Markets Today

Crying Shame

News of the (now failed) attempted military coup attempt in Turkey started filtering though about half an hour before the US stock market close, too late to have much impact on cash indices which closed fairly flat but early enough to see the S&P500 futures lose 0.4% after the NYSE close. Earlier it was hard to discern much by way of market impact to the Nice terrorist atrocity, sickening as it is. Treasury yields retraced much of their post-US data-led gains on the Turkey news (2s actually closing lower on the day) while the dollar received a safe haven boost having earlier been supported by stronger than expected US data and higher yields. Once again the Yen displayed its credentials as the pre-eminent safe-haven currency, USD/JPY tumbling back down through Y105 to close 0.45% stronger on the day at Y104.88. The Turkish Lire lost over 4% in late NY trade with EM currencies hit more broadly albeit to a lesser extent (e.g. ZAR -2.5%, MXN -1.4%, RUB -1.2% – Asia EM FX had pretty much closed beforehand).

The S&P 500 finished -0.1% at 2164.7, the Dow +0.05% and NASDAQ -0.1%. Earlier the Eurostoxx 50 finished -0.15% with the Dax just -0.01%. The VIX only moved from 12.4 to 12.7 in the last half hour of trade.

In bonds, US 10s had sold off, yields rising from 1.53% to 1.6% in the wake of the US data, only to retrace to 1.55% in the immediate aftermath of the coup news. They closed at 1.552%, 1.6bps higher on the day. 2s were around 0.665% into the data, jumped to 0.71% after and then tumbled back to 0.6674% by the close, 0.5bps down on 24 hours earlier.

In G10 FX, the JPY (+0.45%) fared best and the NOK worse (-1.43%) but GBP, NZD and SEK all lost over 1%, Sterling in part on a speech from Bank of England chief economist Andrew Haldane in which he said, "Given the scale of insurance required, a package of mutually-complementary monetary policy easing measures is likely to be necessary… This monetary response, if it is to buttress expectations and confidence, needs I think to be delivered promptly as well as muscularly. By promptly I mean next month".

EUR/USD weakness (-0.76% to 1.1035) trumped JPY strength to drive the DXY up 0.63% to 96.68 with the broader BBDXY up a smaller 0.39%. ADXY finished 0.27% lower. AUD/USD was down 0.71% to 0.7578, USD/NZD -1.15% to 0.7116 and GBP/USD -1.13% to 1.3192.

Commodities saw gold down $4.80 at $1,332.20, WTI crude +30 cents to $45.95 and Brent +70 cents to $48.11. The LMEX index ended 0.47% lower and iron ore unchanged at $58.42 (62% fines China import price).

As for the US data, US June retail sales rose by a strong +0.6% (0.1%E, 0.2%P revised from +0.5%). Ex-autos, sales were +0.7% (0.4%E, 0.4%P). US June industrial production +0.6% (0.3%E, -0.3%P revised from -0.4%). Manufacturing +0.4% (0.3%E, -0.3%P revised from -0.4% with all the strength attributed to autos). Mining turned up slightly last month, while utilities output was boosted by hot weather boosting demand for air conditioning above seasonal norms.

US June CPI headline came in below expectations at 0.2% (0.3%E, 0.2%P), but the as-expected core reading of 0.2% saw y/y growth rising to 2.3% (2.2%E, 2.2%P).

The Empire (NY State) manufacturing index fell to 0.55 (5.0E, 6.01P) while the University of Michigan preliminary consumer sentiment index fell to 89.5 (93.5E, 93.5P), with blame laid at the floor of the earlier Brexit vote. But the closely watched 5-10 year inflation expectations reading rose to 2.8% from 2.6% (1yr unchanged at 2.6%).

CoreLogic RP Data weekend auction summary shows the combined capital cities clearance rate at 71.6% up from 70.6 the previous week. Sydney cleared 76.2% versus a final 76.5% previously and Melbourne 77.3% up from 71.8%.

Coming Up

In early Monday FX trade, we have already seen much of Friday's late NY day moves reversed, USD/JPY back comfortably on a ¥105 handle and AUD and NZD both up over a quarter of a percent. In the absence of another near term geopolitical shock (and sadly news of more shootings of police officers, this time in Baton Rouge, doesn't appear to qualify) it's likely that Friday's strong US data can continue to reverberate. This is all the more so given it's a quiet week ahead for US economic news and with Fed speakers in lock-down ahead of next week's FOMC meeting.

Not much to see in Australian ahead of the all-important Q2 CPI report next Wednesday, the main point of interest likely to be tomorrow's July RBA meeting minutes. New Zealand has CPI today and which is important. July preliminary PMIs are the main draw in Europe and which will include a special post-Brexit vote one for the UK. Also it's the first ECB meeting since the Brexit vote.

Overnight

On global stock markets, the S&P 500 was +0.43%. Bond markets saw US 10-years +1.53bp to 1.55%. In commodities, Brent crude oil +2.92% to $47.61, gold-1.2% to $1,327, iron ore -1.2% to $58.42. AUD is at 0.7597 and the range since Friday 5pm Sydney time is 0.7564 to 0.7657.

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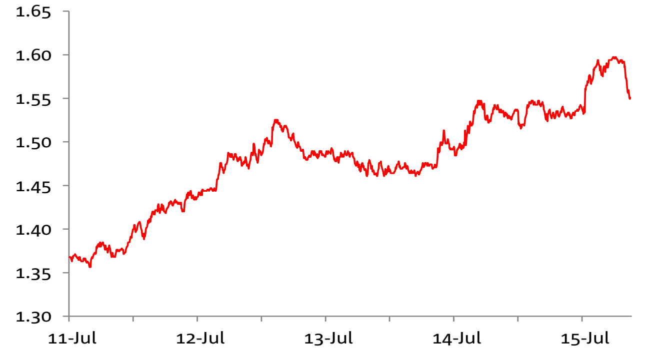
AUD/USD - past week

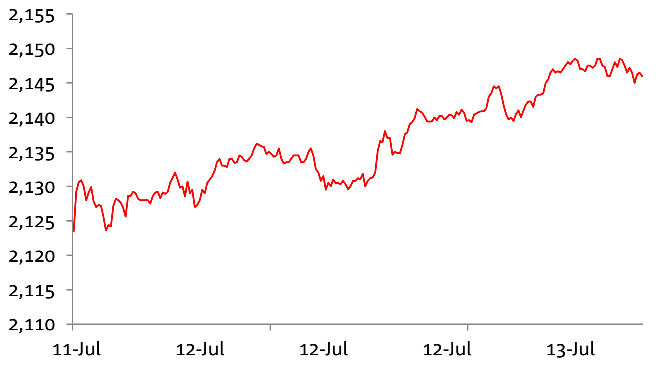
Source: Bloomberg.

US 10 yr - past week



Source: Bloomberg.

S&P Futures - past week



Source: Bloomberg.

WTI - past week

Source: Bloomberg.

Foreign Exchange

			Indicative 24hr ranges (**)	
	Last	% chge	Low	High
AUD	0.7597	-0.5	0.7561	0.7676
NZD	0.7136	-0.9	0.7109	0.7202
EUR	1.1052	-0.6	1.1025	1.1149
GBP	1.3213	-1.0	1.3132	1.3481
JPY	105.31	0.0	104.64	106.32
CAD	1.2945	0.4	1.2862	1.2988
AUD/EUR	0.6865	0.1	0.6846	0.6898
AUD/JPY	79.48	0.0	79.17	81.51
AUD/GBP	0.5735	-0.9	0.5670	0.5776
AUD/NZD	1.0652	1.9	1.0598	1.0703
AUD/CNH	5.0803	-0.3	5.0686	5.1339

Other FX	Last	% chge
HKD	7.7545	0.0
CNY	6.6935	0.1
SGD	1.3460	0.3
IDR	13,096	0.1
THB	34.91	-0.4
KRW	1,134	-1.1
TWD	31.85	-1.0
PHP	46.74	-0.9
CHF	0.98	0.2
SEK	8.56	0.8

Equities

Major Indices	Last	% day	% y/y
Dow	18,517	0.8	2.4
S&P 500	2,162	0.4	1.7
Nasdaq	5,030	0.5	-3.5
VIX	13	-2.8	6.0
FTSE	6,669	0.0	-1.6
DAX	10,067	1.4	-13.8
CAC 40	4,373	0.9	-14.7
Nikkei	16,498	1.6	-20.1
Shanghai	3,054	-0.2	-22.8
Hang Seng	21,659	1.6	-14.8
ASX 200	5,430	0.8	-4.2

Commodities*

	Last	% day
Oil (Brent)	47.61	2.9
Oil (WTI)	45.95	2.7
Oil (Tapis)	46.21	-1.3
Gold	1327.40	-1.2
CRB	188.86	0.1
GS Metals	278.9	-0.2
Aluminium	1655.0	-0.3
Copper	4900.0	-0.4
Nickel	10239.0	-0.7
Zinc	2199.5	1.3
Ch. steel	2466.0	-3.3
Iron ore	58.4	-1.2
Coal	61.3	0.3
Wheat Chic.	449.8	2.3
Sugar	19.3	-0.9
Cotton	73.9	0.7
Coffee	147.6	-0.1

Interest Rates

Indicative Swap Rates	Cash	3mth	2Yr	10Yr
USD	0.50	0.69	0.88	1.41
AUD	1.75	1.96	1.78	2.18
NZD	2.25	2.37	2.20	2.60
EUR	0.00	-0.29	-0.23	0.36
GBP	0.50	0.53	0.53	0.94
JPY	-0.04	-0.05	-0.14	-0.03
CAD	0.50	0.88	0.91	1.32

Benchmark 10 Year Bonds	Last	chge	Sprd
USD 10	1.55	7.66	
AUD 10	1.97	-0.40	0.42
NZD 10	2.34	0.10	0.79
CAD 10	1.08	8.00	-0.47
EUR 10	0.01	6.80	-1.54
GBP 10	0.83	8.90	-0.72
JPY 10	-0.23	5.50	-1.78

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.13	4.00
3 Yr bond	97.8	1.00
10 Yr bond	98.00	2.00
3/10 sprd	-0.20	-1.00
SPI	5378.0	-29.0

*Change in bps

CO_2 Emissions - Euros

	Last	% day
Dec-2016	4.97	4.0
Jun-2017	4.98	3.8
Dec-2017	4.95	3.1

* 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
Monday, 18 July 2016								
NZ	Performance Services Index	Jun				56.9	22.30	8.30
NZ	CPI QoQ/YoY	2Q	0.6/0.6	0.5/0.5		0.2/0.4	22.45	8.45
UK	Rightmove House Prices MoM/YoY	Jul		/		0.8/5.5	23.10	9.10
CH	Property Prices	Jun					1.30	11.30
UK	BOE's Weale speaks in London Brexit Impact on Monetary Policy						8.15	18.15
CA	Int'l Securities Transactions	May				15.5	12.30	22.30
CA	Bloomberg Nanos Confidence	Jul 15				56.9	14.00	0.00
US	NAHB Housing Market Index	Jul		60		60.0	14.00	0.00
US	Total Net TIC Flows/Long term TIC Flows	May		/		80.4/-79.6	20.00	6.00
Tuesday, 19 July 2016								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jul 17				115.2	23.30	9.30
AU	RBA July Meeting Minutes						1.30	11.30
AU	CBA/HIA House Affordability	2Q				80.9	1.45	11.45
EC	ECB Bank Lending Survey						8.00	18.00
UK	CPI MoM/YoY	Jun		0.2/0.4		0.2/0.3	8.30	18.30
UK	CPI Core YoY	Jun		1.3		1.2	8.30	18.30
UK	PPI Input NSA MoM/YoY	Jun		1.1/-0.7		2.6/-3.9	8.30	18.30
UK	PPI Output NSA MoM/YoY	Jun		0.2/-0.5		0.1/-0.7	8.30	18.30
UK	PPI Output Core NSA MoM/YoY	Jun		0.1/0.6		0.0/0.5	8.30	18.30
UK	House Price Index YoY	May					8.30	18.30
EC	Construction Output MoM/YoY	May		/		-0.2/-0.4	9.00	19.00
GE	ZEW Survey Current Situation/Expectations	Jul		51.8/9		54.5/19.2	9.00	19.00
EC	ZEW Survey Expectations	Jul				20.2	9.00	19.00
US	Housing Starts, #/MoM	Jun		1165/0.1		1164/-0.3	12.30	22.30
US	Building Permits, #/MoM	Jun		1150/1.2		1138/0.7	12.30	22.30
US	IMF releases WEO Global Growth Update						13.00	23.00
NZ	GDT Dairy Auction					flat	early AM NZT	
Wednesday, 20 July 2016								
AU	Westpac Leading Index MoM	Jun				0.2	0.30	10.30
AU	Skilled Vacancies MoM	Jun				1.0	1.00	11.00
JN	Convenience Store Sales YoY	Jun				-0.3	7.00	17.00
EC	ECB Current Account SA	May				36.2	8.00	18.00
UK	Jobless Claims Change/Claimant Count Rate	Jun		3/2.2		-0.4/2.2	8.30	18.30
UK	Average Weekly Earnings 3M/YoY, ex bonus 3M/YoY	May		2.3/2.4		2.0/2.3	8.30	18.30
UK	ILO Unemployment Rate/Employment change 3Mths	May		5/71		5.0/55.0	8.30	18.30
CH	Conference Board Leading Economic Index	Jun					13.00	23.00
Thursday, 21 July 2016								
NZ	RBNZ Update on Economic Assessment ahead of 11 August MPS						21.00	7.00
NZ	Net Migration SA	Jun				5500	22.45	8.45
AU	NAB Business Confidence	2Q				3.7	1.30	11.30
AU	RBA FX Transactions Market	Jun				909.0	1.30	11.30
AU	RBA FX Transactions Government	Jun				-916.0	1.30	11.30
AU	RBA FX Transactions Other	Jun				25.0	1.30	11.30
NZ	Credit Card Spending MoM/YoY	Jun				0.0/5.9	3.00	13.00
JN	All Industry Activity Index MoM	May		-1.1		1.3	4.30	14.30
JN	Machine Tool Orders YoY	Jun F				-19.9	6.00	16.00
UK	Retail Sales Ex Auto Fuel MoM/YoY	Jun		-0.6/4.8		1.0/5.7	8.30	18.30
UK	Retail Sales Inc Auto Fuel MoM/YoY	Jun		-0.5/5.1		0.9/6.0	8.30	18.30
UK	Public Finances (PSNCR)/Net Borrowing	Jun		/9.3		3.4/9.1	8.30	18.30
EC	Euro Area Government Deficit/Debt	Q1					9.00	19.00
EC	ECB Main Refinancing Rate/Deposit Facility Rate	Jul 21		0/-0.4		0.0/-0.4	11.45	21.45
US	Chicago Fed Nat Activity Index	Jun		-0.2		-0.5	12.30	22.30
CA	Wholesale Trade Sales MoM	May		0.3		0.1	12.30	22.30
US	Initial Jobless Claims	Jul 16		265		254.0	12.30	22.30
US	Philadelphia Fed Business Outlook	Jul		4.5		4.7	12.30	22.30
US	FHFA House Price Index MoM	May		0.4		0.2	13.00	23.00
US	Existing Home Sales, #/MoM	Jun		5.48		5.5	14.00	0.00
US	Leading Index	Jun		0.2		-0.2	14.00	0.00
Friday, 22 July 2016								
CH	MNI Business Indicator	Jul					1.45	11.45
JN	Nikkei Japan PMI Mfg	Jul P				48.1	2.00	12.00
GE	Markit/BME Germany Manufacturing PMI	Jul P		53.4		54.5	7.30	17.30
GE	Markit Germany Services/Composite PMI	Jul P		53.2/53.6		53.7/54.4	7.30	17.30
EC	ECB Survey of Professional Forecasters						8.00	18.00
EC	Markit Eurozone Manufacturing PMI	Jul P		52		52.8	8.00	18.00
EC	Markit Eurozone Services/Composite PMI	Jul P		52.3/52.5		52.8/53.1	8.00	18.00
CA	Retail Sales MoM/YoY	May		0/0.3		0.9/1.3	12.30	22.30
CA	CPI NSA MoM/YoY	Jun		0.1/1.4		0.4/1.5	12.30	22.30
CA	CPI Core MoM/YoY	Jun		-0.1/2		0.3/2.1	12.30	22.30
US	Markit US Manufacturing PMI	Jul P		51.5		51.3	13.45	23.45
EC	Consumer Confidence	Jul A		-8		-7.3	14.00	0.00
Monday, 25 July 2016								
JN	Trade Balance Adjusted	Jun				269.8	23.50	9.50
JN	Exports/Imports YoY	Jun		/		-11.3/-13.8	23.50	9.50
JN	Leading Index CI	May F				100.0	5.00	15.00
NZ	RBNZ Governor Wheeler Speaks in Auckland (Not Public)						7.30	17.30
GE	IFO Business Climate	Jul				108.7	8.00	18.00
GE	IFO Current Assessment/Expectations	Jul		/		114.5/103.1	8.00	18.00
UK	CBI Trends Total Orders/Selling Prices	Jul		/		-2.0/1.0	10.00	20.00
UK	CBI Business Optimism	Jul				-5.0	10.00	20.00
CA	Bloomberg Nanos Confidence	Jul 15				56.9	14.00	0.00
US	Dallas Fed Manf. Activity	Jul				-18.3	14.30	0.30
Tuesday, 26 July 2016								
NZ	Trade Balance/12m YTD	Jun				358/-3633	22.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jul 17				115.2	23.30	9.30
JN	PPI Services YoY	Jun				0.2	23.50	9.50
UK	BBA Loans for House Purchase	Jun				42187	8.30	18.30
US	S&P/CS 20 City MoM/YoY	May		/		0.5/5.4	13.00	23.00
US	Markit US Services/Composite PMI	Jul P		/		51.4/51.2	13.45	23.45
US	Consumer Confidence Index	Jul		95.25		98.0	14.00	0.00
US	Richmond Fed Manufact. Index	Jul				-7.0	14.00	0.00
US	New Home Sales, #/MoM	Jun		560/1.6		551.0/-6.0	14.00	0.00
Upcoming Central Bank Interest Rate Announcements								
Canada, BoC		7-Sep				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%		
Australia, RBA		2-Aug	1.75%	1.50%		1.75%		
UK BOE		4-Aug		0.25%		0.50%		
New Zealand, RBNZ		11-Aug	2.00%	2.00%		2.25%		

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

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