

I need a dollar, a dollar is what I need

The USD has slowly, but surely continued its rebound while equities on either side of the Atlantic fell for a second consecutive day. In Europe, all equity sectors ended the day in negative territory while losses in the US were led by the energy and materials sectors.

Mixed US data and a soft lead from Asian, reflecting concerns over the global growth outlook, appear to have been the major contributors to the risk off sentiment overnight. Concerns over the global growth outlook were also compounded by weakness in commodities. While oil prices ended the session practically unchanged, commodities in general had a negative night. Iron ore dropped 5.2%, Copper loss 1% the GS metals index fell 2.5%.

The USD initially lost a bit of ground following the softer than anticipated ADP report, but a better than expected ISM services print helped the currency move higher once again. Looking at the leader board, the big dollar has outperformed all G10 and emerging market currencies with the BRL the only exception. Gains in BRL were boosted by a \$44bn civil lawsuit on BHP and Vale following the deadly dam collapse at their mine last year.

The ADP report showed that private payrolls rose 156K in April, below the 195k consensus. This was the lowest print in 3 years and while the lag relationship with US non-farm payrolls numbers is well known, for many the big miss still raises downside risk for Friday's payrolls numbers. The April ISM services print alleviated some of these concerns with the headline composite index rising to 55.7 from 54.5 and above the 54.8 consensus. Importantly the employment index accelerated from 50.3 to 53 and there was also a healthy jump in new orders (59.9 from 56.7).

Of note as well March factory orders came in above forecast at +1.1% m/m (consensus +0.6%) and the trade deficit for the same month narrowed to \$40.4bn from \$47bn. Both data prints suggest there will be an upward revision to US Q1 GDP number due for release 27 May.

Looking at other currencies performance overnight, the CAD was the biggest lower against the USD following news that Canada posted its largest trade deficit on record in March. The NZD and AUD are down 0.46% and 0.37% against the USD and the EUR is practically unchanged at 1.1489.

Last but not least, 10Y US treasury yields are about 3bps lower relative to Sydney's closing levels and 10y Bunds ended the day practically unchanged at 0.202%.

Coming Up

We have a relatively busy day of data releases in Australia with new home and retail sales figures along with trade balance all out this morning and all for the month of March.

In terms of the trade data, NAB is looking for some reduction in the March trade deficit to \$3.0bn from \$3.4bn in February with higher levels of iron ore exports the main driver for the improvement in the number. As for retail sales, our economists expect a moderate growth of 0.2% for the month up from a flat outcome in February.

The data highlight in Europe comes from the UK with the services PMI for April completing the last important piece of information for the BoE ahead of the publication of its May Inflation Report. Market expectations are practically unchanged from the previous month (53.5 vs 53.7 prev), however if the Manufacturing and construction prints this week are any guide, there could be downside risk to the number due to uncertainty surrounding the Brexit referendum.

Ahead of the all-important US payrolls report on Friday, tonight we get weekly jobless claims where a further rebound from the Easter break induced drop is expected (260k vs 257k prev).

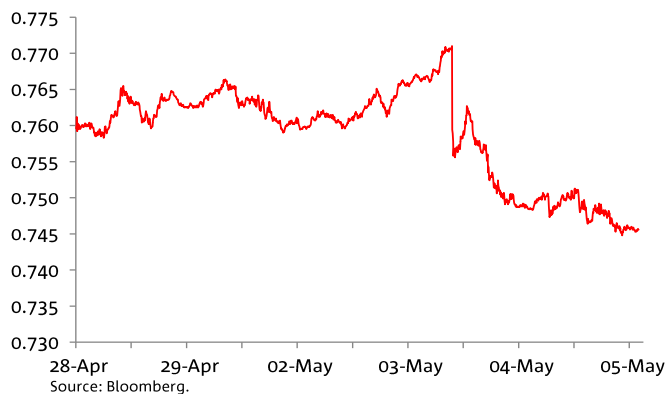
As for Fed speakers this morning Fed Kashrari is speaking in Rochester, but if his recent speeches are any guide his comments are more likely to be focused on regulatory issues rather than monetary policy. Potentially of more interest, tonight Fed Bullard speaks at an economic summit with the conference title suggesting his presentation is likely to be focus on economic forecasting.

Overnight

On global stock markets, the S&P 500 was -0.60%. Bond markets saw US 10-years -2.11bp to 1.78%. On commodity markets, Brent crude oil -0.16% to \$44.9, gold -0.8% to \$1,281, iron ore -5.2% to \$60.09. AUD is at 0.7456 and the range was 0.7447 to 0.7517.

Markets

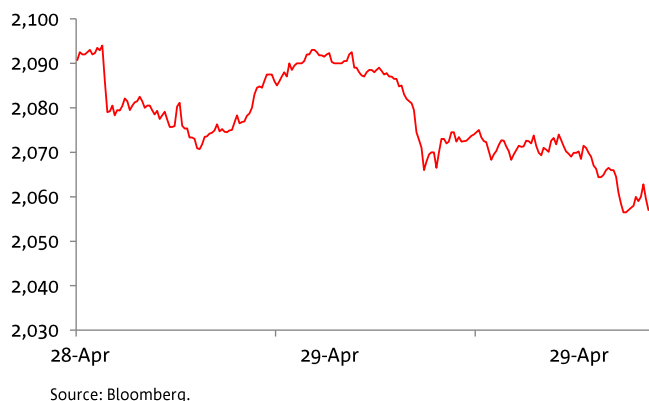
AUD/USD - past week



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	0.7455	-0.3	0.7447	0.7517	HKD	7.7626 0.0
NZD	0.6879	-0.5	0.6860	0.6941	CNY	6.5101 0.2
EUR	1.1487	-0.1	1.1467	1.1529	SGD	1.3583 0.4
GBP	1.4495	-0.3	1.4462	1.4572	IDR	13,261 0.6
JPY	107.01	-1.0	106.2500	107.4600	THB	35.17 0.6
CAD	1.2867	1.1	1.2698	1.2886	KRW	1,155 1.3
AUD/EUR	0.6492	-0.3			TWD	32.32 0.4
AUD/JPY	79.79	0.0			PHP	47.14 0.4
AUD/GBP	0.5144	-0.1			CHF	0.96 0.3
AUD/NZD	1.0835	0.1			SEK	8.07 1.4
AUD/CNY	4.8578	-0.3				

Equities

Major Indices	Last	% day	% y/y
	Dow	17,651	-0.6
S&P 500	2,051	-0.6	-3.0
Nasdaq	4,726	-0.8	-5.8
VIX	16	+2.9	24.9
FTSE	6,112	-1.2	-12.5
DAX	9,828	-1.0	-15.4
CAC 40	4,324	-0.4	-14.9
Nikkei	16,147	-3.1	-17.3
Shanghai	2,991	0.0	-30.4
Hang Seng	20,526	-0.7	-26.0
ASX 200	5,271	-1.5	-9.5

Commodities*

	Last	% day
Oil (Brent)	44.90	-0.2
Oil (WTI)	44.04	0.9
Oil (Tapis)	45.88	-1.5
Gold	1281.20	-0.8
CRB	179.87	0.0
GS Metals	268.4	-0.6
Aluminium	1621	-0.1
Copper	4878	-1.0
Nickel	9412	-0.8
Zinc	1882	-0.5
Ch. steel	2383	-1.0
Iron ore	60.1	-5.2
Coal	50.8	0.0
Wheat Chic.	471.3	0.1
Sugar	16.65	2.5
Cotton	62.17	-1.4
Coffee	119.7	0.4

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.98	0.00
3 Yr bond	98.3	0.02
10 Yr bond	97.61	0.03
3/10 sprd	0.69	-0.01
SPI	-17.0	-0.3

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.63	0.88	1.65	USD 10	1.78	-0.02
AUD	1.75	2.05	1.88	2.52	AUD 10	2.43	-0.04
NZD	2.25	2.38	2.26	2.98	NZD 10	2.76	-0.01
EUR	0.00	0.06	-0.15	0.59	CAD 10	1.40	-0.06
GBP	0.50	0.59	0.83	1.49	EUR 10	0.20	0.00
JPY	-0.07	-0.02	-0.11	0.12	GBP 10	1.53	0.00
CAD	0.50	1.17	0.93	1.59	JPY 10	-0.12	0.00

CO₂ Emissions - Euros

	Last	% day
Jun-2016	6.12	2.3
Dec-2016	6.13	2.3
Jun-2017	6.16	2.5

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

Calendar

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEST
Tuesday, 3 May 2016								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	May 8				113.9	23.30	9.30
AU	Building Approvals MoM/YoY	Apr	-0.5/-12.6	/		3.7/-6.5	1.30	11.30
CH	Caixin China PMI Mfg	May				49.4	1.45	11.45
AU	RBA Cash Rate Target	Jun 7	2	2		1.8	4.30	14.30
EC	ECB's Coeure speaks at World Bank Borrower Forum						7.15	17.15
UK	Markit UK PMI Manufacturing SA	May				49.2	8.30	18.30
EC	PPI MoM/YoY	Apr				0.3/-4.2	9.00	19.00
EC	EU Issues Spring Economic Forecasts						9.00	19.00
AU	Federal Budget, Underlying Cash balance, \$bn/ % of GDP, 2016-17		-36.6/-2.1	-35/-2.1			9.30	19.30
US	ISM New York	Apr				57.0	13.45	23.45
US	IBD/TIPP Economic Optimism	May		46.5		0.0	14.00	0.00
US	Fed's Mester (non-voter) Moderates Panel on Financial Markets						14.30	0.30
US	Fed's Williams (non-voter) Speaks with Bloomberg radio						18.00	4.00
US	Fed's Lockhart (non-voter) Speaks to World Affairs Council Jacksonville						23.00	9.00
Wednesday, 4 May 2016								
NZ	Unemployment Rate	1Q		5.5		5.3	22.45	8.45
NZ	Employment Change QoQ/YoY	1Q		0.6/1.3		0.9/1.3	22.45	8.45
NZ	Pvt Wages Ex/Incl Overtime QoQ	1Q		0.3/0.3		0.4/0.4	22.45	8.45
AU	AIQ Perf of Services Index	Apr				49.5	23.30	9.30
NZ	QV House Prices YoY	Apr				11.4	0.00	10.00
NZ	ANZ Commodity Price	Apr				-1.3	1.00	11.00
GE	Markit Germany Services/Composite PMI	Apr F		54.6/53.8		54.6/53.8	7.55	17.55
EC	Markit Eurozone Services/Composite PMI	Apr F		53.2/53		53.2/53.0	8.00	18.00
UK	Markit/CIPS UK Construction PMI	Apr		54		54.2	8.30	18.30
EC	Retail Sales MoM/YoY	Mar		-0.1/2.6		0.2/2.4	9.00	19.00
US	ADP Employment Change	Apr		195		200.0	12.15	22.15
US	Trade Balance	Mar		-41.2		-47.1	12.30	22.30
CA	Int'l Merchandise Trade	Mar		-1.4		-1.9	12.30	22.30
US	Nonfarm Productivity/Unit labour costs	1Q P		-1.3/3.3		-2.2/3.3	12.30	22.30
US	Markit US Services/Composite PMI	Apr F		52.1/		52.1/51.7	13.45	23.45
US	ISM Non-Manf. Composite	Apr		54.8		54.5	14.00	0.00
US	Factory Orders	Mar		0.6		-1.7	14.00	0.00
UK	UK PM David Cameron questioned by House Committee on Brexit						15.30	1.30
Thursday, 5 May 2016								
US	Fed's Kashkari Hosts Town Hall in Rochester, MN						22.30	8.30
UK	BRC Shop Price Index YoY	Apr		-1.7		-1.7	23.10	9.10
AU	HIA New Home Sales MoM	Mar				-1.8	1.00	11.00
AU	Trade Balance	Mar	-3000	-2900		-3410.0	1.30	11.30
AU	Retail Sales MoM/Volumes QoQ	Mar	0.2/0.6	0.3/0.7		0.0/0.6	1.30	11.30
CH	Caixin China PMI Services/Composite	Apr		/		52.2/51.3	1.45	11.45
EC	ECB Publishes Economic Bulletin						8.00	18.00
UK	Markit/CIPS UK Services/Composite PMI	Apr		53.5		53.7/53.6	8.30	18.30
US	Challenger Job Cuts YoY	Apr				31.7	11.30	21.30
CA	Building Permits MoM	Mar		-4.8		15.5	12.30	22.30
US	Initial Jobless Claims	Apr 30		260		257.0	12.30	22.30
US	Bloomberg Consumer Comfort	May 1				43.4	13.45	23.45
EC	OECD Economic Outlook							
US	Fed's Bullard Speaks at Santa Barbara Conference						15.30	1.30
Friday, 6 May 2016								
US	Fed's Bullard, Kaplan, Lockhart, Williams Speak at Stanford						23.15	9.15
AU	AIQ Perf of Construction Index	Apr				45.2	23.30	9.30
AU	RBA Statement on Monetary Policy						1.30	11.30
JN	Nikkei Japan PMI Services	Apr				50.0/49.9	2.00	12.00
CH	BoP Current Account Balance	1Q P				91.9	7.30	17.30
GE	Markit Germany Construction PMI	Apr				55.8	8.10	18.10
GE	Markit Germany Retail PMI	Apr				54.1	8.10	18.10
US	Change in Nonfarm Payrolls/Unemployment rate	Apr		200/4.9		215.0/5.0	12.30	22.30
US	Average Hourly Earnings MoM/YoY	Apr		0.3		0.3	12.30	22.30
CA	Net Change in Employment/Unemployment rate	Apr		2/7.2		40.6/7.1	12.30	22.30
CA	Ivey Purchasing Managers Index SA	Apr		52.25		50.1	14.00	0.00
US	Consumer Credit	Mar		16		17.2	19.00	5.00
Saturday, 7 May 2016								
CH	Foreign Reserves	Apr		3200				
Sunday, 8 May 2016								
CH	Trade Balance	Apr		40		29.9	not specified	
CH	Exports/Imports YoY	Apr		1.3/-4		11.5/-7.6	not specified	
Monday, 9 May 2016								
EC	European Commission Economic Forecasts						2/5 to 13/5	
CH	Foreign Direct Investment YoY CNY	Apr				7.8	2/5 to 11/6	
JN	Labor Cash Earnings YoY	Mar				0.9	0.00	10.00
JN	Real Cash Earnings YoY	Mar				0.4	0.00	10.00
AU	ANZ Job Advertisements MoM	Apr				0.2	1.30	11.30
JN	Consumer Confidence Index	Apr				41.7	5.00	15.00
GE	Factory Orders MoM	Mar				-1.2	6.00	16.00
GE	Factory Orders WDA YoY	Mar				0.5	6.00	16.00
EC	Sentix Investor Confidence	May				5.7	8.30	18.30
US	Fed's Evans Speaks on Economy and Policy on Panel in London						9.10	19.10
CA	Housing Starts	Apr				204.3	12.15	22.15
CA	OECD Economic Outlook						9/May to 20/5	
CA	Bloomberg Nanos Confidence	May 6				56.9	14.00	0.00
US	Labor Market Conditions Index Change	Apr				-2.1	14.00	0.00
Tuesday, 10 May 2016								
NZ	ANZ Truckometer Heavy MoM	Apr				2.5	22.00	8.00
NZ	Card Spending Retail MoM	Apr				0.1	22.45	8.45
UK	BRC Sales Like-For-Like YoY	Apr				-0.7	23.10	9.10
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	May 8				113.9	23.30	9.30
CH	CPI YoY	Apr		2.4		2.3	1.30	11.30
CH	PPI YoY	Apr		-3.8		-4.3	1.30	11.30
GE	Industrial Production SA MoM	Mar				-0.5	6.00	16.00
GE	Trade Balance	Mar				20.3	6.00	16.00
UK	Trade Balance	Mar				-4840.0	8.30	18.30
US	NFIB Small Business Optimism	Apr				92.6	10.00	20.00
NZ	REINZ House Sales YoY	Apr				8.2	0/5 to 16/5	
CH	New Yuan Loans CNY	Apr		825		1370.0	0/5 to 15/5	
CH	Aggregate Financing CNY	Apr		1325		2340.0	0/5 to 15/5	
CH	Money Supply M2 YoY	Apr		13.5		13.4	0/5 to 15/5	
CH	Money Supply M1 YoY	Apr		21.7		22.1	0/5 to 15/5	
CH	Money Supply Mo YoY	Apr				4.4	0/5 to 15/5	
US	Wholesale Inventories MoM	Mar		0.1		-0.5	14.00	0.00
US	JOLTS Job Openings	Mar				5445.0	14.00	0.00
Wednesday, 11 May 2016								
AU	Westpac Consumer Conf Index	May				95.1	0.30	10.30
AU	Home Loans MoM	Mar				1.5	1.30	11.30
AU	Investment Lending	Mar				4.1	1.30	11.30
AU	Owner-Occupier Loan Value MoM	Mar				1.7	1.30	11.30
JN	Leading Index CI	Mar P				96.8	5.00	15.00
UK	Industrial Production MoM	Mar				-0.3	8.30	18.30
UK	Manufacturing Production MoM	Mar				-1.1	8.30	18.30
US	MBA Mortgage Applications	Apr 29				-4.1	11.00	21.00
UK	NIESR GDP Estimate	Apr				0.3	14.00	0.00
US	Monthly Budget Statement	Apr				-108.0	18.00	4.00
Upcoming Central Bank Interest Rate Announcements								
Australia, RBA		3-May	1.75%	2.00%		2.00%		
UK, BOE		12-May				0.50%		
Canada, BoC		26-May				0.50%		
Europe, ECB		2-Jun				0.00%		
New Zealand, RBNZ		9-Jun	2.00%	2.25%		2.25%		
US Federal Reserve		15-Jun				0.25-0.50%		
Japan, BoJ		16-Jun				-0.1% to +0.1%		

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

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