Markets Today

Bound for glory (for now anyhow)

Ever had one of those moments when you start the day and you have a rather weird moment to start the day? Well it happened this morning. One of the first things I check after opening the screens is the iron ore price and I had to look several times this morning to make sure I wasn't in another universe. But there it was: $63.74/t, up a cool $9.99/t, +18.59%! "Must be a wrong feed", I thought, but here it was. Given some credence by the fact that Dalian iron ore futures rose 5.88% yesterday, while Chinese steel rebar futures rose 7.97%, all after the weekend's official growth announcements from China.

It was followed by big rises in BHP and RIO shares overnight and unsurprisingly turbocharged the AUD/USD that had been trading quietly through the Asia session around 0.7400/0.7420, even drifting off a touch. It took off and headed up though the NY session to over 0.7480, now consolidating just below that level into the opening of local trade this morning. The LME base complex was little changed, but oil was bid up aggressively further, Brent trading at $40.80, up 50.6% from its Jan 20 low and higher by 5.35% today, adding another layer of support to the commodity currencies.

Also more focus on yet more comments from BoJ Governor Kuroda, talking of the possibility of further monetary easing, even though he recognised the negative spill over to banks' earnings. His retort to that was to beat deflation and thus ultimately lift earnings. Little change in the yen, though it has actually strengthened in recent trade this morning.

Not too much data to report form overnight with the Fed's composite Labour Market Conditions Index change for Feb on the softer side, printing at -2.4 against a forecast +1. The USD has been on the defensive with the commodity currencies on a hot streak. Fed Governor Lael Brainard and Vic Chair Stan Fischer have been speaking and from almost polar opposite perspectives, Brainard very cautious but Fischer speaking of re-emerging inflation. Brainard emphasised downside risks and urged rate policy caution. She said while there are reasons to expect continued gains in employment, expectations of stabilising foreign economies and an eventual rise in inflation back to 2%, "However, there are risks around this baseline forecast, the most prominent of which lie to the downside," she said.

Fischer was mainly speaking about the history of economic thought but spoke of signs that the relationship between low unemployment and inflation might be re-awakening now. "The link has never been very strong, but it exists, and we may well at present be seeing the first stirrings of an increase in the inflation rate -- something that we would like to happen". US bonds edged higher, along with oil.

Coming Up

There are some big releases in our time zone that the market will be paying close attention to. Locally, there is RBA Deputy Governor Lowe speaking hot on the heels of last week's RBA Board meeting, GDP, the push higher in the AUD, and more. His formal topic is "Resilience And Ongoing Challenges" and so another set of observations on the overall progress of the Australian economy through its mining/non-mining structural change would be one avenue to pursue under such a topic. That speech starts at 9.50 AM Adelaide time. The other big release is the NAB Business Survey for February. No hints! Just a reminder that January's survey revealed business conditions eased from 6 (revised down from 7) to 5, while business confidence was steady, at 2 (revised down from 3).

The other main item of scheduled interest in the broader Asia time zone is China's trade report for February, due at 1pm Melbourne time. A possible revision to Japan's Q4 GDP - expected to be nudged down to -1.5% q/q from -1.4% - is also worth a look at 10.50AM.

Tonight there is the US NFIB Small Business Survey, watched for its overall index reading (it's off its highs of late 2014 but has been little changed overall since mid-last year) but what small business are reporting on the ground around employee compensation. The January readings were especially noisy, but the trend has been higher overall, at least as far as what the smaller end of town in the US has been reporting on actual compensation. Canadian housing starts and building permits are also due, a release the C$ market pays close attention to.

Overnight

On global stock markets, the S&P 500 was -0.40%. Bond markets saw US 10-years +2.81bp to 1.90%. On commodity markets, Brent crude oil +5.24% to $40.76, gold-0.2% to $1,268, iron ore +18.6% to $63.74. AUD is at 0.7468 and the range was 0.7393 to 0.7485.

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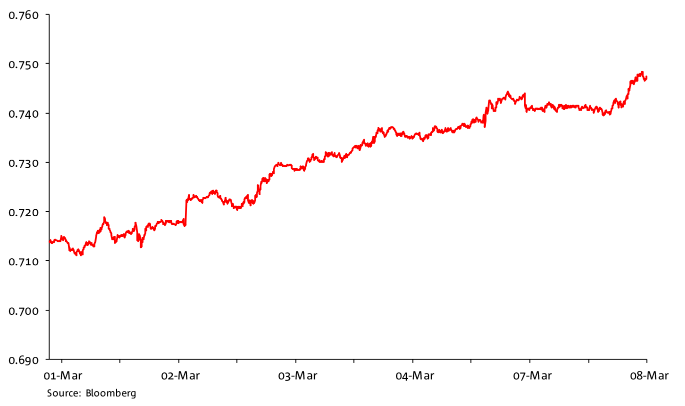
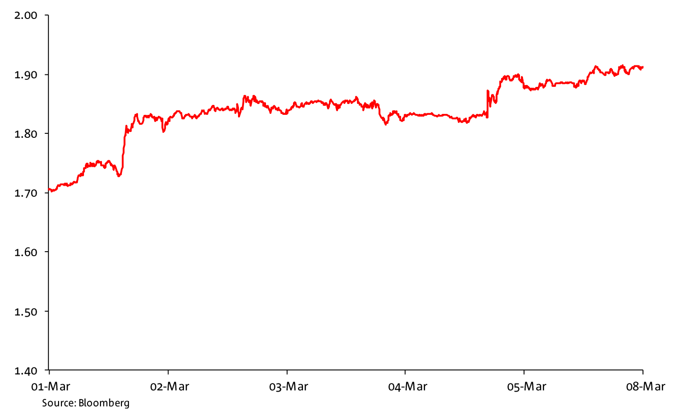
Markets

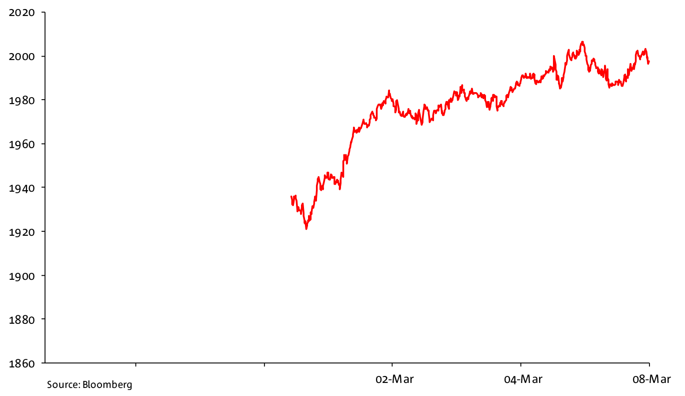
AUD/USD - past week



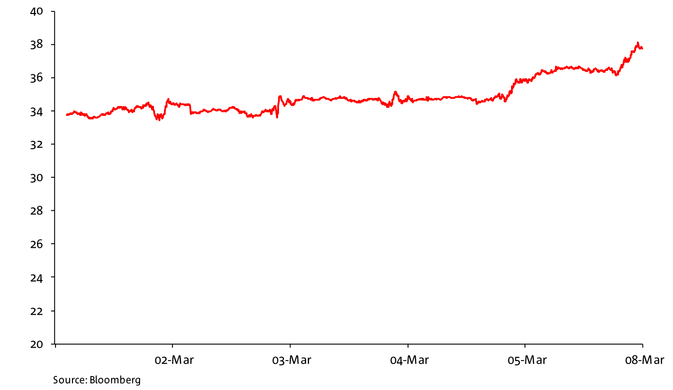
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

			Indicative 24hr ranges (**)	
	Last	% chge	Low	High
AUD	0.7474	0.5	0.7393	0.7485
NZD	0.6800	0.7	0.6750	0.6818
EUR	1.1007	0.5	1.0940	1.1028
GBP	1.4268	0.9	1.4134	1.4284
JPY	113.43	0.0	113.39	113.70
CAD	1.3291	-0.6	1.3261	1.3380
AUD/EUR	0.6789	0.5		
AUD/JPY	84.76	1.0		
AUD/GBP	0.5238	0.1		
AUD/NZD	1.0991	0.3		

Other FX		
	Last	% chge
HKD	7.7657	0.0
CNY	6.5163	0.0
SGD	1.3785	-0.3
IDR	13,046	-0.3
THB	35.41	0.0
KRW	1,201	-0.5
TWD	32.56	-0.6
PHP	46.84	-0.2
CHF	1.00	-0.4
SEK	8.48	-0.4

Equities

Major Indices	Last	% day	% year
Dow	17,063	0.3	-4.4
S&P 500	2,000	0.0	-3.5
Nasdaq	4,700	-0.4	-4.6
VIX Index	17.38	3.1	14.3
FTSE	6,182	-0.3	-10.6
DAX	9,779	-0.5	-15.3
CAC 40	4,442	-0.3	-10.5
Nikkei	16,911	-0.6	-10.9
Shanghai	2,897	0.8	-10.6
Hang Seng	20,160	-0.1	-16.6
ASX 200	5,143	1.0	-12.8

Commodities*

	Last	% day
Oil (Brent)	40.69	5.1
Oil (WTI)	37.72	5.0
Oil (Tapis)	40.93	5.9
Gold	1266.60	-0.3
CRB	171.67	1.8
GS Metals	270.4	2.1
Aluminium	1600	0.8
Copper	5000	-0.5
Nickel	9385	0.5
Zinc	1811	-2.5
Ch. steel	2194	8.0
Iron ore	63.74	18.6
St. coal	51.1	0.0
Wheat Chic	471.3	1.0
Sugar	14.66	-1.1
Cotton	57.31	0.4
Coffee	120.9	-0.1

Interest Rates

Indicative Swap Rates				
	Cash	3mth	2Yr	10Yr
USD	0.50	0.63	0.95	1.76
AUD	2.00	2.31	2.15	2.75
NZD	2.50	2.57	2.45	3.16
EUR	0.05	0.06	-0.19	0.59
GBP	0.50	0.59	0.80	1.48
JPY	0.00	-0.01	-0.15	0.11
CAD	0.50	1.17	0.84	1.54

Benchmark 10 Year Bonds			
	Last	chge	Sprd
USD 10	1.91	0.04	
AUD 10	2.58	0.03	0.67
NZD 10	3.07	0.02	1.16
CAD 10	1.28	0.03	-0.63
EUR 10	0.22	-0.01	-1.69
GBP 10	1.48	0.00	-0.43
JPY 10	-0.05	-0.01	-1.96

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.68	0.00
3 Yr bond	98.02	-0.03
10 Yr bonc	97.38	-0.04
3/10 sprd	0.64	0.01
SPI	29.0	0.6

CO_2 Emissions - Euros		
	Last	% day
Dec-2016	5.10	3.4
Dec-2017	5.15	3.4
Dec-2018	5.21	3.4

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, 8 March 2016								
US	Consumer Credit	Jan		16.5		21.3	20.00	7.00
NZ	ANZ Truckometer Heavy MoM	Feb				-4.3	21.00	8.00
NZ	Mfg Activity/Volume SA QoQ	4Q				4.2/3.5	21.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Mar 6				111.3	22.30	9.30
AU	RBA's Lowe speaks on "Resilience And Ongoing Challenges" to Urban Development Institute of Australia's (UDIA) National Industry Congress, Adelaide						23.20	10.20
JN	GDP Annualized SA QoQ	4Q F		-1.5		-1.4	23.50	10.50
JN	BoP Current Account Adjusted	Jan		1654.8		1635.4	23.50	10.50
UK	BRC Sales Like-For-Like YoY	Feb		0.45		2.6	0.10	11.10
AU	NAB Business Conditions/Confidence	Feb				5/2	0.30	11.30
CH	Trade Balance	Feb		51		63.3	2.00	13.00
JN	Eco Watchers Survey Current/Outlook	Feb		47.4		46.6/49.5	5.00	16.00
JN	Consumer Confidence Index	Feb		42.2		42.5	5.00	16.00
EC	GDP SA QoQ/YoY	4Q P		0.3/1.5		0.3/1.5	10.00	21.00
US	NFIB Small Business Optimism	Feb		94.1		93.9	11.00	22.00
CH	*Foreign Direct Investment YoY CNY (released 8-12 Mar)*	*Feb*		*1.65*		*3.2*	*9.40*	*20.40*
CA	Housing Starts	Feb		181.5		165.9	13.15	0.15
CA	Building Permits MoM	Jan		-0.8		11.3	13.30	0.30
Wednesday, 9 March 2016								
NZ	Card Spending Retail/Total MoM	Feb	0.1	0.3		0.3/0.6	21.45	8.45
FALSE	Regional GDP	Yr to Mar 15					21.45	8.45
AU	Westpac Consumer Conf Index/MoM	Mar				101.3/4.2	23.30	10.30
UK	BRC Shop Price Index YoY	Mar				-2.0	22.10	9.10
AU	Home Loans MoM	Jan	-1.4%	-3		2.6	0.30	11.30
AU	Investment Lending	Jan				0.6	0.30	11.30
JN	Machine Tool Orders YoY	Feb P				-17.2	6.00	17.00
UK	Industrial Production MoM/YoY	Jan		0.4/0		-1.1/-0.4	9.30	20.30
CA	Bank of Canada Rate Decision	Mar 9		0.5		0.5	15.00	2.00
US	Wholesale Inventories/Sales MoM	Jan		-0.2/-0.3		-0.1/-0.3	15.00	2.00
Thursday, 10 March 2016								
NZ	RBNZ Official Cash Rate	Mar 10	2.5	2.5		2.5	20.00	7.00
AU	Consumer Inflation Expectation	Mar				3.6	0.00	11.00
UK	RICS House Price Balance	Feb		50		49.0	0.10	11.10
CH	CPI/PPI YoY	Feb		1.8/-4.9		1.8/-5.3	1.30	12.30
EC	Main Refi/Deposit rate	Mar 10		0.05/-0.4		0.1/-0.3	12.45	23.45
CH	*Aggregate Financing CNY (released 10-15 Mar)*	*Feb*		*1840.55*		*3420.0*		
CH	*New Yuan Loans CNY*	*Feb*		*1200*		*2510.0*		
CA	Capacity Utilization Rate	4Q		81.7		82.0	13.30	0.30
US	Initial Jobless Claims	Mar 5		275		278.0	13.30	0.30
CA	New Housing Price Index MoM/YoY	Jan		0.15/1.8		0.1/1.6	13.30	0.30
US	Bloomberg Consumer Comfort	Mar 6				43.6	14.45	1.45
US	Household Change in Net Worth	4Q				-1232.0	17.00	4.00
US	Monthly Budget Statement	Feb		-200		55.2	19.00	6.00
Friday, 11 March 2016								
NZ	BusinessNZ Manufacturing PMI	Feb				57.9	21.30	8.30
NZ	Food Prices MoM	Feb	0.8			2.0	21.45	8.45
UK	Trade Balance	Jan		-3000		-2709.0	9.30	20.30
CA	Unemployment Rate	Feb		7.2		7.2	13.30	0.30
US	Import Price Index MoM	Feb		-0.8		-1.1	13.30	0.30
US	Import Price Index YoY	Feb		-6.6		-6.2	13.30	0.30
CA	Net Change in Employment	Feb		10		-5.7	13.30	0.30
Saturday, 12 March 2016								
CH	Industrial Production YTD YoY	Feb		5.6		6.1	5.30	16.30
CH	Retail Sales YTD YoY	Feb		10.9		10.7	5.30	16.30
CH	Fixed Assets Ex Rural YTD YoY	Feb		9.5		10.0	5.30	16.30
Monday, 14 March 2016								
NZ	Performance Services Index	Feb				55.4	21.30	8.30
JN	Machine Orders MoM	Jan				4.2	23.50	10.50
JN	Machine Orders YoY	Jan				-3.6	23.50	10.50
AU	Credit Card Balances	Jan				52.1	0.30	11.30
AU	Credit Card Purchases	Jan				27.6	0.30	11.30
NZ	Non Resident Bond Holdings	Feb				67.6	2.00	13.00
EC	Industrial Production SA MoM	Jan				-1.0	10.00	21.00
EC	Industrial Production WDA YoY	Jan				-1.3	10.00	21.00
CA	Teranet/National Bank HPI MoM	Feb				-0.1	12.30	23.30
CA	Teranet/National Bank HPI YoY	Feb				5.9	12.30	23.30
EC	Bank of France's Villeroy de Galhau speaks at Paris Dauphine							

Upcoming Central Bank Interest Rate Announcements				
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%
Australia, RBA	5-Apr	2.00%	2.00%	2.00%

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

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