

Markets Today

A daily outlook for Australia, key global economies and markets

9 November 2015

US jobs data boom, China trade data gloom

Friday's US payrolls report delivered across-the-board strength and markets responded to script, the dollar and bond yields both sharply higher but equity markets not sure whether to embrace the more positive US growth signals or fear the seemingly near-inevitably of December Fed 'lift-off'. The S&P 500 finished the night flat, with utilities (now seen to be in greater competition with somewhat higher-yielding bonds) and energy (via the fresh impact of dollar strength on commodity prices) suffering at the expense of banks whose profitability is seen likely to rise in a higher rates environment. Other indices ended higher however, suggesting fear of the Fed is not nearly as pronounced as earlier in the year.

In currencies, every G10 currency lost more than 1% in the immediate wake of the payrolls report, with AUD, NOK, and NZD faring worst, second and third worst respectively. AUD/USD dropped by 1.4 to 0.7043 and NZD by 1.35% to 0.6524.

Losses have been compounded first thing this morning following Sunday's release of October China trade data. Though the overall trade surplus of \$61.6bn was in line with expectations, this came about on weaker than expected (negative) export and import growth rates. Exports were down 6.9% y/y from -3.7% and the -3.2% expected, and imports down 18.8% y/y, up from -20.4% in September but worse than the -15.2% expected.

So no comfort here for those looking for an improvement in imports on stronger domestic demand, or stronger exports on improving global demand conditions. Of direct relevance to Australia, China's customs data shows iron ore import volumes down 12.3% on the month and 4.9% down on a year ago. Coal imports were 21.4% down on the month and 30.7% lower than a year ago.

Also released over the weekend, China's FX reserves rose by \$11.4bn to \$3.53tn. This is in contrast to an expected rise of about \$50bn. but when set against the \$60bn trade surplus last month, this still suggests substantial FX intervention to defend against RMB weakness, albeit not as much as was evident in Q2 and Q3.

Also to note from Friday is latest CFTC/IMM FX futures positioning data for the week ended Tuesday 3 November. This shows a further sharp rebuild in EUR speculative shorts, to -134.4k from -105.9k. This is, though, still back from the extremes (> -200k) witnessed earlier in the year. The overall speculative USD long vs G10 currencies rose, to 236.5k from 183.9k, still little more than half the levels seen at the turn of the year (~400k). Net shorts in AUD were little changed -38.6k from -36.4k (the data will have just captured the impact of the RBA's no-change last Tuesday). NZD net positioning meanwhile again saw a small extension of the prevailing net

long, +6.6k from +5.6k in what was the week of the RBNZ's 'no-change'.

Finally, yesterday's CoreLogic RP Data weekend auction clearance data shows a slight pick-up nationwide, to 63.7% from a 61.0% (latter the lowest since 8 June 2014). Sydney rose to a preliminary 61.9% from 60.2% and Melbourne 69.3% up from 65.6%. Auction volumes remain high, 2,898 properties under the hammer Saturday versus 2,547 the week before.

Coming Up

This week, Australia's NAB business survey (Tue), China's monthly data dump (Wed), Australia's labour market report (Thu), and US retail sales and consumer sentiment (Fri) are the known highlights. There are no less than eight ECB speakers scheduled and amid signs that the Governing Council are far from united or decided on what will come out of the 3 December ECB policy meeting.

Today, we have ANZ job ads, Japan labour earnings (one to be watching now as a key focus of government/BoJ policy), German trade and the Sentix (Eurozone) investor confidence reading.

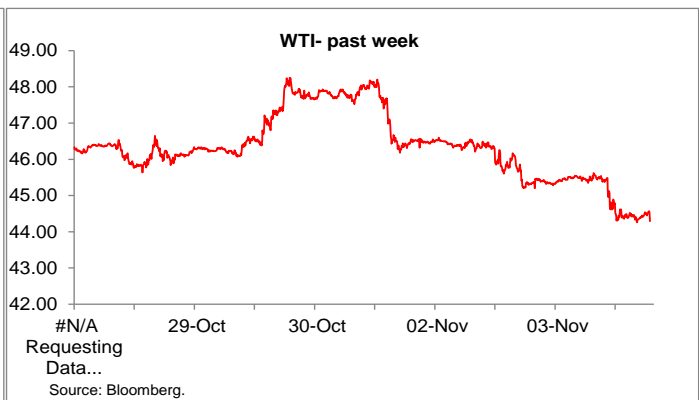
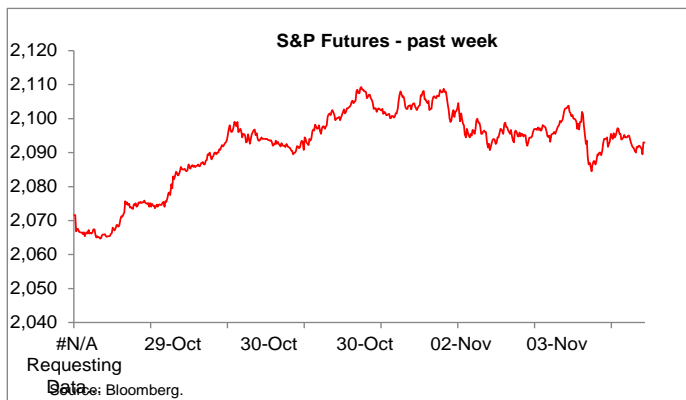
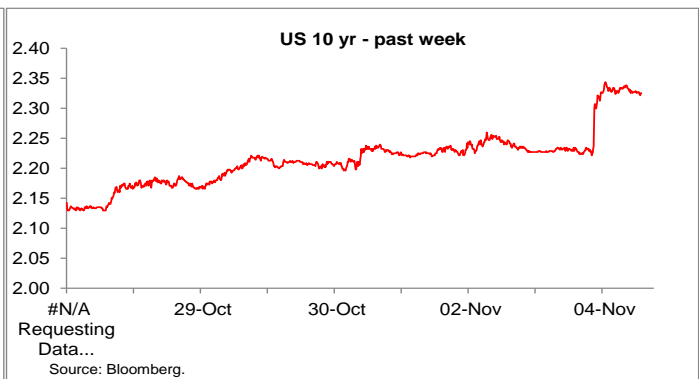
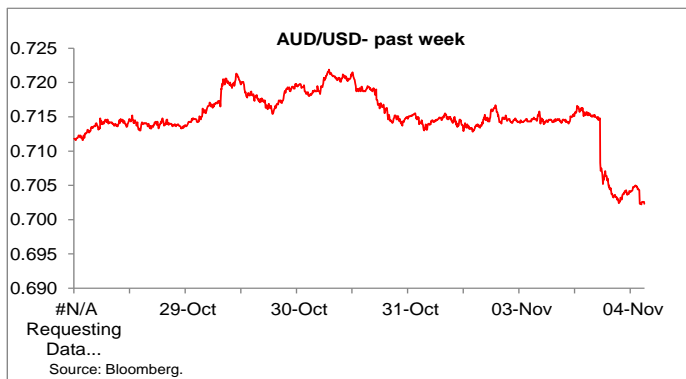
Overnight

On global stock markets, the S&P 500 was flat. Bond markets saw US 10-years +9.29bp to 2.33%. On commodity markets, Brent crude oil -1.17% to \$47.42, gold-1.5% to \$1,088, iron ore -1.0% to \$48.21. AUD is at 0.7022 and the range since Friday's local close has been 0.7017 (this morning) to 0.7120.

- US non-farm payrolls +271k (185k expected, 142k previous revised up from +137k);
- US Unemployment rate 5.0% from 5.1% as expected.
- US Average hourly earnings + 0.4% after flat in September (0.2% E) lifting annual growth to 2.5% from a revised 2.3% (was originally 2.2%).
- GE: industrial prod. (Sep): -1.1% m/m vs 0.5% exp.
- UK: industrial prod. (Sep): -0.2% m/m vs -0.1% exp.
- CA: unemployment rate (Oct): 7.0% vs 7.1% exp; employment +44.4k vs. +10.0k exp.
- Fed's Bullard: sees inflation above 2% by end-2016
- Fed's Brainard: soft foreign growth poses risks to US
- Fed's Evans: strong jobs report bolstered the case for a December rate hike

Ray.attrill@nab.com.au

Markets



Foreign Exchange						Equities				Commodities*																																																																																									
<table border="1"> <thead> <tr> <th colspan="5">Indicative 24hr ranges (**)</th> <th colspan="2">Other FX</th> </tr> <tr> <th></th> <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>0.7021</td> <td>-0.3</td> <td>0.7019</td> <td>0.7049</td> <td>HKD</td> <td>7.7515</td> <td>0.0</td> </tr> <tr> <td>NZD</td> <td>0.6506</td> <td>-0.3</td> <td>0.6506</td> <td>0.6526</td> <td>CNY</td> <td>6.3535</td> <td>0.1</td> </tr> <tr> <td>EUR</td> <td>1.0737</td> <td>0.0</td> <td>1.0728</td> <td>1.0739</td> <td>SGD</td> <td>1.4202</td> <td>0.0</td> </tr> <tr> <td>GBP</td> <td>1.5064</td> <td>0.1</td> <td>1.5043</td> <td>1.5066</td> <td>IDR</td> <td>13,564</td> <td>0.2</td> </tr> <tr> <td>JPY</td> <td>123.23</td> <td>0.1</td> <td>123.13</td> <td>123.27</td> <td>THB</td> <td>35.84</td> <td>0.0</td> </tr> <tr> <td>CAD</td> <td>1.3305</td> <td>0.0</td> <td>1.3298</td> <td>1.3306</td> <td>KRW</td> <td>1,142</td> <td>0.3</td> </tr> <tr> <td>AUD/EUR</td> <td>0.6538</td> <td>-0.3</td> <td></td> <td></td> <td>TWD</td> <td>32.59</td> <td>0.4</td> </tr> <tr> <td>AUD/JPY</td> <td>86.50</td> <td>-0.3</td> <td></td> <td></td> <td>PHP</td> <td>46.93</td> <td>0.0</td> </tr> <tr> <td>AUD/GBP</td> <td>0.4660</td> <td>-0.5</td> <td></td> <td></td> <td>CHF</td> <td>1.00</td> <td>-0.1</td> </tr> <tr> <td>AUD/NZD</td> <td>1.0791</td> <td>0.0</td> <td></td> <td></td> <td>SEK</td> <td>8.73</td> <td>0.1</td> </tr> </table>						Indicative 24hr ranges (**)					Other FX			Last	% chge	Low	High	Last	% chge	AUD	0.7021	-0.3	0.7019	0.7049	HKD	7.7515	0.0	NZD	0.6506	-0.3	0.6506	0.6526	CNY	6.3535	0.1	EUR	1.0737	0.0	1.0728	1.0739	SGD	1.4202	0.0	GBP	1.5064	0.1	1.5043	1.5066	IDR	13,564	0.2	JPY	123.23	0.1	123.13	123.27	THB	35.84	0.0	CAD	1.3305	0.0	1.3298	1.3306	KRW	1,142	0.3	AUD/EUR	0.6538	-0.3			TWD	32.59	0.4	AUD/JPY	86.50	-0.3			PHP	46.93	0.0	AUD/GBP	0.4660	-0.5			CHF	1.00	-0.1	AUD/NZD	1.0791	0.0			SEK	8.73	0.1
Indicative 24hr ranges (**)					Other FX																																																																																														
	Last	% chge	Low	High	Last	% chge																																																																																													
AUD	0.7021	-0.3	0.7019	0.7049	HKD	7.7515	0.0																																																																																												
NZD	0.6506	-0.3	0.6506	0.6526	CNY	6.3535	0.1																																																																																												
EUR	1.0737	0.0	1.0728	1.0739	SGD	1.4202	0.0																																																																																												
GBP	1.5064	0.1	1.5043	1.5066	IDR	13,564	0.2																																																																																												
JPY	123.23	0.1	123.13	123.27	THB	35.84	0.0																																																																																												
CAD	1.3305	0.0	1.3298	1.3306	KRW	1,142	0.3																																																																																												
AUD/EUR	0.6538	-0.3			TWD	32.59	0.4																																																																																												
AUD/JPY	86.50	-0.3			PHP	46.93	0.0																																																																																												
AUD/GBP	0.4660	-0.5			CHF	1.00	-0.1																																																																																												
AUD/NZD	1.0791	0.0			SEK	8.73	0.1																																																																																												

 | Major Indices | | | | |---------------|--------|-------|-------| | | Last | % day | % y/y | | Dow | 17,910 | +0.3 | 1.9 | | S&P 500 | 2,099 | 0.0 | 3.3 | | Nasdaq | 5,147 | +0.4 | 11.1 | | FTSE | 6,354 | -0.2 | -3.2 | | DAX | 10,988 | +0.9 | 18.3 | | CAC 40 | 4,984 | +0.1 | 19.0 | | Nikkei | 19,266 | +0.8 | 14.1 | | Shanghai | 3,590 | +1.9 | 48.5 | | Hang Seng | 22,867 | -0.8 | -2.9 | | ASX 200 | 5,215 | +0.4 | -6.0 | | | | | | | Last | % day | |-------------|---------|-------| | Oil (Brent) | 47.42 | -1.2 | | Oil (WTI) | 44.29 | -2.0 | | Oil (Tapis) | 47.52 | -1.2 | | Gold | 1087.70 | -1.5 | | CRB | 191.03 | -0.7 | | GS Metals | 260.6 | 0.0 | | Aluminium | 1513 | 1.0 | | Copper | 4997 | -0.5 | | Nickel | 9602 | -1.7 | | Zinc | 1640 | -0.2 | | Ch. steel | 1790 | 0.2 | | Iron ore | 48.2 | -1.0 | | Coal | 52.2 | -0.3 | | Wheat Chic. | 525.5 | -0.3 | | Sugar | 14.46 | -2.0 | | Cotton | 61.66 | -0.5 | | Coffee | 117.8 | -2.6 | | | || | Interest Rates | | | | Benchmark 10 Year Bonds | | | | |-----------------------|------|------|-------|-------------------------|--------|------|-------| | Indicative Swap Rates | | | | Last | chge | Sprd | | | | Cash | 3mth | 2Yr | 10Yr | | | | | USD | 0.25 | 0.34 | 0.98 | 2.22 | USD 10 | 2.33 | 0.09 | | AUD | 2.00 | 2.19 | 2.05 | 3.00 | AUD 10 | 2.79 | 0.00 | | NZD | 2.75 | 2.92 | 2.75 | 3.55 | NZD 10 | 3.37 | -0.02 | | EUR | 0.05 | 0.06 | -0.01 | 1.01 | CAD 10 | 1.72 | 0.07 | | GBP | 0.50 | 0.58 | 1.06 | 2.02 | EUR 10 | 0.69 | 0.09 | | JPY | 0.10 | 0.08 | 0.10 | 0.48 | GBP 10 | 2.04 | 0.07 | | CAD | 0.50 | 1.17 | 0.95 | 2.05 | JPY 10 | 0.32 | 0.01 | | | | | | | | Overnight Futures | | | |-------------------|-------|-------| | | Last | Chge | | Australia | | | | 3 mth bill | 97.85 | -0.02 | | 3 Yr bond | 97.98 | -0.07 | | 10 Yr bonc | 97.10 | -0.08 | | 3/10 sprd | 0.88 | 0.01 | | SPI | -28.0 | -0.5 | | | |
| | CO ₂ Emissions - Euros | | | |-----------------------------------|------|-------| | | Last | % day | | Jun-2015 | 8.43 | -0.7 | | Dec-2015 | 8.41 | -0.7 | | Dec-2016 | 8.48 | -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
Monday, 9 November 2015								
NZ	REINZ Housing report (pending)	Oct						
AU	ANZ Job Advertisements MoM	Oct				3.9	0.30	11.30
JN	Labor Cash Earnings YoY	Sep		0.5		0.5	1.30	12.30
GE	Trade Balance	Sep		20		15.3	7.00	18.00
GE	Current Account Balance	Sep		21.9		12.3	7.00	18.00
EC	Sentix Investor Confidence	Nov		13.1		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		200		230.701	13.15	0.15
US	Labor Market Conditions Index Change	Oct		0.9		0	15.00	2.00
US	Fed's Rosengren Speaks on Outlook for U.S. Economy						17.00	4.00
Tuesday, 10 November 2015								
NZ	ANZ Truckometer Heavy MoM	Oct				1.7	21.00	8.00
NZ	Card Spending Retail MoM/YoY	Oct	flat (total)	0.3% (retail)		0.7% (total)	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		1500		1590.1	23.50	10.50
UK	BRC Sales Like-For-Like YoY	Oct		0.75		2.6	0.10	11.10
AU	NAB Business Confidence/Conditions	Oct				5/9	0.30	11.30
AU	Home Loans MoM	Sep	0.8	0		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		96.5		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		-0.1/-9.4		-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
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
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		3.3/-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
AU	Consumer Inflation Expectation	Nov				3.5	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		276	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 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
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
Upcoming Central Bank Interest Rate Announcements								
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

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

Group Economics

Alan Oster
Group Chief Economist
+61 3 8634 2927

Riki Polygenis
Head of Australian Economics
+61 3 8697 9534

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

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.