

Friday (already) on my mind

Following a tumultuous Wednesday and Thursday, markets went out with something of a whimper on Friday. Stocks continued to rally in both Europe and the U.S, while Treasury yields extended their post-FOMC falls. The dollar rallied smalls with every G10 currency giving back a little of their sharp mid-week gains - led by a 0.7% fall in the kiwi.

In FX, the narrow DXY dollar index dollar added back 0.34% but was still well down on the week (-1.1%). The broader BBDXY index was +0.26% but -1.3% on the week.

EUR/USD drove the rise in the DXY, -0.42% to 1.1270. USD/JPY +0.14% to 111.55. AUD/USD ceded a little ground, -0.54% to 0.7608 having been as high as 0.7637. NZD -0.7% to 0.6804 having been as high as 0.6828.

In stocks, US indices added about 0.5% on average, S&P500 +0.44% to 2049.58. The Dow finished +0.69% and the NASDAQ +0.43%. In Europe where the Eurostoxx50 added 0.55% though is 0.5% down on the week. The German Dax +0.59% to be 1.2% up on the week. The VIX dropped a further 0.42 to 14.03, having traded on a 13 handle for part of Friday (low of 13.75). We shouldn't underestimate the importance of this when assessing the drivers of the AUD's current ascent.

In US rates, bonds modestly extended their post-FOMC rally. 2s finished 2.8bps lower at 0.837% (-12bps on the week) and 10s -2.3bps to 1.874. In commodities, generally modest slippage was consistent with a slightly firmer US dollar. Then exception was iron ore which put on \$1.40 to \$57.40 (putting it up 40 cents on the week). The LMEX index of traded metals fell 0.61%, gold lost \$10.7 to \$1254.30 and oil slipped WTI -\$0.80 to \$39.44 and Brent -\$0.30 to \$41.20.

CFTC/IMM positioning data for the w/e 15 March shows overall USD speculative longs versus G10 currencies were further trimmed back just in front of the FOMC, to +43.2k from +55.3k. This was driven by significant paring of shorts in GBP (to -13.6k, in sharply from -49.0k in what was a week that saw incoming 'Brexit' polls reveal a shift in favour of the 'remain' camp (subsequently reversed). In contrast net EUR shorts were slightly extended in what was ECB week, -77.6k from -71.9k. AUD net longs were also pared back pre-Fed and Australian labour force data (evidently to some regret) - in to 12.8k from 29.2k. JPY net longs reduced to 45.5k from 64.3k; NZD positioning flipped from a small net short to small long (-2.0k to +1.3k).

The main data on note Friday was the University of Michigan's March US preliminary consumer sentiment index, which fell to 90.0 from 91.7 and beneath the 92.2 expected. Weaker US stocks at the beginning of March were blamed. More significant to our minds, the 5-10 year inflation expectations reading rose to 2.7% from 2.5%, as did the 1-year reading. Fed speak came from the ever-forthright James Bullard (a current FOMC voter) who said in prepared remarks that the U.S. central bank's inflation and employment goals have essentially been met and it would be "prudent" to edge interest rates higher.

Sunday's CoreLogic RP data preliminary auction clearance rates, in what was the busiest weekend of the year as is typical the weekend before Easter, shows the weighted average capital city clearance rate up to 71.5% from last weekend's 64.9%. Sydney cleared 75.5% up from 71.2% and Melbourne 72.3% up from 68.6%.

Coming Up

It threatens to be a quiet week, but at least it's a four day one. In Australia, RBA Governor Glenn Stevens' speech Tuesday, at an ASIC forum, looms large in what is an otherwise quiet week with only second tier data only. Markets will be on guard for some renewed jawboning on the currency. Lack thereof will likely be a catalyst for new post July 2015 highs. We might also learn more about prospects for a Double Dissolution and July elections.

In New Zealand there are no major releases with consumer confidence Monday, trade figures Thursday, and residential lending figures also Thursday.

China faces a quiet week with no significant data, probably meaning the daily CNY fixes will be the main focus amid signs that the authorities are allowing/orchestrating a softer renminbi in basket/index terms.

In the US it's a quiet week for data, leaving Fed speak as the likely main market moving influence.

Japan releases CPI on Good Friday. Eurozone PMIs on Thursday will be important, as will UK CPI on Tuesday and Retail Sales Thursday. The Canadian Budget is on Tuesday.

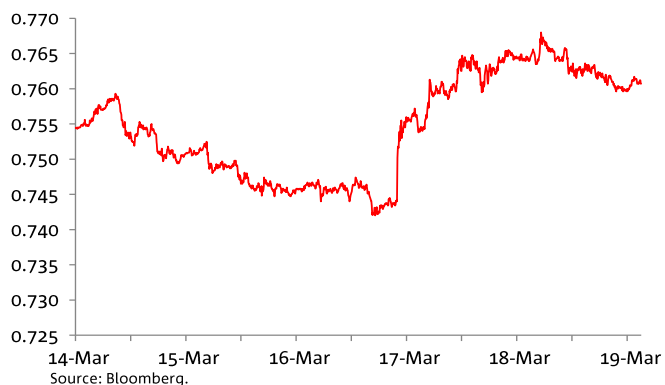
Overnight

On global stock markets, the S&P 500 was +0.40%. Bond markets saw US 10-years -2.26bp to 1.87%. On commodity markets, Brent crude oil -0.82% to \$41.2, gold -0.8% to \$1,254, iron ore +2.5% to \$57.50. AUD is at 0.7607 and the range since Friday's local close has been 0.7595-0.7645.

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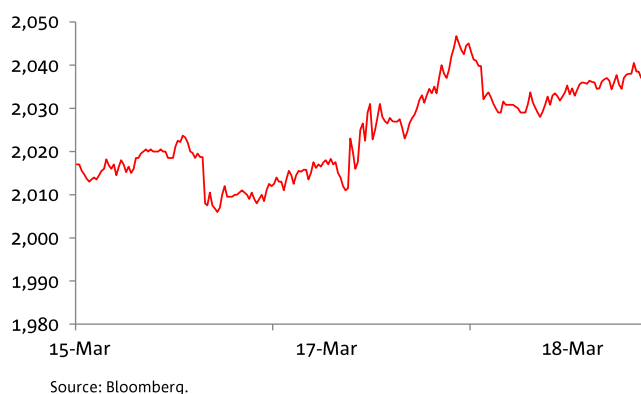
AUD/USD - past week



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	0.7607	0.0	0.7604	0.7620	HKD	7.7551 0.0
NZD	0.6800	-0.1	0.6794	0.6808	CNY	6.4716 -0.1
EUR	1.1260	-0.1	1.1255	1.1288	SGD	1.3572 -0.1
GBP	1.4437	-0.3	1.4434	1.4459	IDR	13,117 0.3
JPY	111.59	0.0	111.3800	111.6900	THB	34.91 0.4
CAD	1.3008	0.0	1.2988	1.3017	KRW	1,162 -0.9
AUD/EUR	0.6756	0.2			TWD	32.36 -0.7
AUD/JPY	84.89	0.0			PHP	46.33 0.1
AUD/GBP	0.5269	0.3			CHF	0.97 0.0
AUD/NZD	1.1188	0.1			SEK	8.23 0.1
AUD/CNY	4.9268	-0.2				

Equities

Major Indices			
	Last	% day	% y/y
Dow	17,602	+0.7	-2.9
S&P 500	2,050	+0.4	-2.8
Nasdaq	4,796	+0.4	-4.6
VIX	14	-2.9	7.7
FTSE	6,190	-0.2	-11.9
DAX	9,951	+0.6	-17.3
CAC 40	4,463	+0.2	-12.3
Nikkei	16,725	-1.2	-14.5
Shanghai	2,955	+1.7	-18.3
Hang Seng	20,672	+0.8	-15.2
ASX 200	5,183	+0.3	-13.3

Commodities*

	Last	% day
Oil (Brent)	41.20	-0.8
Oil (WTI)	39.44	-1.9
Oil (Tapis)	42.31	-0.8
Gold	1254.30	-0.8
CRB	176.35	-0.7
GS Metals	264.6	-0.6
Aluminium	1510	-0.8
Copper	5060	-0.5
Nickel	8634	-2.7
Zinc	1841	0.4
Ch. steel	2142	1.1
Iron ore	57.5	2.5
Coal	52.2	-0.2
Wheat Chic.	470.3	0.1
Sugar	15.97	-0.1
Cotton	57.16	-2.1
Coffee	134.3	1.3
* clsd = market holiday		
CO ₂ Emissions - Euros		
	Last	% day
Jun-2016	4.93	-2.6
Dec-2016	4.95	-1.2
Jun-2017	4.97	-1.2

Interest Rates

Indicative Swap Rates					Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.62	0.92	1.71	USD 10	1.87	-0.02
AUD	2.00	2.33	2.12	2.69	AUD 10	2.55	0.00 0.68
NZD	2.25	2.35	2.24	3.02	NZD 10	2.99	-0.06 1.12
EUR	0.00	0.06	-0.15	0.57	CAD 10	1.29	0.00 -0.59
GBP	0.50	0.59	0.82	1.44	EUR 10	0.21	-0.02 -1.66
JPY	-0.01	-0.01	-0.11	0.12	GBP 10	1.45	-0.01 -0.43
CAD	0.50	1.17	0.85	1.54	JPY 10	-0.09	-0.05 -1.97

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.79	-0.01
3 Yr bond	98.07	0.00
10 Yr bond	97.43	0.00
3/10 sprd	0.64	0.00
SPI	29.0	0.6

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
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
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 18				54.0	14.00	1.00
US	Existing Home Sales MoM	Feb		-2.93		0.4	14.00	1.00
US	Fed's Lockhart Speaks on U.S. Economy in Savannah, Georgia							
Tuesday, 22 March 2016								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Mar 20				116.4	22.30	9.30
US	Fed's Bullard Speaks at Washington University in St. Louis						0.30	11.30
AU	House Price Index QoQ	4Q		0		2.0	0.30	11.30
AU	House Price Index YoY	4Q		8.5		10.7	0.30	11.30
US	RBA's Edey Panel Participation in Sydney						0.45	11.45
JN	All Industry Activity Index MoM	Jan		1.9		-0.9	4.30	15.30
JN	Small Business Confidence	Mar				47.9	5.00	16.00
AU	RBA's Stevens Speech at ASIC Forum in Sydney						5.30	16.30
JN	Convenience Store Sales YoY	Feb				1.0	7.00	18.00
GE	IFO Business Climate	Mar		105.7		105.7	9.00	20.00
GE	IFO Current Assessment	Mar		112.5		112.9	9.00	20.00
UK	CPI MoM	Feb		0.4		-0.8	9.30	20.30
UK	CPI YoY	Feb		0.4		0.3	9.30	20.30
UK	CPI Core YoY	Feb		1.3		1.2	9.30	20.30
UK	PPI Output Core NSA MoM	Feb		0.1		0.1	9.30	20.30
UK	PPI Output Core NSA YoY	Feb		0.1		0.0	9.30	20.30
UK	ONS House Price YoY	Jan				6.7	9.30	20.30
UK	Public Finances (PSNCR)	Feb				-24.9	9.30	20.30
GE	ZEW Survey Current Situation	Mar				52.3	10.00	21.00
GE	ZEW Survey Expectations	Mar		5		1.0	10.00	21.00
EC	ZEW Survey Expectations	Mar				13.6	10.00	21.00
EC	Bank of France's Villeroy de Galhau at Breugel Institute						12.00	23.00
US	FHFA House Price Index MoM	Jan		0.5		0.4	13.00	0.00
US	Richmond Fed Manufact. Index	Mar		-1		-4.0	14.00	1.00
US	Fed's Evans Speaks in Chicago						17.30	4.30
US	Fed's Harker Speaks in New York						23.00	10.00
Wednesday, 23 March 2016								
AU	Skilled Vacancies MoM	Feb				0.4	0.00	11.00
US	MBA Mortgage Applications	Mar 18				-3.3	11.00	22.00
US	New Home Sales	Feb		510		494.0	14.00	1.00
US	New Home Sales MoM	Feb		3.2		-9.2	14.00	1.00
EC	Consumer Confidence	Mar A		-8		-8.8	15.00	2.00
Thursday, 24 March 2016								
NZ	Trade Balance	Feb		100		8.0	21.45	8.45
JN	Nikkei Japan PMI Mfg	Mar P		50.5		50.1	2.00	13.00
GE	GfK Consumer Confidence	Apr		9.5		9.5	7.00	18.00
GE	Markit/BME Germany Manufacturing PMI	Mar P		50.8		50.5	8.30	19.30
GE	Markit Germany Services PMI	Mar P		55.2		55.3	8.30	19.30
EC	Markit Eurozone Manufacturing PMI	Mar P		51.4		51.2	9.00	20.00
EC	Markit Eurozone Services PMI	Mar P		53.4		53.3	9.00	20.00
EC	ECB Publishes Economic Bulletin						9.00	20.00
UK	Retail Sales Ex Auto Fuel MoM	Feb		-1		2.3	9.30	20.30
UK	Retail Sales Ex Auto Fuel YoY	Feb		3.4		5.0	9.30	20.30
UK	BBA Loans for House Purchase	Feb				47509.0	9.30	20.30
UK	CBI Retailing Reported Sales	Mar				10.0	11.00	22.00
UK	CBI Total Dist. Reported Sales	Mar				#N/A N/A	11.00	22.00
US	Initial Jobless Claims	Mar 19				265.0	12.30	23.30
US	Durable Goods Orders	Feb P		-2.5		4.7	12.30	23.30
US	Markit US Manufacturing PMI	Mar P		51.5		51.3	13.45	0.45
US	Kansas City Fed Manf. Activity	Mar				-12.0	15.00	2.00
Friday, 25 March 2016								
<i>Good Friday public holiday</i>								
JN	Natl CPI YoY	Feb		0.3		0.0	23.30	10.30
JN	Natl CPI Ex Food, Energy YoY	Feb		0.8		0.7	23.30	10.30
JN	Tokyo CPI YoY	Mar		-0.1		0.1	23.30	10.30
JN	Tokyo CPI Ex Food, Energy YoY	Mar		0.5		0.5	23.30	10.30
JN	PPI Services YoY	Feb		0.2		0.2	23.50	10.50
JN	Natl CPI Ex Fresh Food, Energy YoY	Feb		1.1		1.1	5.00	16.00
JN	Leading Index CI	Jan F				101.4	5.00	16.00
US	GDP Annualized QoQ	4Q T		1		1.0	12.30	23.30
US	Personal Consumption	4Q T		2		2.0	12.30	23.30
US	GDP Price Index	4Q T		0.9		0.9	12.30	23.30
US	Core PCE QoQ	4Q T				1.3	12.30	23.30
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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