



# Markets Today

A daily outlook for Australia, key global economies and markets

30 November 2015

## On Your Marks.....

US markets were open on Friday, though more in body than spirit. The major indices were little changed. The one big stock market mover on Friday was China, the Shanghai Composite down 5.48% on news that the China Securities Regulatory Commission (CSRC) had put Citic, the country's largest broker and Guosen Securities, a mid-sized broker, under investigation.

In FX, the US dollar was stronger across the board though for no apparent reason, DXY closing above 100 (100.02) for the first time since March (when the high was 100.33). The broader BBDXY added 0.36% with EM currencies also weaker (e.g. KRW -0.5% and MYR -0.9%). ADXY was -0.32%, putting it within about 0.7% of its late September YTD lows. CNY was pushed up to 6.4475 Friday vs. the CNY onshore close of 6.3945. Today's CNY fix will be interesting.

In G10, fresh weakness in oil and exchange traded metals (though not iron ore) meant that commodity currencies fared worse, led by NZD and CAD, both down 0.58% to 0.6533 and 1.3371 respectively. AUD -0.44%, to 0.7193 (and virtually unchanged thus far on Monday). EUR/USD lost just 0.16% but at 1.0593 this was the lowest close since April (YTD low is 1.04936 on 13 April). GBP lost 0.44% despite Q3 GDP being unrevised at 0.5% Q/Q, though note was made of the 1.5 percentage point drag from net exports encompassing a 5.5% Q/Q surge in imports to the highest level since 2006 - seen related in part to the 18% appreciation in the GBP TWI in the past two years.

In bonds, US yields came under mild downward pressure despite flat equities and no economic news. In commodities, gold lost \$14.88 to a fresh cycle low of \$1057.45. LME was -2.01% but still above Tuesday's YTD lows, while iron ore added \$0.52 to \$44.50. Heading into next Friday's OPEC meeting, Brent crude lost another \$0.60 to \$44.86 and WTI - \$1.33 to \$41.77.

No US economic releases on Friday, though European Commission November confidence readings suggest no measurable hit to consumer or business confidence from the Paris terrorist attacks.

CoreLogic RPData's weekend auction clearance stats. show a nationwide average of 60.1%, up a fraction from last week's 59.5%. Sydney's preliminary clearance rate of 56.3% is a new low for the year after last week's 56.7 (the previous low). Melbourne cleared 65% of auctions up from 64.7% last weekend. 3,649 auctions took place nationwide, the second highest of the year.

## Coming Up

It's a week ahead chocked full of top-drawer risk events.

Globally, Thursday's ECB meeting and Friday's US payrolls report top the billing. Janet Yellen speaks to the Economics

Club in Washington on Wednesday; the manufacturing and non-manufacturing ISMs are due on Tuesday and Thursday respectively. China PMIs (both Caixin and official versions) are due on Tuesday.

The IMF Board meets tonight to consider the renminbi's admission into the SDR basket and where an affirmative decision seems assured. Assuming so, initial interest will be in which side of 10% the CNY's initial weight falls. The bigger the weight, the bigger the potential negative knee jerk reaction in EUR, JPY and GBP (and possibly AUD) on the view they will all have to make way for a bigger role for CNY in global FX reserves.

Locally Q3 GDP on Wednesday (consensus 0.7%) is arguably more important than the RBA's last meeting of the 2015 on Tuesday, insofar as Governor Stevens told an audience of economists last Tuesday night to 'chill out' on the subject of rate changes at least until the Board re-convenes in February to consider the intervening data.

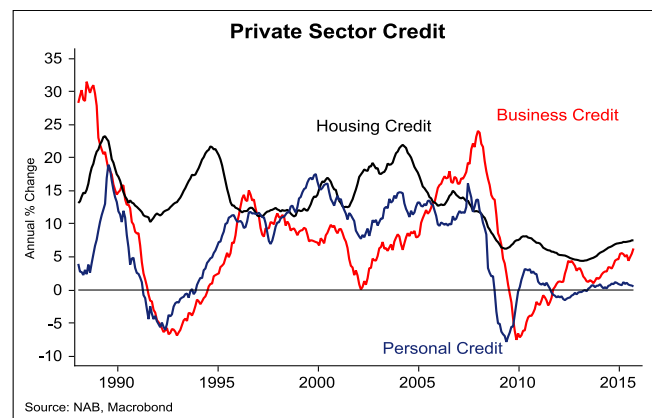
To kick off the week, today's October private sector credit data are of interest, particularly after the September data showed strong growth in business lending (+1.2% m/m) but which evidently didn't translate into better (non-mining) business investment during Q3 judging from last week's capex data. We also get Q3 corporate operating profits.

Offshore tonight, German CPI and US pending home sales are due.

## Overnight

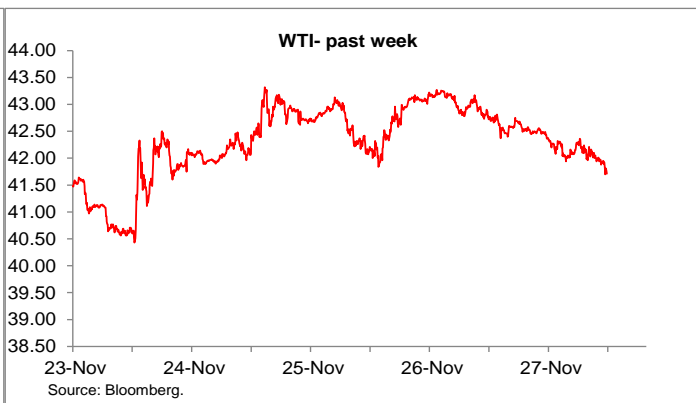
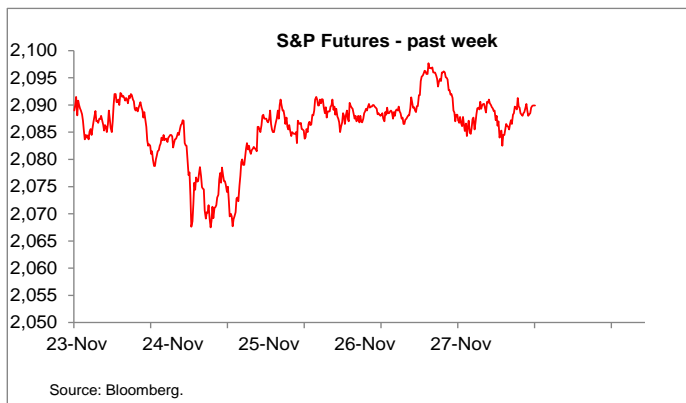
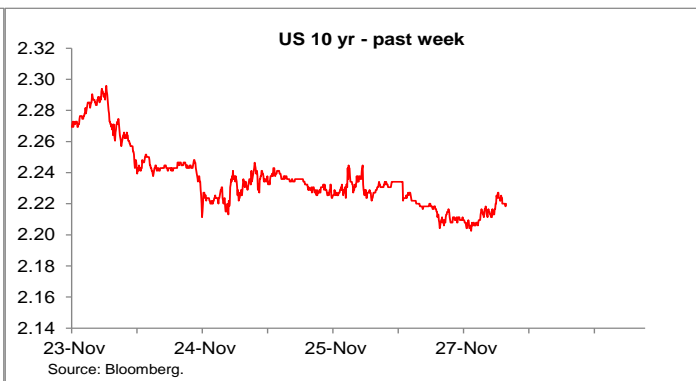
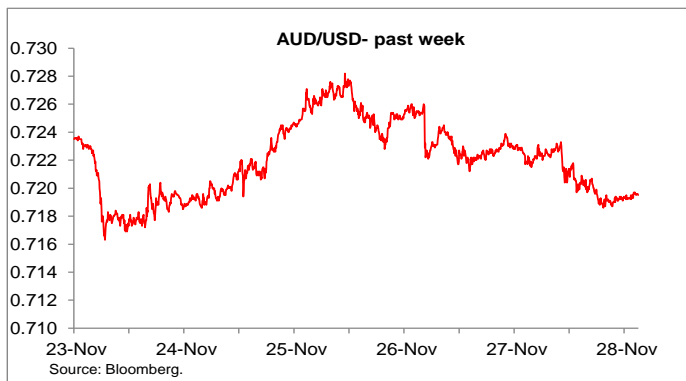
On global stock markets, the S&P 500 was +0.10%. Bond markets saw US 10-years -1.40bp to 2.22%. On commodity markets, Brent crude oil -1.32% to \$44.86, gold -1.3% to \$1,056, iron ore +1.2% to \$44.50. AUD is at 0.7196 and the range since Friday's local close has been 0.7185 to 0.7219.

## Chart of the Day : Australia Private Credit



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Markets



Foreign Exchange								Equities				Commodities*				
Indicative 24hr ranges (**)				Other FX				Major Indices								
	Last	% chge	Low	High		Last	% chge		Last	% day	% y/y		Last	% day		
AUD	0.7195	0.0	0.7192	0.7199	HKD	7.7506	0.0	Dow	17,798	-0.1	-0.2	Oil (Brent)	44.86	-1.3		
NZD	0.6536	0.0	0.6529	0.6540	CNY	6.3944	0.1	S&P 500	2,090	+0.1	1.1	Oil (WTI)	41.71	-3.1		
EUR	1.0589	0.0	1.0588	1.0597	SGD	1.4135	0.4	Nasdaq	5,128	+0.2	7.0	Oil (Tapis)	43.68	-1.8		
GBP	1.5035	0.0	1.5032	1.5050	IDR	13,801	0.4	FTSE	6,375	-0.3	-5.2	Gold	1056.20	-1.3		
JPY	122.86	0.0	122.59	122.87	THB	35.89	0.0	DAX	11,294	-0.2	13.2	CRB	183.24	-1.3		
CAD	1.3367	0.0	1.3359	1.3375	KRW	1,153	0.5	CAC 40	4,930	+0.4	12.3	GS Metals	244.5	-0.1		
AUD/EUR	0.6793	-0.1			TWD	32.66	0.4	Nikkei	19,884	-0.3	13.9	Aluminium	1458	-2.9		
AUD/JPY	88.39	0.0			PHP	47.14	0.0	Shanghai	3,436	-5.5	28.1	Copper	4592	-1.3		
AUD/GBP	0.4785	-0.2			CHF	1.03	0.0	Hang Seng	22,068	-1.9	-8.0	Nickel	8748	-4.6		
AUD/NZD	1.1008	0.1			SEK	8.74	0.0	ASX 200	5,203	-0.2	-2.1	Zinc	1540	-3.5		
												Ch. steel			1657	-0.7
												Iron ore			44.5	1.2
												Coal			53.7	0.0
												Wheat Chic.			479.0	-1.7
												Sugar			14.97	0.4
												Cotton			62.63	1.0
												Coffee			123.6	-1.6
												<b>CO<sub>2</sub> Emissions - Euros</b>				
															Last	% day
												Jun-2015			8.61	0.0
												Dec-2015			8.58	0.0
												Dec-2016			8.65	0.0

Interest Rates					Benchmark 10 Year Bonds				Overnight Futures		
Indicative Swap Rates											
	Cash	3mth	2Yr	10Yr	Last	chge	Spnd		Last	Chge	
USD	0.25	0.41	0.98	2.08	USD 10	2.22	-0.01		<b>Australia</b>		
AUD	2.00	2.27	2.17	2.99	AUD 10	2.84	0.02	0.62	3 mth bill	97.76	-0.01
NZD	2.75	2.84	2.71	3.54	NZD 10	3.53	0.00	1.30	3 Yr bond	97.89	-0.02
EUR	0.05	0.06	-0.12	0.83	CAD 10	1.57	0.01	-0.65	10 Yr bonc	97.12	-0.02
GBP	0.50	0.57	0.94	1.81	EUR 10	0.46	-0.01	-1.76	3/10 sprd	0.77	0.00
JPY	0.10	0.07	0.10	0.45	GBP 10	1.82	-0.03	-0.40	SPI	-1.0	0.0
CAD	0.50	1.17	0.89	1.87	JPY 10	0.31	0.01	-1.91			

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>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
GE	CPI YoY	Nov P				0.3	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
US	Pending Home Sales MoM	Oct		1.25		-2.3	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
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>Wednesday, 2 December 2015</b>								
NZ	ANZ Commodity Price	Nov				6.90%	0.00	11.00
AU	GDP SA QoQ	3Q				0.20%	0.30	11.30
UK	Markit/CIPS UK Construction PMI	Nov				58.8	9.30	20.30
EC	PPI YoY	Oct				-3.10%	10.00	21.00
EC	CPI Estimate YoY	Nov					10.00	21.00
EC	CPI Core YoY	Nov A				1.10%	10.00	21.00
US	MBA Mortgage Applications	Nov-27					12.00	23.00
US	ADP Employment Change	Nov		185k		182k	13.15	0.15
US	Nonfarm Productivity	3Q F		2.10%		1.60%	13.30	0.30
US	Unit Labor Costs	3Q F		0.90%		1.40%	13.30	0.30
US	ISM New York	Nov				65.8	14.45	1.45
CA	Bank of Canada Rate Decision	Dec-02		0.50%		0.50%	15.00	2.00
US	Fed's Yellen Speaks to the Economic Club of Washington						16.00	3.00
US	U.S. Federal Reserve Releases Beige Book						19.00	6.00
<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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