



Markets Today

A daily outlook for Australia, key global economies and markets

11 December 2015

Slip sliding away

A lot of the attention overnight remained centred on the commodity space with oil prices down another 1%, Brent crude at \$39.70, down 0.97%. Not surprising then that the oil-linked currencies were mostly sold lower including the Canadian dollar which lower by around 0.5% in the Norwegian kroner by 0.4%, although the Russian rouble was steadier. OPEC announced that its crude oil production was at a three year high in November as it presses on with high levels of output to further pressure the US shale industry, not to mention the unit returns it's earning in the meantime.

The AUD is held on to most of the gains that quickly followed after yet another super-sized Australian employment report, even though most of the rise reflected sample rotation rather than a further surge in employment in the matched sample. Even so, there is no denying that unemployment has surprised on the low side consistently this year despite the chill winds from continuing pressure in the resources base the economy is held up a lot better than feared for forecast. The local interest rate market is pricing for 12 basis points of easing over the next year; in other words an unchanged view on rates with a mild easing bias.

Elsewhere in the commodity space overnight, it's been mixed-to-negative commodity fundamental news for the Aussie overnight with iron ore back down again to \$38.52, a new cyclical low, more than countering yesterday's rise, while LME copper prices rose 0.22% despite some USD resilience while gold eased 0.44%.

After rising in the wake of the RBNZ rate cut and steady rate outlook yesterday, the NZD/USD held on to its gains overnight. The RBNZ will not be pleased with the currency's response making clear yesterday its displeasure currency at current levels believing/hoping the NZD will weaken to help balance the economy.

The USD strengthened against a softer EUR overnight, while the GBP experienced some volatility around the Bank of England's meeting. But the Bank stuck closely to its script, saying low oil prices and subdued wage growth would keep a lid on inflation, limiting any urgency to raise rates. Having traded a wide range around the meeting, the GBP/USD has returned to trade at 1.5170.

Coming up

There's a trio of New Zealand releases this morning starting with the PMI manufacturing reported 830, food prices at 845 and then at 11 AM AEDT, consumer confidence is released. On past records, none should trouble the scorers too much at all.

There are no other scheduled releases separate day although Chinese figures for November have been due any day now so could be released in the day or possibly over the weekend or early next week. The key Chinese activity numbers for November are being released tomorrow, retail sales, industrial production, and fixed assets investment.

Focus tonight's well and truly on the US is markets last-minute positioning ahead of the Fed announcement at the end of their

Tuesday-Wednesday meeting coming at 6 AM Thursday morning our time when lift-off is expected to be announced. Much of the focus will be on the new forecasts from the Fed, its dot point rate forecast diagram, and of course the tone of Janet Yellen's press conference.

Two key US data releases tonight with US retail sales for November with someone higher pay for spending tipped, headline sales expected to grow by 0.2 and the "control group" forecast grow by .4 up 1/10 and 2/10 respectively from October. The University of Michigan preliminary survey of consumer sentiment index for December is also due.

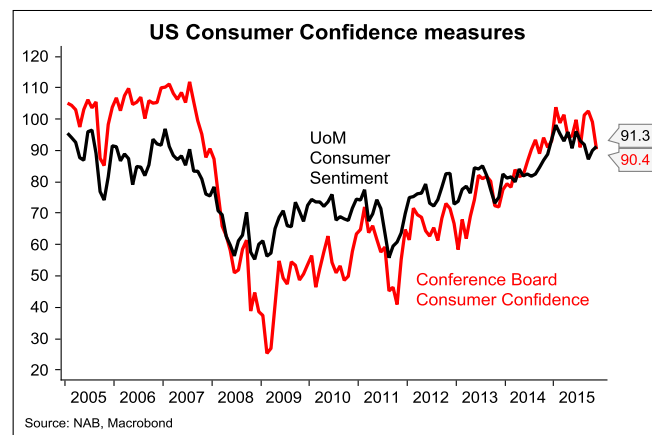
Overnight

- Commodities lower again; AUD post-employment gains stick: Eurostoxx 600 -0.3%, Dax +0.1%, CAC -0.1%, FTSE -0.6%. Dow +163 points to 17,655, +0.9%, S&P 500 +0.9%, Nasdaq +0.9%, VIX 18.46 -5.9%. Shanghai -0.5%, Mumbai -0.5%, Nikkei 225 +0.9% and ASX 200 -0.8%; ASX SPI futures this morning +0.2%. US bond yields: 2s at 0.94% (2), 10s at 2.24% (+2). WTI oil at \$36.71 (-1.2%), Brent at \$39.68 (-1.1%), Malaysian Tapis (yesterday) \$40.57 (+0.0%). Gold at \$1071.60/oz (-0.5%). Base metals: LME copper +0.2%, nickel -1.8%, aluminium +0.1%. Iron ore \$38.5/t -1.4% Chinese steel rebar futures -0.4%. Soft commodities spot futures: wheat +1.1%, sugar -3.6%, cotton -1.6%, coffee -0.4%. Euro CO² emissions price (Dec 15) -0.5%. The AUD/USD's range overnight 0.7275-0.7313; indicative range today 0.7265-0.7315; the AUD/USD is 0.7289 now**
- UK trade (Oct) -£4.14bn (L: -£1.073bn; F: -£1.8bn)**
- Canada Capacity Utilisation (Q3) 82.0% (L: 81.4; F: 82.0); New house prices (Oct) +0.3% (L: 0.1%; E: 0.1%)**
- US Jobless claims (w/e 28 Nov) 282K (L: 269K; E: 270K)**

Good luck.

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Chart of the day: US consumers confidence remains high



Calendar

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEDT
Friday, 11 December 2015								
NZ	BusinessNZ Manufacturing PMI	Nov				53.3	21.30	8.30
NZ	Food Prices MoM	Nov	0.1			-1.2	21.45	8.45
NZ	ANZ Consumer Confidence Index/MoM	Dec				122.7/6.8	0.00	11.00
NZ	Non Resident Bond Holdings	Nov				68.8	2.00	13.00
GE	CPI MoM/YoY	Nov F		0.1/0.4		0.1/0.4	7.00	18.00
UK	BoE/GfK Inflation Next 12 Mths	Nov				2	9.30	20.30
US	Retail Sales Advance/Ex autos and gas MoM	Nov		0.2/0.4		0.1/0.3	13.30	0.30
US	PPI Final Demand MoM	Nov		0		-0.4	13.30	0.30
US	Business Inventories	Oct		0.1		0.3	15.00	2.00
US	U. of Mich. Sentiment/5-10 yr inflation expectations	Dec P		92		91.3/2.6	15.00	2.00
Saturday, 12 December 2015								
CH	Retail Sales YoY	Nov		11.1		11	5.30	16.30
CH	Industrial Production YoY	Nov		5.7		5.6	5.30	16.30
CH	Fixed Assets Ex Rural YTD YoY	Nov		10.1		10.2	5.30	16.30
Monday, 14 December 2015								
NZ	Performance Services Index	Nov				56.2	21.30	8.30
JN	Tankan Manuf Survey	4Q		11		12	23.50	10.50
AU	Credit Card Purchases	Oct				24.79	0.30	11.30
AU	Credit Card Balances	Oct				50.76	0.30	11.30
JN	Tokyo Condominium Sales YoY	Nov				-6.5	4.00	15.00
JN	Industrial Production MoM/ YoY	Oct F				1.4	4.30	15.30
JN	Capacity Utilization MoM	Oct				1.46	4.30	15.30
JN	Tertiary Industry Index MoM	Oct		0.6		-0.4	4.30	15.30
EC	Industrial Production SA MoM/YoY	Oct		0.2		-0.3	10.00	21.00
UK	CBI Reported Sales	Dec				7	11.00	22.00
GE	Wholesale Price Index MoM/ YoY	Nov				-0.4		
Tuesday, 15 December 2015								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Dec-13				116.3	22.30	9.30
AU	RBA Dec. Meeting Minutes							
AU	House Price Index QoQ/ YoY	3Q		1.5		4.7	0.30	11.30
AU	New Motor Vehicle Sales MoM/ YoY	Nov				-3.6	0.30	11.30
UK	CPI MoM/YoY	Nov		-0.1		0.1	9.30	20.30
UK	Retail Price Index	Nov		259.2		259.5	9.30	20.30
UK	RPI MoM/ Yoy	Nov		-0.1		0	9.30	20.30
UK	PPI Input NSA MoM/ YoY	Nov		-1		0.2	9.30	20.30
UK	PPI Output NSA MoM/ Yoy	Nov		-0.1		0	9.30	20.30
EC	Employment QoQ/ YoY	3Q				0.3	10.00	21.00
GE	ZEW Survey Current Situation	Dec		54		54.4	10.00	21.00
CA	Manufacturing Sales MoM	Oct				-1.5	13.30	0.30
US	Empire Manufacturing	Dec		-5.5		-10.74	13.30	0.30
US	CPI MoM/YoY	Nov		0		0.2	13.30	0.30
US	Real Avg Weekly Earnings YoY	Nov				2.1	13.30	0.30
CA	Existing Home Sales MoM	Nov				1.8	14.00	1.00
US	NAHB Housing Market Index	Dec		63		62	15.00	2.00
CA	Bank of Canada - Financial System Review							
US	TIC Flows Data	Oct				-175.1	21.00	8.00
Wednesday, 16 December 2015								
NZ	Current Account GDP Ratio YTD	3Q				-3.5	21.45	8.45
AU	Westpac Leading Index MoM	Nov				0.1	23.30	10.30
AU	Skilled Vacancies MoM	Nov				0.6	0.00	11.00
JN	Machine Tool Orders YoY	Nov F				-17.9	6.00	17.00
UK	Jobless Claims Change	Nov		2		3.3	9.30	20.30
UK	Average Weekly Earnings 3M/YoY	Oct		2.5		3	9.30	20.30
UK	ILO Unemployment Rate 3Mths	Oct		5.3		5.3	9.30	20.30
EC	Trade Balance SA	Oct				20.1	10.00	21.00
EC	CPI MoM	Nov		-0.2		0.1	10.00	21.00
EC	CPI YoY	Nov F		0.1		0.1	10.00	21.00
EC	CPI Core YoY	Nov F		0.9		0.9	10.00	21.00
US	Housing Starts	Nov		1130		1060	13.30	0.30
US	Housing Starts MoM	Nov		6.6		-11	13.30	0.30
US	Building Permits	Nov		1150		1150	13.30	0.30
US	Building Permits MoM	Nov		-1		4.1	13.30	0.30
CA	Int'l Securities Transactions	Oct				3.35	13.30	0.30
US	Industrial Production MoM	Nov		-0.1		-0.2	14.15	1.15
US	Capacity Utilization	Nov		77.4		77.5	14.15	1.15
US	Manufacturing (SIC) Production	Nov				0.4	14.15	1.15
US	FOMC Rate Decision (Upper Bound)	Dec-16	0	0.5		0.25	19.00	6.00
US	FOMC Rate Decision (Lower Bound)	Dec-16	0	0.25		0	19.00	6.00
Upcoming Central Bank Interest Rate Announcements								
US	Federal Reserve	16-Dec	0.25-0.5%	0.25-0.5%		0-0.25%		
Japan	BoJ	18-Dec	0.0%-0.1%	0.0%-0.1%		0.0%-0.1%		
UK	BOE	14-Jan				0.50%		
Canada	BoC	20-Jan				0.50%		
Europe	ECB	21-Jan				0.05%		
New Zealand	RBNZ	28-Jan				2.50%		
Australia	RBA	2-Feb	2.00%	2.00%		2.00%		

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

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