

# MARKETS TODAY

*We are the world*



## Good morning

It's been a very quiet night for markets, the DXY and BBDXY making some net gains, but more from commodity currency weakness. The CAD, the NZD, and the AUD all lower by 0.25-0.35%. Oil prices have taken a small breather after the heady gains of late, the overnight world dairy auction saw lower prices, while base metals and even gold have are down.

Iron ore was too (the main benchmark price by \$0.70/t to \$62.66 after the stronger rise the day before) while met coal rose \$2.25/t to \$182.75. US bond yields are virtually unchanged, 2s up 0.4 bps and 10s down 1.1 bps in tight trading ranges. Equity markets have been soggy.

Rather than geopolitical risk re-emerging this week as the market might have been expecting as Trump travels through Asia, he appears to have softened his stance towards North Korea. He suggested that the rogue state should negotiate a deal "that's good for the people of North Korea and the people of the world" – a stark contrast to his earlier "fire and fury like the world has never seen".

Elsewhere, OPEC has released its annual oil outlook, upping its forecast estimates for US tight oil production by 56%. There's also a story of dissent in the ECB over open ended QE, Weidman, Villeroy and others rattling the cage. Not that such a story would surprise too many. Lautenschlaeger said overnight she opposed not putting an end date to ECB bond buying. The Euro has recovered the ground it lost during yesterday's afternoon session.

After hitting its peak of around 0.7690 in the lead up to the RBA Board decision yesterday, it's been generally one way traffic since, pre-Board buying reversed on little in the way of a material change to the RBA statement (not that it was expected to be that different) and then some further softness coming from headwinds stemming from most commodity prices overnight. Chinese trade figures are out today, something the Aussie can relate to.

It's been a similar swing up, then lower in the NZD. The swing up came from RBNZ Acting Governor Spencer and NZ Finance Minister Robertson signing an unchanged Policy Targets Agreement, the Minister releasing the terms of reference for a review of the RBNZ Act. These were as foreshadowed, including the best way the Bank to give due consideration to maximising employment alongside the price stability framework and introducing a committee-based approach.

The dairy auction overnight saw prices down 3.5%, the third decline in such fortnightly auctions, risking lower payouts to NZ dairy farmers. After trading at 0.6950 yesterday, it's tested below 0.69 overnight before steadying.

## Coming up

The main data interest today will likely be the October Chinese trade data coming ahead of the main monthly activity (Retail Sales, Industrial Production, and Fixed Assets Investment) next week. These numbers tend to arrive from around 13.00 AEDT with the CNY-denominated figures coming first ahead of the USD-denominated figures. From an AUD perspective, the market is trying to glean whether the data signifies steady, faster or slower growth in the Chinese economy (imports) and its interaction with the rest of the world (exports). Annual exports growth is tipped to be 7% while imports are expected to have grown by 17% y/y (in CNY terms or 17.5% in USD terms). These growth rates are a percent or so down on September's.

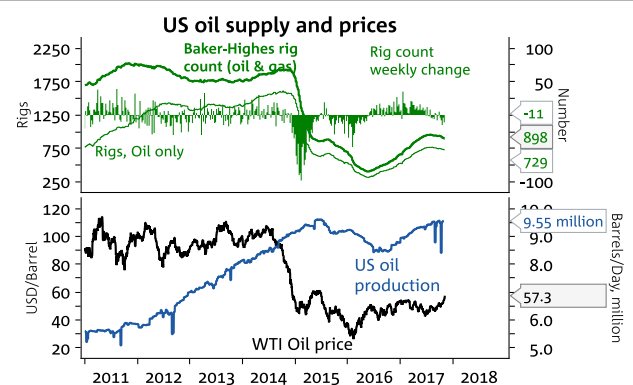
There is also President Trump's continuing trip through Asia. Today, he's meeting with South Korean President Moon and he's also scheduled to address the South Korean parliament. The market is also now waiting for the US House version of tax reform.

It's very quiet data wise tonight with only Canadian Housing Starts and Building Permits reports. BoC Governor Poloz has been speaking in Montreal overnight and still sounding like policy will be on hold now for a while. The Canadian dollar has been a touch weaker overnight, but this happened before his speech after which the loonie has been steady. He said that the BoC will be "cautious" adjusting the policy rate.

## Overnight

On global stock markets, the S&P 500 was -0.17%. Bond markets saw US 10-years -0.36bp to 2.31%. In commodities, Brent crude oil -0.92% to \$63.68, gold -0.4% to \$1,277, iron ore -1.1% to \$62.66, steam coal -0.3% to \$98.50, met coal +1.2% to \$182.75. AUD is at 0.7647 and the range since yesterday 5pm Sydney time is 0.7627 to 0.7662.

Chart: US oil rig count lower of late



Source: National Australia Bank, Macrobond

# Markets

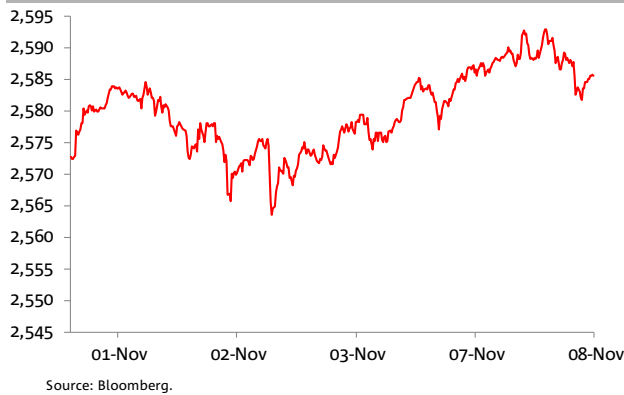
AUD/USD - past week



US 10yr - past week



S&P Future - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7647	-0.2	0.7627	0.7662	HKD	7.8046 0.0
NZD	0.6907	0.2	0.6891	0.6926	CNY	6.6405 0.1
EUR	1.1590	-0.2	1.1556	1.1593	SGD	1.3637 0.0
GBP	1.3170	0.4	1.3109	1.3172	IDR	13,515 -0.1
JPY	113.89	-0.1	113.82	114.30	THB	33.15 0.0
CAD	1.2770	0.1	1.2751	1.2820	KRW	1,112 -0.3
AUD/EUR	0.6597	-0.1	0.6590	0.6628	TWD	30.17 -0.1
AUD/JPY	87.09	-0.3	86.94	87.46	PHP	51.42 0.4
AUD/GBP	0.5806	-0.6	0.5803	0.5834	CHF	1.00 -0.1
AUD/NZD	1.1071	-0.4	1.1055	1.1086	SEK	8.39 -0.4
AUD/CNH	5.0692	-0.3	5.0634	5.1000		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	1.25	1.40	1.83	2.29	USD 10	2.31	-0.36
AUD	1.50	1.70	1.92	2.79	AUD 10	2.58	1.30 0.27
NZD	1.75	1.93	2.20	3.15	NZD 10	2.81	5.50 0.50
EUR	0.00	-0.33	-0.21	0.81	CAD 10	1.89	-3.40 -0.42
GBP	0.50	0.53	0.79	1.28	EUR 10	0.33	-0.90 -1.99
JPY	-0.05	-0.05	0.03	0.23	GBP 10	1.23	-2.50 -1.08
CAD	1.00	1.41	1.76	2.22	JPY 10	0.03	0.80 -2.28

Equities

Major Indices			
	Last	% day	% y/y
Dow	23,516	-0.14	28.8
S&P 500	2,587	-0.17	21.4
Nasdaq	6,759	-0.40	30.8
VIX	10.14	7.87	-45.8
FTSE	7,513	-0.7	10.4
DAX	13,379	-0.7	27.9
CAC 40	5,481	-0.5	22.9
Nikkei	22,938	1.7	33.6
Shanghai	3,414	0.7	8.4
Hang Seng	28,994	1.4	26.6
ASX 200	6,014	1.0	14.4

Overnight Futures

	Last	Chge*
<b>Australia</b>		
3 mth bill	98.28	0.00
3 Yr bond	97.8	3.00
10 Yr bond	97.41	-0.50
3/10 sprd	0.39	3.50
SPI	5974.0	-41.0

\*Change in bps

Commodities\*

	Last	% day
Oil (Brent)	63.68	-0.9
Oil (WTI)	57.24	-0.2
Oil (Tapis)	65.37	2.5
Gold	1277.10	-0.4
CRB	191.85	-0.4
GS Metals	381.0	0.0
Aluminium	2115.8	-1.8
Copper	6797.3	-2.1
Nickel	12602.0	-2.1
Zinc	3198.0	-1.9
Ch. steel	3732.0	0.2
Iron ore	62.7	-1.1
St. Coal	98.5	-0.3
Met.coal	182.8	1.2
Wheat Chic.	444.8	-0.8
Sugar	14.7	1.1
Cotton	68.1	-1.1
Coffee	124.7	-0.7

Prob. of 25bps hike/cut at next meeting

	bps	%
RBA	0.0	0.0%
FED	22	86.0%

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>Wednesday, 8 November 2017</b>								
US/KR	President Trump addresses South Korean National Assembly							
NZ	Parliament opens 10.30 NZT							
JN	BOJ Funo makes a speech in Miyazaki						1.30	12.30
JN	Leading Index CI	Sep P		106.6		107.2	5.00	16.00
CH	Foreign Direct Investment YoY CNY	Oct				17.3	1.00	12.00
CH	Trade Balance CNY	Oct		280.45		193.0	2.00	13.00
CH	Trade Balance	Oct		39.1		28.5	2.10	13.10
CA	Housing Starts	Oct		211		217.1	13.15	0.15
CA	Building Permits MoM	Sep		1		-5.5	13.30	0.30
<b>Thursday, 9 November 2017</b>								
NZ	RBNZ Official Cash Rate	Nov 9	1.75	1.75		1.75	20.00	7.00
JN	BOJ Summary of Opinions at Oct. 30-31 Meeting						23.50	10.50
JN	Core Machine Orders MoM/YoY	Sep		-2/2		3.4/4.4	23.50	10.50
JN	BoP Current Account Adjusted	Sep		2053.3		2266.9	23.50	10.50
UK	RICS House Price Balance	Oct		4		6.0	0.10	11.10
AU	Home Loans, Owner-occupier # MoM/Investor \$ MoM	Sep	3.4/..	2/		1.0/4.3	0.30	11.30
CH	CPI/PPI YoY	Oct		1.8/6.6		1.6/6.9	1.30	12.30
GE	Current Account Balance	Sep		23.5		17.8	7.00	18.00
EC	ECB Publishes Economic Bulletin						9.00	20.00
UK	Industrial Production MoM/YoY	Sep		0.3/1.9		0.2/1.6	9.30	20.30
UK	Construction Output SA MoM/YoY	Sep		-0.9/1.7		0.6/3.5	9.30	20.30
UK	Trade Balance	Sep		-4300		-5626.0	9.30	20.30
EC	European Commission Economic Forecasts						10.00	21.00
UK	NIESR GDP Estimate	Oct				0.4	13.00	0.00
CA	New Housing Price Index MoM/YoY	Sep		0.2/3.8		0.1/3.8	13.30	0.30
US	Initial Jobless Claims	Nov 4		231.5		229.0	13.30	0.30
EC	ECB's Villeroy de Galhau speaks in Brussels						15.00	2.00
US	Wholesale Inventories/Trade Sales MoM	Sep F		0.3/0.9		0.3/1.7	15.00	2.00
<b>Friday, 10 November 2017</b>								
NZ	Card Spending Total/Retail MoM	Oct	0.4	/0.5		-0.1/0.1	21.45	8.45
AU	RBA Statement on Monetary Policy						0.30	11.30
JN	Tertiary Industry Index MoM	Sep		-0.1		-0.2	4.30	15.30
CH	New Yuan Loans/Aggregate financing CNY	Oct		770/1100		1270.0/1820.0	10-15 Nov release	
US	U. of Mich. Sentiment/5-10 Yr Inflation expectations	Nov P		100.9/		100.7/2.5	15.00	2.00
US	Baker Hughes U.S. Rig Count/Oil Rfig Count	Nov 10		/		898.0/729.0	18.00	5.00
US	Monthly Budget Statement	Oct		-50		8.0	19.00	6.00
<b>Monday, 13 November 2017</b>								
CH	Foreign Direct Investment YoY CNY	Oct				17.3		
CH	New Yuan Loans/Aggregate financing CNY	Oct		770/1100		1270.0/1820.0	10-15 Nov release	
NZ	REINZ House Sales YoY	Oct				-26.2		
NZ	Food Prices MoM	Oct				-0.2	21.45	8.45
AU	RBA's Debelle Gives Speech in Sydney						22.15	9.15
JN	PPI MoM/YoY	Oct				0.2	23.50	10.50
JN	Machine Tool Orders YoY	Oct P				45.0	6.00	17.00
CA	Bloomberg Nanos Confidence	Nov 10				58.0	15.00	2.00
JN	BOJ Governor Kuroda scheduled to speak in Zurich						17.45	4.45
<b>Tuesday, 14 November 2017</b>								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Nov 12				112.6	22.30	9.30
AU	NAB Business Conditions/Confidence	Oct		/		14.0/7.0	0.30	11.30
CH	Retail Sales YoY/YTD YoY	Oct		10.4/10.4		10.3/10.4	2.00	13.00
CH	Fixed Assets Ex Rural YTD YoY	Oct		7.3		7.5	2.00	13.00
CH	Industrial Production YoY/YTD YoY	Oct		6.3/6.7		6.6/6.7	2.00	13.00
GE	GDP SA QoQ/YoY	3Q P		/		0.6/2.1	7.00	18.00
GE	CPI EU Harmonized MoM/YoY	Oct F		/		-0.1/1.5	7.00	18.00
US	Fed's Evans Speaks at ECB Conference						8.05	19.05
UK	CPI MoM/YoY	Oct		/		0.3/3.0	9.30	20.30
UK	CPI Core YoY	Oct		/		2.7	9.30	20.30
UK	PPI Input NSA MoM/YoY	Oct		/		0.4/8.4	9.30	20.30
UK	PPI Output NSA MoM/YoY	Oct		/		0.2/3.3	9.30	20.30
UK	PPI Output Core NSA MoM/YoY	Oct		/		0.0/2.5	9.30	20.30
UK	House Price Index YoY	Sep				5.0	9.30	20.30
EC	Industrial Production SA MoM/YoY	Sep		/		1.4/3.8	10.00	21.00
GE	ZEW Survey Current Situation/Expectations	Nov		/		87.0/17.6	10.00	21.00
EC	ZEW Survey Expectations	Nov				26.7	10.00	21.00
US	Yellen Speaks on ECB Panel with Draghi, Kuroda, and Carney						10.00	21.00
EC	GDP SA QoQ/YoY	3Q P		/		0.6/2.5	10.00	21.00
EC	GDP SA YoY	3Q P				2.5	10.00	21.00
US	NFIB Small Business Optimism	Oct		104.5		103.0	11.00	22.00
US	Fed's Bullard Speaks on U.S. Economy in Louisville						13.15	0.15
EC	ECB's Benoit Coeure Speaks in Brussels						13.30	0.30
US	PPI Final Demand MoM/YoY	Oct		0.1/		0.4/2.6	13.30	0.30
US	Fed's Bostic Speaks on Economic Outlook and Monetary Policy						18.05	5.05
<b>Upcoming Central Bank Interest Rate Announcements</b>								
New Zealand, RBNZ		9-Nov	1.75%	1.75%		1.75%		
Australia, RBA		5-Dec	1.50%	1.50%		1.50%		
Canada, BoC		7-Dec				1.00%		
US Federal Reserve		14 Dec	1.25-1.50%	1.25-1.50%		1.00-1.25%		
UK BOE		14-Dec	0.5%			0.50%		
Europe ECB		14-Dec	-0.4%	-0.4%		-0.4%		
Japan, BoJ		21-Dec	-0.1%	-0.1%		-0.1%		

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

## CONTACT DETAILS

### Authors

David de Garis  
Director, Economics  
+61 3 8641 3045  
david.degaris@nab.com.au

Ray Attrill  
Global Co-Head of FX Strategy  
+61 2 9237 1848  
ray.attrill@nab.com.au

Rodrigo Catril  
Currency Strategist  
+61 2 9293 7109  
rodrigo.h.catril@nab.com.au

Tapas Strickland  
Economist  
+61 2 9237 1980  
tapas.strickland@nab.com.au

### Markets Research

Peter Jolly  
Global Head of Research  
+61 2 9237 1406  
peter.jolly@nab.com.au

### Group Economics

Alan Oster  
Chief Economist  
+61 3 8634 2927  
alan\_oster@national.com.au

### 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.