

Don't leave me this way

Lots of soul searching not doubt from EU leaders on day two of their summit with UK PM Cameron back home. They officially called for an "orderly exit" and for the ball to get rolling once a new UK PM is appointed. It was made clear that if the UK wants the access along the lines of the Norway model, then they must abide by the EU's "four freedoms", goods, services, capital and people, the latter the political sticking point for UK voters.

Anyway, words and talk is one thing, actions are another and all that is still to play for. The markets meanwhile are lifting their sights at least for now and starting to re-focus outside Brexit. Equities had another good session, with the Eurostoxx 600 up 3.09%, banks by 2.51%, the FTSE by 3.58%, though European bond markets were singing to a somewhat different tune, yields generally lower, but US Treasury yields rose. Industrial commodity prices were generally higher as the US\$ lost some further ground, with WTI up \$1.60 (+3.34%), copper on the LME up 0.42% and even Chinese iron ore price up 0.45% to \$53.89/t. Gold though also joined this makings of the risk-on party, up 0.33% to \$1322.10/oz.

In currency markets more generally, the EUR and Sterling have spent the session consolidating into somewhat higher levels, GBP/USD trading in the 1.34s and the EUR/USD at just above 1.11. Aussie has also been making some headway into the mid 0.74s, now having retraced up to one half of its Brexit-induced decline.

As for data, Germany's June CPI was in line with 0.2% y/y expectations. US personal spending was a little stronger than expected (helped by a lower savings rate offsetting weaker income growth) and helped by revisions. The Atlanta Fed consequently revised up its *GDPNow* estimate for Q2 from 2.6% to 2.7%, consumer spending up from 4.1% to 4.3%. The headline PCE deflator was lower at 0.9% y/y while the core deflator was steady at 0.2%/1.6% (hitting expectations), no closer to the Fed's 2% target. Elsewhere, the Fed released the results of its annual bank stress tests, clearing 31 of 33 big banks.

Coming up

With Brexit in a state of limbo for now, markets will likely return some focus to other matters, including the data flow and central bank guidance. On that score today, after NZ building permits (8.45 AEST), there's the Lloyds UK Business Barometer for June, at 9.10, followed at 9.50 by June UK Gfk Consumer Confidence, surveys next month and beyond that will take on elevated interest. Of more potential importance

today is the 9.50 AEST release preliminary estimate of Japanese Industrial Production for May, expected to decline by 0.2% after April's 0.5% rise. The market will be interested in the state of, and outlook for, industry in the lead up to the yen's recent surge. Later this morning is the NZ ANZ Business Survey (11.00 AEST) and what it implies about the economy's growth, about confidence and what it says on business inflation.

At 11.30 is RBA credit for May where we look for an unchanged 0.5% m/m. in the detail, business credit bounced back last month to 0.8% (above its average of 0.6% in the previous six months), while housing credit will also come under focus given the pick-up again in Sydney and Melbourne house prices since the May rate cut. Housing credit rose 0.4% in April, owner-occupied by 0.5% and investor by a languid 0.3%. The ABS Job Vacancies report for the May quarter is also out at 11.30 providing a nice lead on employment. Vacancies have been accelerating since early 2014.

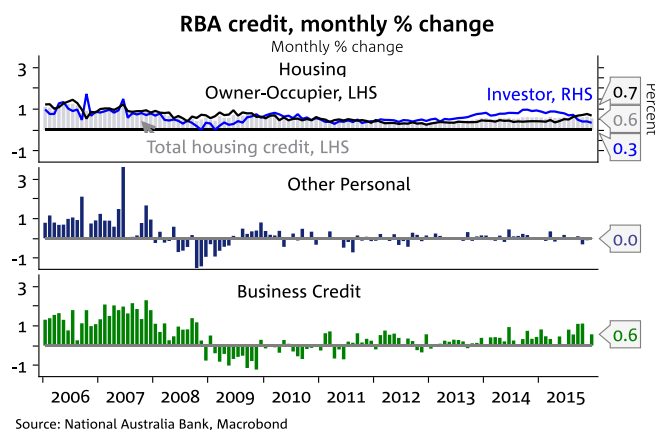
Tonight there's German retail sales and unemployment, for May/June respectively, along with a further vintage of UK GDP for Q1; no revision from 0.4%/2.0% is expected. Then there is EC CPI, US weekly jobless claims, the Chicago PMI and April monthly Canadian GDP.

Overnight

On global stock markets, the S&P 500 was +1.70%. Bond markets saw US 10-years +4.74bp to 1.51%. In commodities, Brent crude oil +3.17% to \$50.12, gold+0.3% to \$1,322, iron ore +0.4% to \$53.89. AUD is at 0.7449 and the range since yesterday 5pm Sydney time is 0.7398 to 0.7452.

Good luck.

Chart of the day: RBA credit growth



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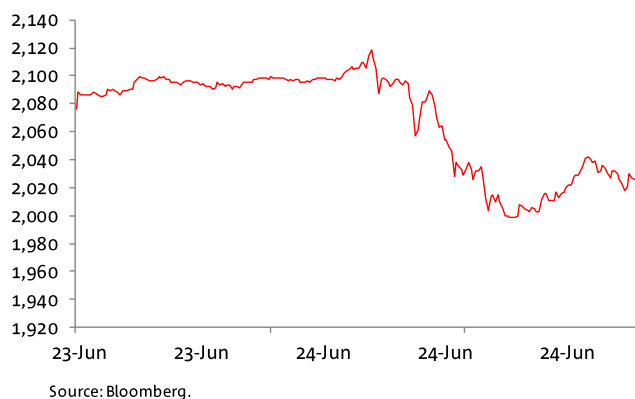
AUD/USD - past week



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	0.7449	0.9	0.7381	0.7456	HKD	7.7594 0.0
NZD	0.7117	0.8	0.7099	0.7137	CNY	6.6354 -0.1
EUR	1.1124	0.3	1.1070	1.1131	SGD	1.3475 -0.5
GBP	1.3451	0.8	1.3416	1.3535	IDR	13,128 -0.4
JPY	102.80	0.5	102.49	102.96	THB	35.12 -0.5
CAD	1.2935	-0.6	1.2934	1.3024	KRW	1,155 -1.3
AUD/EUR	0.6696	0.3	0.6680	0.6713	TWD	32.29 -0.4
AUD/JPY	76.57	1.1	76.11	76.68	PHP	46.90 -0.3
AUD/GBP	0.5537	-0.2	0.5496	0.5546	CHF	0.98 0.1
AUD/NZD	1.0465	-0.1	1.0433	1.0476	SEK	8.46 -0.7
AUD/CNH	4.9415	0.5	4.9374	4.9573		

Equities

Major Indices	Last	% day	% y/y
	Dow	17,695	1.6
S&P 500	2,071	1.7	0.6
Nasdaq	4,779	1.9	-3.6
VIX	17	-11.3	-11.7
FTSE	6,360	3.6	-3.9
DAX	9,612	1.7	-13.3
CAC 40	4,195	2.6	-13.9
Nikkei	15,567	1.6	-23.1
Shanghai	2,932	0.7	-31.5
Hang Seng	20,436	1.3	-22.1
ASX 200	5,142	0.8	-5.8

Commodities*

	Last	% day
Oil (Brent)	50.12	3.2
Oil (WTI)	49.49	3.4
Oil (Tapis)	49.13	2.4
Gold	1321.80	0.3
CRB	194.64	1.6
GS Metals	271.1	0.7
Aluminium	1630.8	0.8
Copper	4834.3	0.4
Nickel	9405.0	1.1
Zinc	2086.0	0.7
Ch. steel	2248.0	-0.8
Iron ore	53.9	0.4
Coal	56.9	0.9
Wheat Chic.	465.3	-2.5
Sugar	21.0	5.4
Cotton	65.9	0.0
Coffee	144.5	2.7

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.63	0.77	1.40	USD 10	1.51	4.74
AUD	1.75	1.96	1.81	2.25	AUD 10	2.00	1.50 0.49
NZD	2.25	2.41	2.23	2.66	NZD 10	2.34	2.10 0.83
EUR	0.00	-0.28	-0.22	0.37	CAD 10	1.13	4.70 -0.38
GBP	0.50	0.55	0.57	1.01	EUR 10	-0.13	-1.40 -1.64
JPY	-0.06	-0.03	-0.15	-0.06	GBP 10	0.95	-1.20 -0.56
CAD	0.50	0.87	0.90	1.36	JPY 10	-0.23	-1.50 -1.74

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.10	-3.00
3 Yr bond	97.8	3.00
10 Yr bond	97.96	-7.00
3/10 sprd	-0.16	10.00
SPI	5153.0	-109.0

*Change in bps

CO₂ Emissions - Euros

	Last	% day
Jun-2016	5.00	Clsd
Dec-2016	4.54	-3.0
Jun-2017	4.55	-3.6

* 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
Thursday, 30 June 2016								
NZ	Building Permits MoM	May				6.6	22.45	8.45
UK	Lloyds Business Barometer	Jun				32.0	23.10	9.10
UK	GfK Consumer Confidence	Jun		-2		-1.0	23.50	9.50
JN	Industrial Production MoM/YoY	May P		-0.2/1.9		0.5/-3.3	23.50	9.50
CH	Swift Global Payments CNY	May				1.8	1.00	11.00
NZ	ANZ Activity Outlook/Business Confidence	Jun				30.4/11.3	1.00	11.00
AU	Job vacancies	May				2.7	1.30	11.30
AU	Private Sector Credit MoM/YoY	May	0.5/6.7	0.5/6.7		0.5/6.7	1.30	11.30
NZ	Credit aggregates, household YoY	May				7.9	3.00	13.00
GE	Unemployment Change (000's)/Rate	Jun		-5/6.1		-11.0/6.1	7.55	17.55
UK	GDP QoQ/YoY	1Q F		0.4/2		0.4/2.0	8.30	18.30
UK	Current Account Balance	1Q		-28		-32.7	8.30	18.30
UK	Index of Services MoM	Apr		0.2		-0.1	8.30	18.30
UK	Total Business Investment QoQ/YoY	1Q F				-0.5/-0.4	8.30	18.30
CH	BoP Current Account Balance	1Q F				48.1	9.00	19.00
EC	CPI Estimate/Core YoY	Jun		0/0.8		-0.1/0.8	9.00	19.00
EC	ECB account of the monetary policy meeting						11.30	21.30
US	Initial Jobless Claims	Jun 25		267		259.0	12.30	22.30
CA	Raw Materials Price Index MoM	May		5		0.7	12.30	22.30
CA	Industrial Product Price MoM	May		0.3		-0.5	12.30	22.30
CA	GDP MoM/YoY	Apr		0.1/1.4		-0.2/1.1	12.30	22.30
US	Chicago Purchasing Manager	Jun		51		49.3	13.45	23.45
US	Bloomberg Consumer Comfort	Jun 26				44.2	13.45	23.45
US	Fed's Bullard Speaks in London						17.30	3.30
Friday, 1 July 2016								
AU	AiG Perf of Mfg Index	Jun				51.0	23.30	9.30
JN	Jobless Rate/Job-to-applicant ratio	May		3.2		3.2/1.3	23.30	9.30
JN	Overall Household Spending YoY	May		-1		-0.4	23.30	9.30
JN	Natl CPI/Ex fresh food YoY	May		-0.5/-0.4		-0.3/-0.3	23.30	9.30
JN	Natl CPI Ex Food, Energy YoY	May		0.6		0.7	23.30	9.30
JN	Tankan Large Mfg Index/Outlook	2Q		4/3		6.0/3.0	23.50	9.50
JN	Tankan Large All Industry Capex	2Q		5.6		-0.9	23.50	9.50
AU	CoreLogic House Px MoM	Jun	0.3			1.6	0.00	10.00
CH	Manufacturing/Non-manufacturing PMI	Jun		50/		50.1/53.1	1.00	11.00
CH	Caixin China PMI Mfg	Jun		49.2		49.2	1.45	11.45
JN	Nikkei Japan PMI Mfg	Jun F				47.8	2.00	12.00
JN	Natl CPI Ex Fresh Food, Energy YoY	May		0.8		0.9	5.00	15.00
JN	Consumer Confidence Index	Jun		41		40.9	5.00	15.00
AU	Commodity Index AUD	Jun				90.3	6.30	16.30
GE	Markit/BME Germany Manufacturing PMI	Jun F		54.4		54.4	7.55	17.55
EC	Markit Eurozone Manufacturing PMI	Jun F		52.6		52.6	8.00	18.00
UK	Markit UK PMI Manufacturing SA	Jun		50.1		50.1	8.30	18.30
UK	Unit Labor Costs YoY	1Q		1.5		1.3	8.30	18.30
EC	Unemployment Rate	May		10.1		10.2	9.00	19.00
US	Markit US Manufacturing PMI	Jun F		51.3		51.4	13.45	23.45
US	ISM Manufacturing	Jun		51.3		51.3	14.00	0.00
Monday, 4 July 2016								
UK	Lloyds Business Barometer	Jun				32.0	23.10	9.10
JN	Monetary Base YoY	Jun				25.5	23.50	9.50
AU	Melbourne Institute Inflation MoM	Jun				-0.2	1.00	11.00
AU	Melbourne Institute Inflation YoY	Jun				1.0	1.00	11.00
AU	ANZ Job Advertisements MoM	Jun				2.4	1.30	11.30
AU	Building Approvals MoM/YoY	May		/		3.0/0.7	1.30	11.30
UK	Markit/CIPS UK Construction PMI	Jun				51.2	8.30	18.30
EC	Sentix Investor Confidence	Jul				9.9	8.30	18.30
EC	PPI MoM/YoY	May		/		-0.3/-4.4	9.00	19.00
CA	RBC Canadian Manufacturing PMI	Jun				52.1	13.30	23.30
CA	Bloomberg Nanos Confidence	Jul 1				58.3	14.00	0.00
CA	Business Outlook Future Sales	2Q				16.0	14.30	0.30
CA	BoC Senior Loan Officer Survey	2Q				6.6	14.30	0.30
Tuesday, 5 July 2016								
AU	AiG Perf of Services Index	Jun				51.5	23.30	9.30
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jul 3				116.8	23.30	9.30
NZ	QV House Prices YoY	Jun				12.4	0.00	10.00
NZ	ANZ Commodity Price	Jun				1.0	1.00	11.00
AU	Trade Balance	May				-1579.0	1.30	11.30
AU	Retail Sales MoM	May				0.2	1.30	11.30
CH	Caixin China PMI Services/Composite	Jun		/		51.2/50.5	1.45	11.45
JN	Nikkei Japan PMI Services/Composite	Jun		/		50.4/49.2	2.00	12.00
AU	RBA Cash Rate Target	Jul 5		1.75		1.8	4.30	14.30
GE	Markit Germany Services/Composite PMI	Jun F		/		53.2/54.1	7.55	17.55
EC	Markit Eurozone Services/Composite PMI	Jun F		/		52.4/52.8	8.00	18.00
UK	Official Reserves Changes	Jun				-1168.0	8.30	18.30
UK	Markit/CIPS UK Services/Composite PMI	Jun		/		53.5/53.0	8.30	18.30
EC	Retail Sales MoM/YoY	May		/		0.0/1.4	9.00	19.00
US	ISM New York	Jun				37.2	13.45	23.45
US	IBD/TIPP Economic Optimism	Jul				0.0	14.00	0.00
US	Factory Orders/ex transp orders	May		-0.6		1.9	14.00	0.00
Wednesday, 6 July 2016								
UK	BRC Shop Price Index YoY	Jun				-1.8	23.10	9.10
GE	Factory Orders MoM	May				-2.0	6.00	16.00
GE	Factory Orders WDA YoY	May				-0.5	6.00	16.00
GE	Markit Germany Construction PMI	Jun				52.7	7.30	17.30
AU	RBA's Debelle Gives Speech						7.30	17.30
UK	New Car Registrations YoY	Jun				2.5	8.00	18.00
GE	Markit Germany Retail PMI	Jun				54.0	8.10	18.10
EC	Markit Eurozone Retail PMI	Jun				50.6	8.10	18.10
US	MBA Mortgage Applications	Jun 24				2.9	11.00	21.00
US	Trade Balance	May		-39.5		-37.4	12.30	22.30
CA	Int'l Merchandise Trade	May				-2.9	12.30	22.30
US	Markit US Services/Composite PMI	Jun F		/		51.3/51.2	13.45	23.45
US	ISM Non-Manf. Composite	Jun		53.5		52.9	14.00	0.00
US	U.S. Fed Releases Minutes from June 14-15 FOMC Meeting						18.00	4.00
Upcoming Central Bank Interest Rate Announcements								
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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