4.30
Monday, 16 November 2015								
NZ	Performance Services Index	Oct				59.3	21.30	8.30
NZ	Retail Sales Ex Inflation QoQ	3Q				0.1	21.45	8.45
JN	GDP SA QoQ	3Q P		-0.1		-0.3	23.50	10.50
UK	Rightmove House Prices MoM/YoY	Nov		/		0.6/5.6	0.10	11.10
AU	New Motor Vehicle Sales MoM/YoY	Oct		/		5.5/7.7	0.30	11.30
EC	CPI MoM/YoY	Oct		/		0.2/-0.1	10.00	21.00
EC	CPI Core YoY	Oct F				1	10.00	21.00
CA	Manufacturing Sales MoM	Sep				-0.2	13.30	0.30
US	Empire Manufacturing	Nov		-5		-11.36	13.30	0.30
CA	Int'l Securities Transactions	Sep				3.11	13.30	0.30
CA	Existing Home Sales MoM	Oct				-2.1	14.00	1.00
CA	Bloomberg Nanos Confidence	Nov-13				57.9	15.00	2.00
Tuesday, 17 November 2015								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Nov-15				115.2	22.30	9.30
JN	Housing Loans YoY	3Q				2.4	23.50	10.50
AU	RBA Nov. Meeting Minutes						0.30	11.30
NZ	2Yr Inflation Expectation	4Q				1.94	2.00	13.00
EC	EU27 New Car Registrations	Oct				9.8	7.00	18.00
UK	CPI MoM/YoY	Oct		/		-0.1/-0.1	9.30	20.30
UK	CPI Core YoY	Oct				1	9.30	20.30
UK	PPI Output Core NSA MoM/YoY	Oct		/		0.1/0.2	9.30	20.30
UK	ONS House Price YoY	Sep				5.2	9.30	20.30
GE	ZEW Survey Current Situation	Nov				55.2	10.00	21.00
US	CPI MoM/YoY	Oct		0.2/		-0.2/0	13.30	0.30
US	Industrial Production MoM	Oct		0.1		-0.2	14.15	1.15
US	NAHB Housing Market Index	Nov		64		64	15.00	2.00
Upcoming Central Bank Interest Rate Announcements								
Japan, BoJ		19-Nov	0.0%-0.1%	0.0%-0.1%		0.0%-0.1%		
Australia, RBA		1-Dec	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%		
UK BOE		10-Dec				0.50%		
US Federal Reserve		17-Dec				0-0.25%		

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

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