1 April 2016

Markets Today

National Australia Bank

Handle with care

It's been a night of consolidation in the main as markets await the arrival of key data over the next 24 hours with Super Friday's deluge. The Aussie and the Kiwi have not made new highs, the AUD/USD consolidating in the higher 0.76s having traded overnight north of 0.77 again but unable (as yet anyway) to soldier on even further. The NZD has also been testing higher levels overnight, and sits back down at just over 0.69 in early trade this morning, having tested above 0.6950. That's the tone of how the market may well trade into tonight's payrolls and US ISM Manufacturing releases, though today's official Chinese manufacturing and non-manufacturing PMIs will be a key signpost along the way as far as the Aussie is concerned.

The overnight session has not been marked by release of key data, though the Eurozone core CPI for February popped up to the dizzy heights of 1.0% from 0.8% and a little ahead of the 0.9% expectation. In the hour or two after its release, the EUR/USD tracked up to and tested 1.14, before consolidating just below the figure, where it sits in early trade this morning. Likewise, a modest upward revision to UK December quarter GDP provided an excuse to buy sterling as it pushed above 1.44, also before consolidating.

US equity markets have been flat-lining into the start of the first quarter reporting season with markets braced from more fallout from low oil prices among energy-related stocks as well as the impact of the (then) stronger USD. Outlook statements will of course be key with some measure of stability of late in oil prices and the USD pulling back from its highs in early February. US bond markets remained bid overnight with the US 2y Treasury yield giving up 3½ bps and the 10s down 5 bps in yield.

The Fed's Evans (a non-voter this year) has been speaking, saying the US economy is probably the strongest in the world right now, news wires picking up a line that an improving outlook could warrant faster rate hikes, a big contrast to Yellen's early week speech. Evans sees one rate hike in the middle of the year and one at year end.

Super Friday

First up this morning is Fed Vice Chair Dudley speaking at 8.00 AEDT. Any comments he has on the economic or policy outlook will definitely be taken to heart by the market. Then there is some local AU data, though not compelling from a market sensitive viewpoint with the AiG Manufacturing PMI for March and the monthly house price report from CoreLogic RP Data that will reveal something close to a rise of around 0.2% we expect after last month's 0.5% increase.

Then the focus will be on the BoJ's Q1 Tankan report and what it says about the condition of Japan's business sector and outlook given the volatility in the yen this year. That's at 10.50 AEDT.

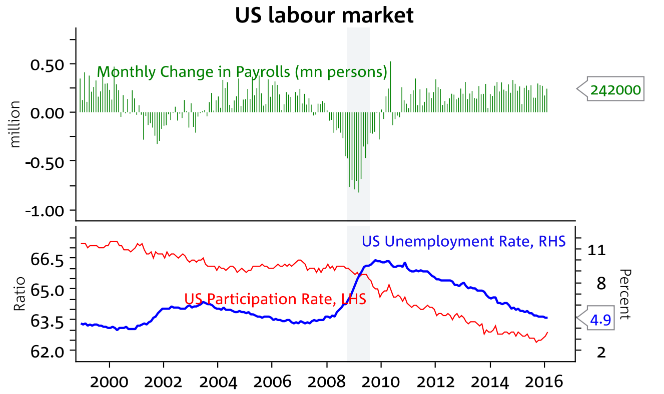
The Chinese official PMIs are at midday with the market looking for some improvement after last month's weaker than expected 49.0 outcome, an increase to 49.4 expected. (There is no consensus for the non-manufacturing PMI that was 52.7 in Feb.) The Caixin manufacturing PMI set for release at 12.45 is also expected to tick up, to 49.3 from 48.0.

Tonight, the market will be on the lookout for any revision to the preliminary Euro PMIs, then the UK version ahead the big double with US payrolls and the US ISM Manufacturing report; the UoM Consumer Sentiment survey is also due. US payrolls will continue to demand global attention with the Fed on the lookout for whether the global risks that spooked the FOMC in March have affected the labour market. (Weekly jobless claims suggest not; overnight claims coming in at a still low 276K). The market is looking for headline payrolls growth of 205K and an unemployment rate of 4.9% with the Manufacturing ISM expected to poke tis head back above 50 at 51.0, up from 49.5.

Overnight

On global stock markets, the S&P 500 was -0.20%. Bond markets saw US 10-years -5.07bp to 1.77%. On commodity markets, Brent crude oil +0.87% to $40.14, gold+0.4% to $1,234, iron ore -0.8% to $53.75. AUD is at 0.7666 and the range was 0.7635 to 0.7723.

Chart of the day: US labour market story so far



Source: National Australia Bank, Macrobond

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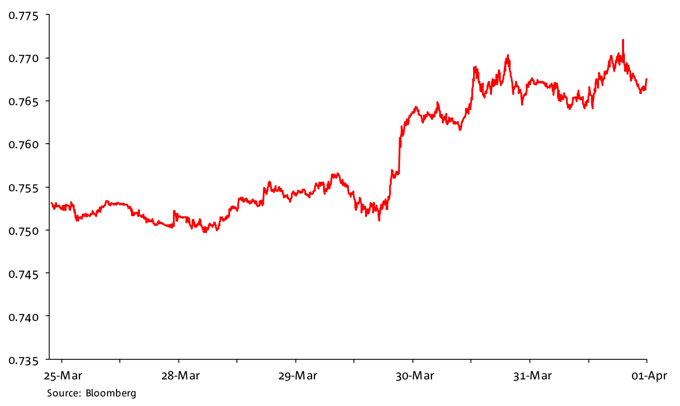
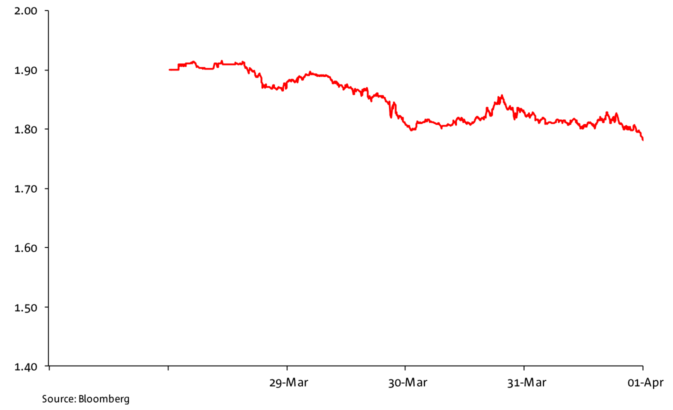
Markets

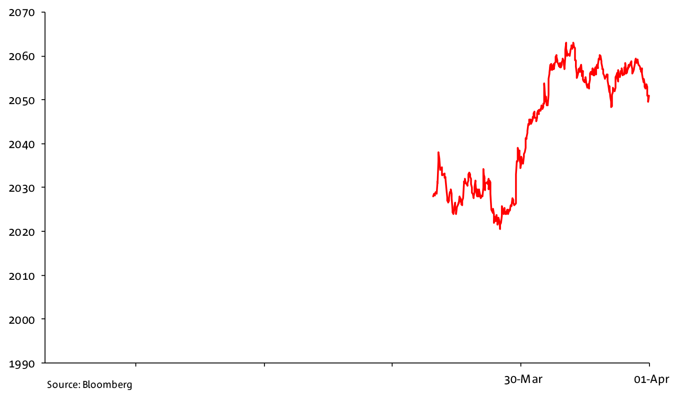
AUD/USD - past week



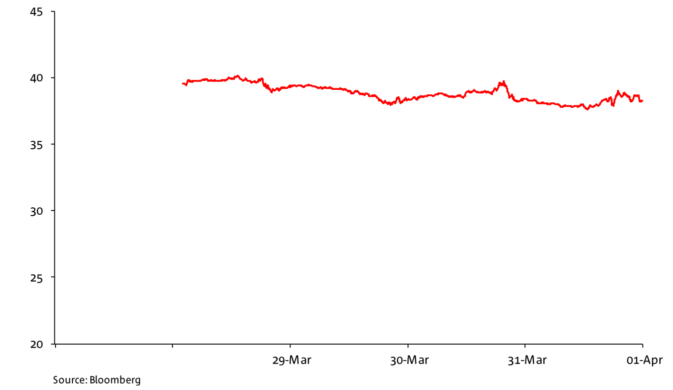
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

			Indicative 24hr ranges (**)	
	Last	% chge	Low	High
AUD	0.7665	-0.1	0.7635	0.7723
NZD	0.6911	-0.2	0.6900	0.6966
EUR	1.1383	0.0	1.1374	1.1413
GBP	1.4370	-0.2	1.4347	1.4428
JPY	112.55	0.2	112.11	112.58
CAD	1.2988	0.3	1.2858	1.3011
AUD/EUR	0.6734	-0.3		
AUD/JPY	86.28	0.0		
AUD/GBP	0.5334	0.0		
AUD/NZD	1.1090	0.0		

Other FX

	Last	% chge
HKD	7.7574	0.0
CNY	6.4504	-0.2
SGD	1.3478	0.1
IDR	13,146	-0.6
THB	35.12	-0.2
KRW	1,146	0.5
TWD	32.19	0.1
PHP	45.94	-0.1
CHF	0.96	-0.1
SEK	8.11	0.0

Equities

Major Indices

	Last	% day	% year
Dow	17,685	-0.2	-0.5
S&P 500	2,060	-0.2	-0.4
Nasdaq	4,870	0.0	-0.6
VIX Index	13.95	2.9	-8.8
FTSE	6,175	-0.5	-8.8
DAX	9,966	-0.8	-16.7
CAC 40	4,385	-1.3	-12.9
Nikkei	16,759	-0.7	-12.0
Shanghai	3,004	0.1	-21.2
Hang Seng	20,777	-0.1	-17.2
ASX 200	5,083	1.4	-13.3

Commodities*

	Last	% day
Oil (Brent)	39.60	0.9
Oil (WTI)	38.16	-0.4
Oil (Tapis)	40.72	-0.6
Gold	1233.90	0.4
CRB	170.52	-0.3
GS Metals	258.0	0.3
Aluminium	1520	1.6
Copper	4847	-0.5
Nickel	8490	0.7
Zinc	1817	1.1
Ch. steel	2173	2.4
Iron ore	53.75	-0.8
St. coal	50.3	0.0
Wheat Chic	480.8	2.0
Sugar	15.35	-3.3
Cotton	58.44	1.3
Coffee	127.5	0.4

CO_2 Emissions - Euros

	Last	% day
Dec-2016	5.22	5.0
Dec-2017	5.25	4.8
Dec-2018	5.31	4.9

Interest Rates

Indicative Swap Rates

	Cash	3mth	2Yr	10Yr
USD	0.50	0.63	0.85	1.64
AUD	2.00	2.29	2.08	2.61
NZD	2.25	2.35	2.20	2.98
EUR	0.00	0.06	-0.15	0.56
GBP	0.50	0.59	0.80	1.42
JPY	-0.01	0.00	-0.11	0.15
CAD	0.50	1.17	0.87	1.49

Benchmark 10 Year Bonds

	Last	chge	Sprd
USD 10	1.77	-0.05	
AUD 10	2.49	-0.01	0.72
NZD 10	2.90	-0.03	1.12
CAD 10	1.23	0.01	-0.54
EUR 10	0.15	0.00	-1.62
GBP 10	1.42	-0.02	-0.36
JPY 10	-0.03	0.06	-1.80

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.80	0.01
3 Yr bond	98.13	0.01
10 Yr bonc	97.52	0.03
3/10 sprd	0.61	-0.02
SPI	-20.0	-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	AEDT
Friday, 1 April 2016								
AU	AiG Perf of Mfg Index	Mar				53.5	22.30	9.30
AU	CoreLogic RP Data House Px MoM	Mar				0.5	23.00	10.00
JN	Tankan Large Mfg Index/Outlook	1Q		8/7		12.0/7.0	23.50	10.50
JN	Tankan Large Non-Mfg Index/Outlook	1Q		24/20		25.0/18.0	23.50	10.50
JN	Tankan Large All Industry Capex	1Q		-0.7		10.8	23.50	10.50
CH	Manufacturing/Non-manufacturing PMI	Mar		49.4/		49.0/52.7	1.00	12.00
CH	Caixin China PMI Mfg	Mar		48.3		48.0	1.45	12.45
JN	Nikkei Japan PMI Mfg	Mar F				49.1	2.00	13.00
AU	Commodity Index AUD/YoY	Mar				73.2/-21.6	5.30	16.30
GE	Markit/BME Germany Manufacturing PMI	Mar F		50.4		50.4	7.55	18.55
EC	Markit Eurozone Manufacturing PMI	Mar F		51.4		51.4	8.00	19.00
UK	Markit UK PMI Manufacturing SA	Mar		51.2		50.8	8.30	19.30
UK	Unit Labor Costs YoY	4Q				2.0	7.30	18.30
EC	Unemployment Rate	Feb		10.3		10.3	9.00	20.00
US	Change in Nonfarm Payrolls	Mar		205/4.9		242.0/4.9	12.30	23.30
US	Average Hourly Earnings MoM/YoY	Mar		0.2/2.2		-0.1/2.2	12.30	23.30
CA	RBC Manufacturing PMI	Mar				49.4	13.30	0.30
US	Markit US Manufacturing PMI	Mar F		51.5		51.4	13.45	0.45
US	ISM Manufacturing/New Orders	Mar		51/		49.5/51.5	14.00	1.00
US	Construction Spending MoM	Feb		0.1		1.5	14.00	1.00
US	U. of Mich. Sentiment/5-10y inflation expectations	Mar F		90.5/		90.0/2.7	14.00	1.00
US	Fed's Mester (v) Speaks in New York						16.00	3.00
Sunday, 3 April 2016								
NZ	Daylight Savings Ends, NZST = GMT +12 hours						13.00	0.00
AUS	Daylight Savings Ends, AEST = GMT +10 hours						15.00	2.00
Monday, 4 April 2016								
JN	Monetary Base YoY	Mar				29.0	23.50	9.50
JN	Monetary Base End of period	Mar				358.8	23.50	9.50
AU	Melbourne Institute Inflation MoM/YoY	Mar				-0.2/2.1	1.00	11.00
AU	Retail Sales MoM	Feb		0.4		0.3	1.30	11.30
AU	ANZ Job Advertisements MoM	Mar				-1.2	1.30	11.30
AU	Building Approvals MoM/YoY	Feb		2/-9.1		-7.5/-15.5	1.30	11.30
UK	Markit/CIPS UK Construction PMI	Mar		54.1		54.2	8.30	18.30
EC	Sentix Investor Confidence	Apr		7		5.5	8.30	18.30
US	Fed's Rosengren (voter) speaks at a cybersecurity conference						13.30	23.30
US	ISM New York	Mar				53.6	13.45	23.45
CA	Bloomberg Nanos Confidence	Apr 1				54.5	14.00	0.00
US	Labor Market Conditions Index Change	Mar				-2.4	14.00	0.00
US	Factory Orders	Feb		-1.7		1.6	14.00	0.00
Tuesday, 5 April 2016								
US	Durable Goods Orders/Core Orders	Feb F		/		-2.8/-1.8	14.00	0.00
CA	Business Outlook Future Sales	1Q				16.0	15.30	1.30
CA	BoC Senior Loan Officer Survey	1Q				5.6	15.30	1.30
US	Fed's Kashkari Holds Town Hall on Too Big to Fail						23.00	9.00
AU	AiG Perf of Services Index	Mar				51.8	23.30	9.30
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Apr 3				114.5	23.30	9.30
JN	Labor Cash Earnings/Real earnings YoY	Feb		0.2		0.4/0.4	0.00	10.00
NZ	ANZ Commodity Price	Mar				0.4	1.00	11.00
AU	Trade Balance	Feb		-2470		-2937.0	1.30	11.30
JN	Nikkei Japan PMI Services/Composite	Mar				51.2/51.0	2.00	12.00
AU	RBA Cash Rate Target	Apr 5	2	2		2.0	4.30	14.30
GE	Factory Orders MoM/YoY	Feb		0.5		-0.1/1.1	6.00	16.00
GE	Markit Services/Composite PMI	Mar F		55.5/54.1		55.5/54.1	7.55	17.55
EC	Markit Services/Composite PMI	Mar F		54/53.7		54.0	8.00	18.00
UK	Official Reserves Changes	Mar				1362.0	8.30	18.30
UK	Markit/CIPS UK Services/Composite PMI	Mar		53.9		52.7/52.8	8.30	18.30
EC	Retail Sales MoM	Feb		0.1		0.4/2.0	9.00	19.00
US	Trade Balance	Feb		-46.25		-45.7	12.30	22.30
CA	Int'l Merchandise Trade	Feb				-0.7	12.30	22.30
US	Markit Services/Composite PMI	Mar F		/		51.0	13.45	23.45
Wednesday, 6 April 2016								
US	ISM Non-Manf. Composite	Mar		54.2		53.4	14.00	0.00
US	IBD/TIPP Economic Optimism	Apr		47.5		0.0	14.00	0.00
US	JOLTS Job Openings	Feb				5541.0	14.00	0.00
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	1.45	11.45
JN	Leading Index CI	Feb P		99.5		101.8	5.00	15.00
GE	Industrial Production SA MoM	Feb		-2		3.3	6.00	16.00
GE	Industrial Production WDA YoY	Feb		0.4		2.2	6.00	16.00
AU	RBA's Kent Speech in Hobart						6.00	17.00
Thursday, 7 April 2016								
CA	Ivey Purchasing Managers Index SA	Mar				53.4	13.00	0.00
US	Fed Releases Minutes from March 15-16 FOMC Meeting						17.00	4.00
NZ	ANZ Truckometer Heavy MoM	Mar				1.6	21.00	8.00
AU	AiG Perf of Construction Index	Mar				46.1	22.30	9.30
AU	Foreign Reserves	Mar				61.2	5.30	16.30
EC	ECB and Its Watchers Conference						5.30	16.30
CH	Foreign Reserves	Mar				3202.3	8.10	19.10
EC	ECB account of the monetary policy meeting						10.30	21.30
CA	Building Permits MoM	Feb				-9.8	11.30	22.30
US	Initial Jobless Claims	Mar 26		265		265.0	12.30	23.30
US	Bloomberg Consumer Comfort	Mar 27				43.6	13.45	0.45
Friday, 8 April 2016								
US	Consumer Credit	Feb		15		10.5	18.00	5.00
US	Fed's Yellen in New York, with Greenspan, Bernanke and Volcker						20.30	7.30
Saturday, 9 April 2016						0.00%		
Sunday, 10 April 2016						0.00%		
US	Fed's George Speaks in York, Nebraska						23.15	10.15
Upcoming Central Bank Interest Rate Announcements								
Australia, RBA		5-Apr	2.00%	2.00%		2.00%		
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%		

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

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