

## Lift

It's been an interesting night as far as the markets were concerned with higher US equities despite the fall in Chinese equities yesterday, but some softness in the US dollar and lower Treasury yields. US data prints were generally positive with still low weekly jobless claims indicating a strong labour market and a comforting durable goods orders report for January indicative of positive business sentiment. The Atlanta Fed's *GDPNow* estimate for Q1 US GDP as of last night now stands at 2.5%, from 2.6% when the last estimate was made on 17 February, pointing to a growth rebound. There will be another update on that score after tonight's personal income and spending report reveals the state of consumption in January.

US durable goods orders rose a stronger than expected 4.9% in January, and even excluding the volatile defence and aircraft category, core orders rebounded by 3.9%, countering December's 3.7% decline that came with an upward revision. US weekly jobless claims printed at 272K in week ended 20 February, almost bang on its forecast and the average claims level in the December quarter, a strong pointer to no fundamental deterioration overall US unemployment. Not that all sectors and regions are firing: the Kansas City Fed Manufacturing Index came in at -12 for February, the lowest level for this indicator since the GFC.

Oil is higher with Brent and WTI up 2-2½% on seemingly little fundamental news. US equity markets are mostly green into the last hour of the session, though Treasury yields have eased, 2s by three basis points and 10s by four with the Bloomberg spot US dollar index losing some traction. It's generally been a stronger night for the commodity currency set, with the Aussie dollar back north of 72 cents after yesterday's Australian Capex outlook data took the wind out of the sails the currency with non-mining capital expenditure budgets still looking tepid for 2016-17. LME base metal prices overnight are lower by 0.9% overall, while the spot benchmark iron ore price in China gave back \$1.89 of its recent rally taking prices back below \$50 to \$49.75/t.

There has been plenty of wire coverage of Fed Presidents John Williams and James Bullard both openly speaking about the various pluses and minuses facing the US economic outlook. Bullard, who until recently, has been quite strident and hawkish spoke about how he expects GDP growth to be better in 2016, that China adds a new complexity to the US economic forecast, and that the Fed is not on a "freight train" path of rate hikes. He wants to get away from predicting the number of rate rises. Among other points, Williams was speaking about the unintended

consequences of negative interest rates, a topic that is sure to get a lot of discussion in Shanghai over the next two days.

## Coming Up

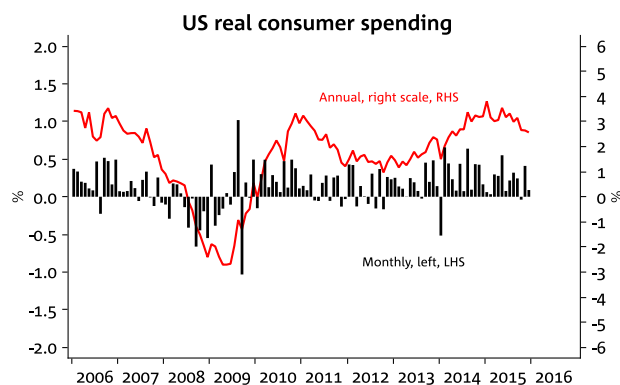
The two day Shanghai G20 Finance Ministers'/Central Bank Governors' meeting starts today and will no doubt provide plenty of fuel for the newswires. Discussion of negative policy interest rates, the unknown dangers of pushing more aggressively on that front, talk of using fiscal policy to support growth will get plenty of discussion but you'd be bold to expect any meaningful change in domestic policy agendas. No doubt there'll be a renewed commitment to the Brisbane Action Plan to add 2% to growth.

As for today's data, first up we have NZ's January trade report at 8:45 AM, followed by Japan's January CPI at 1030, and the January report for Chinese property prices at 1230, the latter two especially market sensitive. For tonight's data set, the most sensitive come in the US session with the release of the January personal income and spending report, what it says about consumer spending in January and potentially economic growth for the first quarter as well as the all-important PCE deflators. The final February UoM consumer sentiment survey is also due (an update on inflationary expectations under focus) along with speeches from Fed Governors Powell and Brainard and the ECB's Chief Economist Peter Praet.

## Overnight

On global stock markets, the S&P 500 was +0.70%. Bond markets saw US 10-years -4.82bp to 1.70%. On commodity markets, Brent crude oil +2.21% to \$35.06, gold-0.2% to \$1,236, iron ore -3.7% to \$49.75. AUD is at 0.7242 and the range was 0.7157 to 0.7243.

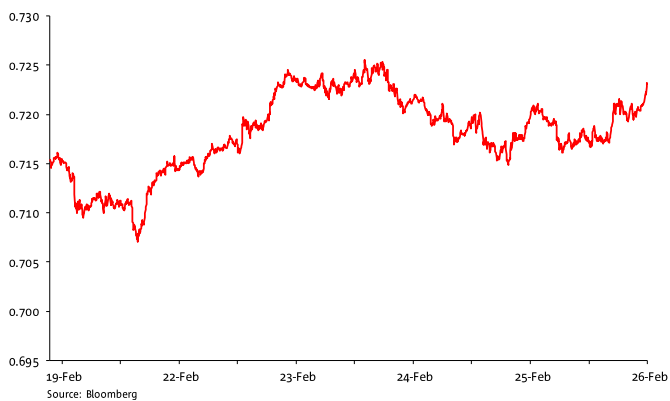
## Chart of the day: US consumer spending



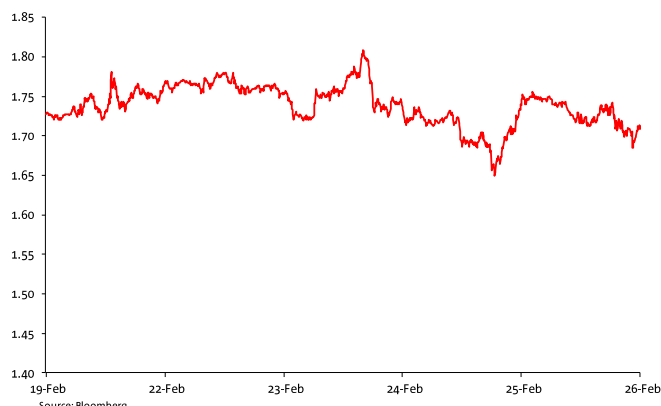
## Author:

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AUD/USD - past week



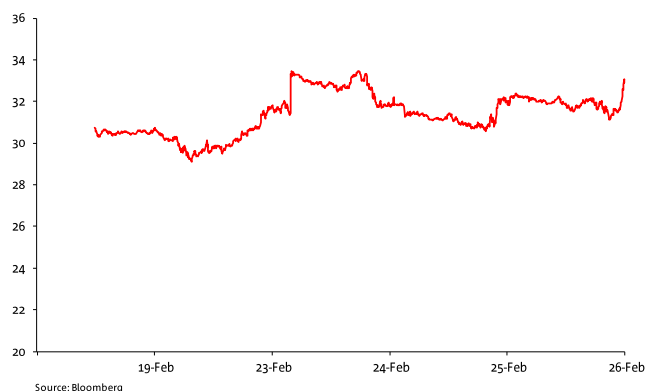
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

Indicative 24hr ranges (**)					Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7242	0.6	0.7157	0.7243	HKD	7.7702 0.0
NZD	0.6727	0.9	0.6659	0.6730	CNY	6.5327 0.0
EUR	1.1040	0.2	1.0986	1.1052	SGD	1.4004 -0.2
GBP	1.3978	0.4	1.3901	1.3997	IDR	13,426 0.2
JPY	112.82	0.5	112.17	113.03	THB	35.66 0.0
CAD	1.3534	-1.2	1.3517	1.3702	KRW	1,236 -0.3
AUD/EUR	0.6560	0.8			TWD	33.19 -0.3
AUD/JPY	81.72	1.5			PHP	47.56 -0.2
AUD/GBP	0.5182	0.6			CHF	0.99 -0.1
AUD/NZD	1.0764	0.0			SEK	8.49 -0.2

Equities

Major Indices			
	Last	% day	% year
Dow	16,637	0.9	-8.7
S&P 500	1,944	0.7	-8.0
Nasdaq	4,560	0.4	-8.2
VIX Index	19.82	-4.3	43.2
FTSE	6,013	2.5	-13.3
DAX	9,331	1.8	-16.8
CAC 40	4,248	2.2	-13.0
Nikkei	16,140	1.4	-14.1
Shanghai	2,741	-6.4	-16.9
Hang Seng	18,889	-1.6	-24.1
ASX 200	4,881	0.1	-17.4

Commodities\*

	Last	% day
Oil (Brent)	35.17	2.2
Oil (WTI)	33.02	2.7
Oil (Tapis)	35.51	4.0
Gold	1236.20	-0.2
CRB	162.64	0.7
GS Metals	255.6	0.3
Aluminium	1557	-0.6
Copper	4601	-0.9
Nickel	8340	-2.1
Zinc	1730	-1.4
Ch. steel	1903	-2.0
Iron ore	49.75	-3.7
St. coal	48.8	0.0
Wheat Chic	462.3	0.5
Sugar	14.20	2.3
Cotton	57.76	0.6
Coffee	116.2	-0.7

Interest Rates

Indicative Swap Rates				Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.63	0.77	1.53	USD 10	1.70	-0.05
AUD	2.00	2.29	1.99	2.54	AUD 10	2.40	0.00 0.70
NZD	2.50	2.59	2.43	3.08	NZD 10	2.98	-0.01 1.28
EUR	0.05	0.06	-0.18	0.53	CAD 10	1.13	-0.02 -0.57
GBP	0.50	0.59	0.71	1.30	EUR 10	0.14	-0.02 -1.56
JPY	0.00	0.00	-0.15	0.11	GBP 10	1.36	0.00 -0.34
CAD	0.50	1.17	0.76	1.34	JPY 10	-0.07	-0.01 -1.77

Overnight Futures

	Last	Chge
<b>Australia</b>		
3 mth bill	97.76	0.00
3 Yr bond	98.26	0.00
10 Yr bonc	97.62	0.06
3/10 sprd	0.64	-0.06
SPI	7.0	0.1

CO <sub>2</sub> Emissions - Euros		
	Last	% day
Dec-2016	5.08	4.3
Dec-2017	5.13	4.5
Dec-2018	5.19	4.2

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
<b>Friday, 26 February 2016</b>								
CH	<b>G20 Finance Ministers and Central bank Governors' meeting, Shanghai (26-27 Feb)</b>							
NZ	Trade Balance	Jan	-1	-270.5		-53	21.45	8.45
JN	Natl CPI YoY	Jan		0		0.2	23.30	10.30
UK	GfK Consumer Confidence	Feb		3		4	0.05	11.05
CH	Property Prices	Jan					1.30	12.30
JN	Natl CPI Ex Fresh Food, Energy YoY	Jan		1.2		1.3	5.00	16.00
EC	Business Climate Indicator	Feb		0.27		0.29	10.00	21.00
GE	CPI MoM/YoY	Feb P		0.5/0.1		-0.8/0.5	13.00	0.00
US	Advance Goods Trade Balance	Jan		-61.2		-61.513	13.30	0.30
US	GDP Annualized QoQ	4Q S		0.4		0.7	13.30	0.30
US	Personal Income/Spending	Jan		0.4/0.3		0.3/0	15.00	2.00
US	PCE Deflator MoM/YoY	Jan		0/1.1		-0.1/0.6	15.00	2.00
US	PCE Core MoM/YoY	Jan		0.2/1.5		0/1.4	15.00	2.00
US	U. of Mich. Sentiment/5-10 yr inflation expectations	Feb F		91/		90.7/2.4	15.00	2.00
US	Fed's Powell discussed Fed Communication at NY						15.15	2.15
US	Fed's Brainard speaks on International Policy Synchronisation						18.30	5.30
EC	ECB's Praet speaks on panel in NY						18.30	5.30
<b>Monday, 29 February 2016</b>								
NZ	Building Permits MoM	Jan				2.3	21.45	8.45
JN	Industrial Production MoM/YoY	Jan P		/		-1.7/-1.9	23.50	10.50
JN	Retail Trade YoY/YoY	Jan		/		-1.1/-0.2	23.50	10.50
AU	Melbourne Institute Inflation MoM/YoY	Feb		/		0.4/2.3	0.00	11.00
NZ	ANZ Activity Outlook	Feb				34.4	0.00	11.00
NZ	ANZ Business Confidence	Feb				23.0	0.00	11.00
UK	Lloyds Business Barometer	Feb				45.0	0.10	11.10
AU	Inventories SA QoQ	4Q				0.1	0.30	11.30
AU	Company Operating Profit QoQ	4Q				1.3	0.30	11.30
AU	Private Sector Credit MoM/YoY	Jan		/		0.5/6.6	0.30	11.30
NZ	Money Supply M3 YoY	Jan				8.1	2.00	13.00
UK	Mortgage Approvals	Jan				70.8	9.30	20.30
EC	CPI Estimate YoY/YoY	Feb		/1		0.4/1.0	10.00	21.00
CA	Current Account Balance	4Q				-16.2	13.30	0.30
CA	Industrial Product Price MoM	Jan				-0.2	13.30	0.30
CA	Raw Materials Price Index MoM	Jan				-5.0	13.30	0.30
US	ISM Milwaukee	Feb				50.4	14.00	1.00
US	Chicago Purchasing Manager	Feb		53.8		55.6	14.45	1.45
CA	Bloomberg Nanos Confidence	Feb 26				53.5	15.00	2.00
US	Pending Home Sales MoM/YoY	Jan		1/		0.1/3.1	15.00	2.00
US	Dallas Fed Manf. Activity	Feb		-30		-34.6	15.30	2.30
<b>Tuesday, 1 March 2016</b>								
NZ	Terms of Trade Index QoQ	4Q				-3.7	21.45	8.45
AU	AiG Perf of Mfg Index	Feb				51.5	22.30	9.30
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Feb 28				114.3	22.30	9.30
AU	CoreLogic RP Data House Px MoM	Feb				-1.5	23.00	10.00
NZ	QV House Prices YoY	Feb				12.6	23.00	10.00
JN	Jobless Rate/Job-Applicant ratio	Jan		/		3.3/1.3	23.30	10.30
JN	Overall Household Spending YoY	Jan				-4.4	23.30	10.30
AU	Net Exports of GDP	4Q				1.5	0.30	11.30
AU	BoP Current Account Balance	4Q				-18.0	0.30	11.30
AU	Building Approvals MoM/YoY	Jan		/		9.2/-2.5	0.30	11.30
CH	Manufacturing PMI	Feb		49.5		49.4	1.00	12.00
CH	Non-manufacturing PMI	Feb				53.5	1.00	12.00
CH	Caixin China PMI Mfg	Feb		48.5		48.4	1.45	12.45
JN	Nikkei Japan PMI Mfg	Feb F				50.2	2.00	13.00
AU	RBA Cash Rate Target	Mar 1		2		2.0	3.30	14.30
AU	Commodity Index YoY	Feb				-25.8	5.30	16.30
GE	Unemployment Claims Rate SA	Feb				6.2	8.55	19.55
GE	Markit/BME Germany Manufacturing PMI	Feb F				50.2	8.55	19.55
EC	Markit Eurozone Manufacturing PMI	Feb F				51.0	9.00	20.00
UK	Markit UK PMI Manufacturing SA	Feb				52.9	9.30	20.30
EC	Unemployment Rate	Jan				10.4	10.00	21.00
CA	GDP MoM/YoY	Dec		/		0.3/0.2	13.30	0.30
CA	Quarterly GDP Annualized	4Q				2.3	13.30	0.30
CA	RBC Canadian Manufacturing PMI	Feb				49.3	14.30	1.30
US	Markit US Manufacturing PMI	Feb F				51.0	14.45	1.45
US	ISM Manufacturing/New Orders	Feb		48.5/		48.2/51.5	15.00	2.00
US	Construction Spending MoM	Jan		0.5		0.1	15.00	2.00
<b>Wednesday, 2 March 2016</b>								
AU	GDP SA QoQ/YoY	4Q		/		0.9/2.5	0.30	11.30
UK	Markit/CIPS UK Construction PMI	Feb				55.0	9.30	20.30
US	MBA Mortgage Applications	Feb 19				8.2	12.00	23.00
US	Wards Total Vehicle Sales	Feb		17.65		17.5		
US	ADP Employment Change	Feb		187.5		205.0	13.15	0.15
US	ISM New York	Feb				54.6	14.45	1.45
US	U.S. Federal Reserve Releases Beige Book							
<b>Thursday, 3 March 2016</b>								
NZ	Value of All Buildings SA QoQ	4Q				0.5	21.45	8.45
AU	AiG Perf of Services Index	Feb				48.4	22.30	9.30
AU	HIA New Home Sales MoM	Jan				-1.8	0.00	11.00
NZ	ANZ Commodity Price	Feb				-2.3	0.00	11.00
AU	Trade Balance	Jan				-3535.0	0.30	11.30
CH	Caixin China PMI Services/Composite	Feb		/		52.4/50.1	1.45	12.45
JN	Nikkei Japan PMI Services/Composite	Feb		/		52.4/52.6	2.00	13.00
GE	Markit Germany Services PMI/Composite	Feb F		/		55.1/53.8	8.55	19.55
EC	Markit Eurozone Services PMI/Composite	Feb F		/		53.0/52.7	9.00	20.00
UK	Markit/CIPS UK Services PMI/Composite	Feb		/		55.6/56.1	9.30	20.30
EC	Retail Sales MoM/YoY	Jan		/		0.3/1.4	10.00	21.00
US	Challenger Job Cuts YoY	Feb				41.6	12.30	23.30
US	Nonfarm Productivity	4Q F		-3.3		-3.0	13.30	0.30
US	Initial Jobless Claims	Feb 20		270		262.0	13.30	0.30
US	Markit US Services PMI	Feb P		53.5/		53.2/53.2	14.45	1.45
US	ISM Non-Manf. Composite	Feb		54		53.5	15.00	2.00
US	Factory Orders	Jan		1		-2.9	15.00	2.00
<b>Upcoming Central Bank Interest Rate Announcements</b>								
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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