

Kiwi

The commodity currencies have been the better performers overnight on the back of a move back up in world oil prices. WTI is up 2.33% to \$44.46 (+\$1.02), while Brent fared a little better, up 4.08% to \$45.41, a rise of \$1.77. It's still been a night of relatively contained currency moves among the majors (and including the commodity group), the AUD has been a better performer, currently trading at 0.7380/85, toward the top of its overnight range, up nearly 1%, lifted just now by a NZD bid tone. The US Energy Information Agency revised up its forecasts for oil prices for this year and next, lifting its forecast for WTI for this year by nearly \$6/bbl to \$40.32 from \$34.37.

A modest \$0.27 (+0.49%) increase in the spot price of the Qingdao cif 62% benchmark iron ore fines price to \$55.26/t, a 0.52% rise in Dalian iron ore futures and a 1.65% rise in Chinese steel rebar futures might also have added a measure of support to the AUD, as might have increases in equity markets on both sides of the Atlantic; LME copper futures eased 0.13%.

The NZD initially made a slimmer gain, up earlier by 0.33%, while the CAD and the NOK have played to a similar thematic, the CAD up 0.40% and the NOK up 0.24%. The NZD though has just caught a bid tone to above 0.68 in immediate reaction to the release of the RBNZ Financial Stability Report noting renewed Auckland house price concerns (more on this below).

As Eurozone finance ministers and the IMF assess Greece's progress with fiscal reform to access more funds, German Finance Minister Schaeuble warned not to expect a debt haircut to be part of a Greece deal. Germany's industrial production for March underwhelmed expectations, and were of not market consequence in the light of yesterday's stronger factory orders and higher exports in March reported overnight, driving up its trade surplus.

Speaking at an international monetary forum in Zurich, NY Fed President Bill Dudley spoke about the USD and not directly about the economy and monetary policy. Even his comments on the USD were more referencing that its reserve currency status can push its value out of line and that FX volatility might be reduced with more reserve currencies. US data was second tier but the wholesale inventories/sales report did lead to a modest upward Atlanta Fed's *GDPNow* estimate for Q2 from 1.7% to 2.2%. The US NFIB Small Business Optimism Index for April and the JOLTs Job Openings report for March reflected a still positive tone in the US labour market, US small business reporting an

increase in hiring plans and "positions not able to fill", but no change in actual and planned compensation.

Just now/Coming up

There might be some further watching for the Kiwi this morning since the release just now of the RBNZ's Financial Stability Report (FSR) There's a press conference from RBNZ Governor Wheeler in just under two hours (9.00 AEST), with the opportunity to address issues such as the dairy industry, Auckland house prices (any suggestions of more macro-prudential measures), and more. So far the NZD has picked up a mild bid tone, the FSR noting housing and dairy risks to financial stability and that the Bank will assess whether more macro-prudential might be need to address re-emerging Auckland house price pressures.

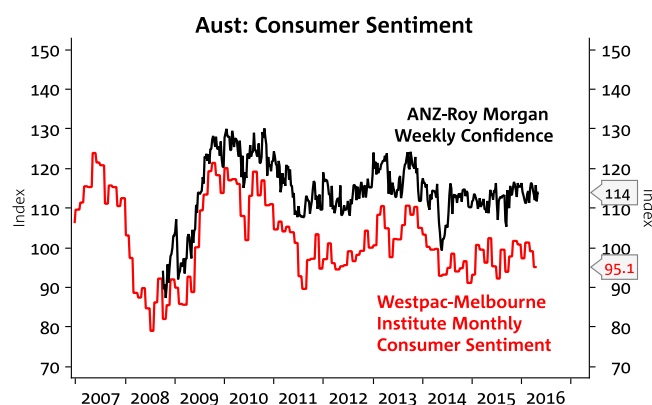
Australia has the monthly Westpac-MI Consumer Sentiment index at 10.30. Yesterday's weekly measure showed no change on week; a small rise from this week last month. For Housing finance at 11.30, NAB looks for a somewhat-below-consensus 0.8% dip in the headline number of owner-occupied approvals, the consensus at -1.5%.

Tonight, there's the possibility of GBP sound bites with Chancellor Osborne being questioned on Brexit by the UK Parliamentary Treasury Committee. The ECB's Nowotny is speaking in Vienna. No US data to speak of.

Overnight

On global stock markets, the S&P 500 was +1.20%. Bond markets saw US 10-years +1.06bp to 1.76%. On commodity markets, Brent crude oil +4.31% to \$45.51, gold-0.1% to \$1,265, iron ore +0.5% to \$55.26. AUD is at 0.7372 and the range was 0.7362 to 0.7382.

Chart of the day: Consumer sentiment likely up today

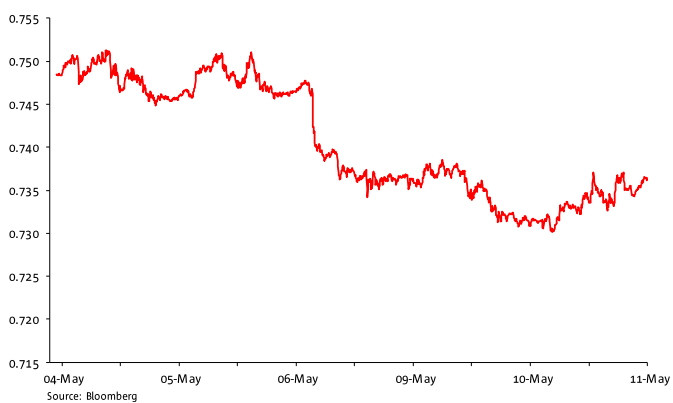


Source: National Australia Bank, Macrobond

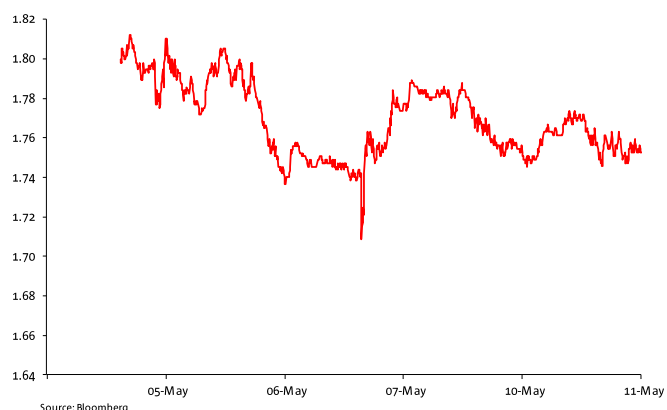
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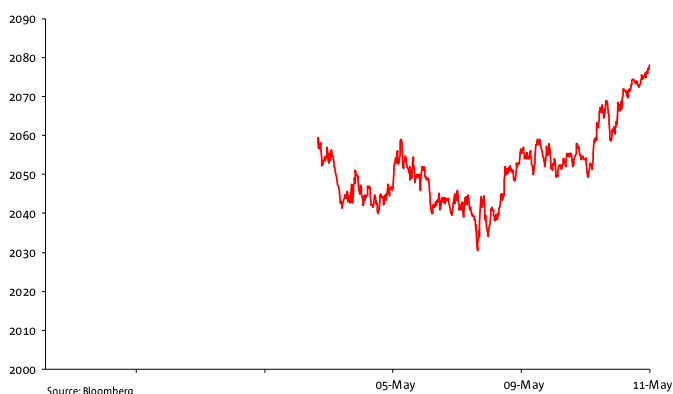
AUD/USD - past week



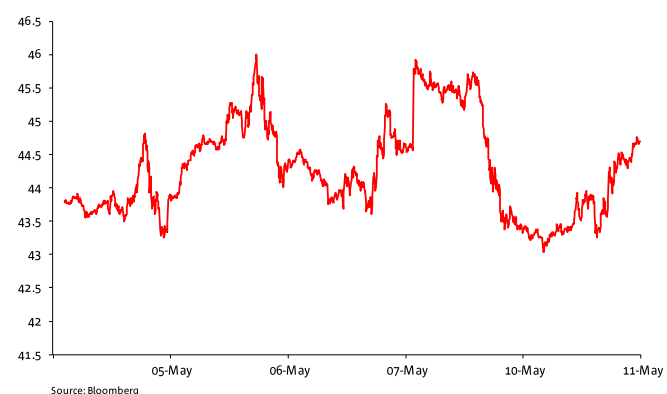
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

Indicative 24hr ranges (**)					Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7374	0.1	0.7362	0.7382	HKD	7.7616 0.0
NZD	0.6805	1.1	0.6716	0.6805	CNY	6.5191 0.0
EUR	1.1372	0.1	1.1358	1.1417	SGD	1.3686 -0.2
GBP	1.4443	0.1	1.4418	1.4479	IDR	13,298 0.0
JPY	109.27	0.1	108.96	109.56	THB	35.24 0.0
CAD	1.2912	-0.4	1.2904	1.2981	KRW	1,171 -0.2
AUD/EUR	0.6483	0.4			TWD	32.53 0.0
AUD/JPY	80.56	0.6			PHP	46.71 0.0
AUD/GBP	0.5105	0.4			CHF	0.98 0.1
AUD/NZD	1.0844	-0.6			SEK	8.16 0.1

Equities

Major Indices			
	Last	% day	% year
Dow	17,928	1.3	-1.4
S&P 500	2,084	1.2	-1.5
Nasdaq	4,810	1.3	-3.9
VIX Index	13.63	-6.5	6.0
FTSE	6,157	0.7	-12.6
DAX	10,045	0.7	-14.2
CAC 40	4,338	0.4	-14.8
Nikkei	16,565	2.2	-15.6
Shanghai	2,833	0.0	-34.6
Hang Seng	20,243	0.4	-27.0
ASX 200	5,343	0.4	-5.0

Commodities*

	Last	% day
Oil (Brent)	45.47	4.2
Oil (WTI)	44.66	2.8
Oil (Tapis)	45.32	-3.9
Gold	1264.80	-0.1
CRB	180.28	1.8
GS Metals	257.5	0.0
Aluminium	1554	-0.4
Copper	4680	-0.1
Nickel	8710	1.2
Zinc	1848	0.7
Ch. steel	2159	1.6
Iron ore	55.26	0.5
St. coal	50.3	0.0
Wheat Chic	472.0	1.0
Sugar	16.02	0.9
Cotton	60.90	-0.7
Coffee	128.8	1.8

Interest Rates

Indicative Swap Rates				Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.63	0.86	1.60	USD 10	1.76	0.01
AUD	1.75	2.00	1.83	2.45	AUD 10	2.30	-0.02 0.54
NZD	2.25	2.36	2.15	2.85	NZD 10	2.63	0.04 0.87
EUR	0.00	0.06	-0.16	0.52	CAD 10	1.32	0.00 -0.45
GBP	0.50	0.59	0.76	1.42	EUR 10	0.12	0.00 -1.64
JPY	-0.05	-0.02	-0.14	0.11	GBP 10	1.40	-0.01 -0.36
CAD	0.50	1.17	0.89	1.51	JPY 10	-0.09	0.01 -1.85

Overnight Futures

	Last	Chge
Australia		
3 mth bill	98.02	-0.02
3 Yr bond	98.4	-0.04
10 Yr bonc	97.68	-0.06
3/10 sprd	0.73	0.03
SPI	30.0	0.6

CO ₂ Emissions - Euros		
	Last	% day
Dec-2016	5.90	3.5
Dec-2017	5.95	3.7
Dec-2018	6.00	3.4

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, 11 May 2016								
NZ	RBNZ's Financial Stability Report (FSR)						21.00	7.00
NZ	RBNZ's Wheeler speaks on FSR in Conference and to Parliament						23.00	9.00
AU	Westpac Consumer Conf Index	May				95.1	0.30	10.30
AU	Home Loans MoM	Mar	-0.8	-1.5		1.5	1.30	11.30
AU	Investment Lending	Mar				4.1	1.30	11.30
JN	Leading Index CI	Mar P		96.3		96.8	5.00	15.00
UK	Industrial Production MoM	Mar		0.5		-0.3	8.30	18.30
US	MBA Mortgage Applications	May 6				-3.4	11.00	21.00
CA	BoC's Deputy Wilkins speaks at CFA Conference and Panel						12.45	22.45
UK	UK's Chancellor of the Exchequer Osborne questioned on Brexit by Parliament Treasury Committee						13.15	23.15
UK	NIESR GDP Estimate	Apr				0.3	14.00	0.00
US	EIA International Energy Outlook 2016 (NB Time shown is likely time)						14.30	0.30
US	Monthly Budget Statement	Apr		107		-108.0	18.00	4.00
EC	ECB's Nowotny speaks in Vienna						16.30	2.30
Thursday, 12 May 2016								
NZ	BusinessNZ Manufacturing PMI	Apr				54.7	22.30	8.30
NZ	Food Prices MoM	Apr	0.2			0.5	22.45	8.45
AU	RBA's Edey Speech in Melbourne						23.00	9.00
UK	RICS House Price Balance	Apr		35		42.0	23.10	9.10
JN	Bank of Japan summary of April 2016 meeting						23.50	9.50
JN	Eco Watchers Survey Current	Apr		44		45.4		anytime
JN	BoP Current Account Balance	Mar		2965.6		2434.9	23.50	9.50
AU	Consumer Inflation Expectation	May				3.6	1.00	11.00
JN	BoJ's Deputy Governor Nakaso speaks in Tokyo at a retail settlements conference						5.00	15.00
Paris	International Energy Agency Oil Market Report	May					8.00	18.00
EC	Industrial Production SA MoM/YoY	Mar		0/1.1		-0.8/	9.00	19.00
UK	Bank of England Bank Rate	May 12		0.5		0.5	11.00	21.00
UK	Bank of England Inflation Report						11.00	21.00
US	Initial Jobless Claims	May 7		270		274.0	12.30	22.30
CA	Teranet/National Bank HPI YoY	Apr				7.0	12.30	22.30
US	Fed's Mester Speaks About Inflation Dynamics						15.00	1.00
US	Fed's Rosengren speaks on economic outlook						15.45	1.45
US	Fed's George Speaks on Economy in Albuquerque						17.30	3.30
Friday, 13 May 2016								
NZ	Retail Sales Ex Inflation QoQ	1Q	0.8	1		1.2	22.45	8.45
NZ	Non Resident Bond Holdings	Apr				67.4	3.00	13.00
JN	Tertiary Industry Index MoM	Mar		-0.1		-0.1	4.30	14.30
GE	CPI MoM/YoY	Apr F		-0.4/-0.1		-0.2/0.1	6.00	16.00
GE	CPI EU Harmonized MoM/YoY	Apr F		-0.5/-0.3		-0.3/-0.1	6.00	16.00
GE	GDP SA QoQ/YoY	1Q P		0.6/1.5		0.3/1.3	6.00	16.00
EC	GDP SA QoQ/YoY	1Q P		0.6/1.6		0.6/1.6	9.00	19.00
US	Retail Sales Advance/Ex Autos and Gas MoM	Apr		0.8/0.3		-0.3/0.1	12.30	22.30
US	PPI Final Demand MoM/YoY	Apr		0.3/0.2		-0.1/-0.1	12.30	22.30
US	Business Inventories	Mar		0.2		-0.1	14.00	0.00
US	U. of Mich. Sentiment/5-10 Yr Inflation	May P		89.5/		89.0/2.5	14.00	0.00
US	Fed's Williams Speaks in Sacramento						20.00	6.00
Saturday, 14 May 2016								
CH	Industrial Production YoY/YTD YoY	Apr		6.6/6.1		6.8/5.8	5.30	15.30
CH	Retail Sales YoY/YTD/YoY	Apr		10.6/10.4		10.5/10.3	5.30	15.30
Monday, 16 May 2016								
NZ	Performance Services Index	Apr				54.8	22.30	8.30
UK	Rightmove House Prices MoM	May				1.3	23.10	9.10
JN	Loans & Discounts Corp YoY							
JN	PPI MoM	Apr				-0.1	23.50	9.50
JN	Machine Tool Orders YoY	Apr P				-21.2	6.00	16.00
US	Empire Manufacturing	May		7		9.6	12.30	22.30
CA	Existing Home Sales MoM	Apr				1.5	13.00	23.00
US	NAHB Housing Market Index	May		59		58.0	14.00	0.00
US	Total Net TIC Flows	Mar				33.5	20.00	6.00
US	Net Long-term TIC Flows	Mar				72.0	20.00	6.00
US	Fed's Kashkari Holds Town Hall on TBTF in Minneapolis						23.00	9.00
Tuesday, 17 May 2016								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	May 8				113.9	23.30	9.30
AU	RBA May Meeting Minutes						1.30	11.30
AU	New Motor Vehicle Sales MoM	Apr				2.2/4.2	1.30	11.30
NZ	2Yr Inflation Expectation	2Q				1.6	3.00	13.00
JN	Capacity Utilization MoM	Mar				-5.4	4.30	14.30
JN	Industrial Production MoM/YoY	Mar F				3.6/0.1	4.30	14.30
UK	CPI MoM/YoY	Apr		/		0.4/0.5	8.30	18.30
UK	CPI Core YoY	Apr		/		1.5	8.30	18.30
UK	PPI Input NSA MoM/YoY	Apr		/		2.0/-6.5	8.30	18.30
UK	ONS House Price YoY	Mar				7.6	8.30	18.30
EC	Trade Balance SA	Mar				20.2	9.00	19.00
CA	Manufacturing Sales MoM	Mar				-3.3	12.30	22.30
US	Housing Starts, #/MoM	Apr		1120/2.9		1089.0/-8.8	12.30	22.30
US	Building Permits, #/MoM	Apr		1125/4.6		1086.0/-7.7	12.30	22.30
US	CPI MoM/YoY	Apr		0.4/1.1		0.1/0.9	12.30	22.30
US	CPI Ex Food and Energy MoM/YoY	Apr		0.2/2.1		0.1/2.2	12.30	22.30
US	Real Avg Weekly Earnings YoY	Apr				1.1	12.30	22.30
US	Industrial Production MoM/Cap Use	Apr		0.2/74.9		-0.6/74.8	13.15	23.15
US	Manufacturing (SIC) Production	Apr		0.4		-0.3	13.15	23.15
US	Fe's Williams and Lockhart Discuss Economy at Politico Event						16.00	2.00
US	Fed's Kaplan in Moderated Q&A at Petroleum Club of Midland						17.15	3.15
Upcoming Central Bank Interest Rate Announcements								
UK	BOE	12-May		0.50%		0.50%		
Canada	BoC	26-May		0.50%		0.50%		
Europe	ECB	2-Jun				0.00%		
Australia	RBA	7-Jun	1.75%	1.75%		2.00%		
New Zealand	RBNZ	9-Jun	2.00%	2.00%		2.25%		
US	Federal Reserve	15-Jun	0.25-0.50%	0.5%-0.75%		0.25-0.50%		
Japan	BoJ	16-Jun		-0.1% to +0.1%		-0.1% to +0.1%		

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

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