

MARKETS TODAY

Who are you?



Good morning

A relatively quiet start to the week following a relatively quiet holiday-impacted end to the last one. The JPY and NZD share equal top spot in terms of 24 hour FX performance, confirming the absence of any real rhyme or reason to this market. US stocks are close to flat heading into the close with energy and materials stocks the underperformers after oil gave back a little of its recent strength, but consumer stocks up on reports of good Black Friday sales. US bond yields are a touch lower at 10 years but still very much 'home on the range' (i.e. holding above 2.30%).

Quiet market are being compounded by the fact that we are still in front of all the week's key event risks, one of which is the Senate confirmation hearing of Fed chair designate Jerome Powell later today. The Senate will be asking the question The Who did in their 1978 Classic "Who are you?" The overall impression Powell chooses to convey will likely be a line from an earlier (1971) Who hit "Won't Get Fooled Again", i.e. "Meet the new boss, the same as the old boss".

We've already heard from one Fed speaker in the last couple of hours, Dallas Fed President Robert Kaplan – a current FOMC voter. "If we wait too long to see actual evidence of inflation, we may get behind the curve and have to subsequently raise rates more rapidly," Kaplan wrote in an essay. "This type of rapid rate rise has the potential to increase the risk of recession." Kaplan also indicated he sees possible imbalances in the financial markets, as well as the risks of an overheating labour market, as outweighing the chance that inflation could continue to under-run the Fed's 2% goal.

Not so much an essay as now 280-character tweet, POTUS has been out saying "The Tax Bill is coming along very well, great support. With just a few change, some mathematical, the middle class and job producers can get even more in actual dollars and savings and the pass through provision becomes simpler and really works well!"

More pertinent perhaps, US Republican Senator Orrin Hatch (who chairs the tax writing committee) and the No.2 Republican in the chamber, Senate Majority Whip John Coryn, have been out saying the Senate is likely to vote on a tax bill this week, both of them expressing hope of getting a unified tax bill passed by Christmas.

The US dollar looks to have drawn a little support from tax bill optimism – as well as the Kaplan comments - having earlier in the day gained a small lift from news that US New Home sales surged by 6.2% in October against expectations for a fall of 6.3%. The Dallas Fed's manufacturing activity reading meanwhile fell to 19.4

from 27.6, but shouldn't mean much as far as Friday's ISM manufacturing survey goes.

AUD/USD made it to as high as 0.7645 in the London morning largely in the context of a softer US dollar, but has since given it all back to trade close to 0.76, on a combination of a mini-USD revival and, in seems, some direct selling of AUD/NZD which pulled the cross down to as low as 1.10 from above 1.1080 earlier in the session.

Coming Up

After a slow start to the week, the first of the week's keynote event risks kick in tonight's when Fed chair designate Jerome (Jay) Powell is up before the Senate for his confirmation hearing. This is slated to start at 2:00 AEDT Wednesday but will be early enough for the European as well as US market to pounce on his every word.

Senate questioning might revolve around his 'vision' for the Fed, views on accountability and communications strategy, etc. Yet doubtless he will also be quizzed on such matters as his view of whether weak inflation this year is largely the result of transitory factors (after last week's FOMC minutes revealed creeping Fed doubts that they were).

Perhaps as or even more important for stock market, will be his replies to questions about where his support lies – or doesn't – with respect to unwinding of various aspects of the post-GFC Dodd-Frank legislation.

We'll hear from Janet Yellen on this on Wednesday in her final twice-yearly testimony to Congress, remembering that since being told 'You're fired' by the President, she has been somewhat less circumspect than previously in some of her remarks.

Before all this at 11:00 AEDT, outgoing NY Fed President is due to speak on 'The US economy, 10 years after the crises'. Philly Fed president Patrick Harker also speaks.

The data calendar in very much second tier today. The BoC's Poloz and Wilkins are scheduled to hold a press conference linked to their latest Financial Stability Review.

Overnight

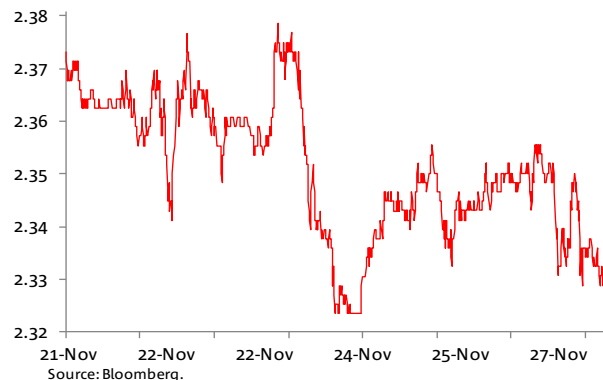
On global stock markets, the S&P 500 was -0.00%. Bond markets saw US 10-years -1.77bp to 2.32%. In commodities, Brent crude oil +0.03% to \$63.88, gold+0.6% to \$1,294, iron ore -1.0% to \$67.27, steam coal +1.4% to \$95.05, met. coal -0.3% to \$190.00. AUD is at 0.7607 and the range since yesterday 5pm Sydney time is 0.7593 to 0.7645.

Markets

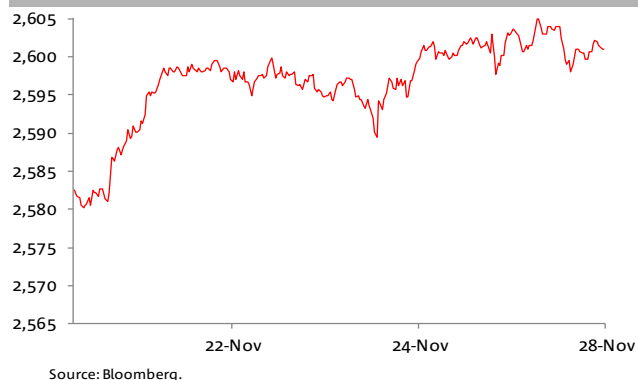
AUD/USD - past week



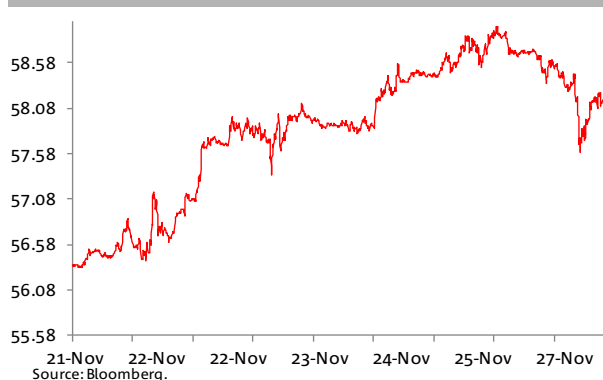
US 10yr - past week



S&P Future - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7607	-0.1	0.7593	0.7645	HKD	7.8008 -0.1
NZD	0.6908	0.5	0.6854	0.6926	CNY	6.5992 0.0
EUR	1.1899	-0.3	1.1896	1.1961	SGD	1.3463 0.1
GBP	1.3319	-0.1	1.3310	1.3383	IDR	13,508 0.0
JPY	111.02	-0.5	110.84	111.69	THB	32.62 -0.2
CAD	1.2762	0.4	1.2680	1.2769	KRW	1,089 0.3
AUD/EUR	0.6393	0.1	0.6370	0.6404	TWD	30.00 0.1
AUD/JPY	84.45	-0.6	84.35	85.06	PHP	50.34 -0.7
AUD/GBP	0.5711	0.0	0.5697	0.5729	CHF	0.98 0.2
AUD/NZD	1.1011	-0.6	1.1000	1.1088	SEK	8.31 0.4
AUD/CNH	5.0229	-0.1	5.0104	5.0295		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	1.25	1.47	1.92	2.32	USD 10	2.32	-1.77
AUD	1.50	1.73	1.87	2.71	AUD 10	2.52	2.00 0.20
NZD	1.75	1.91	2.17	3.13	NZD 10	2.80	2.30 0.47
EUR	0.00	-0.33	-0.19	0.80	CAD 10	1.86	-3.20 -0.47
GBP	0.50	0.52	0.83	1.31	EUR 10	0.34	-1.80 -1.98
JPY	-0.05	-0.02	0.04	0.26	GBP 10	1.25	0.30 -1.07
CAD	1.00	1.40	1.77	2.18	JPY 10	0.04	1.40 -2.28

Equities

Major Indices			
	Last	% day	% y/y
Dow	23,586	0.12	23.2
S&P 500	2,602	0.00	17.6
Nasdaq	6,880	-0.13	27.4
VIX	9.83	1.65	-20.3
FTSE	7,384	-0.3	7.9
DAX	13,000	-0.5	21.5
CAC 40	5,360	-0.6	17.8
Nikkei	22,496	-0.2	22.5
Shanghai	3,322	-0.9	1.4
Hang Seng	29,686	-0.6	30.0
ASX 200	5,989	0.1	9.6

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.26	0.00
3 Yr bond	97.8	0.00
10 Yr bond	97.48	-0.50
3/10 sprd	0.32	0.50
SPI	5986.0	8.0

*Change in bps

Commodities*

	Last	% day
Oil (Brent)	63.88	0.0
Oil (WTI)	58.18	-1.3
Oil (Tapis)	65.52	0.4
Gold	1294.40	0.6
CRB	191.63	-0.3
GS Metals	377.9	0.0
Aluminium	2122.8	0.1
Copper	6921.5	-0.9
Nickel	11520.0	-3.9
Zinc	3202.5	-1.6
Ch. steel	3843.0	1.2
Iron ore	67.3	-1.0
St. Coal	95.1	1.4
Met.coal	190.0	-0.3
Wheat Chic.	428.3	-1.5
Sugar	15.4	-0.4
Cotton	72.2	-0.1
Coffee	128.2	0.5

Prob. of 25bps hike/cut at next meeting

	bps	%
RBA	-1.0	-4.0%
FED	23	90.8%

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, 28 November 2017								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Nov 26				116.4	22.30	9.30
US	Fed's Dudley Speaks on U.S. Economy: 10 Years After Crisis						0.00	11.00
EC	OECD Economic Outlook						10.00	21.00
GE	GfK Consumer Confidence	Dec		10.7		10.7	12.00	23.00
UK	Nationwide House PX MoM/YoY	Nov		0.2/2.6		0.2/2.5	29 Nov-4 Dec release	
US	Advance Goods Trade Balance	Oct		-65		64.1	13.30	0.30
US	Wholesale/Retail Inventories MoM	Oct P		0.4		0.3	13.30	0.30
CA	Industrial Product/Raw Materials Price MoM	Oct		0.5		-0.3	13.30	0.30
US	FHFA House Price Index MoM	Sep		0.5		0.7	14.00	1.00
US	House Price Purchase Index QoQ	3Q				1.6	14.00	1.00
US	S&P CoreLogic CS 20-City MoM SA/YoY	Sep		0.3		0.5	14.00	1.00
US	Conf. Board Consumer Confidence	Nov		124		125.9	15.00	2.00
US	Senate Banking Cmte Holds Hearing on Fed Chair Nominee Powell						15.00	2.00
US	Richmond Fed Manufact. Index	Nov		14		12.0	15.00	2.00
US	Fed's Harker Speaks on Financial Safety for Aging Population						15.15	2.15
CA	Bank of Canada Releases Financial System Review						15.30	2.30
CA	Bank of Canada Gov. Poloz, Sr. Dep. Gov Wilkins Press Conf.						16.15	3.15
Wednesday, 29 November 2017								
NZ	RBNZ Financial Stability Report						20.00	7.00
NZ	RBNZ Acting Governor at Parliament Select Committee						0.00	11.00
UK	BRC Shop Price Index YoY	Nov				-0.1	0.10	11.10
JN	BOJ Nakaso makes a speech in Tokyo						7.00	18.00
GE	Bundesbank presents 2017 Financial Stability Report						8.00	19.00
UK	Mortgage Approvals	Oct		65		66.2	9.30	20.30
EC	Business Climate Indicator	Nov		1.51		1.4	10.00	21.00
US	MBA Mortgage Applications	Nov 24				0.1	12.00	23.00
GE	CPI EU Harmonized MoM/YoY	Nov P		0.2		-0.1	13.00	0.00
US	GDP Annualized QoQ	3Q 5		3.2		3.0	13.30	0.30
US	Fed's Dudley speaks About U.S. Economy						13.30	0.30
US	Yellen Appears before Joint Economic Committee of Congress						15.00	2.00
US	Pending Home Sales MoM/YoY	Oct		1.1		0.0	15.00	2.00
GE	Bundesbank President Jens Weidmann Speaks in Essen						17.00	4.00
US	Fed's Williams Speaks at Economic Forecast Luncheon in Phoenix						17.45	4.45
US	U.S. Federal Reserve Releases Beige Book						19.00	6.00
Thursday, 30 November 2017								
NZ	Building Permits MoM	Oct				-2.3	21.45	8.45
JN	Industrial Production MoM	Oct P		1.8/7.2		-1.0/2.6	23.50	10.50
NZ	ANZ Activity Outlook/Business Confidence	Nov		/		22.2/-10.1	0.00	11.00
AU	HIA New Home Sales MoM	Oct				-6.1	0.00	11.00
JN	BOJ Iwata makes a speech in Tokyo						0.00	11.00
UK	GfK Consumer Confidence/Lloyds Business Barometer	Nov		-11/		-10.0/26.0	0.10	11.10
AU	Private Sector Credit MoM/YoY	Oct	0.4/5.3	0.4/5.3			0.30	11.30
AU	Private Capital Expenditure	3Q	1.0	1		0.8	0.30	11.30
AU	Capex expectations, 2017-18, fourth estimate		105			101.8		
AU	Building Approvals MoM/YoY	Oct	1.0/16.4	-1/14.1		1.5/0.2	0.30	11.30
CH	Manufacturing/Non-Manufacturing PMI	Nov		51.5/		51.6/54.3	1.00	12.00
JN	BOJ Harada makes a speech in Fukushima						1.30	12.30
NZ	Credit Aggregates, Household YoY	Oct				6.5	2.00	13.00
EC	OPEC meets in Vienna to discuss extending production cuts							
GE	Unemployment Change (000's)/Claims Rate	Nov		-10/5.6		-11.0/5.6	8.55	19.55
EC	Unemployment Rate	Oct		8.9		8.9	10.00	21.00
EC	CPI Estimate/Core YoY	Nov		1.6/1		1.4/0.9	10.00	21.00
US	Initial Jobless Claims	Nov 25		240		239.0	13.30	0.30
US	Personal Income/Spending	Oct		0.3/0.3		0.4/1.0	13.30	0.30
US	PCE Deflator MoM/YoY	Oct		0.1/1.5		0.4/1.6	13.30	0.30
US	PCE Core MoM/YoY	Oct		0.2/1.4		0.1/1.3	13.30	0.30
US	Chicago Purchasing Manager	Nov		62.5		66.2	14.45	1.45
NZ	QV House Prices YoY	Nov				3.9	16.00	3.00
US	Fed's Quarles Speaks on Payments Systems in Cleveland						17.30	4.30
US	Fed's Kaplan Speaks in Dallas						18.00	5.00
Friday, 1 December 2017								
NZ	Terms of Trade Index QoQ	3Q	1.3	1.3		1.5	21.45	8.45
AU	CBA Australia PMI Mfg	Nov				55.5	22.00	9.00
AU	AiG Perf of Mfg Index	Nov				51.1	22.30	9.30
AU	CoreLogic House Px MoM	Nov				0.0	23.00	10.00
JN	Jobless Rate/Job-to-applicant ratio	Oct		2.8/1.52		2.8/1.5	23.30	10.30
JN	Overall Household Spending YoY	Oct		-0.3		-0.3	23.30	10.30
JN	Natl CPI/Ex fresh food YoY	Oct		0.2/0.8		0.7/0.7	23.30	10.30
JN	Nikkei Japan PMI Mfg	Nov F				53.8	0.30	11.30
CH	Caixin China PMI Mfg	Nov		51		51.0	1.45	12.45
AU	Commodity Index AUD/SDR YoY	Nov		/		120.9/9.1	5.30	16.30
GE	Markit/BME Germany Manufacturing PMI	Nov F		62.5		62.5	8.55	19.55
EC	Markit Eurozone Manufacturing PMI	Nov F		60		60.0	9.00	20.00
UK	Markit UK PMI Manufacturing SA	Nov		56.5		56.3	9.30	20.30
CA	MLI Leading Indicator MoM	Oct				0.1	12.00	23.00
CA	CFIB Business Barometer	Nov				57.2		
CA	Quarterly GDP Annualized	3Q		1.65		4.5	13.30	0.30
CA	Net Change in Employment/Unemployment rate	Nov		11/6.2		35.3/6.3	13.30	0.30
US	Fed's Bullard Speaks in Little Rock, Arkansas						14.05	1.05
US	Fed's Kaplan Speaks in McAllen, Texas						14.30	1.30
CA	Markit Canada Manufacturing PMI	Nov				54.3	14.30	1.30
US	Markit US Manufacturing PMI	Nov F				53.8	14.45	1.45
US	ISM Manufacturing	Nov		58.3		58.7	15.00	2.00
US	Construction Spending MoM	Oct		0.5		0.3	15.00	2.00
US	Fed's Harker Speaks on Inclusive Economic Growth						15.15	2.15
US	Baker Hughes U.S. Rig Count/Oil rigs only	Dec 1		/		923.0/747.0	18.00	5.00
US	Wards Total Vehicle Sales	Nov		17.5		18.0		
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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