

Taking care of business

Yesterday's NAB Business Survey bolted a stronger 76 handle on to the AUD, the currency finding support through the day and again overnight, trading this morning toward the top of its overnight range, currently at 0.7685/90, up 1.2%. In the aftermath of the Survey, pricing for a May RBA cash rate cut was wound back 11% points to a 28% chance with 5 bps sliced off the priced-in year ahead cash rate to 1.71%.

Emerging market currencies also found support overnight from better risk-on sentiment, with another push up in oil prices, Brent up \$1.81 to \$44.64, up 4.23%, WTI up 4½% to \$42.17. Wire services were reporting that Russia and Saudi Arabia had reached consensus on freezing oil output ahead of this weekend's producer talks. The LME base metals index rose 2.3% (Cu +2.2%, Ni +3.5%), while the Chinese iron ore price also came to the party, up another chunky \$2.60/t to \$59.22/t, Chinese steel rebar futures up 2.47% and Dalian iron ore futures higher by 4.37%, all supportive of the commodity-linked currency set.

The mood was not dimmed by the IMF cutting its global growth forecast to 3.2% from 3.4% for this year, noting growth "at an increasingly disappointing pace that leaves the world economy more exposed to negative risks". The IMF called for a three-pronged policy approach based on structural, fiscal, and monetary policies. The IMF cut its forecasts equally for the advanced and emerging market economies.

UK inflation surprised somewhat on the higher side, headline CPI better than expected by 0.1% to 0.5% and core CPI better by 0.2% to 1.5%. This provided some support for Sterling after the release but a Brexit poll released later in the session showing "leavers" outnumbering "remainers" keeping the quid on the back front.

On the other side of the Atlantic, the US NFIB Small Business Optimism index for March, printed a little softer than Feb and expectations of a small lift (A: 92.6; L: 92.9; E: 93.5) adding a little more to the weakening in recent months. Even so, the risk-on mood saw heavy global bond markets, US 2y Treasuries up 3.6 bps to 0.73% and 10s up 4.7 bps to 1.77%.

San Fran Fed President John Williams – a FOMC non-voter but regarded as in the inner circle (with Yellen and Fischer) – has been speaking of life after the next rate hike, that data over the past few months has been consistent with the Fed's dual mandate including core inflation still on the right trajectory, that 2-3 rate hikes for 2016 is reasonable. The

tone of those comments seems less worrisome about US economic prospects.

Fellow Fed President Lacker (also a non-voter and a noted hawk) has also been speaking, offering his views that US economic strength makes policy divergence likely (between the Fed and other CBs), also speaking of robust employment and core inflation firming. Fed President Harker (non-voter) said it is possible the Fed could hike at least three times in 2016. He said every meeting should be considered live, including the April FOMC.

Coming up

First up today is New Zealand food prices for March (8.45 AEST), something that might provide a little bit more colour ahead of NZ's Q1 CPI due next Monday, 18 April. Then at 1030 is the AUD Westpac consumer sentiment index for April. In March, sentiment was at 99.1 (-2.2% m/m), virtually on its long term average. Since that survey was taken, the weekly ANZ-Roy Morgan Measure has given back the gains it made in March, even though labour market news has been positive as has support for the AUD.

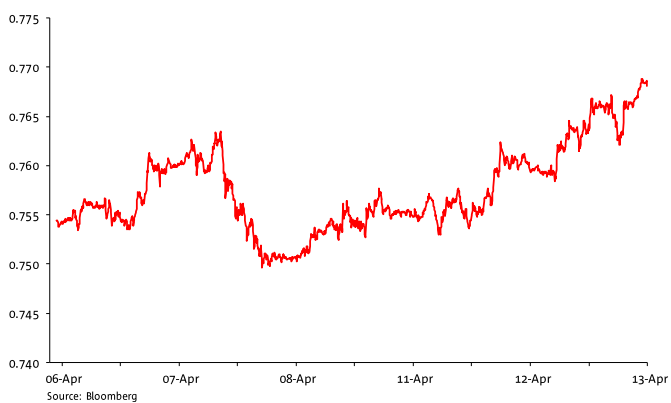
Of more market interest will be the Chinese trade report for March. No time given on the screens; last time it was just after 1.30, so allowing for no daylight saving here now perhaps just after 12.30 with release of the USD version likely ~5 mins after the CNY version. The big shock last time was the capitulation in export growth to -25.4% and that's expected to reverse to +10% in March with imports down in USD terms by -10.1% after -13.8% in February. Also keep an eye out for the March Chinese new yuan lending/ aggregate financing/money supply report that's due any day now.

The big release is tonight's US retail sales for March, coupled with the Fed's Beige Book and the Bank of Canada rate decision, although given better Canadian data of late, no change is universally expected, the decision also coming with a press conference. The IMF is releasing its half yearly Fiscal Monitor tonight, not a big market mover at all, the news coverage a reminder of high government indebtedness. There are also two ECB speakers tonight, Nowotny and Constancio.

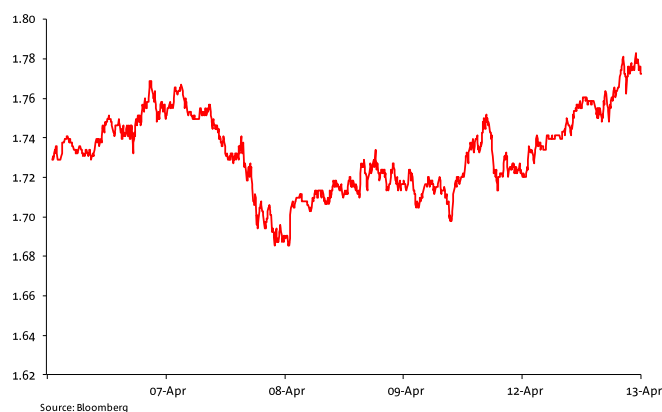
Overnight

On global stock markets, the S&P 500 was +1.00%. Bond markets saw US 10-years +4.72bp to 1.77%. On commodity markets, Brent crude oil +3.90% to \$42.62, gold-0.0% to \$1,258, iron ore +4.6% to \$59.22. AUD is at 0.7683 and the range was 0.7584 to 0.769.

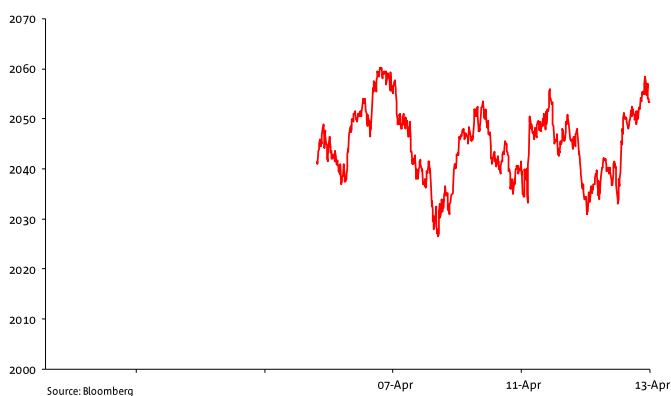
AUD/USD - past week



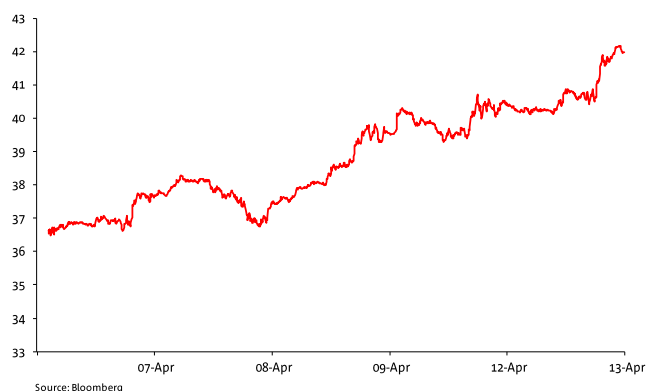
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

Indicative 24hr ranges (**)					Other FX		
	Last	% chge	Low	High	Last	% chge	
AUD	0.7683	1.2	0.7584	0.7690	HKD	7.7544	0.0
NZD	0.6924	0.5	0.6871	0.6927	CNY	6.4638	0.0
EUR	1.1387	-0.2	1.1345	1.1417	SGD	1.3440	-0.1
GBP	1.4276	-0.3	1.4196	1.4324	IDR	13,070	-0.1
JPY	108.55	0.2	108.22	108.79	THB	35.02	-0.1
CAD	1.2765	-0.8	1.2750	1.2904	KRW	1,144	0.1
AUD/EUR	0.6744	0.5			TWD	32.34	0.1
AUD/JPY	83.37	0.5			PHP	46.11	0.1
AUD/GBP	0.5384	0.6			CHF	0.96	0.2
AUD/NZD	1.1109	-0.2			SEK	8.08	0.0

Equities

Major Indices			
	Last	% day	% year
Dow	17,721	0.9	-1.9
S&P 500	2,062	1.0	-1.9
Nasdaq	4,872	0.8	-2.5
VIX Index	14.99	-7.8	19.2
FTSE	6,242	0.7	-12.0
DAX	9,761	0.8	-21.1
CAC 40	4,346	0.8	-17.1
Nikkei	15,929	1.1	-20.0
Shanghai	3,024	-0.3	-26.6
Hang Seng	20,504	0.3	-26.8
ASX 200	4,976	0.9	-16.5

Commodities*

	Last	% day
Oil (Brent)	44.50	3.9
Oil (WTI)	42.01	4.1
Oil (Tapis)	44.28	3.6
Gold	1257.70	0.0
CRB	175.49	2.1
GS Metals	258.1	2.3
Aluminium	1533	1.6
Copper	4767	2.2
Nickel	8860	3.5
Zinc	1833	4.1
Ch. steel	2369	2.5
Iron ore	59.22	4.6
St. coal	49.2	0.0
Wheat Chic	458.8	1.0
Sugar	14.34	-0.3
Cotton	60.91	1.1
Coffee	126.3	0.8

Interest Rates

Indicative Swap Rates					Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.63	0.87	1.64	USD 10	1.77	0.05
AUD	2.00	2.26	2.12	2.67	AUD 10	2.47	0.06 0.69
NZD	2.25	2.35	2.22	2.95	NZD 10	2.84	0.02 1.07
EUR	0.00	0.06	-0.16	0.58	CAD 10	1.29	0.05 -0.48
GBP	0.50	0.59	0.80	1.46	EUR 10	0.17	0.05 -1.61
JPY	-0.01	-0.02	-0.13	0.11	GBP 10	1.44	0.05 -0.33
CAD	0.50	1.17	0.89	1.53	JPY 10	-0.10	-0.02 -1.87

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.81	-0.01
3 Yr bond	98.12	-0.04
10 Yr bonc	97.49	-0.08
3/10 sprd	0.63	0.04
SPI	37.0	0.7

CO ₂ Emissions - Euros		
	Last	% day
Dec-2016	5.59	0.2
Dec-2017	5.64	0.4
Dec-2018	5.70	0.4

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	AEST
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
CH	Trade Balance	Mar		34.95		32.6	2.30	12.30
CH	Exports YoY	Mar		10		-25.4	2.30	12.30
CH	Imports YoY	Mar		-10.1		-13.8	2.30	12.30
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		0.2		-0.2	12.30	22.30
CA	Teranet/National Bank HPI YoY	Mar				6.5	12.30	22.30
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 Shafiq 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		5.9		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 15				55.0	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
Tuesday, 19 April 2016								
NZ	Performance Services Index	Mar				56.9	22.30	8.30
US	Fed's Rosengren to Speak at Central Conn State University						23.00	9.00
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Apr 10				113.4	23.30	9.30
AU	RBA April Meeting Minutes						1.30	11.30
EC	ECB Current Account SA	Feb				25.4	8.00	18.00
EC	ECB Bank Lending Survey						8.00	18.00
EC	Construction Output MoM/YoY	Feb				3.6/6.0	9.00	19.00
GE	ZEW Survey Current Situation/Expectations	Apr		/		50.7/4.3	9.00	19.00
EC	ZEW Survey Expectations	Apr				10.6	9.00	19.00
US	Housing Starts/MoM	Mar		1160/-1.5		1178.0/5.2	12.30	22.30
US	Building Permits/MoM	Mar		1208/2.6		1167.0/-3.1	12.30	22.30
AU	RBA Governor Stevens Speech in New York						13.30	23.30
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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