

Carry on

It was something of a risk-on night with commodity and emerging market currencies back in favour for once, oil rising on little more than comments from Iran's Oil Minister welcoming the prospect (hope) of cooperation between producers, though not specifying whether Iran would join in a production freeze. (Of course it's not clear whether over-supply could be corrected in the event of oil production remaining at current levels.) S&P downgraded four oil producing economies, including Saudi Arabia, seemingly on its outlook for oil prices. Anyway, WTI overnight pushed back up by \$1.63 to \$30.67, a rise of 5.6%, Brent up 7.3%. US Treasury yields rose, 2s by 3 bps and 10s by 5 to 1.82%, market pricing now implying a 50% chance of one Fed rate rise by the end of this year. Both European and US equity markets were higher, the Eurostoxx 600 index by 2.62% and the banks there by 3.33%.

The main US equity indexes are up 1½-2% into the last hour of trade in the wake of the January industrial production report revealing more resilience in US industrial activity, production up a higher than expected 0.9%, supported by higher manufacturing output for once (+0.5%) and higher utility output from Northern Winter effects. The FOMC Minutes from their Jan 26-27 meeting have been released in the past hour, not seeing much market reaction given it comes after Fed Chair Yellen's double dose of testimony.

In the FX space, the hints of a return to carry trades saw the likes of the AUD and the NZD perform strongly, the AUD trading up into the higher 0.71s, up 0.84% as this goes to print, while the CAD has also been given a leg up from oil, as have the NOK and RUB. We note that while oil rose, base metals were little changed, as was gold. The Chinese spot iron ore import price eased 0.92% yesterday. The USD made some overall net gains against the EUR, the JPY and the CHF, giving some of those gains back in late NY trade.

Finally, German Chancellor Merkel was speaking in Parliament overnight ahead of the EU Summit, mentioning the challenges from the refugee crisis and that UK EU concerns on welfare seem justified.

Coming Up

Two NZ releases first up this morning: ANZ job ads and producer prices ahead of the Fed's James Bullard (he gets a vote this year) speaking about the US economy at 10 AM. We also have a speech from the RBA's Malcolm Edey who is speaking to a Sydney investor forum on the current risk environment.

Then it's all aboard for the AU monthly employment report and what that might reveal about the vagaries of sampling rotation effects and/or the economy. The ABS has already warned that this month the part of the sample dropping out has a low employment intensity, the new sample coming in therefore likely to support a higher print overall. NAB's estimate is a rise of 22,000 in employment with an even larger gain possible but for recent signs of moderation in other labour demand indicators. NAB's estimate is somewhat higher than the market consensus of +13,000. Keep your eye on the unemployment rate as a more reliable guide to the health of the labour market and on that score, looks for an unchanged 5.8% rate. The RBA's monthly FX transactions are also due, at 1130.

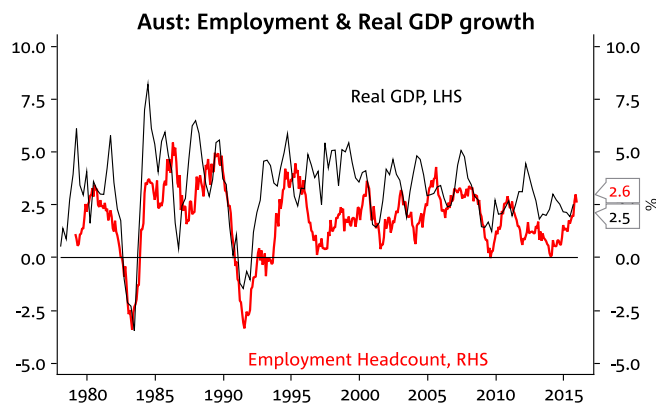
Also on the schedule in our time zone is the release of Chinese consumer and producer prices for January, while the BOJ's Ishida (policy board member) speaks at 1230.

Tonight is a speech from the BOE's Deputy Governor, Financial, Jonathan Cunliffe, and San Francisco Fed President John Williams (allied closely with Yellen's views and thinking) is speaking first thing tomorrow morning at 7:30 AM. On the data front, not a massive night, the Philly Fed index and weekly jobless claims the picks as the EU Summit to discuss Brexit and the refugee crisis gets underway.

Overnight

On global stock markets, the S&P 500 was +1.70%. Bond markets saw US 10-years +3.98bp to 1.81%. On commodity markets, Brent crude oil +6.49% to \$34.28, gold+0.1% to \$1,209, iron ore -0.9% to \$46.35. AUD is at 0.7172 and the range was 0.7084 to 0.7182.

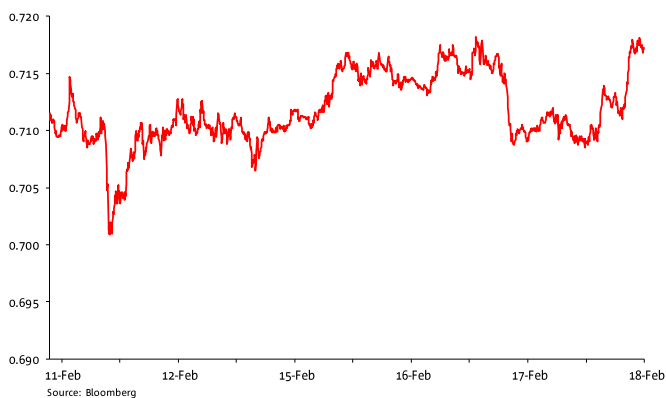
Chart of the day: What's right, employment or GDP?



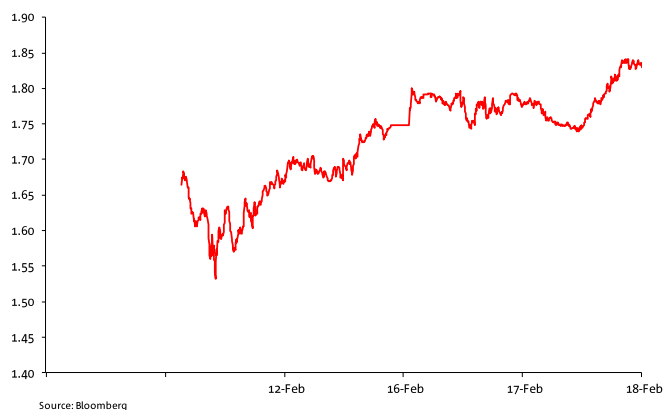
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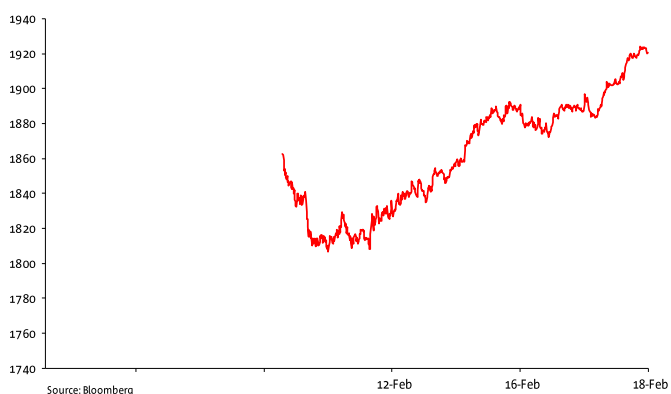
AUD/USD - past week



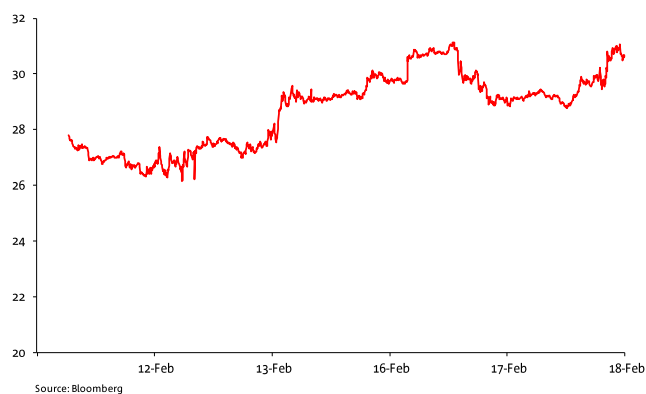
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

Indicative 24hr ranges (**)

	Last	% chge	Low	High
AUD	0.7171	0.8	0.7084	0.7182
NZD	0.6634	0.6	0.6568	0.6643
EUR	1.1137	0.0	1.1106	1.1163
GBP	1.4285	-0.2	1.4235	1.4338
JPY	113.85	-0.2	113.75	114.51
CAD	1.3729	-0.8	1.3667	1.3847
AUD/EUR	0.6438	0.5		
AUD/JPY	81.64	0.3		
AUD/GBP	0.5021	0.8		
AUD/NZD	1.0808	0.0		

Other FX

	Last	% chge
HKD	7.7856	0.0
CNY	6.5244	0.0
SGD	1.4038	-0.3
IDR	13,453	0.0
THB	35.62	-0.1
KRW	1,224	-0.1
TWD	33.26	0.0
PHP	47.57	-0.1
CHF	0.99	0.2
SEK	8.51	0.0

Interest Rates

Indicative Swap Rates

	Cash	3mth	2Yr	10Yr
USD	0.50	0.62	0.80	1.67
AUD	2.00	2.29	2.08	2.68
NZD	2.50	2.61	2.55	3.26
EUR	0.05	0.06	-0.16	0.63
GBP	0.50	0.59	0.78	1.47
JPY	0.00	0.01	-0.09	0.21
CAD	0.50	1.17	0.76	1.45

Benchmark 10 Year Bonds

	Last	chge	Sprd
USD 10	1.81	0.04	
AUD 10	2.48	-0.04	0.67
NZD 10	3.09	0.04	1.27
CAD 10	1.18	0.02	-0.64
EUR 10	0.27	0.00	-1.54
GBP 10	1.48	0.04	-0.33
JPY 10	0.06	0.03	-1.76

Equities

Major Indices

	Last	% day	% year
Dow	16,455	1.6	-8.8
S&P 500	1,927	1.7	-8.3
Nasdaq	4,530	2.1	-7.5
VIX Index	22.49	-6.7	42.3
FTSE	6,030	2.9	-12.6
DAX	9,377	2.7	-13.9
CAC 40	4,233	3.0	-10.9
Nikkei	15,836	-1.4	-13.0
Shanghai	2,867	1.1	-11.7
Hang Seng	18,925	-1.0	-23.8
ASX 200	4,882	-0.6	-17.5

Commodities*

	Last	% day
Oil (Brent)	34.27	6.5
Oil (WTI)	30.57	5.3
Oil (Tapis)	34.10	-3.7
Gold	1209.20	0.1
CRB	162.54	2.3
GS Metals	250.1	0.9
Aluminium	1519	-0.2
Copper	4589	0.7
Nickel	8405	0.8
Zinc	1645	-0.9
Ch. steel	1862	-0.1
Iron ore	46.35	-0.9
St. coal	51.2	0.0
Wheat Chic	480.3	1.3
Sugar	13.15	-0.4
Cotton	59.55	-0.3
Coffee	116.6	-0.3

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.75	-0.01
3 Yr bond	98.14	-0.04
10 Yr bond	97.45	-0.04
3/10 sprd	0.70	0.00
SPI	69.0	1.4

CO₂ Emissions - Euros

	Last	% day
Dec-2016	5.10	8.5
Dec-2017	5.14	8.2
Dec-2018	5.22	8.3

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
Thursday, 18 February 2016								
NZ	ANZ Job Advertisements MoM	Jan				1.1	21.00	8.00
NZ	PPI Input/Output QoQ	4Q				1.6/1.3	21.45	8.45
US	Fed's Bullard speaks about US economic outlook and monetary policy						23.00	10.00
JN	Trade Balance Adjusted	Jan		61.55		36.637	23.50	10.50
NZ	ANZ Consumer Confidence Index/MoM	Feb				121.4/2.3	0.00	11.00
AU	Employment Change	Jan	22	13		-1	0.30	11.30
AU	Unemployment Rate	Jan	5.8	5.8		5.8	0.30	11.30
AU	RBA FX Transactions Market	Jan				1175	0.30	11.30
US	Fed's Bullard Speaks to CFA Society St. Louis						1.00	12.00
AU	RBA's Edey Speaks to Sydney Investor Forum ("The current risk environment")						1.00	12.00
CH	CPI YoY	Jan		1.9		1.6	1.30	12.30
CH	PPI YoY	Jan		-5.4		-5.9	1.30	12.30
JN	BoJ's Ishida speaks in Fukuoka						1.30	12.30
UK	BoE's Cunliffe speaks on a panel in Brussels						8.55	19.55
EC	ECB Current Account SA	Dec				26.4	9.00	20.00
EC	ECB account of the monetary policy meeting						12.00	23.00
CA	Wholesale Trade Sales MoM	Dec		0.2		1.8	13.30	0.30
US	Philadelphia Fed Business Outlook	Feb		-3		-3.5	13.30	0.30
US	Initial Jobless Claims	Feb 13		275		269	13.30	0.30
US	Leading Index	Jan		-0.2		-0.2	15.00	2.00
US	Fed's Williams speaks on outlook						20.30	7.30
Friday, 19 February 2016								
NZ	Crown Financial Statements	Dec					21.00	8.00
JN	All Industry Activity Index MoM	Dec		-0.3		-1	4.30	15.30
UK	Retail Sales Ex Auto Fuel MoM	Jan		0.7		-0.9	9.30	20.30
UK	Public Finances (PSNCR)	Jan				8.1%	9.30	20.30
EC	ECB's Constancio speaks in New York						13.30	0.30
US	Fed's Mester to Speak at Global Interdependence Center						13.30	0.30
US	CPI MoM/YoY	Jan		-0.1/1.3		-0.1/0.7	13.30	0.30
US	CPI Ex Food and Energy MoM/YoY	Jan		0.2/2.1		0.1/2.1	13.30	0.30
CA	Retail Sales MoM	Dec		-0.9		1.7	13.30	0.30
CA	CPI NSA MoM	Jan		0		-0.5	13.30	0.30
EC	Consumer Confidence	Feb A		-6.6		-6.3	15.00	2.00
Monday, 22 February 2016								
AU	RBA's Debelle Speech in Sydney						22.10	9.10
CH	MNI Business Indicator	Feb					1.45	12.45
NZ	Credit Card Spending MoM/YoY	Jan				-0.8/7.4	2.00	13.00
JN	Nikkei Japan PMI Mfg	Feb P				52.3	2.00	13.00
JN	Supermarket Sales YoY	Jan				0	5.00	16.00
GE	Markit/BME Germany Manufacturing/Services PMI	Feb P		/		52.3/55	8.30	19.30
EC	Markit Eurozone Manufacturing/Services PMI	Feb P		/		52.3/53.6	9.00	20.00
UK	CBI Trends Total Orders	Feb				-15	11.00	22.00
US	Chicago Fed Nat Activity Index	Jan				-0.22	13.30	0.30
US	Markit US Manufacturing PMI	Feb P				52.4	14.45	1.45
Tuesday, 23 February 2016								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Feb 21				113.6	22.30	9.30
GE	GDP SA QoQ	4Q F				0.3	7.00	18.00
GE	GDP WDA YoY	4Q F				1.3	7.00	18.00
GE	IFO Business Climate/Current Assessment	Feb		/		107.3/112.5	9.00	20.00
US	S&P/CS 20 City MoM/YoY SA	Dec		1/5.5		0.94/5.83	14.00	1.00
US	Consumer Confidence Index	Feb		97.5		98.1	15.00	2.00
US	Richmond Fed Manufact. Index	Feb		2		2	15.00	2.00
US	Existing Home Sales/MoM	Jan		5.4/-1.1		5.46/14.7	15.00	2.00
Wednesday, 24 February 2016								
US	Total Net TIC Flows	Dec				-114	21.00	8.00
JN	PPI Services YoY	Jan				0.4	23.50	10.50
AU	Skilled Vacancies MoM	Jan				0.4	0.00	11.00
AU	Wage Price Index QoQYoY	4Q		/		0.6/2.3	0.30	11.30
AU	Construction Work Done	4Q				-3.6	0.30	11.30
CH	Westpac-MNI Consumer Sentiment	Feb				114.9	1.45	12.45
JN	Small Business Confidence	Feb				47.2	5.00	16.00
JN	Leading Index CI	Dec F				102	5.00	16.00
UK	BBA Loans for House Purchase	Jan				43975	9.30	20.30
UK	CBI Reported Sales	Feb				16	11.00	22.00
US	MBA Mortgage Applications	Feb 12				9.3	12.00	23.00
US	Markit US Services PMI	Feb P				53.2	14.45	1.45
US	Markit US Composite PMI	Feb P				53.2	14.45	1.45
US	New Home Sales/MoM	Jan		525/-3.5		544/10.8	15.00	2.00
Upcoming Central Bank Interest Rate Announcements								
Australia, RBA		1-Mar	2.00%	2.00%		2.00%		
New Zealand, RBNZ		10-Mar	2.50%	2.50%		2.50%		
Europe ECB		10-Mar				0.05%		
Canada, BoC		10-Mar				0.50%		
Japan, BoJ		15-Mar	-0.1% to +0.1%	-0.1% to +0.1%		-0.1% to +0.1%		
UK BOE		17-Mar				0.50%		
US Federal Reserve		17-Mar				0.25-0.50%		

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

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