

Hard Day's Night

Local market's finished up on Tuesday in a distinctly 'risk-off' frame of mind, and that sentiment has extended throughout the European and US sessions. US stocks have just closed with indices averaging losses of 1%, Treasury yields are back at their lowest levels in over a month and 10yr Bunds have dipped back below 10bp (0.098%) for the first time since 20 April 2014 when they hit their record low of 0.074%. European stocks again underperformed the US, the Eurostoxx 50 down 2.43%.

There is no obvious catalyst for the sell-off, rather we'd gauge that stock investors are retreating back into their shells ahead of the US first quarter earnings seasons that kicks off in earnest next Monday (Alcoa) and where the consensus is for earnings of S&P500 companies to be on average 7.6% lower than the same quarter of 2015.

In currencies USD/JPY has traded back below ¥110 for the first time since 31 October 2014. This was the day, recall, when the BoJ surprised markets by raising the quantum of its QQE programme from ¥70tn to ¥80tn and which proved to be the inspiration for the run up to above ¥120. The pressure is now on for them to do something similar on 28 April, amid deepening scepticism that they can succeed and bearing in mind that EUR/USD is currently trading some 4% stronger than the day before the ECB launched its cocktail of additional easing measures on 10 March.

BoJ Governor Kuroda hinted at more easing to come in parliamentary comments yesterday, but he made no impression on markets in doing so. Neither – more than momentarily – did Chief Cabinet Secretary Suga who told the press he was watching FX level movements with a 'sense of urgency'.

Market moves have come largely despite not because of incomings economic data, though downward revisions to Eurozone PMIs relative to the 'flash' estimates did resonate somewhat in Europe. The non-manufacturing ISM report didn't show quite the uplift of its manufacturing sector brethren from last Friday, but at 54.2 (up from 53.4) it just exceeded expectations. The JOLTs (job openings) report was a little softer than expected but remains an extremely elevated levels, while the 'quit rate' – beloved by Janet Yellen – rose to 2.1% from 2.0%. Against this, a wider than expected January trade deficit – in real as well as nominal terms – has the Atlanta Fed downgrading its "GDPNow" estimate of first quarter growth to 0.4% from 0.7% last Friday.

AUD/USD is the worst performing G10 currency of the past 24 hours followed by GBP and where Brexit concerns do appear to be moving back to the fore (alongside expectations for a soft Q1 UK GD outcome following latest PMI data).

The RBA's low level expression of concern about the currency in yesterday's post meeting statement (that "an appreciating exchange rate could complicate the adjustment under way in the economy") produced a small bounce in AUD/USD, from around 0.7575 to 0.7625. But the market's sense of their emphasis on upcoming inflation data to help the RBA gauge the outlook for inflation was seen to imply a somewhat greater willingness to cut rates in response to low inflation than previously. This quickly took AUD back down. A jump back higher in the VIX has done the rest (o/n low of 0.7510).

AUD/NZD meanwhile has dropped back below 1.11 after the last Global Dairy Trade auction produced an average winning price up 2.1% on last time and while there was no formal poll the result looked to be a touch better than the whisper numbers heading into the auction.

Coming Up

March FOMC meeting minutes are the main draw in the coming 24-hours. Risk is that they don't come across as dovishly as the post-meeting statement or Fed chair Yellen's subsequent speech, in so far as they should reflect the spectrum of views presented to the meeting and which as we've learned from several FOMC members' subsequent remarks, don't quite reflect the chair's interpretation of gradualism.

Ahead of the minutes, we get China's Caixin service sector PMI today (11:45 AEDT) and which was last at 51.2 (the official version, recall, improved to 53.8 from 52.7 when published last Friday).

We also have a speech from RBA assistant governor Chris Kent – on Economic Forecasting at the RBA – but not until 17:40 AEDT.

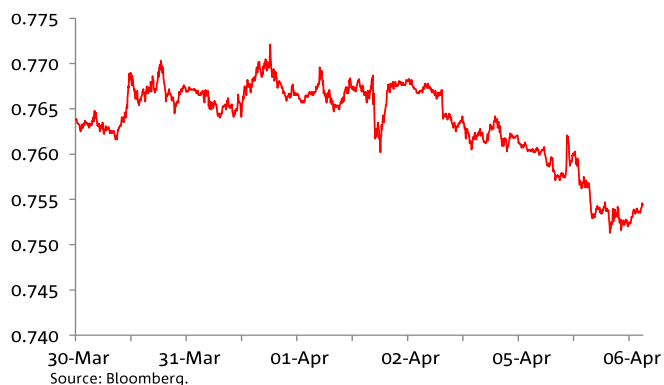
Overnight

On global stock markets, the S&P 500 was -1.00%. Bond markets saw US 10-years -4.35bp to 1.72%. On commodity markets, Brent crude oil +0.66% to \$37.94, gold+1.1% to \$1,231, iron ore -0.1% to \$54.75. AUD is at 0.7536 and the range was 0.751 to 0.7632.

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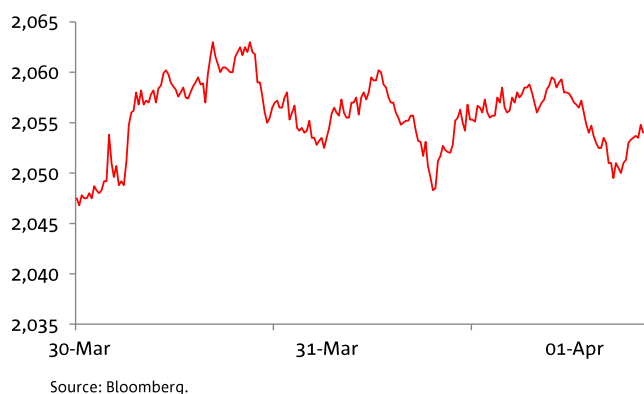
AUD/USD - past week



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	0.7542	0.0	0.7541	0.7546	HKD	7.7569 0.0
NZD	0.6806	0.0	0.6804	0.6811	CNY	6.4771 -0.1
EUR	1.1385	0.0	1.1384	1.1386	SGD	1.3564 0.0
GBP	1.4161	0.0	1.4159	1.4163	IDR	13,222 0.2
JPY	110.31	0.0	110.2900	110.3500	THB	35.30 0.0
CAD	1.3139	0.0	1.3136	1.3140	KRW	1,155 0.8
AUD/EUR	0.6625	0.0			TWD	32.38 0.2
AUD/JPY	83.20	-0.1			PHP	46.24 0.1
AUD/GBP	0.5326	0.0			CHF	0.96 0.0
AUD/NZD	1.1083	0.0			SEK	8.13 0.0
AUD/CNY	4.8784	-1.1				

Equities

Major Indices			
	Last	% day	% y/y
Dow	17,603	-0.8	-0.9
S&P 500	2,045	-1.0	-1.1
Nasdaq	4,844	-1.0	-0.9
VIX	15	+9.2	5.1
FTSE	6,091	-1.2	-10.9
DAX	9,563	-2.6	-20.1
CAC 40	4,250	-0.8	-16.2
Nikkei	15,733	-2.4	-18.9
Shanghai	3,053	+1.4	-21.0
Hang Seng	20,177	-1.6	-20.2
ASX 200	4,924	-1.4	-16.5

Commodities*

	Last	% day
Oil (Brent)	38.28	1.6
Oil (WTI)	36.56	2.4
Oil (Tapis)	38.48	-3.0
Gold	1228.40	0.9
CRB	165.22	-0.3
GS Metals	256.0	-0.5
Aluminium	1505	-1.1
Copper	4792	0.3
Nickel	8447	1.4
Zinc	1805	-2.3
Ch. steel	2198	0.8
Iron ore	54.8	-0.1
Coal	50.2	0.3
Wheat Chic.	480.8	-0.1
Sugar	14.64	0.0
Cotton	58.90	-0.1
Coffee	120.9	-1.5

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	1.72	-0.04
AUD	2.00	2.27	2.06	2.56	AUD 10	2.45	-0.01 0.73
NZD	2.25	2.34	2.17	2.94	NZD 10	2.86	0.00 1.14
EUR	0.00	0.06	-0.15	0.50	CAD 10	1.17	-0.06 -0.55
GBP	0.50	0.59	0.76	1.37	EUR 10	0.10	-0.03 -1.62
JPY	-0.01	0.00	-0.12	0.14	GBP 10	1.38	-0.05 -0.35
CAD	0.50	1.17	0.86	1.43	JPY 10	-0.05	0.02 -1.77

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.83	0.01
3 Yr bond	98.18	0.02
10 Yr bond	97.57	0.03
3/10 sprd	0.61	-0.01
SPI	-18.0	-0.4

CO₂ Emissions - Euros

	Last	% day
Jun-2016	5.23	-1.7
Dec-2016	5.24	-1.7
Jun-2017	5.28	-1.7

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, 6 April 2016								
UK	BRC Shop Price Index YoY	Mar				-2.0	23.10	9.10
NZ	QV House Prices YoY	Mar				11.6	0.00	10.00
CH	Caixin PMI Services/Composite	Mar				51.2/49.4	1.45	11.45
JN	Leading Index CI	Feb P		99.8		101.8	5.00	15.00
GE	Industrial Production SA MoM/YoY	Feb		-1.8/0.4		3.3/2.2	6.00	16.00
AU	RBA's Kent Speaks in Hobart: Economic Forecasting at the Reserve Bank of Australia						7.00	17.00
CA	Ivey Purchasing Managers Index SA	Mar		54.75		53.4	14.00	0.00
US	Fed's Mester speaks in Cleveland						16.00	2.00
US	Fed Releases Minutes from March 15-16 FOMC Meeting						18.00	4.00
Thursday, 7 April 2016								
NZ	ANZ Truckometer Heavy MoM	Mar				1.6	22.00	8.00
AU	AiG Perf of Construction Index	Mar				46.1	23.30	9.30
US	Fed's Kaplan speaks in Dallas						0.00	10.00
JN	BoJ's Kuroda speaks at BoJ's branch manager's meeting						0.30	10.30
AU	Foreign Reserves, \$Abn	Mar				61.2	6.30	16.30
EC	ECB and Its Watchers Conference						6.30	16.30
EC	ECB's Constancio speak at EU Parliament in Brussels						7.00	17.00
CH	Foreign Reserves	Mar		3196		3202.3	9.10	19.10
EC	ECB account of the monetary policy meeting						11.30	21.30
EC	ECB's Draghi attends meeting of Portuguese President's Council						14.00	
CA	Building Permits MoM	Feb		4		-9.8	12.30	22.30
US	Initial Jobless Claims	Apr 2		270		276.0	12.30	22.30
US	Bloomberg Consumer Comfort	Apr 3				42.8	13.45	23.45
US	Consumer Credit	Feb		14.9		10.5	19.00	5.00
Friday, 8 April 2016								
CH	Foreign Direct Investment YoY (for release 8-12 Apr)					1.8		
US	Fed's Yellen in New York, with Greenspan, Bernanke and Volcker						21.30	7.30
NZ	Crown accounts	Feb					22.00	8.00
US	Fed's George Speaks in York, Nebraska						0.15	10.15
UK	Industrial production MoM/YoY	Feb		0.1/0		0.3/0.2	8.30	18.30
UK	UK trade balance	Feb		-3400		-3459.0	8.30	18.30
CA	Employment/Unemployment rate	Mar		10/7.3		-2.3/7.3	12.30	22.30
US	Wholesale inventories/sales MoM	Feb		-0.2/0.2		0.3/-1.3	14.00	0.00
US	Fed's George Speaks in York, Nebraska						0.15	10.15
Monday, 11 April 2016								
JN	BoP Current Account/Trade Adjusted	Feb		1571.9		1492.4/-411.0	22.50	9.50
JN	Bankruptcies YoY	Mar				4.5	3.30	14.30
JN	Consumer Confidence Index	Mar		40.5		40.1	4.00	15.00
JN	Eco Watchers Survey Outlook	Mar		48.3		48.2	5.00	16.00
GE	Trade Balance	Feb		18		13.6	5.00	16.00
GE	Current Account Balance	Feb		16.5		13.2	5.00	16.00
UK	Industrial Production MoM	Feb		0.1		0.3	7.30	18.30
UK	Industrial Production YoY	Feb		0		0.2	7.30	18.30
UK	Manufacturing Production MoM	Feb		-0.2		0.7	7.30	18.30
UK	Manufacturing Production YoY	Feb		-0.7		-0.1	7.30	18.30
UK	Visible Trade Balance GBP/Mn	Feb		-10200		-10289.0	7.30	18.30
UK	Trade Balance Non EU GBP/Mn	Feb		-2500		-2199.0	7.30	18.30
UK	Trade Balance	Feb		-3400		-3459.0	7.30	18.30
CA	Housing Starts	Mar		190		212.6	11.15	22.15
CA	Unemployment Rate	Mar		7.3		7.3	11.30	22.30
CA	Net Change in Employment	Mar		10		-2.3	11.30	22.30
CA	Full Time Employment Change	Mar				-51.8	11.30	22.30
CA	Part Time Employment Change	Mar				49.5	11.30	22.30
CA	Participation Rate	Mar		65.9		65.9	11.30	22.30
NZ	REINZ House Sales YoY	Mar				5.7		
CH	Foreign Direct Investment YoY CNY	Mar		2.4		1.8		
UK	NIESR GDP Estimate	Mar				0.3	13.00	0.00
US	Wholesale Inventories MoM	Feb		-0.2		0.3	13.00	0.00
US	Wholesale Trade Sales MoM	Feb		0.2		-1.3	13.00	0.00
CH	New Yuan Loans CNY	Mar		1125		726.6		
CH	Aggregate Financing CNY	Mar		1500		780.2		
CH	Money Supply M2 YoY	Mar		13.5		13.3		
CH	Money Supply M1 YoY	Mar		17.7		17.4		
CH	Money Supply M0 YoY	Mar		3.7		-4.8		
Tuesday, 12 April 2016								
NZ	Card Spending Retail MoM	Mar				0.7	21.45	8.45
NZ	Card Spending Total MoM	Mar				-0.1	21.45	8.45
JN	Machine Orders MoM	Feb				15.0	22.50	9.50
JN	Machine Orders YoY	Feb				8.4	22.50	9.50
AU	Home Loans MoM	Feb				-3.9	0.30	11.30
AU	Investment Lending	Feb				-1.6	0.30	11.30
AU	Owner-Occupier Loan Value MoM	Feb				-4.3	0.30	11.30
CH	CPI YoY	Mar		2.4		2.3	0.30	11.30
CH	PPI YoY	Mar		-4.6		-4.9	0.30	11.30
CA	Bloomberg Nanos Confidence	Apr 8				54.7	13.00	0.00
UK	BRC Sales Like-For-Like YoY	Mar				0.1	22.10	9.10
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Apr 3				114.5	22.30	9.30
JN	Bank Lending Incl Trusts YoY	Mar				2.2	22.50	9.50
JN	Bank Lending Ex-Trusts YoY	Mar				2.2	22.50	9.50
AU	Credit Card Balances	Feb				50.9	0.30	11.30
AU	Credit Card Purchases	Feb				21.9	0.30	11.30
AU	NAB Business Conditions	Mar				8.0	0.30	11.30
AU	NAB Business Confidence	Mar				3.0	0.30	11.30
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%				
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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