

Send in the Clowns

Sorry, I couldn't resist the title seeing as how Janet Yellen, Ben Bernanke, Alan Greenspan and Paul Volcker are all about to jump up on stage together. And on the topic of song titles, ABC radio have just been stealing my thunder, playing the Clash's 'Should I stay or should I go' at 5am just after a segment on Brexit and in which the presenter made the observation that 'The Australian dollar doesn't ever move against the pound, does it?' Hmm. Me thinks he should stick to reading the news. AUD/GBP is already up 13% from its early January lows.

It's been a distinctly 'risk-off' night with US stock indices closing 1% or more lower (Dow -1.0%, S&P -1.2% and the NASDAQ -1.5%). Though oil has given back a little of Wednesday's (EIA inventories data-driven) bounce, it is financial stocks that have taken the worse beating overnight with the S&P banks sub-index off 2.76%. Increased dissolution about what central policies will continue to do to financial sector profitability may be a factor here, as too investors bracing for the Q1 earnings season (that kicks off in earnest on Monday courtesy of Alcoa) and where the banks are anticipated to reveal a truly rotten start to the year.

The risk-off tone sees US Treasuries smartly low, 10s down 6.4bps to 1.69% and their lowest since 25 February, with a similar story for the 2-year note, off 4bps. Earlier Thursday, 10-year Bunds lost 3bps and UK gilts more than 5bps.

In currencies the big story continues to be the relentless strengthening in the Japanese Yen. From around ¥108.80 when Sydney went home last night, the pair dropped to as low as ¥107.67 overnight before a small bounce into the New York close. In fact the biggest mover in terms of G10 currency pairs has been AUD/JPY, down over 2.5% in the past 24 hours. From around 0.76 when we went home, AUD/USD quickly lost a cent (low of 0.7492) at the same time that the yen was moving the other way. A glance at the VIX, now back on a 16 handle having been 13 at one point last Friday, tells you much of what you need to know here. A sea of red in industrial metals prices (the LME index is off 2%) is also relevant. Our short term fair value estimate for AUD/USD currently sits around 0.7550.

Coming Up

It's another blank canvas as far as local data or events are concerned. The next points of focus in this respect look like

being next Tuesday's NAB business survey then Thursday's March labour force survey. The latter and then the Q1 CPI report – not until 27 April – are the key domestic events that will shape the RBA's May rates decision.

Just about to start (07:30 AEDT) in New York is a discussion, for the very first time, between the four living Fed chairs - Janet Yellen, Ben Bernanke, Alan Greenspan and Paul Volcker, hosted by International House. We doubt there will be anything than friendly fire exchanged between the four of them – in the tradition of past Fed chairs pointedly refusing to offer advice to their successors. If it proves early on to be a particularly sycophantic affair, many of us may be inclined to reach for the 'off' button.

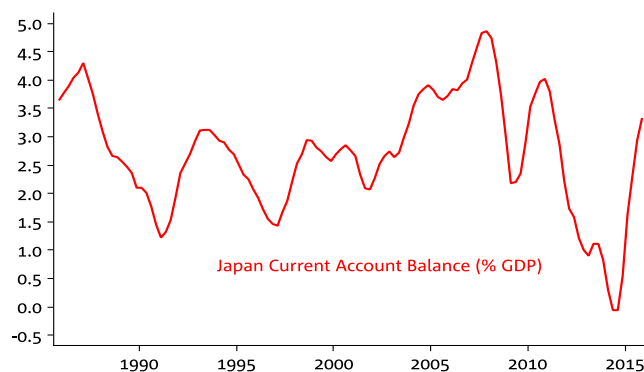
We do get Japanese March balance of payments data this morning (09:50 AEDT) which are of slightly more than passing interest with some pointing to Japan's rapidly rising current account surplus as one source of the yen's current appreciation (see Chart of the Day).

Offshore tonight, data includes UK industrial production and trade figures, US housing starts, Canadian employment data and a speech from NY Fed president and FOMC vice chair Bull Dudley – one of the three Fed officials whose opinions do count for more than the rest.

Overnight

On global stock markets, the S&P 500 was -1.20%. Bond markets saw US 10-years -6.95bp to 1.69%. On commodity markets, Brent crude oil -0.60% to \$39.6, gold +1.6% to \$1,242, iron ore -0.3% to \$54.57. AUD is at 0.7506 and the 24-hour range has been 0.7492 to 0.7637.

Chart of the Day: Japan Current Account (% of GDP)

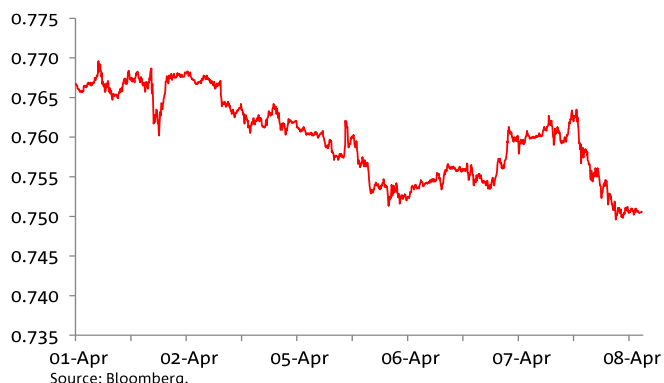


Source: National Australia Bank, Macrobond

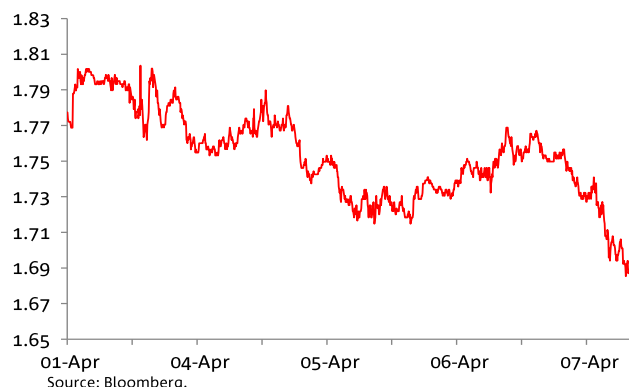
Author:

Ray Attrill – Global Co-Head of FX Strategy

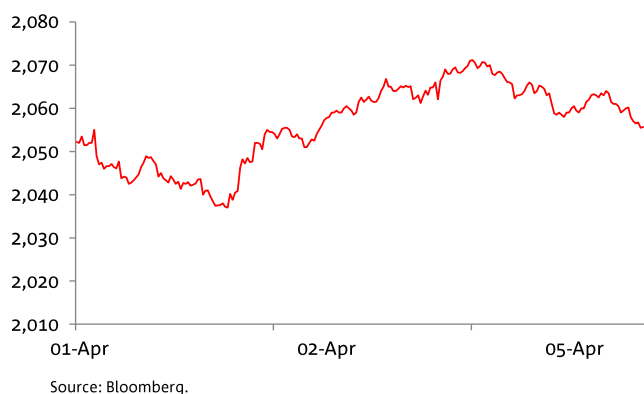
AUD/USD - past week



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	0.7506	-1.2	0.7492	0.7637	HKD	7.7597 0.1
NZD	0.6776	-0.7	0.6763	0.6863	CNY	6.4625 -0.3
EUR	1.1372	-0.2	1.1338	1.1454	SGD	1.3528 0.4
GBP	1.4055	-0.5	1.4049	1.4157	IDR	13,163 -0.6
JPY	108.26	-1.4	107.6700	109.9000	THB	35.20 -0.1
CAD	1.3155	0.5	1.3019	1.3181	KRW	1,151 -0.4
AUD/EUR	0.6600	-1.0			TWD	32.38 -0.1
AUD/JPY	81.29	-2.6			PHP	46.14 -0.3
AUD/GBP	0.5341	-0.8			CHF	0.96 0.1
AUD/NZD	1.1077	-0.5			SEK	8.17 0.3
AUD/CNY	4.8482	-1.2				

Equities

Major Indices			
	Last	% day	% y/y
Dow	17,542	-1.0	-1.9
S&P 500	2,042	-1.2	-1.7
Nasdaq	4,848	-1.5	-1.3
VIX	16	+14.7	9.3
FTSE	6,137	-0.4	-11.8
DAX	9,531	-1.0	-21.4
CAC 40	4,246	0.0	-17.6
Nikkei	15,750	+0.2	-20.4
Shanghai	3,008	-1.4	-24.7
Hang Seng	20,266	+0.3	-22.8
ASX 200	4,964	+0.4	-16.7

Commodities*

	Last	% day
Oil (Brent)	39.60	-0.6
Oil (WTI)	37.26	-1.3
Oil (Tapis)	40.78	2.9
Gold	1241.60	1.6
CRB	166.84	-0.4
GS Metals	251.2	-2.0
Aluminium	1488	-0.8
Copper	4666	-2.9
Nickel	8355	-2.3
Zinc	1745	-3.1
Ch. steel	2188	0.0
Iron ore	54.6	-0.3
Coal	49.6	-0.9
Wheat Chic.	464.5	-1.1
Sugar	14.43	-1.3
Cotton	59.03	0.5
Coffee	119.8	-1.4
* clsd = market holiday		
CO ₂ Emissions - Euros		
	Last	% day
Jun-2016	5.27	-0.6
Dec-2016	5.28	-0.6
Jun-2017	5.32	-0.6

Interest Rates

Indicative Swap Rates					Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.63	0.83	1.56	USD 10	1.69	-0.07
AUD	2.00	2.27	2.04	2.54	AUD 10	2.45	0.02 0.77
NZD	2.25	2.34	2.16	2.92	NZD 10	2.84	-0.02 1.15
EUR	0.00	0.06	-0.16	0.49	CAD 10	1.17	-0.05 -0.52
GBP	0.50	0.59	0.75	1.33	EUR 10	0.09	-0.03 -1.60
JPY	-0.01	-0.01	-0.13	0.13	GBP 10	1.33	-0.05 -0.36
CAD	0.50	1.17	0.85	1.42	JPY 10	-0.05	0.01 -1.74

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.84	0.01
3 Yr bond	98.2	0.03
10 Yr bond	97.61	0.05
3/10 sprd	0.59	-0.02
SPI	-44.0	-0.9

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
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	Manufacturing Production MoM	Feb		-0.2		0.7	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
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
CH	New Yuan Loans CNY	Mar		1100		726.6		
CH	Aggregate Financing CNY	Mar		1400		780.2		
CH	Money Supply M2 YoY	Mar		13.5		13.3		
Tuesday, 12 April 2016								
NZ	Card Spending Retail MoM	Mar				0.7	21.45	8.45
JN	Machine Orders MoM	Feb		-13.5		15.0	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		2.5		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 10				113.4	22.30	9.30
JN	Bank Lending Incl Trusts YoY	Mar				2.2	22.50	9.50
AU	Credit Card Balances	Feb				50.9	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
JN	Machine Tool Orders YoY	Mar P				-22.5	5.00	16.00
GE	CPI MoM	Mar F				0.8	5.00	16.00
UK	CPI MoM	Mar				0.2	7.30	18.30
UK	Retail Price Index	Mar				260.0	7.30	18.30
UK	RPI MoM	Mar				0.5	7.30	18.30
UK	PPI Input NSA MoM	Mar				0.1	7.30	18.30
US	NFIB Small Business Optimism	Mar				92.9	9.00	20.00
US	Import Price Index MoM	Mar		1		-0.3	11.30	22.30
AU	CBA/HIA House Affordability	1Q				78.3		
US	Monthly Budget Statement	Mar		-88		-192.6	17.00	4.00
US	Fed's Williams Speaks in San Francisco							
Wednesday, 13 April 2016								
NZ	Food Prices MoM	Mar				-0.6	21.45	8.45
JN	Money Stock M2 YoY	Mar				3.1	22.50	9.50
JN	PPI MoM	Mar				-0.2	22.50	9.50
AU	Westpac Consumer Conf Index	Apr				99.1	23.30	10.30
EC	Industrial Production SA MoM	Feb				2.1	8.00	19.00
US	MBA Mortgage Applications	Apr 8				2.7	10.00	21.00
US	Retail Sales Advance MoM	Mar		0.2		-0.1	11.30	22.30
CA	Teranet/National Bank HPI YoY	Mar				6.5	11.30	22.30
US	Retail Sales Ex Auto MoM	Mar		0.4		-0.1	11.30	22.30
US	PPI Final Demand MoM	Mar		0.2		-0.2	11.30	22.30
CH	Trade Balance	Mar		33.2		32.6		
CH	Exports YoY	Mar		9.7		-25.4		
CH	Imports YoY	Mar		-10		-13.8		
GE	Wholesale Price Index MoM	Mar				-0.5		
CA	Bank of Canada Rate Decision	Apr 13		0.5		0.5	13.00	0.00
US	U.S. Federal Reserve Releases Beige Book							
Thursday, 14 April 2016								
NZ	BusinessNZ Manufacturing PMI	Mar				56.0	21.30	8.30
UK	RICS House Price Balance	Mar				50.0	22.10	9.10
JN	Japan Buying Foreign Bonds	Apr 1				1164.1	22.50	9.50
JN	Japan Buying Foreign Stocks	Apr 1				-30.0	22.50	9.50
JN	Foreign Buying Japan Bonds	Apr 1				-1826.7	22.50	9.50
JN	Foreign Buying Japan Stocks	Apr 1				-358.5	22.50	9.50
AU	Consumer Inflation Expectation	Apr				3.4	0.00	11.00
AU	Labour Force Report (unemployment)	Mar				5.8	0.30	11.30
NZ	Non Resident Bond Holdings	Mar				68.3	2.00	13.00
JN	Tokyo Condominium Sales YoY	Mar				-13.9	3.00	14.00
EC	CPI MoM	Mar				0.2	8.00	19.00
UK	Bank of England Bank Rate	Apr 14		0.5		0.5	10.00	21.00
UK	BOE Asset Purchase Target	Apr				375.0	10.00	21.00
CA	New Housing Price Index MoM	Feb				0.1	11.30	22.30
US	Initial Jobless Claims	Apr 2		270		276.0	11.30	22.30
US	Continuing Claims	Mar 26		2170		2173.0	11.30	22.30
US	CPI MoM	Mar		0.2		-0.2	11.30	22.30
US	Real Avg Weekly Earnings YoY	Mar				0.6	11.30	22.30
US	Bloomberg Consumer Comfort	Apr 3				42.8	12.45	23.45
US	Fed's Powell Appears Before Senate Banking Committee							
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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