



# Markets Today

A daily outlook for Australia, key global economies and markets

27 November 2015

## Black Friday

In the 1975 Steely Dan classic, the song Black Friday refers to a 24 September 1869 ploy by a group of wealthy US investors to corner the gold market and drive the price higher, but who were subsequently foiled when the government got wind and released \$4 million worth of gold onto the market, driving the price sharply lower and which left many of the investors broke.

Incidentally, there's a prize for the first client to let us know which Australian town is referred to in the song.

This is a fairly lame segue into the news, courtesy of the Financial Times, that China's 'national team' owns at least 6 percent of the mainland stock market as a result of the massive state-sponsored support earlier this year to prop up share prices following the summer equity market crash. China's Securities Finance Corp (CSF), the state-owned margin lender, saw the value of its holdings rise from RMB692mn at the end of June to RMB616bn three months later. That's an increase of just under \$100bn. The Shanghai Composite index is some 28% up from its August lows.

There's an obvious message here: don't mess with China, and which remains instructive as we contemplate whether or not market forces will be allowed to play a much bigger role in determining the value of the renminbi in coming quarters - and which in turn has significant implications for EM currencies in general and with that the AUD.

Nowadays of course Black Friday typically refers to the day after Thanksgiving and the crucial 4-day shopping period that will determine the financial fortunes of so many US retailers. 'Black Friday' actually begins on Thursday evening when many shops open (i.e. now). In 2014, \$50.9bn was spent during this period, so about \$190 per man woman and child and on Monday or very soon thereafter, the National Retail Federation will announce how this year compared to last.

This waffle is clearly designed to fill a column amid a complete dearth of market moving news since we went home yesterday. In currencies, the AUD has largely maintained the losses recorded in the immediate aftermath of yesterday's much bigger than expected fall in Q3 capital expenditure. It sits one from bottom in the G10 FX leader board near 0.7230. Iron ore is of just 9 cents overnight, to \$43.98, though exchange-traded metals are mostly higher.

The British pound has also given back most of Wednesday's gained that followed the delivery of the chancellor's Autumn Statement. NOK sits at the bottom (but in contrast the CAD near the top) with oil prices back lower, not helped by comments from Russia's energy minister that Russia sees no need to collaborate with the Saudi government over oil supplies to Europe. OPEC meets next Friday. Earlier, European stocks had a good day (Eurostoxx 50 +1.06%) while Eurozone bond yields were little changed.

## Coming Up

Lacking impetus from offshore markets and as our North American cousins continue to make inroads into the 46 million turkeys they typically consume each Thanksgiving, it promises to be a slow Asia-Pacific Friday.

There's nothing to see on either the Australian or New Zealand calendars today, but some data interest in China, courtesy of October industrial profits, and in Japan latest CPI, unemployment and household spending data.

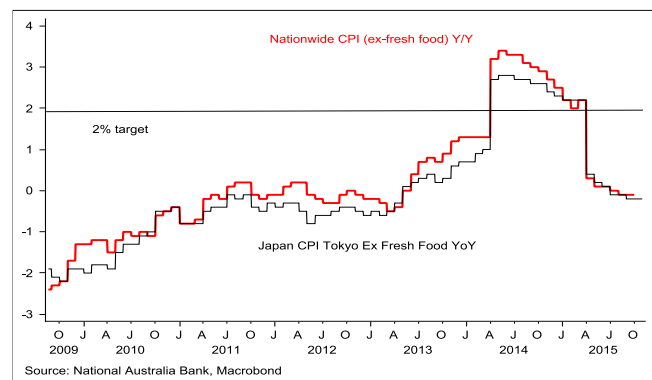
Chinese industrial profits recovered to be about flat in annual terms in September from around -9% on August. The data are of some relevance in thinking about future steps in China's currency policy, in which respect on Monday night we should learn that the IMF Board has formally voted to include the RMB in the Special Drawing Rights (SDR) basket, starting next October. Such a decision symbolically confers reserve status on the renminbi, even if it means little in practise - in the short term - in terms of reserve managers' enthusiasm for adding more CNY to their reserves.

Of the Japan data, CPI will inevitably attract most of the publicity. Headline CPI is expected to lift back to 0.2% following the September fall to 0.0% from 0.2%. The BoJ is currently playing up the ex-fresh food and energy core series, which is expected to drop to 0.8% from 0.9%. We'll need significantly weaker outcomes than this to alter expectations for no changed in BoJ policy at the 19 December meeting.

## Overnight

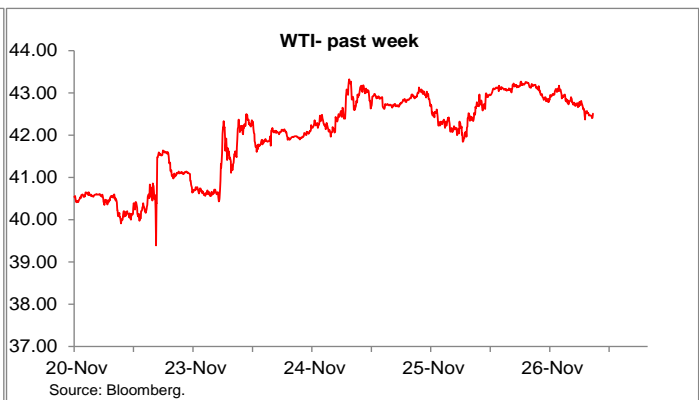
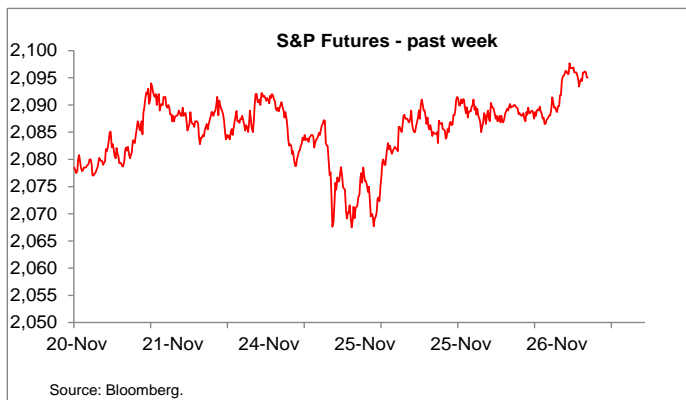
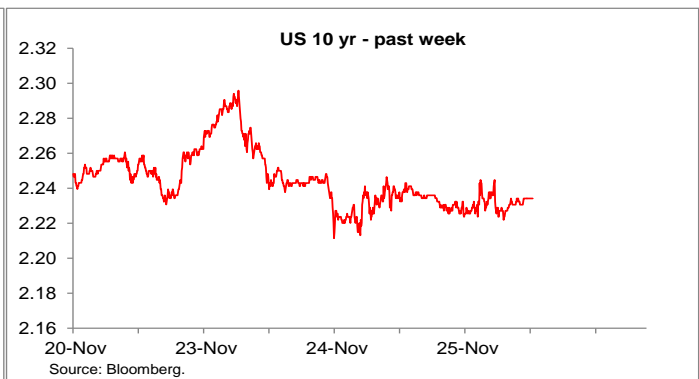
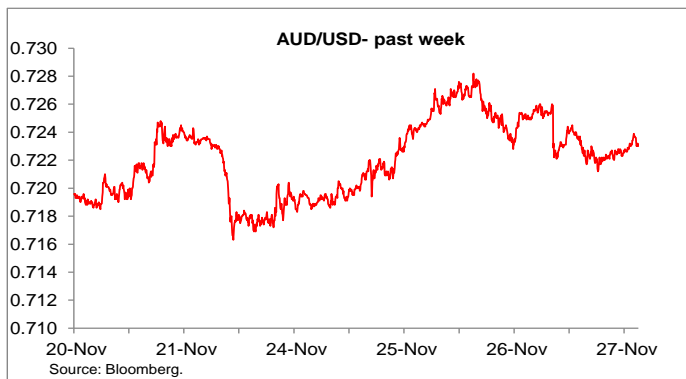
On global stock markets, the S&P 500 was closed for US Thanksgiving, as were US bond markets. Eurozone benchmark bond yields were flat. On commodity markets, Brent crude oil -1.54% to \$45.46, gold+0.1% to \$1,071, iron ore -0.2% to \$43.98. AUD is at 0.7231 and the range was 0.7211 to 0.7263.

## Chart of the Day : Japan CPI



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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>0.7229</td> <td>-0.3</td> <td>0.7211</td> <td>0.7263</td> <td>HKD</td> <td>7.7506</td> <td>0.0</td> </tr> <tr> <td>NZD</td> <td>0.6572</td> <td>-0.1</td> <td>0.6563</td> <td>0.6597</td> <td>CNY</td> <td>6.3895</td> <td>0.0</td> </tr> <tr> <td>EUR</td> <td>1.0607</td> <td>-0.2</td> <td>1.0600</td> <td>1.0627</td> <td>SGD</td> <td>1.4078</td> <td>0.2</td> </tr> <tr> <td>GBP</td> <td>1.5095</td> <td>-0.2</td> <td>1.5066</td> <td>1.5131</td> <td>IDR</td> <td>13,742</td> <td>0.4</td> </tr> <tr> <td>JPY</td> <td>122.58</td> <td>-0.1</td> <td>122.50</td> <td>122.76</td> <td>THB</td> <td>35.74</td> <td>0.2</td> </tr> <tr> <td>CAD</td> <td>1.3291</td> <td>0.0</td> <td>1.3285</td> <td>1.3324</td> <td>KRW</td> <td>1,147</td> <td>0.3</td> </tr> <tr> <td>AUD/EUR</td> <td>0.6817</td> <td>-0.2</td> <td></td> <td></td> <td>TWD</td> <td>32.55</td> <td>0.3</td> </tr> <tr> <td>AUD/JPY</td> <td>88.66</td> <td>-0.4</td> <td></td> <td></td> <td>PHP</td> <td>47.12</td> <td>0.2</td> </tr> <tr> <td>AUD/GBP</td> <td>0.4791</td> <td>-0.1</td> <td></td> <td></td> <td>CHF</td> <td>1.02</td> <td>0.2</td> </tr> <tr> <td>AUD/NZD</td> <td>1.1002</td> <td>-0.2</td> <td></td> <td></td> <td>SEK</td> <td>8.74</td> <td>0.1</td> </tr> </table>								Indicative 24hr ranges (**)				Other FX		Last	% chge	Low	High	Last	% chge	AUD	0.7229	-0.3	0.7211	0.7263	HKD	7.7506	0.0	NZD	0.6572	-0.1	0.6563	0.6597	CNY	6.3895	0.0	EUR	1.0607	-0.2	1.0600	1.0627	SGD	1.4078	0.2	GBP	1.5095	-0.2	1.5066	1.5131	IDR	13,742	0.4	JPY	122.58	-0.1	122.50	122.76	THB	35.74	0.2	CAD	1.3291	0.0	1.3285	1.3324	KRW	1,147	0.3	AUD/EUR	0.6817	-0.2			TWD	32.55	0.3	AUD/JPY	88.66	-0.4			PHP	47.12	0.2	AUD/GBP	0.4791	-0.1			CHF	1.02	0.2	AUD/NZD	1.1002	-0.2			SEK	8.74	0.1
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 | Major Indices |        |       |       | |---------------|--------|-------|-------| |               | Last   | % day | % y/y | | Dow           | 17,813 | +0    | -0.1  | | S&P 500       | 2,089  | 0.0   | 0.8   | | Nasdaq        | 5,116  | +0.3  | 6.9   | | FTSE          | 6,393  | +0.9  | -5.0  | | DAX           | 11,321 | +1.4  | 14.2  | | CAC 40        | 4,946  | +0.9  | 13.1  | | Nikkei        | 19,944 | +0.5  | 15.6  | | Shanghai      | 3,636  | -0.3  | 38.2  | | Hang Seng     | 22,489 | 0.0   | -6.3  | | ASX 200       | 5,211  | +0.3  | -3.5  | | | | | |             | Last    | % day | |-------------|---------|-------| | Oil (Brent) | 45.46   | -1.5  | | Oil (WTI)   | 42.51   | -1.2  | | Oil (Tapis) | 44.50   | 0.3   | | Gold        | 1070.90 | 0.1   | | CRB         | 185.70  | 0.2   | | GS Metals   | 244.7   | -0.1  | | Aluminium   | 1502    | 2.9   | | Copper      | 4654    | 2.0   | | Nickel      | 9170    | 3.3   | | Zinc        | 1595    | 1.6   | | Ch. steel   | 1679    | -0.7  | | Iron ore    | 44.0    | -0.2  | | Coal        | 52.9    | 0.1   | | Wheat Chic. | 487.5   | -0.2  | | Sugar       | 14.91   | -0.6  | | Cotton      | 61.98   | 2.3   | | Coffee      | 125.6   | 0.8   | | | || | Interest Rates        |      |      |       | Benchmark 10 Year Bonds |        |      |       | |-----------------------|------|------|-------|-------------------------|--------|------|-------| | Indicative Swap Rates |      |      |       | Last                    | chge   | Spnd |       | |                       | Cash | 3mth | 2Yr   | 10Yr                    |        |      |       | | USD                   | 0.25 | 0.41 | 0.99  | 2.10                    | USD 10 | 2.23 | 0.00  | | AUD                   | 2.00 | 2.27 | 2.14  | 2.98                    | AUD 10 | 2.82 | -0.05 | | NZD                   | 2.75 | 2.88 | 2.70  | 3.54                    | NZD 10 | 3.55 | -0.05 | | EUR                   | 0.05 | 0.06 | -0.12 | 0.84                    | CAD 10 | 1.57 | -0.03 | | GBP                   | 0.50 | 0.57 | 0.96  | 1.81                    | EUR 10 | 0.47 | 0.00  | | JPY                   | 0.10 | 0.07 | 0.10  | 0.45                    | GBP 10 | 1.84 | -0.04 | | CAD                   | 0.50 | 1.17 | 0.88  | 1.86                    | JPY 10 | 0.30 | 0.00  | | | | | | | | | Overnight Futures |       |       | |-------------------|-------|-------| |                   | Last  | Chge  | | <b>Australia</b>  |       |       | | 3 mth bill        | 97.76 | -0.01 | | 3 Yr bond         | 97.93 | 0.00  | | 10 Yr bonc        | 97.13 | 0.02  | | 3/10 sprd         | 0.80  | -0.02 | | SPI               | 26.0  | 0.5   | | | | | CO <sub>2</sub> Emissions - Euros |      |       | |-----------------------------------|------|-------| |                                   | Last | % day | | Jun-2015                          | 8.61 | -0.5  | | Dec-2015                          | 8.58 | -0.5  | | Dec-2016                          | 8.65 | -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
<b>Friday, 27 November 2015</b>								
JN	Jobless Rate	Oct		3.4		3.4	23.30	10.30
JN	Job-To-Applicant Ratio	Oct		1.25		1.24	23.30	10.30
JN	Overall Household Spending YoY	Oct		0		-0.4	23.30	10.30
JN	Natl CPI YoY	Oct		0.2		0	23.30	10.30
CH	Industrial Profits YoY	Oct				-0.1	1.30	12.30
EC	ECB's Knot speaks in Amsterdam						8.00	19.00
UK	GDP QoQ/YoY	3Q P		0.5/2.3		0.5/2.3	9.30	20.30
UK	Index of Services MoM	Sep		0.3		0	9.30	20.30
EC	Business Climate Indicator	Nov		0.45		0.44	10.00	21.00
CA	CFIB Business Barometer	Nov				58.9	8.00	19.00
CA	Industrial Product Price MoM	Oct		-0.1		-0.3	13.30	0.30
CA	Raw Materials Price Index MoM	Oct		0.3		3	13.30	0.30
<b>Monday, 30 November 2015</b>								
NZ	Building Permits MoM	Oct				-5.7	21.45	8.45
AU	TD Securities Inflation MoM	Nov				0	23.30	10.30
JN	Industrial Production MoM	Oct P				1.1	23.50	10.50
JN	Retail Sales MoM	Oct				0.7	23.50	10.50
AU	HIA New Home Sales MoM	Oct				-1.8	0.00	11.00
NZ	ANZ Activity Outlook	Nov				23.7	0.00	11.00
NZ	ANZ Business Confidence	Nov				10.5	0.00	11.00
UK	GfK Consumer Confidence	Nov		2		2	0.50	11.50
AU	Company Operating Profit QoQ	3Q				-1.9	0.30	11.30
AU	Inventories SA QoQ	3Q				0	0.30	11.30
AU	Private Sector Credit MoM	Oct				0.8	0.30	11.30
AU	Private Sector Credit YoY	Oct				6.7	0.30	11.30
NZ	Money Supply M3 YoY	Oct				8.5	2.00	13.00
JN	Vehicle Production YoY	Oct				-2.6	4.00	15.00
JN	Housing Starts YoY	Oct				2,622	5.00	16.00
JN	Construction Orders YoY	Oct				6.7	5.00	16.00
UK	Mortgage Approvals	Oct				68.9	9.30	20.30
UK	Lloyds Business Barometer	Nov				50	9.30	20.30
GE	CPI MoM	Nov P				0	13.00	0.00
GE	CPI EU Harmonized MoM	Nov P				0	13.00	0.00
GE	CPI EU Harmonized YoY	Nov P				0.2	13.00	0.00
CA	Current Account Balance	3Q				-17.4	13.30	0.30
US	ISM Milwaukee	Nov				46.66	14.00	1.00
US	Chicago Purchasing Manager	Nov		54		56.2	14.45	1.45
CA	Bloomberg Nanos Confidence	Nov-27				57.7	15.00	2.00
US	Pending Home Sales MoM	Oct		1.25		-2.3	15.00	2.00
US	Pending Home Sales NSA YoY	Oct				2.5	15.00	2.00
US	Dallas Fed Manf. Activity	Nov		-10		-12.7	15.30	2.30
<b>Tuesday, 1 December 2015</b>								
NZ	Terms of Trade Index QoQ	3Q				1.3	21.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Nov-29				114.5	22.30	9.30
AU	AiG Perf of Mfg Index	Nov				50.2	22.30	9.30
AU	CoreLogic RP Data House Px MoM	Nov				0.9	23.00	10.00
NZ	QV House Prices YoY	Nov				14	23.00	10.00
JN	Capital Spending YoY	3Q				5.6	23.50	10.50
JN	Capital Spending Ex Software	3Q				6.6	23.50	10.50
JN	Company Profits	3Q				23.8	23.50	10.50
JN	Company Sales	3Q				1.1	23.50	10.50
AU	Net Exports contribution to GDP	3Q				-0.6	0.30	11.30
AU	BoP Current Account Balance	3Q				-19	0.30	11.30
AU	Building Approvals MoM	Oct				2.2	0.30	11.30
AU	Building Approvals YoY	Oct				21.4	0.30	11.30
CH	Manufacturing PMI	Nov				49.8	1.00	12.00
CH	Non-manufacturing PMI	Nov				53.1	1.00	12.00
JN	Nikkei Japan PMI Mfg	Nov F				52.8	1.35	12.35
CH	Caixin China PMI Mfg	Nov				48.3	1.45	12.45
CH	Caixin China PMI Composite	Nov				49.9	1.45	12.45
CH	Caixin China PMI Services	Nov				52	1.45	12.45
AU	RBA Cash Rate Target	Dec-01		2		2	3.30	14.30
JN	Vehicle Sales YoY	Nov				0.2	5.00	16.00
AU	Commodity Index AUD	Nov				79.1	5.30	16.30
GE	Unemployment Change (000's)	Nov				-5	8.55	19.55
GE	Markit/BME Germany Manufacturing PMI	Nov F				52.6	8.55	19.55
EC	Markit Eurozone Manufacturing PMI	Nov F				52.8	9.00	20.00
UK	Markit UK PMI Manufacturing SA	Nov				55.5	9.30	20.30
UK	Bank of England Publishes Financial Stability Report							
EC	Unemployment Rate	Oct				10.8	10.00	21.00
JN	Official Reserve Assets	Nov				1244.211		
CA	GDP MoM	Sep				0.10%	13.30	0.30
CA	GDP YoY	Sep				0.90%	13.30	0.30
CA	Quarterly GDP Annualized	3Q				-0.50%	13.30	0.30
US	Markit US Manufacturing PMI	Nov F					14.45	1.45
US	Construction Spending MoM	Oct		0.50%		0.60%	15.00	2.00
US	ISM Manufacturing	Nov		50.5		50.1	15.00	2.00
US	ISM Prices Paid	Nov				39	15.00	2.00
<b>Upcoming Central Bank Interest Rate Announcements</b>								
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

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