

Lack of conviction

It was a mixed night for global equities while commodities traded higher. European markets ended the day in positive territory boosted by Italian banks following hopes of a government support package while in the US equity indices erased early gains and ended the day marginally lower. In a backdrop of broad USD weakness, oil prices have continued their upward trend boosting other commodity prices which in turn also helped commodity linked currencies outperform.

US equity markets have struggled for direction reflecting a lack of conviction ahead of the “true” start of the quarter earnings reporting season. Now, after the bell, Alcoa has unofficially kicked off the reporting season beating earnings expectations (EPS \$0.07 vs \$0.02 exp), but missing on revenue (\$4.95bn vs \$5.20bn exp).

Oil prices have continued their recent upward trend ahead of the oil producers meeting this weekend. Brent is up 2.1% and WTI is +1.8% at \$40.42. Sound bites from different oil producers appear to have boosted hopes of production freeze deal over the weekend. Venezuela said the first priority of the April 17 talks should be to cap output, while Azerbaijan said it backs a freeze. Iron ore also had a solid day, climbing nearly 5% to \$56.6, copper gained 0.5% and gold climbed 1.1% to \$1256.4.

The USD is softer against all G10 currencies, barring CHF which is practically unchanged. The GBP is the top performer with Reuters reporting a large GBP/JPY order as a factor for the outperformance. The fall of DXY below its October low of 93.805 triggered a basket selling of USD while the rise in commodity prices helped commodity linked currencies outperformed. The NZD is up 0.75%, the CAD is +0.71% and the AUD is +0.54%, currently trading at 0.7596.

Fed Kaplan said he doesn't back an interest-rate increase this month in light of a puzzling weakening of economic growth, though a June tightening by the U.S. central bank remains a possibility.

Coming Up

This morning in Australia we get the weekly consumer confidence at 9.30am followed by the all-important NAB Survey at 11:30am.

We know that the RBA considers the NAB Business survey as an important tool in its assessment on the domestic economy. In February, the survey showed a notable

improvement in business conditions, jumping to +8 points, more than offsetting the decline in the previous month. All three components of conditions improved during the month (trade from 10 to 12, profit from 6 to 11, and employment from -1 to +1). In this regard, the employment component move back into positive territory was particularly encouraging. We will be watching with great interest to see if these trends continued in March.

Looking at Offshore markets it's a relative quiet day in terms of data releases. The UK and Germany (final) release their CPI readings for March. Core CPI in the UK is expected to have risen by 1.3%yoy driven by increases in import prices and a rise in wage costs in the services sector. The Final German CPI reading is expected to be in line with its preliminary reading of 0.3%yoy.

In the US we get import prices (Mar), Monthly budget and the NFIB Small Business Optimism Index (Mar). Declines in hiring intentions and jobs-hard-to-fill, published last week, suggest the NFIB index fell to 92 from 92.9.

As for the earnings reporting season, Bloomberg is showing the expected EPS growth for the S&P500 is -10.1%yoy with the banking and energy sectors seen as the biggest contributors to the expected negative growth. There are no major companies reporting tonight, but on Wednesday JP Morgan kicks off the banks reporting followed by Bank of America and Wells Fargo on Thursday and Citigroup on Friday.

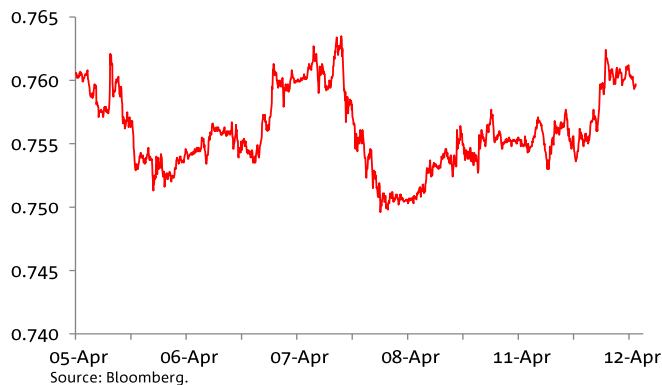
It's going to be a busy night of Fed speakers with Fed Harker, Williams and Lacker all in the roster. That said with Fed Chair Yellen and Dudley speaking last week, regardless of what other Fed speakers may say, we know that the inner circle within the Fed remains “cautious”.

Overnight

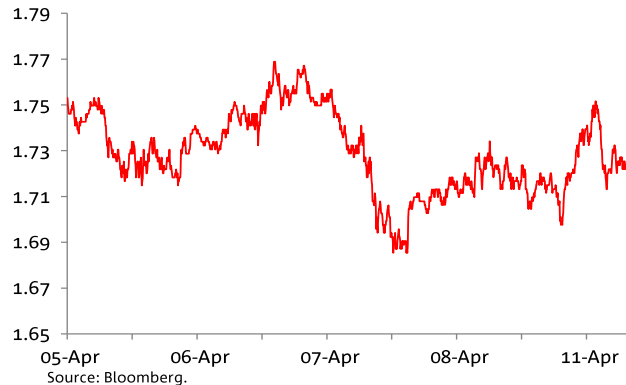
On global stock markets, the S&P 500 was -0.30%. Bond markets saw US 10-years +0.87bp to 1.73%. On commodity markets, Brent crude oil +1.98% to \$42.77, gold+1.1% to \$1,257, iron ore +4.8% to \$56.62. AUD is at 0.7599 and the range was 0.7595 to 0.76.

Markets

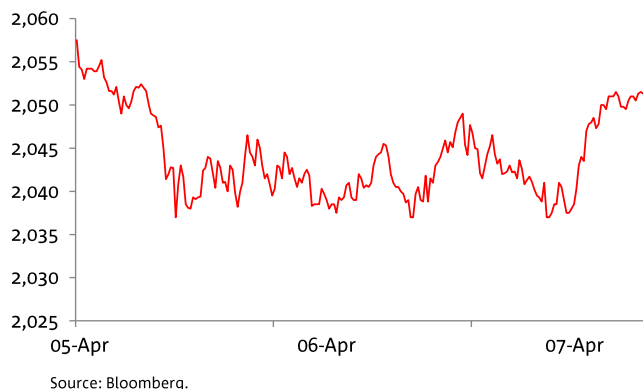
AUD/USD - past week



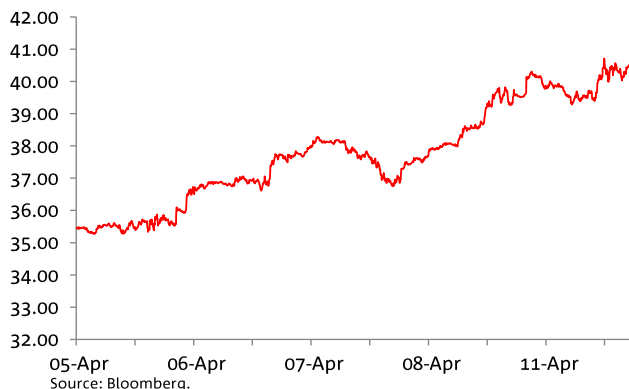
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Last	% chge	Indicative 24hr ranges (**)		Other FX	
			Low	High	Last	% chge
AUD	0.7599	0.1	0.7595	0.7600	HKD	7.7547 0.0
NZD	0.6859	0.0	0.6856	0.6859	CNY	6.4592 -0.1
EUR	1.1408	0.0	1.1405	1.1411	SGD	1.3441 0.0
GBP	1.4241	0.0	1.4234	1.4241	IDR	13,134 -0.1
JPY	107.94	0.0	107.9400	107.9500	THB	35.02 0.0
CAD	1.2897	0.0	1.2895	1.2899	KRW	1,147 -0.6
AUD/EUR	0.6661	0.0			TWD	32.39 -0.2
AUD/JPY	82.03	0.0			PHP	46.13 0.0
AUD/GBP	0.5338	0.1			CHF	0.95 0.0
AUD/NZD	1.1080	0.0			SEK	8.12 0.0
AUD/CNY	4.9123	0.4				

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.63	0.84	1.60	USD 10	1.73	0.01
AUD	2.00	2.26	2.07	2.59	AUD 10	2.41	0.01 0.68
NZD	2.25	2.33	2.19	2.93	NZD 10	2.83	0.01 1.10
EUR	0.00	0.06	-0.17	0.52	CAD 10	1.24	0.01 -0.48
GBP	0.50	0.59	0.78	1.38	EUR 10	0.11	0.02 -1.61
JPY	-0.04	-0.01	-0.13	0.12	GBP 10	1.39	0.03 -0.33
CAD	0.50	1.17	0.87	1.49	JPY 10	-0.09	-0.01 -1.81

Equities

Major Indices	Last	% day	% y/y
S&P 500	2,042	-0.3	-2.9
Nasdaq	4,833	-0.4	-3.3
VIX	16	+5.9	29.3
FTSE	6,200	-0.1	-12.5
DAX	9,683	+0.6	-21.8
CAC 40	4,313	+0.3	-17.7
Nikkei	15,751	-0.4	-20.9
Shanghai	3,034	+1.6	-24.8
Hang Seng	20,441	+0.3	-25.0
ASX 200	4,932	-0.1	-17.4

Commodities*

	Last	% day
Oil (Brent)	42.77	2.0
Oil (WTI)	40.36	1.6
Oil (Tapis)	42.74	3.1
Gold	1256.70	1.1
CRB	171.82	0.5
GS Metals	252.3	-0.1
Aluminium	1497	-0.6
Copper	4680	0.3
Nickel	8526	0.2
Zinc	1750	0.1
Ch. steel	2305	1.9
Iron ore	56.6	4.8
Coal	50.1	0.5
Wheat Chic.	454.3	-2.7
Sugar	14.15	-3.7
Cotton	60.71	1.1
Coffee	125.3	2.2
* clsd = market holiday		
CO₂ Emissions - Euros		
	Last	% day
Jun-2016	5.57	3.0
Dec-2016	5.58	3.0
Jun-2017	5.61	2.7

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.83	-0.02
3 Yr bond	98.19	-0.02
10 Yr bond	97.56	-0.02
3/10 sprd	0.63	0.00
SPI	-1.0	0.0

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	AEST
Tuesday, 12 April 2016								
NZ	REINZ House Sales YoY	Mar					Anytime from 12th-13th	
CA	Bloomberg Nanos Confidence	Apr 8				54.7	14.00	0.00
UK	BRC Sales Like-For-Like YoY	Mar		1.4		0.1	23.10	9.10
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Apr 10				113.4	23.30	9.30
AU	Credit Card Balances	Feb				50.9	1.30	11.30
AU	NAB Business Conditions	Mar				8.0	1.30	11.30
AU	NAB Business Confidence	Mar				3.0	1.30	11.30
JN	BoJ's Harada speaks in Shimonoseki						1.30	11.30
JN	Machine Tool Orders YoY	Mar P				-22.5	6.00	16.00
GE	CPI MoM/YoY	Mar F		0.8/0.3		0.8/0.3	6.00	16.00
UK	CPI MoM/Core YoY	Mar		0.3/1.3%		0.2/1.2	8.30	18.30
UK	PPI Output NSA MoM/YoY	Mar		0.2/-1.0		0.1/-1.1	8.30	18.30
UK	ONS House Price YoY	Feb				7.9	8.30	18.30
US	NFIB Small Business Optimism	Mar		93.7		92.9	10.00	20.00
US	Import Price Index MoM	Mar		1		-0.3	12.30	22.30
IMF	IMF's latest forecasts released in April WEO						13.00	23.00
US	Fed's Harker speaks on Economic Outlook at Philadelphia						13.00	23.00
US	Monthly Budget Statement	Mar		-104		-192.6	18.00	4.00
US	Fed's Williams Speaks in San Francisco						19.00	5.00
US	Fed's Lacker speaks on "Economic Leadership in an Uncertain World"						20.00	6.00
Wednesday, 13 April 2016								
NZ	Food Prices MoM	Mar				-0.6	22.45	8.45
JN	Money Stock M2 YoY	Mar		3.1		3.1	23.50	9.50
JN	PPI MoM/YoY	Mar		0/-3.5		-0.2/-3.4	23.50	9.50
AU	Westpac Consumer Conf Index	Apr				99.1	0.30	10.30
EC	ECB's Knot discusses ECB Monetary Policy to Dutch Parliament						8.00	18.00
UK	BoE's Credit Conditions Survey						8.30	18.30
EC	Industrial Production SA MoM/YoY	Feb		-0.7/1.3%		2.1%/2.8%	9.00	19.00
US	MBA Mortgage Applications	Apr 8				2.7	11.00	21.00
US	Retail Sales Advance MoM	Mar		0.1		-0.1	12.30	22.30
US	Retail Sales Ex Auto MoM	Mar		0.4		-0.1	12.30	22.30
US	PPI Final Demand MoM	Mar		0.3		-0.2	12.30	22.30
CA	Teranet/National Bank HPI YoY	Mar				6.5	12.30	22.30
CH	Trade Balance	Mar		34.95		32.6	Anytime on the 13th	
CH	Exports YoY	Mar		10		-25.4	Anytime on the 13th	
CH	Imports YoY	Mar		-10.1		-13.8	Anytime on the 13th	
CA	Bank of Canada Rate Decision	Apr 13		0.5		0.5	14.00	0.00
US	U.S. Federal Reserve Releases Beige Book						18.00	4.00
EC	ECB's Nowotny gives keynote presentation in New York						16.35	2.35
EC	ECB's Constancio gives speech on "International Environment for Central Banks" in New York						21.15	7.15
Thursday, 14 April 2016								
NZ	BusinessNZ Manufacturing PMI	Mar				56.0	22.30	8.30
UK	RICS House Price Balance	Mar		50		50.0	23.10	9.10
JN	Japan Buying Foreign Bonds	Apr 8				-1555.1	23.50	9.50
JN	Foreign Buying Japan Bonds	Apr 8				30.2	23.50	9.50
AU	Consumer Inflation Expectation	Apr				3.4	1.00	11.00
AU	Employment Change	Mar	40k	17		0.3	1.30	11.30
AU	Labour Force Report (unemployment)	Mar	5.8%	5.9		5.8	1.30	11.30
NZ	Non Resident Bond Holdings	Mar				68.3	3.00	13.00
Oil	International Energy Agency April Oil Market Report						8.00	18.00
EC	CPI MoM/YoY	Mar		-0.1%/1.0		-0.1%/1.0	9.00	19.00
UK	Bank of England Bank Rate	Apr 14		0.5		0.5	11.00	21.00
CA	New Housing Price Index MoM	Feb		0.1		0.1	12.30	22.30
US	Initial Jobless Claims	Apr 9		270		267.0	12.30	22.30
US	Continuing Claims	Apr 2		2182.5		2191.0	12.30	22.30
US	CPI MoM	Mar		0.2		-0.2	12.30	22.30
US	Real Avg Weekly Earnings YoY	Mar				0.6	12.30	22.30
US	Bloomberg Consumer Comfort	Apr 10				42.6	13.45	23.45
US	Fed's Lockhart speaks in Chicago						14.00	0.00
US	Fed's Powell Appears Before Senate Banking Committee						14.00	0.00
UK	BoE's Shafik speaks on Fortifying the Global Financial Safety Net at the IMF						20.00	6.00
Friday, 15 April 2016								
AU	RBA Financial Stability Review						1.30	11.30
CH	Industrial Production YTD YoY	Mar		5.5		5.4	2.00	12.00
CH	Industrial Production YoY	Mar		6		5.9	2.00	12.00
CH	Retail Sales YoY	Mar		10.4		11.1	2.00	12.00
CH	Retail Sales YTD YoY	Mar		10.2		10.2	2.00	12.00
CH	Fixed Assets Ex Rural YTD YoY	Mar		10.4		10.2	2.00	12.00
CH	GDP SA QoQ/YoY	1Q		1.5/6.7		1.6/6.8	2.00	12.00
JN	Capacity Utilization MoM	Feb				2.6	4.30	14.30
JN	Industrial Production MoM	Feb F				-6.2	4.30	14.30
UK	Construction Output SA MoM	Feb		0		-0.2	8.30	18.30
EC	Trade Balance SA	Feb		21.5		21.2	9.00	19.00
CA	Manufacturing Sales MoM	Feb		-1.5		2.3	12.30	22.30
US	Empire Manufacturing	Apr		2		0.6	12.30	22.30
US	Industrial Production MoM	Mar		-0.1		-0.5	13.15	23.15
US	Capacity Utilization	Mar		75.3		76.7	13.15	23.15
US	U. of Mich. Sentiment	Apr P		92		91.0	14.00	0.00
US	U. of Mich. 5-10 Yr Inflation	Apr P				2.7	14.00	0.00
US	Fed's Evans speaks on Economy and Policy in Washington						16.30	2.30
US	Total Net TIC Flows	Feb				118.4	20.00	6.00
Sunday, 17 April 2016								
Oil	Major Oil Producers Meet to Discuss Production Freeze							
Monday, 18 April 2016								
NZ	CPI QoQ/YoY	1Q		/		-0.5/0.1	22.45	8.45
UK	Rightmove House Prices MoM/YoY	Apr				1.3/7.6	23.10	9.10
AU	New Motor Vehicle Sales MoM/YoY	Mar				-0.1/2.3	1.30	11.30
CH	Property Prices	Mar					1.30	11.30
CA	Int'l Securities Transactions	Feb				13.5	12.30	22.30
US	Fed's Dudley Gives Opening Remarks at Economics Conference						12.30	22.30
CA	Bloomberg Nanos Confidence	Apr 8				54.7	14.00	0.00
US	NAHB Housing Market Index	Apr				58.0	14.00	0.00
US	Fed's Kashkari Speaks in Minneapolis						16.30	2.30
Upcoming Central Bank Interest Rate Announcements								
UK BOE		14-Apr				0.50%		
Canada, BoC		14-Apr				0.50%		
Europe ECB		21-Apr				0.00%		
New Zealand, RBNZ		28-Apr	2.25%	2.25%		2.25%		
Japan, BoJ		28-Apr				-0.1% to +0.1%		
US Federal Reserve		28-Apr				0.25-0.50%		
Australia, RBA		3-May	2.00%	2.00%		2.00%		

GMT: Greenwich Mean Time; AEST: Australian Eastern Standard Time

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