

MARKETS TODAY

Talk of the Town



Good morning

Frankfurt is the town and the great and the good of the global central banking fraternity will be the doing the talking later today at an ECB sponsored conference on central bank communication.

Yellen, Draghi, Carney and Kuroda are among those scheduled to talk. The message from Yellen will be that the Fed will likely continue to be moving rates up gradually ("with or without me" – see, two songs for the price of one today). The message from Draghi, meanwhile, will be that we aren't going anywhere on rates for a long time – a narrative that we expect is likely to change at some point next year if the economy continues to track as strongly as it is right now. We've long learned not to trust BoE governor Carney's communication credentials, while Mr Kuroda of late has been talking dovishly, lamenting the lack of improvement in inflation expectations.

Looking across markets overnight, what stands out is that AUD/USD has bent if not yet decisively broken the effective 0.7625-0.77 range that has held most of the price action since late October. Amid a fairly mixed picture on commodity prices – and a largely stable US dollar - we'd point here to the combination of a fresh rise in US shorter dated yields (2-year treasuries up another 3bp to a fresh cycle high of 1.68%) and the earlier rise in the VIX to above 12 from just over 11 on Friday. The NZD has suffered similarly.

The VIX has since dropped back onto an 11 handle and has helped the AUD pull back up a couple of spreads, but to our mind the damage has been done. Any semblance of US dollar strength in the coming few sessions should be enough to have AUD/USD starting to trade on a 75 handle. Either that or any unexpected weakness in either today's China data or Wednesday and Thursday's local wage price index and labour market figures.

Sterling is the weakest currency so far this week, but most of the damage here was done during our time zone yesterday. Indeed, GBP/AUD has pulled back up to 1.72 from sub-1.71 around the time the Sydney market went home Monday. Suffice to say that in the absence of progress within UK political circles this week and next toward offering up a higher Brexit divorce bill, Sterling could be down another 5% or more by month end. If instead Mrs May does somehow manage to pull a proverbial rabbit out of the hat, it will be 5% or more stronger. The pound will be a very sharp toy in the coming few weeks.

US stock markets still have an hour to trade, currently showing minor gains (~0.1%) despite the 8% hit to GE's share price after announcing a cut to its quarterly dividend for only the second time since the Great Depression. Commodities see Brent crude off 36 cents, gold up \$4 with most industrial metals stronger as well, save for iron ore which has lost 41 cents to \$62.19.

Ray Attrill, Head of FX strategy

Coming Up

It's a big day ahead with the NAB business survey this morning, the mid-month slug of (October) China activity readings and as already mentioned, a cast of thousands by way of central bank speakers assembled in Frankfurt for the ECB conference.

As well as Yellen, Draghi and Carney and Kuroda, the Fed's Charles Evans, and the ECB's Lautenschlaeger and Nouy are also appearing at the same conference. On top of this, speakers elsewhere include the ECB's Villeroy (who some are tipping as Draghi's successor in 2019), the ECB's Couere and from the Fed, James Bullard and Raphael Bostic.

The China activity readings cover industrial production, retail sales and fixed asset investment for October. Industrial production usually gets star billing, year-on-year growth seen dipping to 6.2% from 6.6%. Retail sales growth is seen edging up top 10.5% from 10.3% while fixed asset investment slips to 7.3% (YTD YoY) from 7.5% in September.

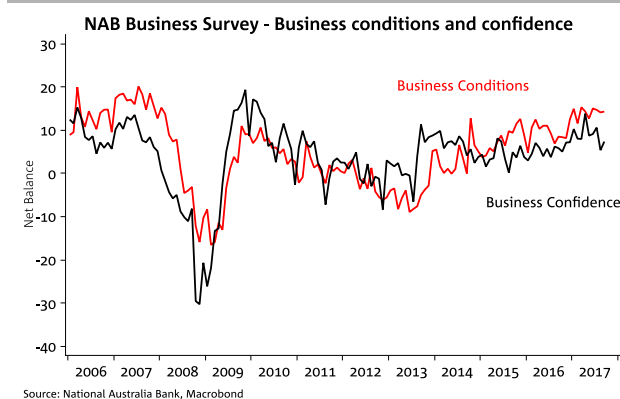
As for NAB's Business Survey on Tuesday, as usual we gives no hints here and only state what happened in September. Business Confidence rose by two points to 7 from 5 while conditions fell one point to 14.

In Europe tonight, we get latest UK CPI, latest vintages of German CPI and GDP and also the German ZEW survey. The US has producer prices, ahead of the all-important CPI figures tomorrow night.

Overnight

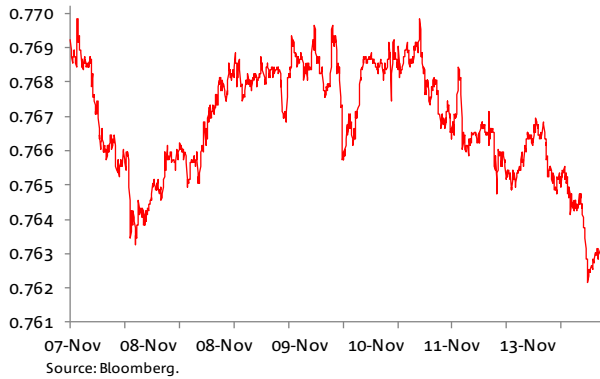
On global stock markets, the S&P 500 is +0.13%. Bond markets saw US 10-years +0.18bp to 2.40%. In commodities, Brent crude oil -0.55% to \$63.17, gold+0.4% to \$1,279, iron ore -0.7% to \$62.19, steam coal +0.2% to \$97.80, met. coal +0.9% to \$187.50. AUD is at 0.7625 and the range since yesterday 5pm Sydney time is 0.7617 to 0.7672.

Chart of the Day – NAB business survey



Markets

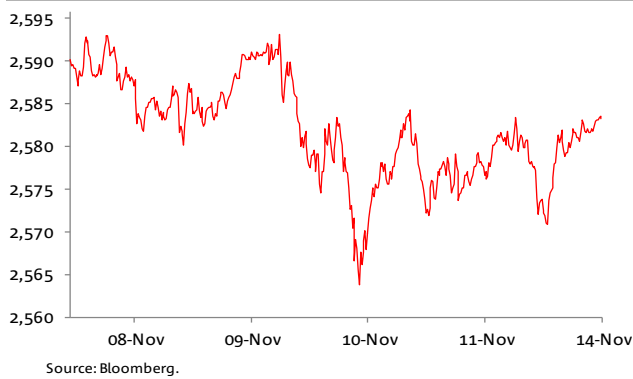
AUD/USD - past week



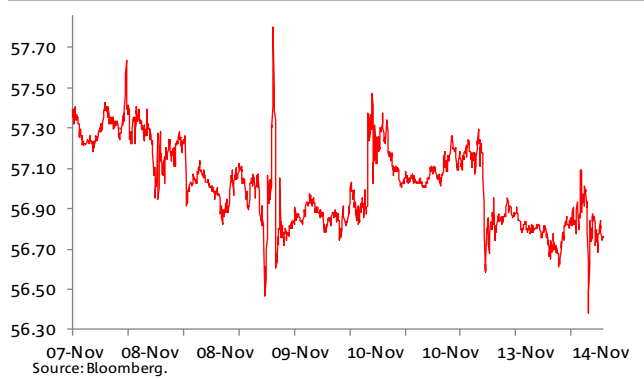
US 10yr - past week



S&P Future - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX		
	Last	% chge	Low	High	Last	% chge	
AUD	0.7625	-0.5	0.7617	0.7672	HKD	7.8018	0.0
NZD	0.6901	-0.5	0.6894	0.6941	CNY	6.6405	0.0
EUR	1.1665	0.0	1.1638	1.1675	SGD	1.3621	0.1
GBP	1.3113	-0.6	1.3062	1.3204	IDR	13,552	0.1
JPY	113.60	0.1	113.25	113.71	THB	33.07	-0.1
CAD	1.2730	0.4	1.2668	1.2742	KRW	1,121	0.3
AUD/EUR	0.6536	-0.5	0.6534	0.6588	TWD	30.18	0.0
AUD/JPY	86.62	-0.4	86.52	87.10	PHP	51.18	-0.1
AUD/GBP	0.5815	0.1	0.5783	0.5855	CHF	1.00	0.0
AUD/NZD	1.1048	0.0	1.1033	1.1076	SEK	8.38	0.4
AUD/CNH	5.0748	-0.5	5.0710	5.1114			

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	1.25	1.41	1.88	2.39	USD 10	2.40	0.18
AUD	1.50	1.71	1.91	2.83	AUD 10	2.62	1.10
NZD	1.75	1.92	2.20	3.22	NZD 10	2.94	1.00
EUR	0.00	-0.33	-0.20	0.88	CAD 10	1.97	0.00
GBP	0.50	0.53	0.83	1.37	EUR 10	0.42	0.70
JPY	-0.04	-0.04	0.03	0.25	GBP 10	1.33	-1.40
CAD	1.00	1.40	1.80	2.30	JPY 10	0.05	0.70

Equities

Major Indices			
	Last	% day	% y/y
Dow	23,451	0.12	24.4
S&P 500	2,586	0.13	19.5
Nasdaq	6,760	0.14	29.1
VIX	11.03	-2.30	-25.2
FTSE	7,415	-0.2	10.2
DAX	13,074	-0.4	22.6
CAC 40	5,342	-0.7	19.0
Nikkei	22,381	-1.3	26.6
Shanghai	3,448	0.4	7.4
Hang Seng	29,182	0.2	31.3
ASX 200	6,022	-0.1	12.6

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.27	-1.00
3 Yr bond	97.8	0.00
10 Yr bond	97.35	-1.50
3/10 sprd	0.45	1.50
SPI	6014.0	18.0

Commodities*

	Last	% day
Oil (Brent)	63.17	-0.6
Oil (WTI)	56.74	0.0
Oil (Tapis)	65.28	-0.9
Gold	1279.10	0.4
CRB	191.45	-0.1
GS Metals	371.6	0.0
Aluminium	2089.1	0.2
Copper	6860.8	1.6
Nickel	12432.0	3.1
Zinc	3242.0	-0.6
Ch. steel	3800.0	0.8
Iron ore	62.2	-0.7
St. Coal	97.8	0.2
Met.coal	187.5	0.9
Wheat Chic.	443.3	-1.3
Sugar	15.1	1.1
Cotton	68.9	-0.2
Coffee	130.8	-0.1

Prob. of 25bps hike/cut at next meeting		
	bps	%
RBA	-0.2	-1.0%
FED	22	86.4%

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
Tuesday, 14 November 2017								
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
Wednesday, 15 November 2017								
AU	Westpac Consumer Conf Index/MoM	Nov	/			101.4/3.6	23.30	10.30
JN	GDP SA QoQ/YoY	3Q P	0.4/1.5			0.6/2.5	23.50	10.50
UK	Average Weekly Earnings 3M/YoY	Sep	/			2.2	9.30	20.30
AU	Wage Price Index QoQ/YoY	3Q	/			0.5	0.30	11.30
AU	New Motor Vehicle Sales MoM/YoY	Oct	/			-0.5/-0.8	0.30	11.30
JN	Industrial Production MoM/YoY	Sep F	/			-1.1/2.5	4.30	15.30
JN	Capacity Utilization MoM	Sep	/			3.3	4.30	15.30
AU	RBA's Ellis Gives Speech in Melbourne						7.00	18.00
US	Fed's Evans Speaks at European Conference in London						8.00	19.00
UK	Jobless Claims Change/Earnings ex bonus 3M YoY	Oct	/			1.7/2.1	9.30	20.30
UK	Employment Change 3M/3M/Unemployment rate	Sep	/			94.0/4.3	9.30	20.30
EC	Trade Balance SA	Sep	/			21.6	10.00	21.00
CA	Teranet/National Bank HPI MoM/YoY	Oct	/			-0.8/11.4	13.30	0.30
US	CPI MoM/YoY	Oct	0.1/2			0.5/2.2	13.30	0.30
US	CPI Ex Food and Energy MoM/YoY	Oct	0.2/1.7			0.1/1.7	13.30	0.30
US	Empire Manufacturing	Nov	26.2			30.2	13.30	0.30
US	Retail Sales Advance/Ex autos and gas MoM	Oct	0.1/0.3			1.6/0.5	13.30	0.30
CA	Existing Home Sales MoM	Oct	/			2.1	14.00	1.00
US	Business Inventories	Sep	0			0.7	15.00	2.00
Thursday, 16 November 2017								
US	Total Net TIC Flows	Sep	/			125.0	21.00	8.00
US	Net Long-term TIC Flows	Sep	/			67.2	21.00	8.00
CA	Bank of Canada's Wilkins Gives Speech in New York						23.45	10.45
JN	Housing Loans YoY	3Q	/			3.3	23.50	10.50
NZ	ANZ Consumer Confidence Index/MoM	Nov	/			126.3/-2.8	0.00	11.00
AU	Consumer Inflation Expectation	Nov	/			4.3	0.00	11.00
UK	Carney, Broadbent, Haldane at BOE Future Forum, Liverpool						0.00	11.00
AU	Employment Change/Unemployment rate	Oct	/			19.8/5.5	0.30	11.30
AU	Participation Rate	Oct	/			65.2	0.30	11.30
AU	RBA FX Transactions Market	Oct	/			731.0	0.30	11.30
NZ	Non Resident Bond Holdings	Oct	/			60.4	2.00	13.00
JN	Machine Tool Orders YoY	Oct P	/			45.0	6.00	17.00
UK	Retail Sales Ex Auto Fuel MoM/YoY	Oct	/			-0.7/1.6	9.30	20.30
UK	Retail Sales Inc Auto Fuel MoM/YoY	Oct	/			-0.8/1.2	9.30	20.30
EC	CPI MoM/YoY	Oct	/			0.4/1.5	10.00	21.00
EC	CPI Core YoY	Oct F	/			0.9	10.00	21.00
CH	FX Net Settlement - Clients CNY	Oct	/			21.8		
CA	Manufacturing Sales MoM	Sep	/			1.6	13.30	0.30
CA	Int'l Securities Transactions	Sep	/			9.9	13.30	0.30
US	Initial Jobless Claims	Nov 4	231.5			229.0	13.30	0.30
US	Philadelphia Fed Business Outlook	Nov	24.05			27.9	13.30	0.30
US	Import Price Index MoM	Oct	0.4			0.7	13.30	0.30
US	Export Price Index MoM	Oct	0.4			0.8	13.30	0.30
US	Export Price Index YoY	Oct	/			2.9	13.30	0.30
UK	BOE's Carney, Broadbent, Cunliffe, Haldane Speak in Liverpool						14.00	1.00
US	Industrial Production MoM	Oct	0.5			0.3	14.15	1.15
US	Capacity Utilization	Oct	76.3			76.0	14.15	1.15
US	Manufacturing (SIC) Production	Oct	/			0.1	14.15	1.15
US	NAHB Housing Market Index	Nov	67			68.0	15.00	2.00
Friday, 17 November 2017								
NZ	BusinessNZ Manufacturing PMI	Oct	/			57.5	21.30	8.30
NZ	PPI Input QoQ	3Q	/			1.4	21.45	8.45
NZ	PPI Output QoQ	3Q	/			1.3	21.45	8.45
EC	ECB Current Account SA	Sep	/			33.3	9.00	20.00
EC	Current Account NSA	Sep	/			29.6	9.00	20.00
EC	Construction Output MoM/YoY	Sep	/			-0.2/1.6	10.00	21.00
US	Housing Starts/YoY	Oct	1183/5			1127.0/-4.7	13.30	0.30
US	Building Permits/MoM	Oct	1242/1.4			1215.0/-4.5	13.30	0.30
CA	CPI NSA MoM/YoY	Oct	/			0.2/1.6	13.30	0.30
CA	CPI Core- Common/Trim YoY%	Oct	/			1.5/1.5	13.30	0.30
CA	CPI Core- Median YoY%	Oct	/			1.8	13.30	0.30
US	Kansas City Fed Manf. Activity	Nov	/			23.0	16.00	3.00
Upcoming Central Bank Interest Rate Announcements								
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%		
New Zealand, RBNZ		8-Feb				1.75%		

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

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