

## Do you know where you're going to?

The risk-on mood that developed as Asia markets opened yesterday on the back of the weekend poll from the Sunday Mirror pointing to a swing back to the remain vote gathered more force overnight, especially in European markets. After a 2.34% rise in the Nikkei 225 and 1.82% in the ASX200, European equities had stronger gains as Sterling buying returned. The Eurostoxx 600 index jumped 3.65%, the FTSE up 3.04% and the DAX by 3.43%. UK gilt and German bund yields rose. Oil and metals rose from a softer USD, while gold was only fractionally lower. Elsewhere in the region, the INR has been more volatile on news that well-regarded RBI Governor Rajan is standing down.

It's been nothing less than a five big figure gain for the GBP/USD since Asia opened yesterday from 1.42 to test 1.47 overnight, close to where it sits this morning. (A ORB/Telegraph poll showed 53% remain, 46% leave.) The big move in sterling is a clear example of how edgy markets are to the outcome of Thursday's referendum. A milder bid tone spilled over to the AUD/USD testing the higher 0.745 overnight, now trading at 0.7450.

There's been no major data release overnight. EU President Tusk urged British citizens to "stay with us". In the US, Minneapolis Fed President Neel Kashkari was speaking on "Too Big to Fail" but was naturally asked about the economy and Brexit in the Q&A. He said it would be better for the world economy if the UK voted to stay in the EU but that Brexit financial stability risks for the US would likely be modest. He sees moderate growth with inflation gradually rising to 2% and declined to disclose how many rate cuts would be warranted. He welcomed James Bullard's "out of the box" approach to think about Fed monetary policy.

## Coming up

There are three RBA events today, all will get some analytical if not attention from market traders. The RBA's Guy Debelle is speaking at 9.25am on "Liquidity in Australian Fixed Income Markets". He's seen as a penetrating thinker on the market. The other RBA speaker is Alexandra Heath, Head of Economic Analysis Department who is speaking at a lunchtime CEDA Energy Series 2016 function; no title is as yet available for that address.

Between these two speeches comes the RBA Minutes when we'll get more detail on how the Board has been viewing progress of the economy through to the first week of June, including after Q1 GDP. The market will also be interested to glean whether the RBA harbours any real inclination

toward an easing bias (none was outlined in the 1 June Media Release) and any updated thinking on the currency beyond its potential to "complicate" the economy's adjustment should it appreciate.

There is also the ABS measure of house prices today, but as this is quarterly and only to March, this release is largely now one of historical interest, given the CoreLogic-RP Data house price data is up to late June already. Elsewhere in the region, the BoJ publishes its April meeting minutes this morning at 9.50 AEST.

Tonight, the main event focus will be on Fed Chair Yellen's semi-annual testimony on the economy and monetary policy to the Senate, the testimony to the House Wednesday. As well as the usual questioning on the economy and rates there'll no doubt be discussion of Brexit and the approach to the outlook for rates outlined by James Bullard of the St Louis Fed last Friday, virtually assuming little to no change in rates from here with the St Louis Fed's view that the economy, unemployment and inflation close to long run equilibrium/ medium term goals.

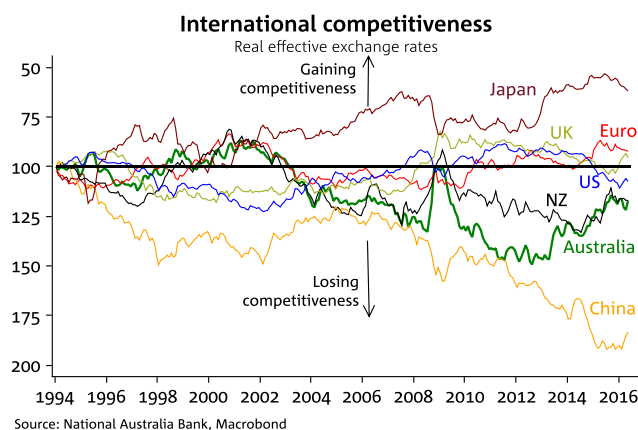
If you wanted a little more event risk to ponder, late this afternoon (18.00 AEST), the German Constitutional Court is bringing down a ruling on the legality of ECB Outright Monetary Transactions (OMT), due at 18.00 AEST.

## Overnight

On global stock markets, the S&P 500 was +0.58%. Bond markets saw US 10-years +8.08bp to 1.69%. In commodities, Brent crude oil +2.50% to \$50.4, gold-0.1% to \$1,293, iron ore +0.0% to \$51.06. AUD is at 0.7458 and the range since yesterday 5pm Sydney time is 0.7443 to 0.7479.

Good luck.

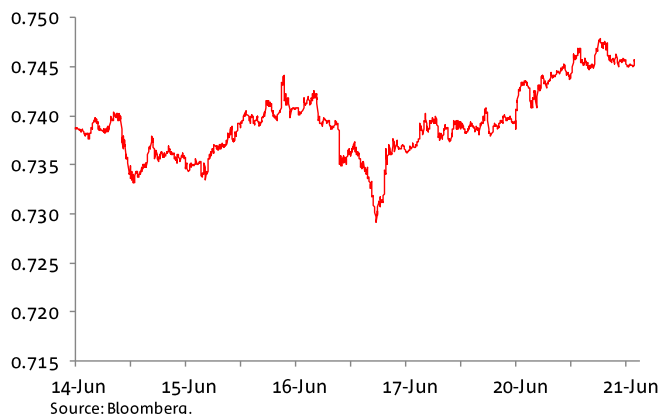
## Chart of the day: Australia's improving competitiveness



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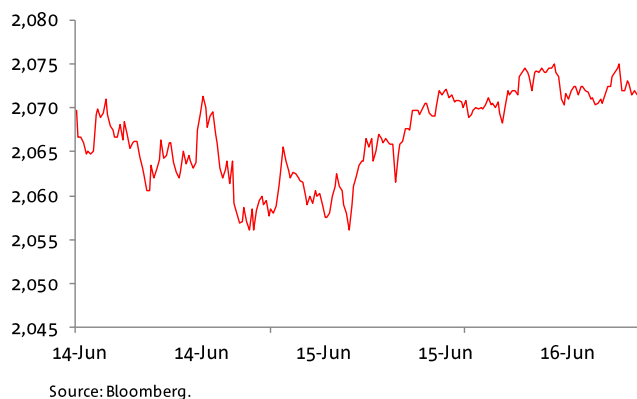
AUD/USD - past week



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	0.7456	0.9	0.7386	0.7481	HKD	7.7610 0.0
NZD	0.7113	0.9	0.7101	0.7131	CNY	6.5738 -0.3
EUR	1.1311	0.4	1.1302	1.1358	SGD	1.3432 -0.5
GBP	1.4680	3.0	1.4583	1.4722	IDR	13,235 -0.8
JPY	103.93	-0.3	103.78	104.65	THB	35.21 -0.1
CAD	1.2798	-0.9	1.2773	1.2833	KRW	1,160 -1.2
AUD/EUR	0.6592	0.4	0.6573	0.6597	TWD	32.25 -0.4
AUD/JPY	77.48	0.5	77.33	78.16	PHP	46.37 -0.2
AUD/GBP	0.5078	-2.1	0.5063	0.5110	CHF	0.96 0.0
AUD/NZD	1.0480	0.0	1.0471	1.0504	SEK	8.24 -1.0
AUD/CNH	4.9018	0.6	4.9075	4.9227		

Equities

Major Indices	Last	% day	% y/y
Dow	17,805	0.7	-1.2
S&P 500	2,083	0.6	-1.3
Nasdaq	4,837	0.8	-5.5
VIX	18	-5.4	31.6
FTSE	6,204	3.0	-7.5
DAX	9,962	3.4	-9.8
CAC 40	4,341	3.5	-9.9
Nikkei	15,965	2.3	-20.9
Shanghai	2,889	0.1	-35.5
Hang Seng	20,510	1.7	-23.4
ASX 200	5,257	1.8	-6.1

Commodities\*

	Last	% day
Oil (Brent)	50.40	2.5
Oil (WTI)	49.18	2.5
Oil (Tapis)	49.99	4.5
Gold	1292.90	-0.1
CRB	194.41	1.1
GS Metals	264.3	1.6
Aluminium	1626.4	1.1
Copper	4642.8	2.0
Nickel	9254.5	2.4
Zinc	2004.3	1.4
Ch. steel	2085.0	1.5
Iron ore	51.1	0.0
Coal	56.2	4.0
Wheat Chic.	507.5	-1.1
Sugar	19.8	-0.7
Cotton	66.0	0.1
Coffee	141.3	-1.1

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.64	0.88	1.56	USD 10	1.68	7.05
AUD	1.75	2.00	1.84	2.36	AUD 10	2.14	6.00 0.46
NZD	2.25	2.34	2.29	2.80	NZD 10	2.51	4.20 0.83
EUR	0.00	-0.27	-0.19	0.49	CAD 10	1.21	8.70 -0.47
GBP	0.50	0.58	0.81	1.32	EUR 10	0.05	3.20 -1.63
JPY	-0.04	-0.03	-0.13	0.03	GBP 10	1.24	9.40 -0.44
CAD	0.50	0.89	0.95	1.46	JPY 10	-0.15	0.50 -1.82

Overnight Futures

	Last	Chge*
<b>Australia</b>		
3 mth bill	98.08	-3.00
3 Yr bond	97.8	3.00
10 Yr bond	97.82	-13.00
3/10 sprd	-0.02	16.00
SPI	5204.0	-87.0

CO<sub>2</sub> Emissions - Euros

	Last	% day
Jun-2016	5.86	Clsd
Dec-2016	5.86	3.4
Jun-2017	5.87	3.2

\*Change in bps

\* 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
<b>Tuesday, 21 June 2016</b>								
AU	RBA's Guy Debelle, Assistant Governor (Financial Markets) speaks on "Liquidity in Domestic Fixed Income Markets", Sydney						23.25	9.25
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jun 19				116.4	23.30	9.30
AU	RBA June Meeting Minutes						1.30	11.30
AU	Speech by RBA's Alex Heath, Head of Economic Analysis Department, at CEDA's NSW Energy Series 2016, Sydney						1.30	11.30
AU	House Price Index QoQ/YoY	1Q	0.6/7.6	0.8/7.5		0.2/8.7	1.30	11.30
JN	All Industry Activity Index MoM	Apr		1.2		0.1	4.30	14.30
UK	Public Finances (PSNCR)	May				-2.4	8.30	18.30
GE	ZEW Survey Current Situation/Expectations	Jun		53/4.8		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		-10		-8.0/2.0	10.00	20.00
US	Yellen Testifies on Monetary Policy to Senate Banking Panel						14.00	0.00
<b>Wednesday, 22 June 2016</b>								
NZ	Net Migration SA	May				5520	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
CA	Retail Sales MoM	Apr		0.8		-1.0	12.30	22.30
US	FHFA House Price Index MoM	Apr		0.6		0.7	13.00	23.00
CH	Conference Board Leading Economic Index	May					13.00	23.00
EC	Consumer Confidence	Jun A		-7		-7.0	14.00	0.00
US	Existing Home Sales, #/MoM	May		5.55/1.83		5.5/1.7	14.00	0.00
US	Yellen Testifies on Monetary Policy to House Financial Services Panel						14.00	0.00
US	Fed Governor Powell gives introductory remarks at panel in New York						18.30	4.30
<b>Thursday, 23 June 2016</b>								
NZ	ANZ Job Advertisements MoM	Jun				0.2	22.00	8.00
AU	Panel participation by RBA's Luci Ellis, Head of Financial Stability Department, at the finance and regulation banking event, Sydney						23.00	9.00
CH	MNI Business Indicator	Jun					1.45	11.45
JN	Nikkei Japan PMI Mfg	Jun P				47.7	2.00	12.00
JN	Leading Index CI	Apr F				100.5	5.00	15.00
UK	UK votes on whether to remain in or leave the EU							
GE	Markit/BME Germany Manufacturing PMI	Jun P		52		52.1	7.30	17.30
GE	Markit Germany Services/Composite PMI	Jun P		55/54.3		55.2/54.5	7.30	17.30
EC	Markit Eurozone Manufacturing PMI	Jun P		51.4		51.5	8.00	18.00
EC	Markit Eurozone Services/Composite PMI	Jun P		53.2/53		53.3/53.1	8.00	18.00
AU	Remarks by RBA's Debelle at Sydney Harcourt Visiting Professorship event						8.15	18.15
US	Chicago Fed Nat Activity Index	May		0.11		0.1	12.30	22.30
US	Initial Jobless Claims	Jun 18		270		277	12.30	22.30
US	Bloomberg Consumer Comfort	Jun 19				42.1	13.45	23.45
US	Markit US Manufacturing PMI	Jun P		50.9		50.7	13.45	23.45
US	New Home Sales	May		560		619	14.00	0.00
US	Leading Index	May		0.1		0.6	14.00	0.00
US	New Home Sales MoM	May		-9.5		16.6	14.00	0.00
US	Kansas City Fed Manf. Activity	Jun		-8		-5.0	15.00	1.00
<b>Friday, 24 June 2016</b>								
UK	EU referendum vote counting begins						21.00	7.00
US	Fed's Kaplan Speaks in New York						23.00	9.00
JN	PPI Services YoY	May		0.1		0.2	23.50	9.50
GE	IFO Business Climate	Jun		107.4		107.7	8.00	18.00
GE	IFO Current Assessment/Expectations	Jun		114/101.2		114.2/101.6	8.00	18.00
UK	BBA Loans for House Purchase	May		37850		40104	8.30	18.30
US	Durable Goods Orders/Core orders	May P		-0.4/0.3		3.4/-0.6	12.30	22.30
US	U. of Mich. Sentiment/5-10yr inflation expectations	Jun F		94.1/		94.3/2.3	14.00	0.00
<b>Monday, 27 June 2016</b>								
NZ	Trade Balance	May				292.0	22.45	8.45
CH	Industrial Profits YoY	May				4.2	1.30	11.30
EC	M3 Money Supply YoY	May				4.6	8.00	18.00
US	Advance Goods Trade Balance	May		-59.5		-57.5	12.30	22.30
US	Markit US Services/Composite PMI	Jun P				51.3/50.9	13.45	23.45
CA	Bloomberg Nanos Confidence	Jun 17				57.9	14.00	0.00
US	Dallas Fed Manf. Activity	Jun		-15		-20.8	14.30	0.30
EC/CH	PBOC Governor Zhou Speaks at ECB Forum in Sintra, Portugal						17.30	3.30
<b>Tuesday, 28 June 2016</b>								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jun 19				116.4	23.30	9.30
UK	CBI Retailing Reported Sales	Jun				7.0	10.00	20.00
UK	CBI Total Dist. Reported Sales	Jun				19.0	10.00	20.00
US	GDP Annualized QoQ	1Q T		1		0.8	12.30	22.30
US	S&P/CS 20 City MoM/YoY SA	Apr				0.9/5.4	13.00	23.00
CH	Leading Index	Apr				99.1	28-30 June release	
US	Consumer Confidence Index	Jun		93.1		92.6	14.00	0.00
US	Richmond Fed Manufact. Index	Jun		2		-1.0	14.00	0.00
<b>Upcoming Central Bank Interest Rate Announcements</b>								
Australia, RBA		5-Jul	1.75%	1.75%		1.75%		
UK BOE		14-Jul				0.50%		
Canada, BoC		14-Jul				0.50%		
Europe ECB		21-Jul				0.00%		
US Federal Reserve		27-Jul				0.25-0.50%		
Japan, BoJ		29-Jul				-0.1% to +0.1%		
New Zealand, RBNZ		11-Aug	2.00%	2.00%		2.25%		

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

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