



# Markets Today

A daily outlook for Australia, key global economies and markets

19 January 2016

## Super Tuesday

With US markets closed in observance of Martin Luther King Day, the relatively quiet overnight session is probably not reflective of the current collective mood. Hence Super Tuesday is all about China which has the potential to set the mood for the rest of the week with a big set of data releases including Q4 GDP figures (see more below).

Yesterday China's Shanghai and Shenzhen managed to end the day marginally in positive territory, however the start of the week for the rest of Asia was a bid softer with Hong Kong's Hang Seng and Japan's NIKKEI the worst performers down 1.45% and 1.12% respectively.

The start of the European session saw equities markets move higher, but the lack of data releases meant that oil was the only game in town. Brent and WTI oil briefly traded above the \$29 mark, but then drifted lower effectively erasing all the gains for the session. The Euro Stoxx index ended the day down by 0.58% and the FTSE100 was -0.42%. Brent closed at \$28.6(-1.32%) and WTI at \$28.94 (-1.6%).

In currencies, the USD is stronger against all G10. The AUD and SEK are at the top of the leader board practically unchanged (-0.02% and -0.04%) while the NOK is at the bottom, down 0.79%.

In bonds, while the US Treasury market was closed, 10y Bunds ended the day little changed at 0.537% and 10y UK Gilts were down 3bps to 1.689%. UK Gilts outperformance was aided by BoE's Gertjan Vlieghe comments stressing that he was "patient" on interest rates and wants to see evidence of stronger price pressures before tightening policy.

Finally in commodities, gold is practically unchanged at \$1088.9, iron ore is up 3.8% to \$42.7, its third consecutive day of gains and copper has continued its miserable run, down another 2.1% (\$4327.5), a new six year low.

## Coming Up

We have a quiet day in terms of data in Australia with the weekly consumer confidence index the only scheduled release.

In offshore markets it's all about China, but unlike what we have seen since the start of the year, today's focus should be (hopefully) on the real economy rather than the currency or equity market. At 1 pm AEDT China's National Bureau of statistics will release its Q4 GDP estimate along with Industrial Production, Fixed Asset Investment and Retail sales (all three December prints).

Bloomberg is currently showing China's Q4 GDP median estimate at 6.9 %yoy, unchanged from the previous quarter. Interestingly, however, the distribution of economists' forecasts shows a tail to the left with the lowest forecast at

6.4%. Our best guess is that we will get a print close to 7%, meeting the government's target for the year, but doing little to dissuade the sceptics on the validity of the data. Industrial production is expected to decline from 6.2% to 6.0% in December, mainly due to unfavourable base effects. Retail sales and fixed asset investment are expected to remain steady at 10.7% and 10.2% respectively and little changed from the previous month.

In Europe we get Germany's final CPI print for December along with the ZEW survey of financial analysts for January and given analyst bias toward the stock market, a soft print is expected. The euro-area current account and construction output figures are also due for release, but usually they are not market moving. Across the Channel, the UK releases its December CPI print and consensus expectations are for a flat outcome.

The NAHB homebuilders survey for January is the only notable data releases in the US. Bloomberg is currently showing consensus expectations for an unchanged print of 61, suggesting further upside for the housing market in 2016. We also get US TIC treasury data for November, it would be interesting to see to what degree foreign officials continued to sell US Treasuries in November and also to what degree this selling was countered by foreign private buyers.

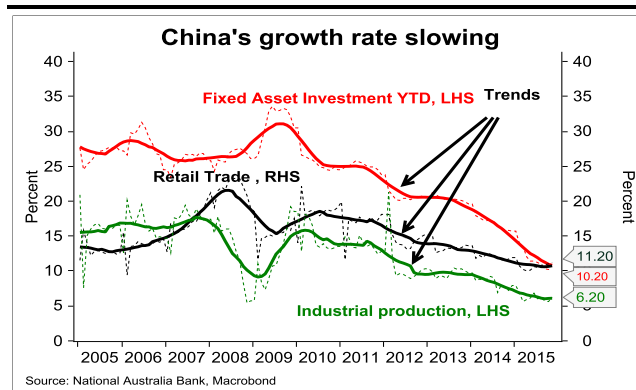
Later tonight the IMF releases its January World Economic Outlook update covering key economic projections as well an assessment on the risks to this outlook.

We have no Fed speakers until after the FOMC meeting next week and in terms of Q4 earnings tonight we get Bank of America, IBM, Morgan Stanley and UnitedHealth.

## Overnight

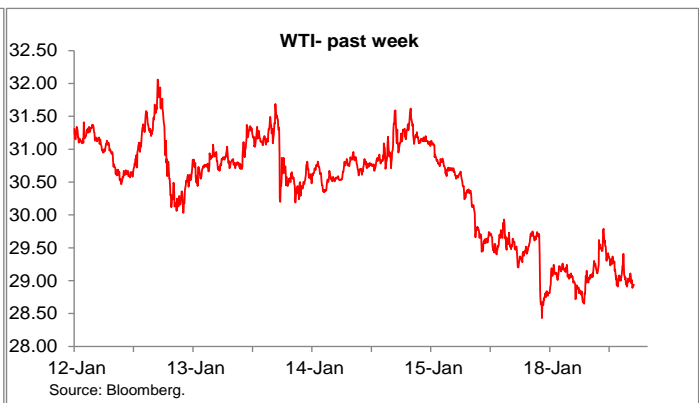
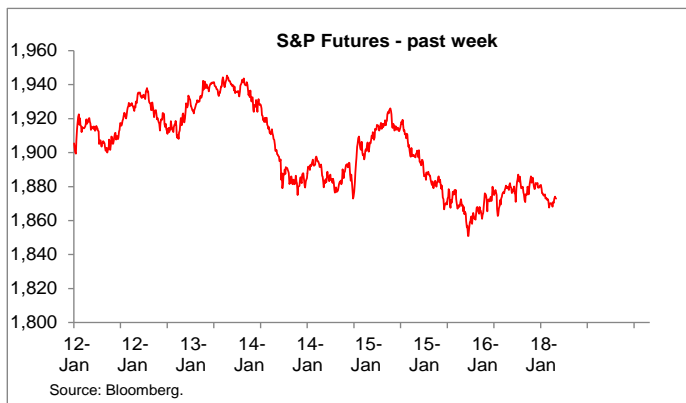
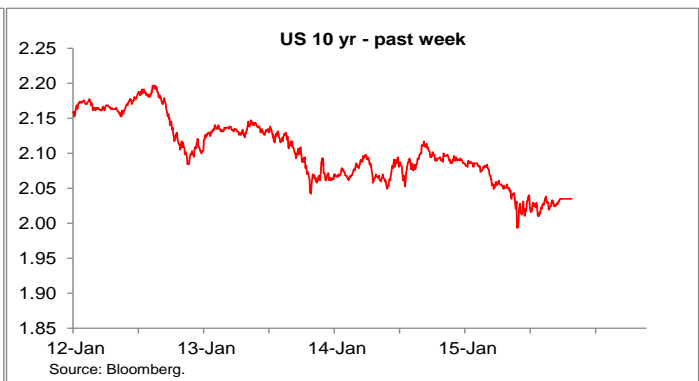
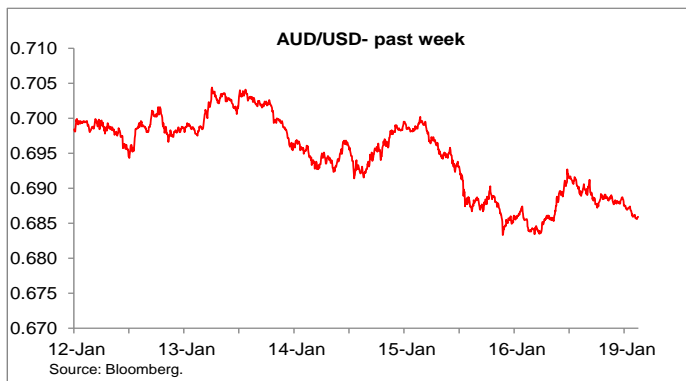
EuroStoxx ended -0.58% while US Markets were closed. On commodity markets, Brent crude oil -1.11% to \$28.62, gold-0.2% to \$1,089, iron ore +3.8% to \$42.66. AUD is at 0.6862 and the range was 0.6831 to 0.6928.

## Chart of the day: Big day of China data releases



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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="3">Other FX</th> </tr> <tr> <th>Last</th> <th>% chge</th> <th>Low</th> <th>High</th> <th>Last</th> <th>% chge</th> <th></th> </tr> </thead> <tr> <td>AUD</td> <td>0.6862</td> <td>0.0</td> <td>0.6831</td> <td>0.6928</td> <td>HKD</td> <td>7.8001</td> <td>0.1</td> </tr> <tr> <td>NZD</td> <td>0.6443</td> <td>-0.3</td> <td>0.6406</td> <td>0.6480</td> <td>CNY</td> <td>6.5788</td> <td>-0.1</td> </tr> <tr> <td>EUR</td> <td>1.0895</td> <td>-0.2</td> <td>1.0869</td> <td>1.0942</td> <td>SGD</td> <td>1.4390</td> <td>0.0</td> </tr> <tr> <td>GBP</td> <td>1.4246</td> <td>-0.1</td> <td>1.4244</td> <td>1.4323</td> <td>IDR</td> <td>13,905</td> <td>0.0</td> </tr> <tr> <td>JPY</td> <td>117.34</td> <td>0.3</td> <td>116.57</td> <td>117.44</td> <td>THB</td> <td>36.29</td> <td>-0.2</td> </tr> <tr> <td>CAD</td> <td>1.4552</td> <td>0.1</td> <td>1.4487</td> <td>1.4660</td> <td>KRW</td> <td>1,211</td> <td>-0.2</td> </tr> <tr> <td>AUD/EUR</td> <td>0.6299</td> <td>0.2</td> <td></td> <td></td> <td>TWD</td> <td>33.57</td> <td>-0.3</td> </tr> <tr> <td>AUD/JPY</td> <td>80.54</td> <td>0.3</td> <td></td> <td></td> <td>PHP</td> <td>47.75</td> <td>-0.1</td> </tr> <tr> <td>AUD/GBP</td> <td>0.4816</td> <td>0.1</td> <td></td> <td></td> <td>CHF</td> <td>1.01</td> <td>0.4</td> </tr> <tr> <td>AUD/NZD</td> <td>1.0652</td> <td>0.3</td> <td></td> <td></td> <td>SEK</td> <td>8.58</td> <td>0.0</td> </tr> </table>									Indicative 24hr ranges (**)				Other FX			Last	% chge	Low	High	Last	% chge		AUD	0.6862	0.0	0.6831	0.6928	HKD	7.8001	0.1	NZD	0.6443	-0.3	0.6406	0.6480	CNY	6.5788	-0.1	EUR	1.0895	-0.2	1.0869	1.0942	SGD	1.4390	0.0	GBP	1.4246	-0.1	1.4244	1.4323	IDR	13,905	0.0	JPY	117.34	0.3	116.57	117.44	THB	36.29	-0.2	CAD	1.4552	0.1	1.4487	1.4660	KRW	1,211	-0.2	AUD/EUR	0.6299	0.2			TWD	33.57	-0.3	AUD/JPY	80.54	0.3			PHP	47.75	-0.1	AUD/GBP	0.4816	0.1			CHF	1.01	0.4	AUD/NZD	1.0652	0.3			SEK	8.58	0.0
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 | Major Indices |        |       |       | |---------------|--------|-------|-------| |               | Last   | % day | % y/y | | Dow           | 15,988 |       | -8.7  | | S&P 500       | 1,880  |       | -6.9  | | Nasdaq        | 4,488  |       | -3.1  | | FTSE          | 5,780  | -0.4  | -11.8 | | DAX           | 9,522  | -0.2  | -6.4  | | CAC 40        | 4,190  | -2.4  | -4.3  | | Nikkei        | 16,956 | -1.1  | -0.3  | | Shanghai      | 2,914  | +0.4  | -6.5  | | Hang Seng     | 19,237 | -1.5  | -19.0 | | ASX 200       | 4,859  | -0.7  | -8.5  | | | | | |             | Last    | % day | |-------------|---------|-------| | Oil (Brent) | 28.62   | -1.1  | | Oil (WTI)   | 28.94   | -1.6  | | Oil (Tapis) | 28.86   | -1.9  | | Gold        | 1088.90 | -0.2  | | CRB         | 159.93  | -2.0  | | GS Metals   | 237.4   | -1.5  | | Aluminium   | 1476    | -1.0  | | Copper      | 4328    | -2.1  | | Nickel      | 8359    | -2.1  | | Zinc        | 1469    | -2.4  | | Ch. steel   | 1828    | 1.2   | | Iron ore    | 42.7    | 3.8   | | Coal        | 48.8    | -0.7  | | Wheat Chic. | 478.5   | 0.9   | | Sugar       | 14.92   | 0.3   | | Cotton      | 61.41   | -0.8  | | Coffee      | 114.9   | -0.9  | | | || | Interest Rates        |      |      |       | Benchmark 10 Year Bonds |        |      |             | |-----------------------|------|------|-------|-------------------------|--------|------|-------------| | Indicative Swap Rates |      |      |       |                         |        |      |             | |                       | Cash | 3mth | 2Yr   | 10Yr                    | Last   | chge | Sprd        | | USD                   | 0.50 | 0.62 | 0.90  | 1.89                    | USD 10 | 2.03 | 0.00        | | AUD                   | 2.00 | 2.29 | 2.04  | 2.79                    | AUD 10 | 2.69 | 0.00 0.66   | | NZD                   | 2.50 | 2.76 | 2.70  | 3.48                    | NZD 10 | 3.27 | 0.01 1.24   | | EUR                   | 0.05 | 0.06 | -0.08 | 0.85                    | CAD 10 | 1.17 | 0.02 -0.87  | | GBP                   | 0.50 | 0.59 | 0.87  | 1.70                    | EUR 10 | 0.47 | 0.00 -1.57  | | JPY                   | 0.10 | 0.08 | 0.09  | 0.38                    | GBP 10 | 1.69 | 0.03 -0.34  | | CAD                   | 0.50 | 1.17 | 0.62  | 1.54                    | JPY 10 | 0.21 | -0.01 -1.82 | | | | | | | | | | Overnight Futures |       |       | |-------------------|-------|-------| |                   | Last  | Chge  | | <b>Australia</b>  |       |       | | 3 mth bill        | 97.85 | 0.00  | | 3 Yr bond         | 98.13 | 0.02  | | 10 Yr bonc        | 97.33 | -0.04 | | 3/10 sprd         | 0.80  | 0.06  | | SPI               | -35.0 | -0.7  | | | | | | CO <sub>2</sub> Emissions - Euros |      |       | |-----------------------------------|------|-------| |                                   | Last | % day | | Jun-2016                          | 6.74 | 0.7   | | Dec-2016                          | 6.76 | 0.6   | | Jun-2017                          | 6.80 | 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

Monday, 18 January 2016						
AU	TD Securities Inflation MoM/YoY	Dec		0.1/1.8	23.30	10.30
AU	New Motor Vehicle Sales YoY	Dec		6	0.30	11.30
CH	China December Property Prices				1.30	12.30
NZ	Non Resident Bond Holdings	Dec		67.9	2.00	13.00
JN	Industrial Production MoM/YoY	Nov F		-1/1.6	4.30	15.30
JN	Capacity Utilization MoM	Nov		1.3	4.30	15.30
JN	Tertiary Industry Index MoM	Nov	-0.7	0.9	4.30	15.30
UK	BoE's Gertjan speaks in London				18.30	5.30
Tuesday, 19 January 2016						
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jan 17		114.1	22.30	9.30
CH	China GDP SA QoQ/YoY	4Q	1.8%/6.9%	1.8%/6.9%	2.00	13.00
CH	Industrial Production YoY	Dec	6.1	6.2%	2.00	13.00
CH	Retail Sales	Dec	11.3	11.2%	2.00	13.00
CH	Fixed Assets Ex Rural YTD YoY	Dec	10.2	10.2%	2.00	13.00
GE	CPI MoM/YoY	Dec F	-0.1/0.3	-0.1/0.3	7.00	18.00
EC	ECB Current Account SA	Nov		20.4	9.00	20.00
UK	CPI MoM	Dec	0	0	9.30	20.30
UK	CPI Core YoY	Dec	1.2	1.2	9.30	20.30
UK	ONS House Price YoY	Nov		7	9.30	20.30
GE	ZEW Survey Current Situation	Jan	53.1	55	10.00	21.00
GE	ZEW Survey Expectations	Jan	7.9	16.1	10.00	21.00
UK	BoE Governor Carney speaks in London				12.00	23.00
US	Total Net TIC Flows	Nov		68.9	21.00	8.00
Wednesday, 20 January 2016						
NZ	CPI QoQ%/YoT%	4Q	-0.2/0.3	-0.2/0.3	0.3/0.4	21.45 8.45
AU	Westpac Consumer Conf Index	Jan		100.8	23.30	10.30
AU	Westpac Consumer Conf SA MoM	Jan		-0.8	23.30	10.30
UK	ILO Unemployment Rate 3Mths	Nov	5.2	5.2	9.30	20.30
UK	Employment Change 3M/3M	Nov	235	207	9.30	20.30
CA	Wholesale Trade Sales MoM	Nov	0.5	-0.6	13.30	0.30
CA	Manufacturing Sales MoM	Nov	0.5	-1.1	13.30	0.30
US	Building Permits	Dec	1200	1289	13.30	0.30
US	Building Permits MoM	Dec	-6.4	11	13.30	0.30
US	Housing Starts MoM	Dec	2.3	10.5	13.30	0.30
US	Housing Starts	Dec	1200	1173	13.30	0.30
US	CPI MoM	Dec	0	0	13.30	0.30
US	CPI YoY	Dec	0.8	0.5	13.30	0.30
US	CPI Ex Food and Energy MoM	Dec	0.2	0.2	13.30	0.30
US	CPI Ex Food and Energy YoY	Dec	2.1	2	13.30	0.30
CA	Bank of Canada Rate Decision	Jan 20	0.5	0.5	15.00	2.00
CA	Bank of Canada Releases Monetary Policy Report				15.00	2.00
Thursday, 21 January 2016						
NZ	ANZ Job Advertisements MoM	Dec		2	21.00	8.00
NZ	BusinessNZ Manufacturing PMI	Dec		54.7	21.30	8.30
AU	Consumer Inflation Expectation	Jan		4	0.00	11.00
AU	HIA New Home Sales MoM	Nov		-1.8	0.00	11.00
NZ	ANZ Consumer Confidence Index	Jan		118.7	0.00	11.00
NZ	ANZ Consumer Confidence MoM	Jan		-3.3	0.00	11.00
AU	RBA FX Transactions Market	Dec		485	0.30	11.30
JN	All Industry Activity Index MoM	Nov	-0.7	1	4.30	15.30
EC	CPI MoM	Dec	0	-0.1	10.00	21.00
EC	CPI Core YoY	Dec F	0.9	0.9	10.00	21.00
EC	ECB Main Refinancing Rate	Jan 21	0.05	0.05	12.45	23.45
UK	CBI Trends Total Orders	Jan		-7	11.00	22.00
US	Philadelphia Fed Business Outlook	Jan	-5	-5.9	13.30	0.30
US	Initial Jobless Claims	Jan 16	280	284	13.30	0.30
Friday, 22 January 2016						
JN	Nikkei Japan PMI Mfg	Jan P	52.8	52.6	2.00	13.00
GE	Markit/BME Germany Manufacturing PMI	Jan P	53	53.2	8.30	19.30
GE	Markit/BME Germany Composite PMI	Jan P	55.1	55.5	8.30	19.30
EC	ECB Survey of Professional Forecasters				9.00	20.00
EC	Markit Eurozone Manufacturing PMI	Jan P	53	53.2	9.00	20.00
EC	Markit Eurozone Composite PMI	Jan P	54.1	54.3	9.00	20.00
UK	Retail Sales ex Auto Fuel MoM/YoY	Dec	-0.3/3.5	1.7/3.9	9.30	20.30
EC	Euro Area Third Quarter Government Debt				10.00	21.00
UK	BoE's Cunliffe speaks in Brussels				12.00	23.00
US	Chicago Fed Nat Activity Index	Dec	-0.075	-0.3	13.30	0.30
CA	Retail Sales MoM	Nov	0.3	0.1	13.30	0.30
CA	Retail Sales Ex Auto MoM	Nov	0.4	0	13.30	0.30
CA	CPI Core MoM	Dec	-0.3	-0.3	13.30	0.30
CA	CPI Core YoY	Dec	2	2	13.30	0.30
US	Markit US PMI	Jan P	51.3	51.20%	14.45	1.45
US	Existing Home Sales MoM	Dec	9.24	-10.5	15.00	2.00
US	Existing Home Sales	Dec	5.2	4.76	15.00	2.00
Saturday, 23 January 2016						
US	Fed's Dudley speaks on Economy and Policy in New Jersey				14.00	1.00
Upcoming Central Bank Interest Rate Announcements						
UK	BOE	14-Jan		0.50%		
Canada	BoC	20-Jan		0.50%		
Europe	ECB	21-Jan		0.05%		
US	Federal Reserve	27-Jan	0.25-0.50%	0.25-0.50%		
New Zealand	RBNZ	28-Jan	2.50%	2.50%		
Japan	BoJ	29-Jan	0.0%-0.1%	0.0%-0.1%		
Australia	RBA	2-Feb	2.00%	2.00%		

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

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