

Signs

Markets had more tell-tale signs of higher volatility as the day closed yesterday, with Brexit polls and fears dogging Sterling and equity markets on the defensive. GBP/USD had broken down through 1.4150 and as European markets opened, German 10 year bund yields crossed the Rubicon into negative territory with one UK press editorial backing Brexit and two more polls showing intentions to vote to “leave” in the ascendancy.

Early in the London session the AUD was opened to a degree of selling, having traded in the high 73s/74 region in the morning, falling to 0.7330 before recovering as risk sentiment stabilised as the US session wore on.

As US markets close and Asia opens this morning, further damage to sentiment has been relatively limited. While European equities had a rocky session, the Eurostoxx 600 index down 1.92% and the FTSE down 2.01%, US equities are closing down smalls, the Dow by 0.33% and the S&P 500 by 0.18%, helped in the wash-up perhaps by a solid US retail sales report for May, not to mention stronger than expected growth in Euro-zone industrial production for April and continued growth in the zone’s employment to 1.4% y/y. The May UK CPI report was almost right on expectations, below consensus by a tenth, as was the core CPI that came in at 1.2% against 1.3% expected.

After strong April retail sales report (+1.3%), markets were expecting a further 0.3% in May, the result somewhat better at 0.5%. The so-called retail sales “control group” that feeds into consumption estimates in GDP, rose by a solid 0.4% (consensus was 0.3%) with April also revised up a tenth. Following this report, the Atlanta Fed’s *GDPNow* estimate for Q2 was revised up to 2.8% from 2.5% from higher than expected consumption that was revised up to 3.9% from 3.5% before the retail sales report.

All this points to signs of continued economic growth through the June quarter and keeps the July 28 FOMC in the frame for the Fed for a hike providing positive data prints continue, including a more growth-friendly June payrolls report as well as all the other event risk such as next week’s Brexit referendum. After opening the session bid, US Treasury yields reversed course during the session, ending net for the session somewhat higher.

Coming up

NZ’s balance of payment for the March quarter (due 8.45 AEST) might provide some clues on tomorrow’s GDP report

both in terms of trade volumes overall (reduced livestock slaughter and export but booming tourism) as well as and the impact from low dairy prices. On that front there will be another update tonight with the latest global dairy auction where the futures markets suggest little change from the last auction with perhaps some upside tilt from positive price signals from energy and grains. REINZ sales figures for May just released look pretty robust at first glance.

Locally there is the weekly and monthly AU consumer confidence/consumer sentiment reports that we expect to come and go with little to no market fanfare. That’s pretty much it for the Asia session as far as scheduled data reports is concerned, with only final May Japanese machine tool orders out this afternoon at 4pm AEST.

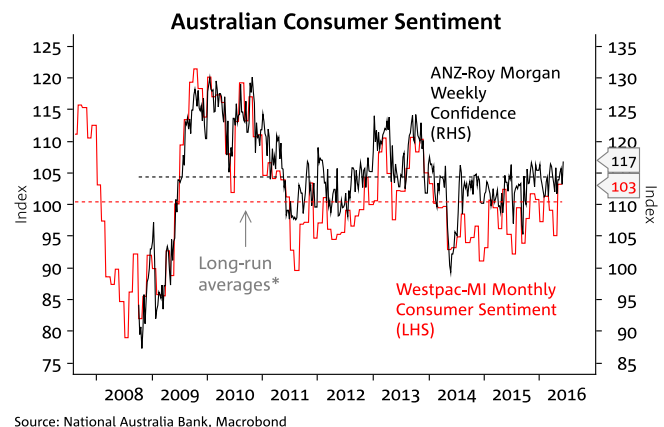
Tonight there is the monthly UK labour market report, the market still on Brexit watch, with US PPI and industrial production also out tonight as the FOMC finalises the forecasts and Fed funds dot plot diagrams set for release at 04.00 AEST tomorrow morning that also comes with the full press conference from Fed Chair Yellen. Finally, China’s new yuan loans and aggregate financing reports for May remain due for release any day now.

Overnight

On global stock markets, the S&P 500 was -0.18%. Bond markets saw US 10-years +0.34bp to 1.61%. In commodities, Brent crude oil -2.18% to \$49.25, gold+0.1% to \$1,289, iron ore -4.4% to \$50.57. AUD is at 0.7347 and the range since yesterday 5pm Sydney time has been 0.7332 to 0.7386.

Good luck.

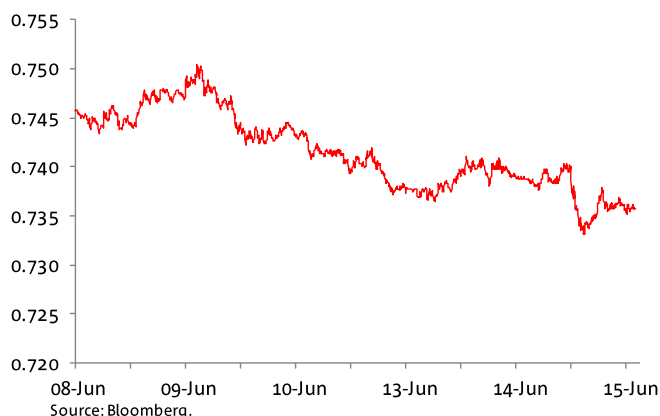
Chart of the day: Sentiment at average levels



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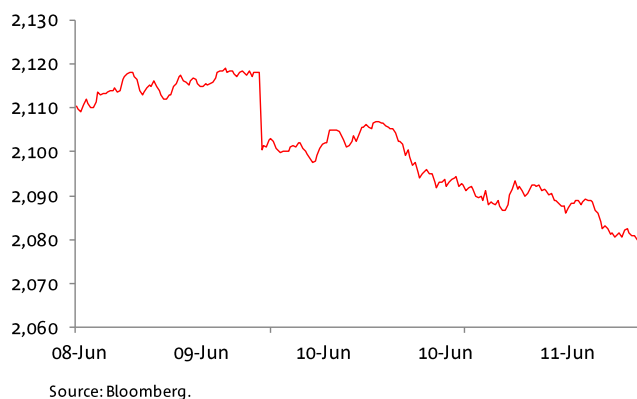
AUD/USD - past week



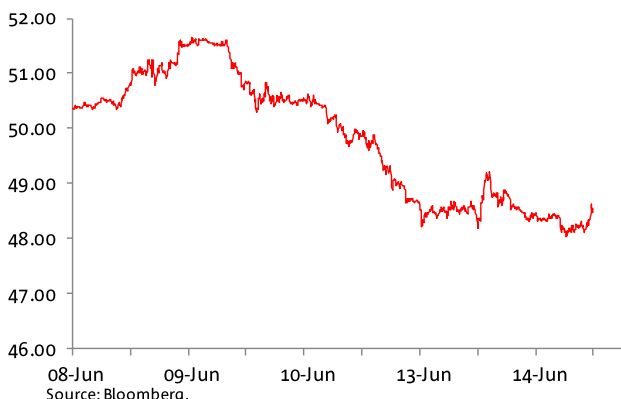
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7347	-0.5	0.7341	0.7359	HKD	7.7603 0.0
NZD	0.6994	-1.0	0.6990	0.7031	CNY	6.5960 0.2
EUR	1.1205	-0.6	1.1189	1.1242	SGD	1.3554 -0.1
GBP	1.4109	-0.3	1.4088	1.4188	IDR	13,397 0.6
JPY	106.04	0.0	105.85	106.19	THB	35.31 0.3
CAD	1.2871	0.7	1.2822	1.2876	KRW	1,176 0.1
AUD/EUR	0.6554	-0.2	0.6538	0.6584	TWD	32.42 0.1
AUD/JPY	77.89	-0.7	77.70	78.35	PHP	46.29 0.3
AUD/GBP	0.5204	-0.4	0.5178	0.5223	CHF	0.96 -0.2
AUD/NZD	1.0500	0.3	1.0476	1.0528	SEK	8.31 0.3
AUD/CNH	4.8441	-0.6	4.8461	4.8889		

Equities

Major Indices			
	Last	% day	% y/y
Dow	17,675	-0.3	-1.3
S&P 500	2,075	-0.2	-0.9
Nasdaq	4,844	-0.1	-4.1
VIX	21	-2.2	48.8
FTSE	5,924	-2.0	-12.7
DAX	9,519	-1.4	-15.0
CAC 40	4,130	-2.3	-15.7
Nikkei	15,859	-1.0	-22.2
Shanghai	2,842	0.3	-43.9
Hang Seng	20,388	-0.6	-24.1
ASX 200	5,203	-2.1	-6.1

Commodities*

	Last	% day
Oil (Brent)	49.25	-2.2
Oil (WTI)	47.90	-2.0
Oil (Tapis)	49.51	-1.1
Gold	1288.50	0.1
CRB	192.21	-0.4
GS Metals	259.0	-0.6
Aluminium	1605.3	0.1
Copper	4504.8	-0.8
Nickel	8853.8	0.2
Zinc	2013.0	-2.6
Ch. steel	2073.0	-3.8
Iron ore	50.6	-4.4
Coal	52.8	0.9
Wheat Chic.	518.3	-1.0
Sugar	19.4	-1.1
Cotton	63.9	-0.3
Coffee	137.1	-1.6

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.65	0.87	1.48	USD 10	1.61	0.34
AUD	1.75	2.02	1.82	2.25	AUD 10	2.05	-5.30 0.44
NZD	2.25	2.38	2.25	2.74	NZD 10	2.48	-3.70 0.87
EUR	0.00	-0.26	-0.17	0.46	CAD 10	1.12	0.60 -0.50
GBP	0.50	0.57	0.70	1.20	EUR 10	0.00	-2.80 -1.62
JPY	-0.04	-0.04	-0.15	-0.02	GBP 10	1.14	-6.50 -0.47
CAD	0.50	0.89	0.87	1.38	JPY 10	-0.16	0.20 -1.77

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.10	-1.00
3 Yr bond	97.8	-3.00
10 Yr bond	97.95	-2.20
3/10 sprd	-0.14	-0.80
SPI	5190.0	69.0

*Change in bps

CO₂ Emissions - Euros

	Last	% day
Jun-2016	5.98	Clsd
Dec-2016	5.87	0.2
Jun-2017	5.88	Clsd

* clsd = market holiday

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, 15 June 2016								
NZ	BoP Current Account Balance	1Q		0.96		-2.6	22.45	8.45
NZ	Current Account GDP Ratio YTD	1Q		-3		-3.1	22.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jun 12				116.8	23.30	9.30
AU	Westpac Consumer Conf Index/MoM	Jun				103.2/8.5	0.30	10.30
NZ	Non Resident Bond Holdings	May				66.5	3.00	13.00
JN	Machine Tool Orders YoY	May F				-25.0	6.00	16.00
UK	Jobless Claims Change	May		0		-2.4	8.30	18.30
UK	Average Weekly Earnings 3M/YoY	Apr		1.7		2.0	8.30	18.30
UK	ILO Unemployment Rate 3Mths	Apr		5.1		5.1	8.30	18.30
UK	Employment Change 3M/3M	Apr		60		44.0	8.30	18.30
EC	Trade Balance SA	Apr		21.5		22.3	9.00	19.00
CA	Manufacturing Sales MoM	Apr		0.6		-0.9	12.30	22.30
US	PPI Final Demand MoM/YoY	May		0.3/-0.1		0.2/0.0	12.30	22.30
US	Empire Manufacturing	Jun		-4.25		-9.0	12.30	22.30
CA	Existing Home Sales MoM	May				3.1	13.00	23.00
US	Industrial Production MoM/Cap Use rate	May		-0.2/75.2		0.7/75.4	13.15	23.15
US	FOMC Rate Decision (Lower/Upper Bound)	Jun 15		0.25/0.5		0.3/0.5	18.00	4.00
US	Fed Summary of Economic Projections						18.00	4.00
US	Total Net TIC Flows	Apr				-98.3	20.00	6.00
US	Net Long-term TIC Flows	Apr				78.1	20.00	6.00
Thursday, 16 June 2016								
NZ	GDP SA QoQ/YoY	1Q		0.5/2.6		0.9/2.3	22.45	8.45
AU	Consumer Inflation Expectation	Jun				3.2	1.00	11.00
AU	Employment Change/Unemployment rate	May		15/5.7		10.8/5.7	1.30	11.30
AU	Participation Rate	May		64.9		64.8	1.30	11.30
AU	New Motor Vehicle Sales MoM/YoY	May				-2.5/2.4	1.30	11.30
AU	RBA FX Transactions Market	May				946.0	1.30	11.30
AU	RBA Deputy Governor Lowe speaks on "Recent developments in the Australian and global economies"						2.30	12.30
JN	BOJ Annual Rise in Monetary Base	Jun 16		80		80.0		
JN	BOJ Monetary Policy Statement							
EC	ECB Publishes Economic Bulletin						8.00	18.00
UK	Retail Sales Ex Auto Fuel MoM/YoY	May		0.3/3.8		1.5/4.2	8.30	18.30
EC	CPI MoM/YoY	May		0.3/-0.1		0.0/-0.2	9.00	19.00
EC	CPI Core YoY	May F		0.8		0.8	9.00	19.00
UK	Bank of England Bank Rate	Jun 16		0.5		0.5	11.00	21.00
UK	BOE Asset Purchase Target	Jun		375		375.0	11.00	21.00
CA	Int'l Securities Transactions	Apr				17.2	12.30	22.30
US	Current Account Balance	1Q		-124.8		-125.3	12.30	22.30
US	Initial Jobless Claims	Jun 11		270		264.0	12.30	22.30
US	Philadelphia Fed Business Outlook	Jun		1		-1.8	12.30	22.30
US	CPI MoM/YoY	May		0.3/1.1		0.4/1.1	12.30	22.30
US	CPI Ex Food and Energy MoM/YoY	May		0.2/2.2		0.2/2.1	12.30	22.30
US	Real Avg Weekly Earnings YoY	May				1.3	12.30	22.30
US	Bloomberg Economic Expectations	Jun				44.5	13.45	23.45
US	Bloomberg Consumer Comfort	Jun 12				43.5	13.45	23.45
US	NAHB Housing Market Index	Jun		59		58.0	14.00	0.00
Friday, 17 June 2016								
NZ	BusinessNZ Manufacturing PMI	May				56.5	22.30	8.30
NZ	ANZ Consumer Confidence Index/MoM	Jun				116.2/-3.2	1.00	11.00
EC	ECB Current Account SA	Apr				27.3	8.00	18.00
EC	Current Account NSA	Apr				32.3	8.00	18.00
EC	Labour Costs YoY	1Q				1.3	9.00	19.00
US	Housing Starts #/MoM	May		1149/-2		1172.0/6.6	12.30	22.30
US	Building Permits #/MoM	May		1145/1.3		1116.0/3.6	12.30	22.30
CA	CPI NSA MoM/YoY	May		0.5/1.6		0.3/1.7	12.30	22.30
CA	CPI Core MoM	May		0.3/2.1		0.2/2.2	12.30	22.30
Saturday, 18 June 2016								
CH	China May Property Prices						1.30	11.30
Monday, 20 June 2016								
NZ	Performance Services Index	May				57.7	22.30	8.30
JN	Trade Balance Adjusted	May				426.6	23.50	9.50
JN	Convenience Store Sales YoY	May				0.9	7.00	17.00
EC	Construction Output MoM/YYoY	Apr				-0.9/-0.5	9.00	19.00
CA	Wholesale Trade Sales MoM	Apr				-1.0	12.30	22.30
NZ	Westpac Consumer Confidence	2Q				109.6	22.00	8.00
CA	Bloomberg Nanos Confidence	Jun 10				57.9	14.00	0.00
Tuesday, 21 June 2016								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jun 12				116.8	23.30	9.30
AU	RBA June Meeting Minutes						1.30	11.30
AU	House Price Index QoQ/YoY	1Q				0.2/8.7	1.30	11.30
JN	All Industry Activity Index MoM	Apr				0.1	4.30	14.30
UK	Public Finances (PSNCR)	May				-2.4	8.30	18.30
GE	ZEW Survey Current Situation/Expectations	Jun				53.1/6.4	9.00	19.00
EC	ZEW Survey Expectations	Jun				16.8	9.00	19.00
UK	CBI Trends Total Orders/Selling prices	Jun				-8.0/2.0	10.00	20.00
US	Yellen Testifies on Monetary Policy to Senate Banking Panel						14.00	0.00
Wednesday, 22 June 2016								
NZ	Net Migration SA	May				5520.0	22.45	8.45
AU	Westpac Leading Index MoM	May				0.2	0.30	10.30
AU	Skilled Vacancies MoM	May				0.6	1.00	11.00
NZ	Credit Card Spending MoM/YoY	May				2.5	3.00	13.00
US	MBA Mortgage Applications	Jun 10				9.3	11.00	21.00
CA	Retail Sales MoM	Apr				-1.0	12.30	22.30
US	FHFA House Price Index MoM	Apr				0.7	13.00	23.00
CH	Conference Board Leading Economic Index	May					13.00	23.00
EC	Consumer Confidence	Jun A				-7.0	14.00	0.00
US	Existing Home Sales, #/MoM	May		5.5		5.5/1.7	14.00	0.00
Upcoming Central Bank Interest Rate Announcements								
US	Federal Reserve	15-Jun	0.25-0.50%	0.25-0.50%		0.25-0.50%		
Japan	BoJ	16-Jun		-0.1% to +0.1%		-0.1% to +0.1%		
UK	BOE	16-Jun		0.50%		0.50%		
Australia	RBA	5-Jul	1.75%	1.75%		1.75%		
Canada	BoC	14-Jul				0.50%		
Europe	ECB	21-Jul				0.00%		
New Zealand	RBNZ	11-Aug	2.00%	n/a		2.25%		

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

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