

MARKETS TODAY

She speeds



Good morning

It's been a night marked by a suicide bomb explosion in Times Square, an event that thankfully inflicted very contained damage to individuals and even less to market stability. The NZD sits at the top of the FX leader board, while at the other end the Pound has been more volatile after last week's trumpeting of a "deal" to proceed with further negotiations, principally over trade. The Pound wobbled and gilts rallied. Equity markets were uneven in Europe (FTSE rose) while US markets are in positive territory, Treasury yields somewhat higher as are base metals, oil, and coal. Gold prices eased, as has the VIX. The AUD/USD is trading at around 0.7530.

Oil prices have risen on news that the North Sea Forties Pipeline System – that carries 400kbpd of oil to Scotland – is being closed for repairs after the discovery of a crack, repairs apparently to take weeks rather than days. Spot Brent futures rose 2% on the news, WTI also supported, up 1%. The Rouble and the NOK are higher on the news. Base metals were stronger too ahead of Chinese November growth numbers on Thursday, better than expected trade growth from Friday followed up by higher than expected New Yuan lending and Aggregate Financing data released last evening. Iron ore was mixed yesterday after a positive Friday.

It might be something of an overstatement to say that the Kiwi has been speeding, but it's certainly been a top performer among G10 FX league over the past 24 hours. The flightless bird rallied immediately after the announcement yesterday afternoon that Adrian Orr is going to be the next Governor of the RBNZ. He is currently the head of the NZ Super Fund and will return to the RBNZ having previously been Deputy Governor of the RBNZ. He's certainly well-credentialed but whether he proves to be hawkish or otherwise remains to be seen. My colleagues from across the Tasman are not certain at all he'll be a hawk.

The NZD jumped around 0.75% on the news of Orr's appointment, extending those gains a little further overnight, although it remains within its recent 0.68-0.70 trading range. AUD/NZD traded lower on the news, from around 1.0960, initially lower by a big figure, before steadying, currently trading just below 1.09. NZ yields also edged higher.

It was a "bits and pieces" night for data, the Chinese lending data perhaps the more notable. US JOLTs Job Openings for October revealed fewer openings than expected, but an increasing in the hiring rate. The quit rate was steady, so no sign of increased labour turnover, often a wage inflation pick-up precursor. The NY Fed Survey of Consumer Expectations did though reveal a rise in earnings expectations, from 2.1% to 2.6%, a rate that's back to July's level and tilted to those with less than a college education.

Coming up

Today is NAB Survey day, this one the November survey, coming on the heels of the October survey that revealed a record high for Business Conditions. Again absolutely no clues ahead of 11.30!

Before the NAB Survey comes the ANZ-Roy Morgan weekly estimate of Consumer Confidence. The previously weekly estimate of Consumer Confidence remained close to its average, this survey starting in 2010. The monthly W-MI reading is out tomorrow. That survey's reading for November was a tad below its average. Consumer confidence has lagged business confidence, but the divergence recently mostly reflects outperformance of business confidence.

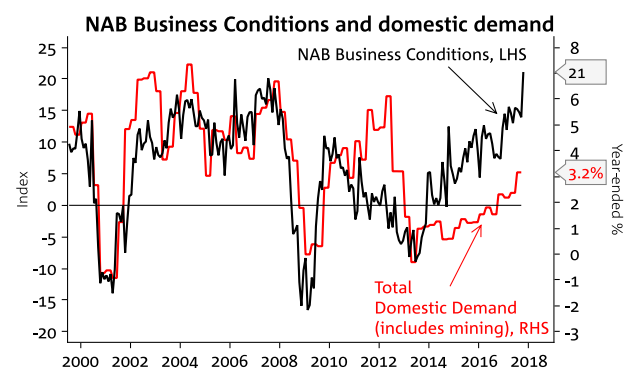
The main release tonight is UK inflation. The market is expecting CPI to remain steady at 3.0%, core inflation at 2.7%. There is also the ZEW Investor Surveys for Germany and the Eurozone, not especially market sensitive. There is US NFIB Small Business Optimism, surveyed with tax reform discussions in full flight and realistically getting closer. US PPI is out tonight ahead of CPI tomorrow night while the FOMC start their two day meeting, the announcement 6am AEDT Thursday.

Be aware the Government's mid-year Budget review is expected before Christmas, so due any day and often without much notice. Employment has been good, positive for tax, though wages growth has remained soft.

Overnight

On global stock markets, the S&P 500 was +0.23%. Bond markets saw US 10-years +0.72bp to 2.38%. In commodities, Brent crude oil +1.92% to \$64.62, gold -0.2% to \$1,243, iron ore +0.2% to \$68.61, steam coal +0.5% to \$98.05, met. coal +1.1% to \$231.00. AUD is at 0.7531 and the range since yesterday 5pm Sydney time is 0.752 to 0.7545.

Chart: High levels of business activity



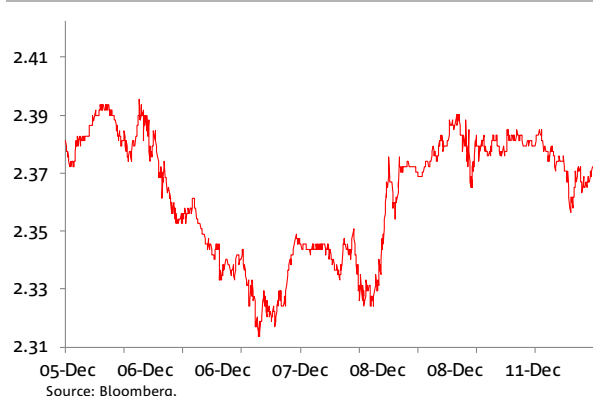
* Includes exports
Source: National Australia Bank, ABS

Markets

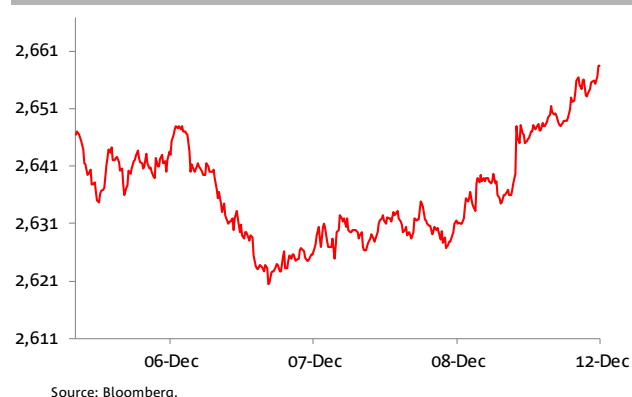
AUD/USD - past week



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	0.7531	0.3	0.7520	0.7545	HKD 7.8062 0.0
NZD	0.6915	1.0	0.6905	0.6927	CNY 6.6186 0.0
EUR	1.1784	0.1	1.1777	1.1812	SGD 1.3512 -0.1
GBP	1.3337	-0.4	1.3331	1.3399	IDR 13,552 0.0
JPY	113.53	0.0	113.24	113.53	THB 32.62 0.0
CAD	1.2854	0.0	1.2840	1.2869	KRW 1,092 0.0
AUD/EUR	0.6391	0.2	0.6376	0.6395	TWD 30.01 0.0
AUD/JPY	85.50	0.3	85.23	85.53	PHP 50.35 -0.4
AUD/GBP	0.5647	0.7	0.5614	0.5651	CHF 0.99 -0.1
AUD/NZD	1.0890	-0.7	1.0873	1.0902	SEK 8.49 0.6
AUD/CNH	4.9866	0.3	4.9782	4.9885	

Interest Rates

Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge
USD	1.25	1.55	2.01	2.40	USD 10 2.38	0.72
AUD	1.50	1.76	1.94	2.74	AUD 10 2.56	2.90
NZD	1.75	1.89	2.17	3.14	NZD 10 2.84	5.00
EUR	0.00	-0.33	-0.19	0.79	CAD 10 1.86	-0.40
GBP	0.50	0.52	0.81	1.29	EUR 10 0.29	-1.40
JPY	-0.04	-0.02	0.04	0.25	GBP 10 1.20	-7.70
CAD	1.00	1.43	1.86	2.25	JPY 10 0.05	-0.30

Equities

Major Indices

	Last	% day	% y/y
Dow	24,363	0.14	23.3
S&P 500	2,658	0.23	17.6
Nasdaq	6,870	0.44	26.2
VIX	9.47	-1.15	-19.4
FTSE	7,453	0.8	7.2
DAX	13,124	-0.2	17.1
CAC 40	5,387	-0.2	13.1
Nikkei	22,939	0.6	19.8
Shanghai	3,322	1.0	5.4
Hang Seng	28,965	1.1	29.1
ASX 200	5,998	0.1	7.8

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.23	-3.00
3 Yr bond	97.8	0.00
10 Yr bond	97.42	-4.50
3/10 sprd	0.38	4.50
SPI	6016.0	-15.0

*Change in bps

Commodities*

	Last	% day
Oil (Brent)	64.62	1.9
Oil (WTI)	57.95	1.0
Oil (Tapis)	65.67	1.2
Gold	1243.10	-0.2
CRB	185.49	0.3
GS Metals	356.2	0.0
Aluminium	2002.5	0.5
Copper	6640.3	1.5
Nickel	11182.5	2.6
Zinc	3125.0	1.3
Ch. steel	3937.0	2.2
Iron ore	68.6	0.2
St. Coal	98.1	0.5
Met.coal	231.0	1.1
Wheat Chic.	427.3	-1.2
Sugar	14.0	-0.7
Cotton	73.0	-1.0
Coffee	120.0	-2.1

Prob. of 25bps hike/cut at next meeting

	bps	%
RBA	-1.0	-4.0%
FED	23	93.6%

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

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEDT
Tuesday, 12 December 2017								
NZ	ANZ Truckometer Heavy MoM	Nov				2.9	21.00	8.00
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Dec 10				115.8	22.30	9.30
AU	NAB Business Conditions/Confidence	Nov		/		21.0/8.0	0.30	11.30
AU	House Price Index QoQ/YoY	3Q		0.5		1.9	0.30	11.30
JN	Tertiary Industry Index MoM	Oct		0.2		-0.2	4.30	15.30
UK	CPI MoM/YoY	Nov		0.2/3		0.1/3.0	9.30	20.30
UK	House Price Index YoY	Oct		5.2		5.4	9.30	20.30
GE	ZEW Survey Current Situation/Expectations	Dec		88.7/18		88.8/18.7	10.00	21.00
EC	ZEW Survey Expectations	Dec				30.9	10.00	21.00
US	NFIB Small Business Optimism	Nov		104		103.8	11.00	22.00
US	PPI Final Demand MoM/YoY	Nov		0.3/2.9		0.4/2.8	13.30	0.30
US	Monthly Budget Statement	Nov		-134.5		-63.2	19.00	6.00
Wednesday, 13 December 2017								
NZ	Food Prices MoM	Nov	-0.4			-1.1	21.45	8.45
AU	RBA Governor Lowe speaks at Australian Payment Summit in Sydney: "An eAUD?"						22.15	9.15
AU	Westpac Consumer Conf Index/MoM	Dec		/		99.7/-1.7	23.30	10.30
JN	Core Machine Orders MoM/YoY	Oct		2.9/-3.4		-8.1/-3.5	23.50	10.50
AU	RBA's Kent speaks in Sydney at Finance and Banking Conference: "The Availability of Business Finance"						1.15	12.15
AU	RBA's Richard Participates in Panel in Sydney						2.00	13.00
GE	CPI EU Harmonized MoM/YoY	Nov F		0.3/1.8		0.3/1.8	7.00	18.00
EC	EC's Juncker and Tusk discuss approaching Summit/Brexit with European MPs						8.00	19.00
JN	BOJ Kuroda makes a brief speech at Economists' Gathering						9.00	20.00
UK	Jobless Claims Change	Nov				1.1	9.30	20.30
UK	Average Weekly Earnings/ex bonus earnings 3M/YoY	Oct		2.5/2.2		2.2/2.2	9.30	20.30
EC	Industrial Production SA MoM/YoY	Oct		0/3.2		-0.6/3.3	10.00	21.00
EC	Employment QoQ/YoY	3Q		/		0.4/1.6	10.00	21.00
US	CPI MoM/YoY	Nov		0.4/2.2		0.1/2.0	13.30	0.30
US	CPI Ex Food and Energy MoM/YoY	Nov		0.2/1.8		0.2/1.8	13.30	0.30
CA	Teranet/National Bank HPI MoM/YoY	Nov		/		-1.0/10.0	13.30	0.30
US	FOMC Rate Decision (Lower/Upper Bound)	Dec 13		1.25/1.5		1.0/1.3	19.00	6.00
US	Yellen Holds Press Conference Following FOMC Meeting						19.30	6.30
Thursday, 14 December 2017								
NZ	ANZ Consumer Confidence Index/MoM	Dec		/		123.7/-2.1	0.00	11.00
AU	Consumer Inflation Expectation	Dec				3.7	0.00	11.00
NZ	Budget Policy Statement, HYEPU, update on 100 day plan						0.00	11.00
UK	RICS House Price Balance	Nov		0		1.0	0.10	11.10
AU	Employment Change/Unemployment rate	Nov	15/5.4	19/5.4		3.7/5.4	0.30	11.30
AU	Participation Rate	Nov	65.1	65.1		65.1	0.30	11.30
AU	Underutilisation rate (surveyed once a quarter)	Nov	13.8			14.1	0.30	11.30
CH	Retail Sales YoY/YTD YoY	Nov		10.3/10.3		10.0/10.3	2.00	13.00
CH	Industrial Production YoY/YTD YoY	Nov		6.1/6.6		6.2/6.7	2.00	13.00
CH	Fixed Assets Ex Rural YTD YoY	Nov		7.2		7.3	2.00	13.00
JN	Industrial Production MoM/YoY	Oct F		/		0.5/5.9	4.30	15.30
EC	EC Summit in Brussels (Dec 14-16)							
GE	Markit/BME Germany Manufacturing PMI	Dec P		62		62.5	8.30	19.30
GE	Markit Germany Services/Composite PMI	Dec P		54.6/57.2		54.3/57.3	8.30	19.30
SW	Swiss National Bank meeting, Sight Deposit Interest Rate					-0.75	8.30	19.30
EC	Markit Eurozone Manufacturing PMI	Dec P		59.7		60.1	9.00	20.00
EC	Markit Eurozone Services/Composite PMI	Dec P		56/57.2		56.2/57.5	9.00	20.00
UK	Retail Sales Ex Auto Fuel MoM/YoY	Nov		0.4/0.2		0.1/-0.3	9.30	20.30
UK	Bank of England Bank Rate	Dec 14		0.5		0.5	12.00	23.00
EC	ECB Main Refinancing Rate/Marginal Lending Facility	Dec 14		0		0.0	12.45	23.45
EC	ECB Deposit Facility Rate	Dec 14		-0.4		-0.4	12.45	23.45
EC	ECB President Draghi holds news conference in Frankfurt						12.00	23.00
CA	New Housing Price Index MoM	Oct		0.2		0.2	13.30	0.30
US	Initial Jobless Claims	Dec 9		239		236.0	13.30	0.30
US	Retail Sales Advance/Ex autos and gas MoM	Nov		0.3/0.4		0.2/0.3	13.30	0.30
US	Markit US Manufacturing PMI	Dec P		53.6		53.9	14.45	1.45
US	Markit US Services/Composite PMI	Dec P		54.2/		54.5/54.5	14.45	1.45
US	Business Inventories	Oct		-0.1		0.0	15.00	2.00
CA	Bank of Canada's Poloz Speech to Canadian Club of Toronto						17.25	4.25
Friday, 15 December 2017								
NZ	BusinessNZ Manufacturing PMI	Nov				57.2	21.30	8.30
JN	Tankan Large Mfg Index	4Q		24		22.0	23.50	10.50
EC	ECB's Nowotny Presents Austrian GDP Outlook						9.00	20.00
CA	Empire Manufacturing Sales MoM	Oct		0.9		0.5	13.30	0.30
US	Empire Manufacturing	Dec		18.3		19.4	13.30	0.30
CA	Existing Home Sales MoM	Nov				0.9	14.00	1.00
US	Industrial Production MoM	Nov		0.3		0.9	14.15	1.15
US	Baker Hughes U.S. Rig Count/Oil Rig Count	Dec 15		/		931.0/751.0	18.00	5.00
US	Total Net TIC/Net long term Flows	Oct		/		-51.3/80.9	21.00	8.00
Upcoming Central Bank Interest Rate Announcements								
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%		
Canada, BoC		18-Jan				1.00%		
Australia, RBA		6-Feb	1.50%	1.50%		1.50%		
New Zealand, RBNZ		8-Feb	1.75%	1.75%		1.75%		

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

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