

Attention on asset markets or Adelaide?

Another weak night for WTI and Brent crude futures with both tumbling to fresh 5-year lows. From late June both have now fallen in excess of 41%.

Despite the bumper US non-farm payrolls report released on Friday the US Fed's labour market conditions index, a gauge of 19 separate indicators, fell to 2.9 in November from 4.0 in October.

Dennis Lockhart, Atlanta Fed President, delivered a [speech](#) overnight entitled 'More than a few good data'. In it he discussed policy normalisation, telling the audience that 'given the lag in receiving data, the inevitable revisions to the data, and the predictable month-to-month variability of the data, I think it will be a few months before we can be sure the essential trends are solid and the economy is ready for a momentous shift of policy.' He went on to say that 'It's natural for us policymakers, business leaders like you, and the public in general to be eager to get to policy normalisation. Who does not want things to move closer to a long-run normal? But I think the FOMC must do its best to avoid having to reverse course because, as it could turn out, we moved too early. Other central banks have seen this happen. The European Central Bank and the central banks of Sweden, Norway, Australia, and Japan have raised rates only to lower them when their forecasts didn't materialize. There would be real costs associated with an irresolute path of policy. Suffice it to say, reversing a start to interest-rate normalisation, and subsequently having to go back to the quantitative easing well, would erode Fed credibility and confidence in the economy for the longer term'. More than a subtle hint that the outlook for monetary policy normalisation remains hinged to data performance with the FOMC wanting to be sure that when they start that it won't have to be reversed at a later date.

Canadian building permits increased for a second-consecutive month in October with an increase of 0.7% [reported](#). The reading, below the 12.5% surge of September but above expectations for a decline of 1.4%, was driven by a rise in non-residential permits which rose 2.4% following a 20.9% surge in September. After a 7.4% lift in October, residential permits fell fractionally by 0.4%.

Eurozone investor sentiment rose sharply during December with the Sentix Institute [index](#) rising to -2.5. The reading, well above the -11.9 level of November and expectations for an increase to -10.5, was the highest level seen since August.

German industrial [output](#) increased by 0.2% in October, a result that was below the 1.1% expansion of September and expectations for a rise of 0.3%. Manufacturing rose by 0.2% with gains in intermediate and consumer goods offsetting a 0.4% decline in capital goods output. Elsewhere construction jumped by 1.4% while energy production slid 1.1%.

The Day Ahead (AEDT)

The ASX 200 looks set to give back all of yesterday's gains today with SPI futures pointing to a decline of 35pts on the open. As was the case in the US buying in defensive sectors such as utilities, healthcare and telecommunications, along with gold producers following a healthy bounce in the spot price overnight, look unlikely to completely offset what are expected to be further losses across the resource and energy sectors. As ever given their index weighting financials remain the wildcard with movements across this sector likely to be influential today. In a side note, given the events surrounding the Australian cricket team in recent weeks, it wouldn't surprise to see volumes and volatility drop in the lead up to the start of the first test in Adelaide.

The AUDUSD has oscillated around .8300 for the entirety of the overnight session. While we will get some domestic economic data released at 11.30am, one suspects once again movements in USDJPY will be the most influential factor on the pair today. Support kicks in below .8285 and again at .8260 with resistance located at .8315, .8360 and ahead of .8400.

The NAB business survey for November will be released at 11.30am.

Data releases this evening include the Jolts job survey, NFIB small business survey along with wholesale inventories and sales in the States, trade figures from Germany and France along with UK industrial output.

Currencies	Level	+/-	%
AUDUSD	0.8288	-0.0035	-0.42%
AUDEUR	0.6733	-0.0041	-0.61%
AUDGBP	0.5296	-0.0043	-0.81%
AUDJPY	100.0900	-0.9600	-0.95%
AUDNZD	1.0824	0.0037	0.34%
EURUSD	1.2306	0.0021	0.17%
GBPUSD	1.5647	0.0064	0.41%
NZDUSD	0.7654	-0.0053	-0.69%
USDJPY	120.7700	-0.64	-0.53%
USDFX	0.9767	-0.0016	-0.16%
USDCNY	6.1725	0.0228	0.37%
USD INDEX	89.1500	-0.2050	-0.23%
Equities			
DJIA	17852.48	-106.31	-0.59%
S&P500	2060.31	-15.06	-0.73%
Nasdaq	4278.34	-33.236	-0.77%
STOXX 50	3073.13	-22.62	-0.73%
FTSE	6672.15	-70.69	-1.05%
DAX	10014.99	-72.13	-0.72%
CAC	4375.48	-44	-1.00%
ASX200	5372.71	37.375	0.70%
Nikkei	17935.64	15.19	0.08%
Shanghai	3021.52	82.7431	2.82%
Hang Seng	24047.67	45.03	0.19%
Kospi	1978.95	-7.67	-0.39%
Sensex	28119.40	-338.7	-1.19%
Commodities			
Gold	\$1,203.21	11.64	0.98%
Silver	\$16.34	0.10	0.62%
Crude Oil	\$62.97	-2.66	-4.05%
Brent Crude	\$66.12	-2.82	-4.09%
Copper	\$2.90	-0.015	-0.52%
Iron Ore	\$69.80	-1.97	-2.74%
AU Debt Futures			
3m BBSW	2.730%	0.01%	
3 Year	2.295%	-0.04%	
10 Year	3.025%	-0.06%	
Govt 10-Yr Bond Yields			
Australia	3.011%	-0.07%	
NZ	3.870%	0.01%	
Japan	0.439%	0.02%	
Germany	0.715%	-0.07%	
UK	1.964%	-0.06%	
US	2.261%	-0.05%	

Source: Thomson Reuters

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