

Watching you watching me

After last week's ECB and RBNZ policy announcements, central banks are again in the spotlight this week with the BoJ today (see more details below), the Fed Thursday morning and the BoE later the same day. In contrast to the ECB last week, expectations for any policy change this week are pretty low, that said the market will be watching for any hints about the next policy move while at the same time central bankers will be closely watching the market reaction to their moves. The BoJ will probably be concerned about the market's response to any clues of further negative deposit rate cuts while the Fed will be conscious of emphasising the need to tighten, but only gradually. This message will need to be balanced against the "Dot plot" of Fed members' projected funds rate. Historically these projections have proven to be too aggressive. In December officials projected another four rate increases in 2016, in today's environment that looks way too aggressive.

The somewhat delayed market uplift from the ECB stimulus last week has now turned into a more cautiously optimistic mode. Asia and European equity markets extended their Friday night gains, but US stocks have traded in and out of positive territory, reflecting a more hesitant mood. Gains in US consumer companies have been offset by losses in financial and energy stocks as oil prices fell following comments from Iran over the weekend that it won't freeze production until production climbs to 4m b/d.

This cautious mode has also been reflected in currencies with the safe haven JPY the only (small) outperformer against the USD. G10 commodity related currencies are at the bottom of the leader board, with NZD the biggest loser, down -1.21%. The NZD is currently trading at 0.6664 and our BNZ strategist notes that the currency may gain some respite overnight if the latest GDT dairy auction holds up as they suspect. BNZ is looking for a flat to small positive result for the overall price index.

Core global bond yields had a quiet, but mixed night. In Europe, 10y bunds yields managed to climb 1bps to 0.278% while 10y Gilts ended the day -2.4bps at 1.549%. Relative to Sydney's closing level, 10y US Treasuries yields are about 1bps lower at 1.966%, after having traded to an overnight low of 1.939%, following the move lower in oil prices.

WTI Oil has ended the day -3.2% and Brent is -2.1%. In other commodities, iron ore lost another 2.7% closing at \$55.6, Copper gained 1.7\$ and gold lost 2.3% and is currently trading at \$1230.3.

In other news, Putin has ordered Russian forces out of Syria noting that now it's time to focus on peace talks

Coming Up

In Australia this morning at 9:30am the weekly consumer confidence reading is released and two hours later we get February motor vehicle sales along with the minutes of the RBA's March Board meeting. As for the minutes, any reference to the AUD will be closely watched. The AUD/USD is now back above 75c and it is becoming a bit of a discomfort to the Bank, (Deputy Governor Lowe implied as much last week), however fourteen days ago, when the RBA last met, the AUD/USD was trading with a 71 handle and at that level we suspect the board's level of discomfort was probably on the low side. Punters will also be looking for any hints on whether the slight change in wording to the easing bias in the Statement ("may" to "would") reflected anymore likelihood of a near-term rate cut.

The BoJ concludes its two day meeting today and our expectation is for the Bank to stand pat. While recent economic data releases have been weaker than expected Japan labour market has remained resilient. In our view, this later factor along with a more stable global backdrop affords the BoJ time and the chance to sit on its hand today. We also know the BoJ would prefer to have more time to assess and fully implement its negative interest rate policy. Nevertheless, the fight against deflation is not over and the lack of progress in the 'shunto' wage negotiations tells us that the BoJ will be forced to ease in April. The latest Bloomberg survey shows only five of 40 forecasters anticipate a policy change this month. Note Governor Kuroda is scheduled to speak post the policy announcement.

Later today in Europe we get Q4 employment figures and in the US we get February Retail Sales along with PPI (Feb), Empire State Survey (Mar), NAHB housing market index (Mar), business inventories (Jan) and portfolio TIC data (Jan). Gasoline prices fell sharply in February and it is seen as the major factor for the soft numbers expected for retail sales (-0.1% v.s 0.2% prev) and PPI (-0.2% exp v.s 0.1% prev). The Empire state survey provides the first glance into the estate of the US manufacturing sector in March. Economists polled by Bloomberg expect a slight improvement in the headline to -10.0 in March from -16.6 during February.

Overnight

On global stock markets, the S&P 500 was -0.10%. Bond markets saw US 10-years -1.94bp to 1.96%. On commodity markets, Brent crude oil -1.96% to \$39.6, gold -2.0% to \$1,235, iron ore -2.7% to \$55.55. AUD is at 0.7508 and the range was 0.7492 to 0.7594.

Author:

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Markets

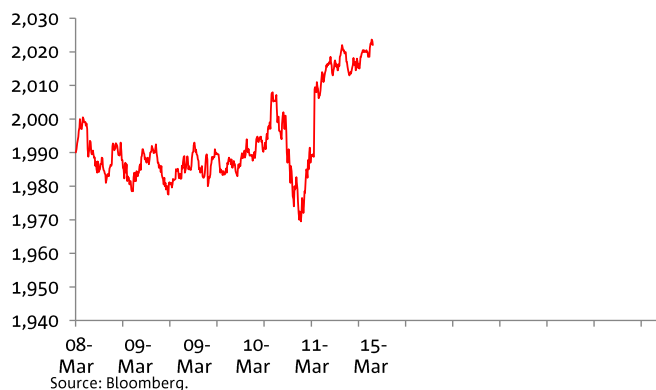
AUD/USD - past week



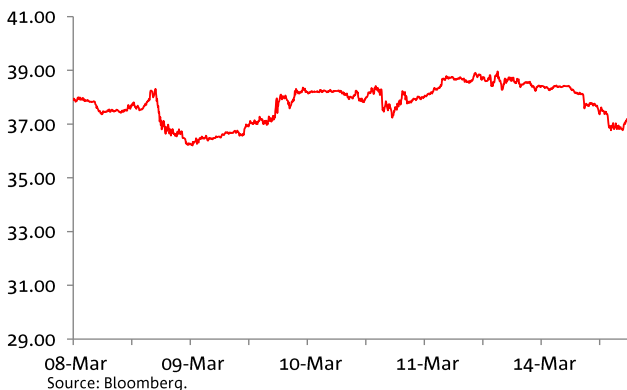
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7508	-0.8	0.7492	0.7594	HKD	7.7592 0.0
NZD	0.6663	-1.3	0.6658	0.6756	CNY	6.5000 0.1
EUR	1.1100	-0.5	1.1078	1.1176	SGD	1.3759 0.2
GBP	1.4302	-0.6	1.4293	1.4401	IDR	13,057 -0.1
JPY	113.83	0.0	113.5100	114.0100	THB	35.10 0.1
CAD	1.3265	0.4	1.3209	1.3308	KRW	1,186 -0.6
AUD/EUR	0.6764	-0.4			TWD	32.77 -0.1
AUD/JPY	85.46	-0.8			PHP	46.61 0.0
AUD/GBP	0.5250	-0.2			CHF	0.99 0.5
AUD/NZD	1.1268	0.5			SEK	8.35 0.1
AUD/CNY	4.8808	-0.8				

Equities

Major Indices			
	Last	% day	% y/y
Dow	17,229	+0.1	-2.9
S&P 500	2,020	-0.1	-1.6
Nasdaq	4,750	+0	-2.5
VIX	17	+2.4	5.6
FTSE	6,175	+0.6	-8.4
DAX	9,990	+1.6	-16.1
CAC 40	4,507	+0.8	-10.1
Nikkei	17,234	+1.7	-10.5
Shanghai	2,859	+1.8	-15.2
Hang Seng	20,435	+1.2	-14.2
ASX 200	5,185	+0.4	-10.8

Commodities*

	Last	% day
Oil (Brent)	39.60	-2.0
Oil (WTI)	37.26	-3.2
Oil (Tapis)	40.97	-2.1
Gold	1234.60	-2.0
CRB	172.38	-0.7
GS Metals	263.0	-1.0
Aluminium	1552	0.1
Copper	4986	1.7
Nickel	8798	0.8
Zinc	1798	2.1
Ch. steel	1992	-1.6
Iron ore	55.6	-2.7
Coal	52.0	0.9
Wheat Chic.	478.8	0.6
Sugar	15.42	1.9
Cotton	58.29	2.0
Coffee	127.2	1.1

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.63	1.01	1.81	USD 10	1.96	-0.02
AUD	2.00	2.34	2.19	2.77	AUD 10	2.69	0.01 0.73
NZD	2.25	2.39	2.28	3.08	NZD 10	3.04	0.00 1.08
EUR	0.00	0.06	-0.14	0.67	CAD 10	1.36	-0.01 -0.61
GBP	0.50	0.59	0.84	1.53	EUR 10	0.28	0.01 -1.69
JPY	0.00	0.00	-0.10	0.15	GBP 10	1.55	-0.02 -0.41
CAD	0.50	1.17	0.88	1.59	JPY 10	-0.04	-0.03 -2.00

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.79	0.03
3 Yr bond	97.935	0.04
10 Yr bond	97.35	0.03
3/10 sprd	0.59	0.01
SPI	4.0	0.1

CO₂ Emissions - Euros

	Last	% day
Jun-2016	4.86	-2.6
Dec-2016	4.88	-2.4
Jun-2017	4.91	-2.4

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, 15 March 2016								
NZ	RBNZ Governor Wheeler Speaks in Auckland (Not Public)						19.00	6.00
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Mar 13				114.8	22.30	9.30
AU	New Motor Vehicle Sales MoM/YoY	Feb				0.5/5.1	0.30	11.30
JN	BOJ Policy meeting						3.30	14.30
JN	BOJ Policy Rate	Mar 15		-0.1			3.30	14.30
JN	Industrial Production MoM	Jan F				3.7	4.30	15.30
JN	Industrial Production YoY	Jan F				-3.8	4.30	15.30
JN	Tertiary Industry Index MoM	Jan		0.3		-0.6	4.30	15.30
EC	Employment QoQ/YoY	4Q				0.3/1.1	10.00	21.00
EC	Employment YoY	4Q				1.1	10.00	21.00
US	Retail Sales Advance MoM	Feb		-0.1		0.2	12.30	23.30
US	PPI Final Demand MoM/YoY	Feb		-0.2/0.1		0.1/-0.2	12.30	23.30
US	Empire Manufacturing	Mar		-11.5		-16.6	12.30	23.30
CA	Existing Home Sales MoM	Feb				0.5	13.00	0.00
US	NAHB Housing Market Index	Mar		59		58.0	14.00	1.00
US	Business Inventories	Jan		0		0.1	14.00	1.00
NZ	World Dairy Auction, GDT price index (early AM, NZT time)					1.4		
Wednesday, 16 March 2016								
US	Total Net TIC Flows	Jan				-114.0	20.00	7.00
US	Net Long-term TIC Flows	Jan				-29.4	20.00	7.00
NZ	Current Account GDP Ratio YTD	4Q	-3.2	-3.3		-3.3	21.45	8.45
AU	Westpac Leading Index MoM	Feb				0.0	23.30	10.30
JN	Machine Tool Orders YoY	Feb F				-22.6	6.00	17.00
UK	Jobless Claims Change	Feb		-9.1		-14.8	9.30	20.30
UK	Average Weekly Earnings 3M/YoY	Jan		2		1.9	9.30	20.30
UK	ILO Unemployment Rate 3Mths	Jan		5.1		5.1	9.30	20.30
UK	Employment Change 3M/3M	Jan		144		205.0	9.30	20.30
UK	Osborne Makes Budget Speech to Parliament							
CA	Manufacturing Sales MoM	Jan		0.5		1.2	12.30	23.30
US	Housing Starts/MoM	Feb		1150/4.6		1099.0/-3.8	12.30	23.30
US	Building Permits/MoM	Feb		1200/-0.2		1202.0/-0.2	12.30	23.30
US	CPI MoM/YoY	Feb		-0.2/0.9		0.0/1.4	12.30	23.30
US	CPI Ex Food and Energy MoM/YoY	Feb		0.2/2.2		0.3/2.2	12.30	23.30
CA	Int'l Securities Transactions	Jan				-1.4	12.30	23.30
US	Real Avg Weekly Earnings YoY	Feb				1.2	12.30	23.30
US	Industrial Production MoM	Feb		-0.3		0.9	13.15	0.15
US	Manufacturing (SIC) Production	Feb		0.1		0.5	13.15	0.15
US	FOMC Rate Decision (Lower Bound)	Mar 16		0.25		0.25	18.00	5.00
US	FOMC Rate Decision (Upper Bound)	Mar 16		0.5		0.5	18.00	5.00
Thursday, 17 March 2016								
NZ	GDP SA QoQ/YoY	4Q	0.7/2.1	0.7/2.1		0.9/2.3	21.45	8.45
AU	RBA's Debelle Speech in Sydney							
JN	Trade Balance	Feb		400.2		-645.9	23.50	10.50
JN	Trade Balance Adjusted	Feb		235		119.4	23.50	10.50
AU	Employment Change	Feb		13.5		-7.9	0.30	11.30
AU	Labour Force Report	Feb	5.9	6		6.0	0.30	11.30
AU	Participation Rate	Feb		65.2		65.2	0.30	11.30
AU	RBA FX Transactions Market	Feb				728.0	0.30	11.30
JN	BoJ's Kuroda makes remarks at a Settlement System Forum							
EC	Trade Balance SA	Jan		19.5		21.0	10.00	21.00
EC	CPI MoM/YoY	Feb		0.1/-0.2		-1.4/0.3	10.00	21.00
EC	CPI Core YoY	Feb F		0.7		0.7	10.00	21.00
UK	Bank of England Bank Rate	Mar 17		0.5		0.5	12.00	23.00
UK	BOE Asset Purchase Target	Mar		375		375.0	12.00	23.00
CA	Wholesale Trade Sales MoM	Jan		0		2.0	12.30	23.30
US	Current Account Balance	4Q		-117.35		-124.1	12.30	23.30
US	Philadelphia Fed Business Outlook	Mar		-1.65		-2.8	12.30	23.30
US	Initial Jobless Claims	Mar 12		266		259.0	12.30	23.30
US	JOLTS Job Openings	Jan		5550		5607.0	14.00	1.00
US	Leading Index	Feb		0.2		-0.2	14.00	1.00
Friday, 18 March 2016								
NZ	ANZ Job Advertisements MoM	Feb				-3.2	21.00	8.00
AU	RBA's Ellis Speech in Sydney						22.30	9.30
NZ	ANZ Consumer Confidence Index/MoM	Mar				119.7/-1.4	0.00	11.00
CH	Property Prices	Feb					1.30	12.30
GE	PPI MoM	Feb		-0.1/-2.6		-0.7/-2.4	7.00	18.00
GE	PPI YoY	Feb		-2.6		-2.4	7.00	18.00
EC	Labour Costs YoY	4Q				1.1	10.00	21.00
CA	Retail Sales MoM	Jan		0.6		-2.2	12.30	23.30
CA	Retail Sales Ex Auto MoM	Jan		0.4		-1.6	12.30	23.30
CA	CPI NSA MoM/YoY	Feb		0.4/1.5		0.2/2.0	12.30	23.30
CA	CPI Core MoM/YoY	Feb		0.5/2		0.3/2.0	12.30	23.30
US	Fed's Dudley Gives Opening Remarks at Supervision Conference							
US	U. of Mich. Sentiment	Mar P		92.2		91.7	14.00	1.00
US	U. of Mich. 5-10 Yr Inflation	Mar P				2.5	14.00	1.00
US	Fed's Rosengren Speaks on a Panel at Supervision Conference							2.00
US	Fed's Bullard Speaks in Frankfurt at a monetary policy forum							2.00
Monday, 21 March 2016								
NZ	Net Migration SA	Feb				6130.0	21.45	8.45
UK	Rightmove House Prices MoM	Mar				2.9	0.10	11.10
CH	MNI Business Indicator	Mar				49.9	1.45	12.45
NZ	Credit Card Spending MoM	Feb				2.3	2.00	13.00
EC	Current Account NSA	Jan				41.4	9.00	20.00
UK	CBI Trends Total Orders	Mar				-17.0	11.00	22.00
UK	CBI Trends Selling Prices	Mar				-3.0	11.00	22.00
US	Chicago Fed Nat Activity Index	Feb				0.3	12.30	23.30
NZ	Westpac Consumer Confidence	1Q				110.7		
CA	Bloomberg Nanos Confidence	Mar 11				53.4	14.00	1.00
US	Existing Home Sales MoM	Feb		-2.38		0.4	14.00	1.00
US	Fed's Lockhart Speaks on U.S. Economy in Savannah, Georgia							
Upcoming Central Bank Interest Rate Announcements								
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%		
Australia, RBA		5-Apr	2.00%	2.00%		2.00%		
Canada, BoC		14-Apr				0.50%		
Europe ECB		21-Apr				0.05%		
New Zealand, RBNZ		28-Apr				2.25%		

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

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