



Markets Today

A daily outlook for Australia, key global economies and markets

20 November 2015

Keeping the dreams alive

It's been a night of consolidation for currencies with the US dollar giving up some ground, the Bloomberg spot US dollar index losing 0.67% overnight. Equities have been mixed with modest rise in Europe while the US market is hovering close to square in the last hour of trade. Hard commodity prices have been mixed to weaker. Maybe some repositioning of the USD after the Minutes as USD investors think more about "gradual" rate rises, even if US 2y Treasury yields rose a little on the day.

The largest beneficiary at top the board is the AUD that is up 1.17%, receiving support recently despite another bout of iron ore price volatility, back down another \$0.91 overnight to \$45.44, down 1.96%. The price of copper on the LME rose 0.42% but gave up 0.31% in New York trading. The one currency that did lose some ground against the US dollar was the CAD which dipped 0.29% under the weight of still soggy oil prices, West Texas intermediate down a small \$0.22 to \$40.53, down 0.54%.

Data on both sides of the Atlantic was inconsequential as far as markets were concerned. UK retail sales for October fell a somewhat larger than expected 0.9% (the market was looking for a decline of 0.6 after last month's 1.5% rise), but this didn't seem to have much lasting effect on the Pound which also made some small ground against the USD. Providing more excuses to be somewhat defensive on the US dollar Dennis Lockhart, Atlanta Fed President was talking up the prospect of liftoff soon, but emphasising "gradual", and that the Fed must consider using its balance as a tool.

US jobless claims were almost bang in line with expectations at 271K, suggesting a still strong US labour market, while the Philly Fed index in November pushed back into positive territory and the Leading index for October rose 0.6%.

Some interest in the Euro with the ECB releasing their October 22 Minutes along with some ECB speakers to boot. Both the wire screen headlines from the Minutes and a follow-up speech from ECB chief economist Peter Praet overnight (after a Bloomberg the day before) very much keeping the dream alive for more quantitative easing from the European Central Bank in December. Both not surprisingly talking about the risk of inflationary expectations been dislodged, the Minutes also noting that the downside risks to the inflation outlook are high. None of this however would be particularly surprising given the market moving signals from the ECB President.

Coming up

First up today we have a speech from fed vice-chair Stanley Fischer, speaking on emerging Asia at 845 AEDT.

The RBA's Alex Heath is speaking to a resources and energy conference in Canberra this morning; she is scheduled to speak at 10:15 AEDT. No speech title is yet available. BOJ Gov Kuroda is speaking this afternoon at 6 PM AEDT, quite possibly a non-event for the market given yesterday's dose from the BOJ.

Tonight there are more ECB speakers including President Mario Draghi, speaking at Euro finance week. On the data front, the

some focus on the Canadian dollar with the release of September retail sales and October CPI after a dearth of data on the Canadian economy for most of this week. The Fed's Bullard is speaking tonight. There is very little data; only the Kansas City fed manufacturing index for November.

The next meaty Australian data scheduled local event that could or would be expected to influence market pricing is not now until towards the middle of next week we RBA Governor Glenn Stevens speaking to the Australian Business Economists Conference in Sydney Tuesday night. No speech title but you'd expect sure to be loaded up with the economic not policy content. Important data pieces next week with Q3 Construction Work Done and Capex ahead of GDP the week after.

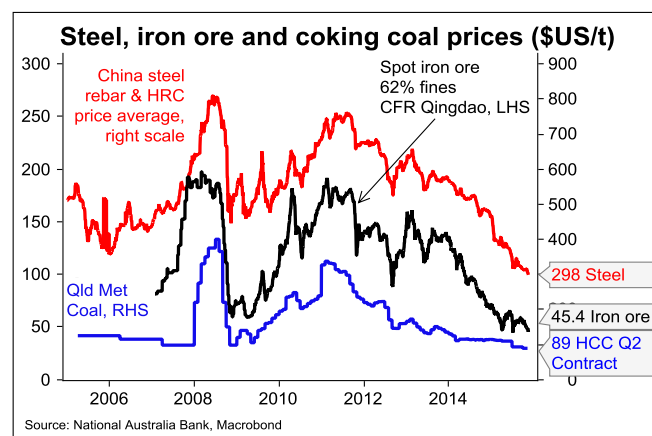
Overnight

- USD loses a little traction: Eurostoxx 600 +0.4%, Dax +1.1%, CAC +0.2%, FTSE +0.8%. Dow -7 points to 17,731, -0.0%, S&P 500 -0.0%, Nasdaq -0.0%, VIX 16.69 -0.9%. Shanghai +1.4%, Mumbai +1.4%, Nikkei 225 -0.0% and ASX 200 +2.1%; ASX SPI futures this morning +0.0%. US bond yields: 2s at 0.89% (1), 10s at 2.25% (-3). WTI oil at \$40.53 (-0.5%), Brent at \$44.26 (+0.3%), Malaysian Tapis (yesterday) \$42.43 (+0.0%). Gold at \$1081.60/oz (+1.2%). Base metals: LME copper +0.4%, nickel -0.3%, aluminium -0.4%. Iron ore \$45.4/t -2.0% Chinese steel rebar futures -0.1%. Soft commodities spot futures: wheat +1.3%, sugar +3.3%, cotton +0.3%, coffee 5.6%. Euro CO² emissions price (Dec 15) +0.6%. The AUD/USD's range overnight 0.7154-0.7215; indicative range today 0.7170-0.7220; the AUD/USD is 0.7195 now**
- UK retail sales, ex-fuel (Oct) -0.9%/3.0% (L: 1.5%/5.7%; E: -0.6%/3.9%); US Jobless claims (w/e Nov 14, Nov payrolls survey week) 271K (L: 276K; E: 270K); Philly Fed survey (Nov) +1.9 (L: -4.5; E: -0.5); US Leading Index (Oct) +0.6% (L: -0.2%; E: 0.5%)**

Good luck.

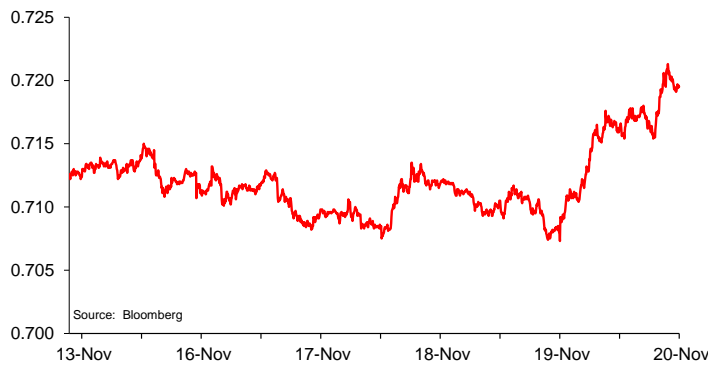
David.deGaris@nab.com.au

Chart of the day: Steel-related commodities pressured again

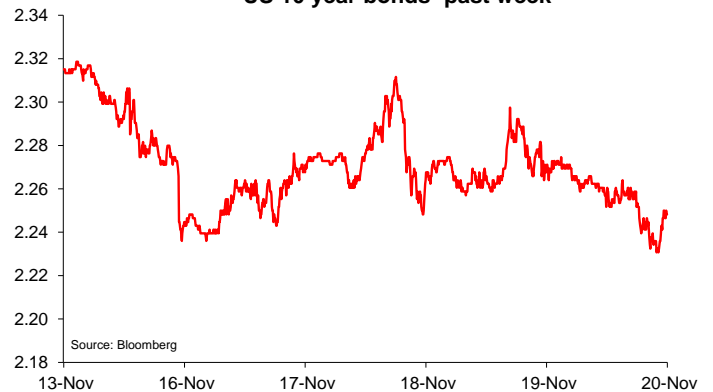


Markets

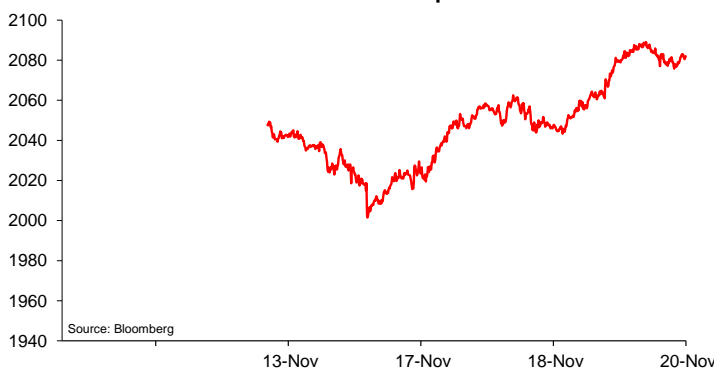
AUD/USD- past week



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	0.7195	1.2	0.7103	0.7215	HKD	7.7501 0.0
NZD	0.6562	0.7	0.6510	0.6593	CNY	6.3825 0.0
EUR	1.0734	0.3	1.0669	1.0765	SGD	1.4132 -0.1
GBP	1.5295	0.2	1.5257	1.5337	IDR	13,693 -0.4
JPY	122.84	-0.3	122.62	123.23	THB	35.74 -0.4
CAD	1.3290	0.3	1.3251	1.3307	KRW	1,158 -0.3
AUD/EUR	0.6703	0.0			TWD	32.52 -0.4
AUD/JPY	88.38	0.1			PHP	47.02 -0.1
AUD/GBP	0.4705	0.2			CHF	1.01 -0.5
AUD/NZD	1.0963	-0.3			SEK	8.67 -0.3

Equities

Major Indices			
	Last	% day	% year
Dow	17,731	0.0	0.3
S&P 500	2,081	-0.1	1.6
Nasdaq	5,073	0.0	8.5
VIX Index	16.69	-0.9	19.6
FTSE	6,330	0.8	-5.5
DAX	11,085	1.1	17.0
CAC 40	4,915	0.2	15.2
Nikkei	19,860	1.1	14.8
Shanghai	3,617	1.4	47.5
Hang Seng	22,500	1.4	-3.7
ASX 200	5,243	2.1	-1.4

Commodities*

	Last	% day
Oil (Brent)	44.26	0.3
Oil (WTI)	40.53	-0.5
Oil (Tapis)	42.43	0.0
Gold	1081.60	1.2
CRB	184.12	0.3
GS Metals	245.6	-1.0
Aluminium	1466	-0.4
Copper	4631	0.4
Nickel	8950	-0.3
Zinc	1531	0.9
Ch. steel	1708	-0.1
Iron ore	45.4	-2.0
St. coal	61.8	n.a.
Wheat Chic.	495.5	1.3
Sugar	14.95	3.3
Cotton	63.12	0.3
Coffee	122.2	5.6

Interest Rates

Indicative Swap Rates				Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.25	0.37	0.95	2.09	USD 10	2.25	-0.03
AUD	2.00	2.24	2.15	3.02	AUD 10	2.91	0.03 0.67
NZD	2.75	2.89	2.73	3.61	NZD 10	3.58	-0.01 1.34
EUR	0.05	0.06	-0.08	0.85	CAD 10	1.62	-0.03 -0.62
GBP	0.50	0.57	0.98	1.85	EUR 10	0.48	-0.03 -1.77
JPY	0.10	0.07	0.10	0.45	GBP 10	1.88	-0.04 -0.36
CAD	0.50	1.17	0.88	1.93	JPY 10	0.30	0.00 -1.95

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.78	-0.01
3 Yr bond	97.89	0.02
10 Yr bond	97.11	0.03
3/10 sprd	0.78	-0.01
SPI	1.0	0.0

CO₂ Emissions - Euros

	Last	% day
Dec-2015	8.63	0.6
Dec-2016	8.70	0.5
Dec-2017	8.81	0.6

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	Period	Forecast	Consensus	Actual	Previous	GMT	AEDT
Friday, 20 November 2015								
AU	RBA's Heath speaks at Resource and Energy Workshop in Canberra						22.40	9.40
NZ	Credit Card Spending MoM/YoY	Oct				-1.9/7.3	2.00	13.00
JN	BoJ Governor Kuroda speaks in Tokyo						7.00	18.00
EC	ECB's Mario Draghi Speaks at Euro Finance Week						8.00	19.00
EC	ECB's Coeure Speaks in Frankfurt						8.15	19.15
UK	PSNB ex Banking Groups	Oct		6		9.4	9.30	20.30
EC	ECB's Praet Speaks in Frankfurt						10.00	21.00
GE	Bundesbank's Jens Weidmann Speaks at Euro Finance Week						10.15	21.15
EC	ECB's Constancio Speaks in Frankfurt						13.00	0.00
CA	Retail Sales MoM	Sep		0.1		0.5	13.30	0.30
CA	CPI NSA MoM/YoY	Oct		0.1/1		-0.2/1	13.30	0.30
US	Fe'ds Bullard speaks on Economy in Arkansas						14.00	1.00
US	Kansas City Fed Manf. Activity	Nov		0		-1	16.00	3.00
Monday, 23 November 2015								
NZ	Net Migration SA	Oct				5550	21.45	8.45
GE	Markit/BME Germany Manufacturing/Services PMI	Nov P		/		52.1/54.5	8.30	19.30
EC	Markit Eurozone Manufacturing/Services PMI	Nov P		/		52.3/54.1	9.00	20.00
UK	CBI Reported Sales	Nov				19	11.00	22.00
US	Chicago Fed Nat Activity Index	Oct				-0.37	13.30	0.30
US	Markit US Manufacturing PMI	Nov P		54		54.1	14.45	1.45
CA	Bloomberg Nanos Confidence	Nov-20				58.6	15.00	2.00
US	Existing Home Sales, Level/MoM	Oct		5.41/-2.52		5.55/4.7	15.00	2.00
Tuesday, 24 November 2015								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Nov-22				115.9	22.30	9.30
JN	Nikkei Japan PMI Mfg	Nov P				52.4	1.35	12.35
GE	GDP SA QoQ	3Q F		/		0.3/1.7	7.00	18.00
GE	IFO Business Climate/Current Assessment	Nov		/		108.2/112.6	9.00	20.00
AU	RBA's Stevens Speech to ABE Annual Dinner						9.05	20.05
US	Advance Goods Trade Balance	Oct		-61.95		-58.633	13.30	0.30
US	GDP Annualized QoQ	3Q S		2		1.5	13.30	0.30
US	S&P/CS 20 City MoM/YoY	Sep		0.3/		0.11/5.09	14.00	1.00
US	Consumer Confidence Index	Nov		99.15		97.6	15.00	2.00
US	Richmond Fed Manufact. Index	Nov		0		-1	15.00	2.00
Wednesday, 25 November 2015								
JN	PPI Services YoY	Oct				0.6	23.50	10.50
AU	Skilled Vacancies MoM	Oct				1.8	0.00	11.00
AU	Construction Work Done	3Q				1.6	0.30	11.30
CH	Westpac-MNI Consumer Sentiment	Nov				109.7	1.45	12.45
JN	Small Business Confidence	Nov				48.7	5.00	16.00
JN	Leading Index CI	Sep F				101.4	5.00	16.00
AU	RBA's DeBelle Speech in London						10.20	21.20
US	MBA Mortgage Applications	Nov-20				6.2	12.00	23.00
US	Personal Income/Spending	Oct		0.4/0.3		0.1/0.1	13.30	0.30
US	PCE Deflator MoM/YoY	Oct		0.1/		-0.1/0.2	13.30	0.30
US	Durable Goods Orders/core orders	Oct		1.5/0.4		-1.2/-0.4	13.30	0.30
US	Initial Jobless Claims	Nov-21		270		276	13.30	0.30
US	FHFA House Price Index MoM	Sep		0.5		0.3	14.00	1.00
US	Markit US Services PMI	Nov P				54.8	14.45	1.45
US	Bloomberg Consumer Comfort	Nov-22				41.6	14.45	1.45
US	New Home Sales, Level/MoM	Oct		500/6.8		468/-11.5	15.00	2.00
US	U. of Mich. Sentiment	Nov F		93.1		93.1	15.00	2.00
Thursday, 26 November 2015								
NZ	Trade Balance	Oct				-1222	21.45	8.45
AU	Private Capital Expenditure	3Q				-4	0.30	11.30
EC	M3 Money Supply YoY	Oct				4.9	9.00	20.00
GE	GfK Consumer Confidence	Dec				9.4	12.00	23.00
Upcoming Central Bank Interest Rate Announcements								
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%		
UK BOE		10-Dec				0.50%		
US Federal Reserve		17-Dec				0-0.25%		
Japan, BoJ		18-Dec	0.0%-0.1%	0.0%-0.1%		0.0%-0.1%		

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

Important Notice

This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 ("NAB"). Any advice contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this document, NAB recommends that you consider whether the advice is appropriate for your circumstances. NAB recommends that you obtain and consider the relevant Product Disclosure Statement or other disclosure document, before making any decision about a product including whether to acquire or to continue to hold it.

Please click [here](#) to view our disclaimer and terms of use.