

Who Let the Dogs Out?

Not a huge amount to say about Friday's offshore markets (unlike Saturday night's AFL preliminary final), characterised by a give-back of some of the post-FOMC stock market euphoria, fractionally lower US bonds yields and a slightly stronger dollar. The biggest news was that Saudi Arabia and Iran failed to reach any agreement after two days of talks in Vienna whereby Saudi might agree to cut production if Iran agreed to freeze its output at current levels. This week's meeting of OPEC ministers in Algiers now looks like it will be a non-event. Oil lost the best part of \$2.

Fed dissenter Eric Rosengren publicly justified his opposition to Wednesday's FOMC decision to stand pat, in terms of maintaining the longevity of the recovery. The Markit US manufacturing PMI was on the soft side (51.4 down from 52.0) but less important than the ISM version (not due for another week) while Canadian data on both retail sales and CPI was unexpectedly weak and the CAD suffered accordingly alongside lower oil prices.

In stocks, the S&P500 ended Friday night 0.57% lower at 2164.7 (a gain of 1.2% on the week), the Dow -0.7% and the NASDAQ -0.6%. The VIX rose by 0.27 to 12.29 but is down 3 points or 20% on the week. Earlier the Eurostoxx 50 lost 0.6% and the German Dax 0.4%.

In rates we saw mild bullish U.S. curve steepening, 2s - 1.6bps to 0.756% (-0.8bps on the week), 5s -0.8bp to 1.157% (-4.2bps on the week), 10s unchanged at 1.619% (-7.4bps on the week) and the 30-year +1.2bps to 2.348%. 10yr Bunds gained 1.4bps to -0.082% and 10 year gilts +2.3bps.

In FX, the US dollar was generally a touch firmer, DXY ending NY up just 0.03% at 95.477 (a fall of 0.7% on the week) and the broader BBXY +0.27% (-0.6% on the week). The ADXY Asia FX index fell -0.1%. USD/MXN added 0.9% to 19.79 but still closed beneath Wednesday's high of 19.91.

In G10, CAD was the biggest loser (-1.0%) after August data showed back-to-back falls in both retail sales (-0.1%) and CPI (-0.2%). NZD was very close behind, USD/NZD -0.97% to 0.7242, seemingly still suffering from last Thursday's RBNZ re-iteration of a very strong easing bias. AUD/USD lost only 0.26% to end the week at 0.7623 for a weekly gain of 1.8%. (the second best G20 performer after NOK).

In commodities, oil was down \$1.80 for both WTI and Brent on the Saudi/Iran news, to \$44.48 and \$45.89 respectively. The LME index was off just 0.1% and iron ore +40 cents to 56.79. Gold lost \$3 to \$1338.

Coming Up

With the Fed out of the way, and not now in play until December with the FOMC next meet on November 2, 6 days before the US election, it is the latter that should now dominate market psychology for the next six weeks. Post-Fed, we've seen market volatility/risk aversion fall-back sharply. The first of the televised debate between Trump and Clinton on Monday night and how that impacts their poll standings will be of keen interest. According to the RealClear Politics website, ahead of the weekend, Clinton was leading Trump by just 2.6 points (see Chart of the Day). The informal gathering of OPEC ministers in Algiers is of interest but with a production looking highly unlikely.

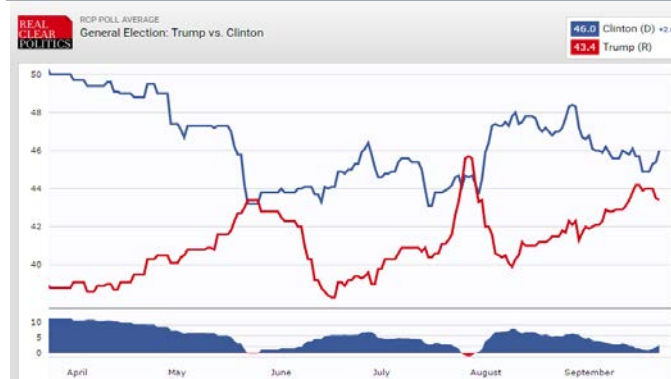
Data wise it's not a big week. The U.S. has Consumer Confidence on Tuesday (will it mimic the mediocre University of Michigan preliminary report?) durable goods orders on Wednesday and personal income, spending and the deflator on Friday (the latter is unlikely to mimic the jump in CPI given a very different methodology for calculating health care costs, the main source of the jump in the latter in August). There are plenty of speakers – most of who will probably tell us we really really might raise rates before the year is out.

China has the Caixin manufacturing PMI on Friday with official services and manufacturing readings on Saturday. Japan has its end of month data fest, and where CPI on Friday will be the highlight. Australia has nothing of note, just the monthly (August) credit data on Friday.

Overnight

On global stock markets, the S&P 500 was +0.07%. Bond markets saw US 10-years +0.01bp to 1.62%. In commodities, Brent crude oil -2.01% to \$45.89, gold+0.8% to \$1,338, iron ore +1.6% to \$56.79. AUD is at 0.7622 and the range since Friday 5pm Sydney time is 0.7612 to 0.7646.

Chart of the Day: Clinton vs. Trump poll standings

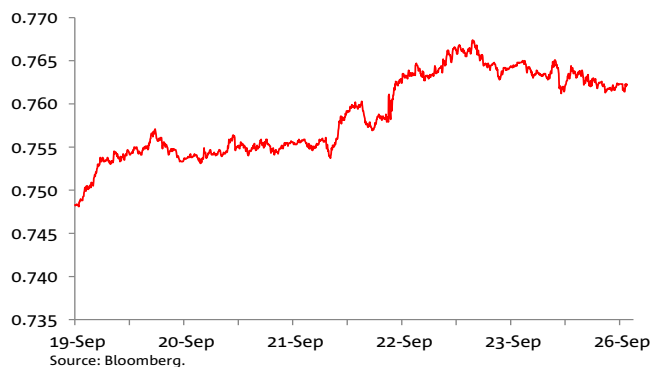


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Markets

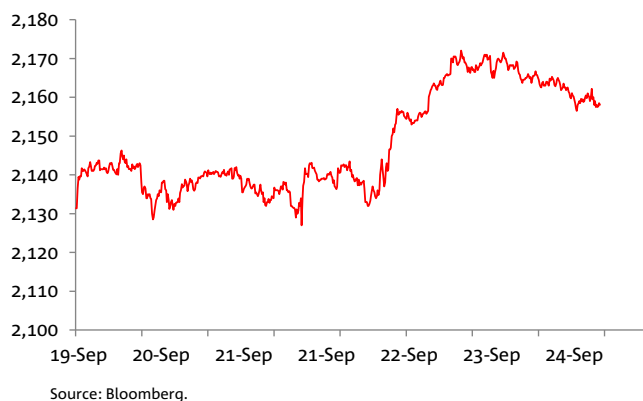
AUD/USD - past week



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	0.7622	-0.3	0.7609	0.7653	HKD	7.7562 0.0
NZD	0.7248	-0.9	0.7224	0.7315	CNY	6.6694 0.0
EUR	1.1230	0.2	1.1194	1.1241	SGD	1.3589 0.2
GBP	1.2967	-0.8	1.2915	1.3088	IDR	13,081 -0.4
JPY	101.07	0.3	100.68	101.24	THB	34.65 0.1
CAD	1.3158	0.9	1.3030	1.3181	KRW	1,102 -1.6
AUD/EUR	0.6791	-0.3	0.6775	0.6829	TWD	31.36 -0.2
AUD/JPY	77.03	0.7	76.81	77.34	PHP	48.04 0.4
AUD/GBP	0.5884	0.6	0.5841	0.5902	CHF	0.97 0.2
AUD/NZD	1.0527	1.5	1.0449	1.0545	SEK	8.54 -0.1
AUD/CNH	5.0857	0.6	5.0814	5.1127		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.85	1.02	1.46	USD 10	1.62	-3.27
AUD	1.50	1.74	1.68	2.17	AUD 10	2.00	-13.00 0.38
NZD	2.00	2.23	2.02	2.51	NZD 10	2.38	-21.10 0.77
EUR	0.00	-0.30	-0.23	0.28	CAD 10	1.04	-10.50 -0.57
GBP	0.25	0.38	0.42	0.75	EUR 10	-0.08	-8.40 -1.70
JPY	-0.06	-0.02	-0.06	0.05	GBP 10	0.73	-7.60 -0.89
CAD	0.50	0.89	0.87	1.25	JPY 10	-0.05	-1.80 -1.66

Equities

Major Indices

	Last	% day	% y/y
Dow	18,261	-0.2	11.9
S&P 500	2,165	0.1	12.1
Nasdaq	5,306	0.2	13.2
VIX	12	-7.6	-48.0
FTSE	6,909	1.1	13.1
DAX	10,627	1.8	9.7
CAC 40	4,489	1.8	0.2
Nikkei	16,754	-0.3	-6.3
Shanghai	3,034	0.3	-1.9
Hang Seng	23,686	0.1	11.8
ASX 200	5,431	1.7	7.7

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.25	0.00
3 Yr bond	97.8	1.00
10 Yr bond	97.99	9.50
3/10 sprd	-0.19	-8.50
SPI	5396.0	-73.0

*Change in bps

Commodities*

	Last	% day
Oil (Brent)	45.89	-2.0
Oil (WTI)	44.48	-1.9
Oil (Tapis)	47.36	2.1
Gold	1337.50	0.8
CRB	183.10	-1.0
GS Metals	277.9	2.1
Aluminium	1630.3	3.5
Copper	4842.0	1.9
Nickel	10627.5	3.0
Zinc	2270.0	0.2
Ch. steel	2330.0	3.1
Iron ore	56.8	1.6
St. Coal	72.0	0.6
Wheat Chic.	428.0	-0.3
Sugar	22.1	-0.3
Cotton	69.1	-3.8
Coffee	151.4	-3.3

CO₂ Emissions - Euros

	Last	% day
Dec-2016	4.52	7.6
Jun-2017	4.53	7.3
Dec-2017	4.56	2.7

* cisd = 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, 26 September 2016								
NZ	Trade Balance	Aug		-735		-433.0	21.45	7.45
NZ	Exports/Imports	Aug		3.6		4.0/4.4	21.45	7.45
JN	BOJ Flow of Funds						23.50	9.50
JN	Leading Index CI	Jul F				100.0	5.00	15.00
JN	BoJ's Kuroda speaks in Osaka						5.30	15.30
JN	Coincident Index	Jul F				112.8	5.00	15.00
GE	IFO Business Climate	Sep		106.2		106.2	8.00	18.00
GE	IFO Current Assessment/Expectations	Sep		113/100		112.8/100.1	8.00	18.00
UK	BBA Loans for House Purchase	Aug		36500		37662.0	8.30	18.30
UK	CBI Total Dist. Reported Sales	Sep				17.0	10.00	20.00
CA	Bloomberg Nanos Confidence	Sep 23				56.7	14.00	0.00
US	New Home Sales/MoM	Aug		596.5/-8.8		654.0/12.4	14.00	0.00
EC	ECB's Draghi speaks at European Parliament in Brussels						14.00	0.00
US	Dallas Fed Manf. Activity	Sep		-3		-6.2	14.30	0.30
CA	BoC's Poloz speaks at a lecture in Washington State						23.00	9.00
Tuesday, 27 September 2016								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Sep 25				115.5	23.30	9.30
JN	PPI Services YoY	Aug		0.3		0.4	23.50	9.50
CH	Industrial Profits YoY	Aug				5.1	1.30	11.30
EC	M3 Money Supply YoY	Aug		4.9		4.8	8.00	18.00
UK	CBI Retailing Reported Sales	Sep				9.0	10.00	20.00
US	S&P CoreLogic CS 20-City MoM/YoY	Jul		-0.05/5		-0.1/5.1	13.00	23.00
US	Markit US Services/Composite PMI	Sep P		51/		51.0/51.5	13.45	23.45
US	Consumer Confidence Index	Sep		98.5		101.1	14.00	0.00
US	Richmond Fed Manufact. Index	Sep		-2		-11.0	14.00	0.00
US	Fed's Fischer discusses why Study Economics?						15.15	1.15
Wednesday, 28 September 2016								
AU	RBA's Edey (Assistant Governor, Financial System) speaks at AFR Retail Summit in Melbourne						0.20	10.20
CH	Westpac-MNI Consumer Sentiment	Sep				111.5	1.45	11.45
JN	Small Business Confidence	Sep		47		46.3	5.00	15.00
GE	GfK Consumer Confidence	Oct		10.2		10.2	6.00	16.00
US	MBA Mortgage Applications	Sep 23				-7.3	11.00	21.00
US	Durable Goods Orders/Core Orders	Aug P		-1.1/0		4.4/1.5	12.30	22.30
EC	Draghi Attends Meeting of German Parliament's EU Committee						13.30	23.30
UK	<i>Nationwide House PX MoM/YoY</i>	<i>Sep</i>		<i>0.3</i>		<i>0.6/5.6</i>		<i>28 Sep-4 Oct release</i>
US	Fed's Yellen Testifies before House Panel on Bank Supervisors						14.00	0.00
US	Fed's Bullard Makes Introductory Remarks on Community Banking						14.10	0.10
US	Fed's Evans Speaks on Community Banking in St. Louis						17.30	3.30
US	Fed's Mester Speaks on Economic Outlook and Policy						20.35	6.35
US	Fed's George Speaks to Minority Bankers in Kansas City						23.15	9.15
Thursday, 29 September 2016								
JN	Retail Sales MoM/YoY	Aug		-1.1		1.4/-0.2	23.50	9.50
CH	Swift Global Payments CNY	Aug				1.9	1.00	11.00
AU	Job vacancies	Aug				-1.9	1.30	11.30
GE	Unemployment Change (000's)/Rate	Sep		-5		-7.0/6.1	7.55	17.55
JN	BoJ's Kuroda speaks at Security Association Conference						6.35	16.35
UK	Net Consumer Credit	Aug		1.4		1.2	8.30	18.30
UK	Net Lending Sec. on Dwellings	Aug		2.5		2.7	8.30	18.30
UK	Mortgage Approvals	Aug		59.75		60.9	8.30	18.30
EC	Business Climate Indicator	Sep		0.03		0.0	9.00	19.00
US	Fed's Harker Speaks in Dublin, Ireland						9.00	19.00
GE	CPI MoM/YoY	Sep P		0/0.6		0.0/0.4	12.00	22.00
GE	CPI EU Harmonized MoM/YoY	Sep P		0/0.5		-0.1/0.3	12.00	22.00
US	Advance Goods Trade Balance	Aug		-62.7		-58.8	12.30	22.30
US	Wholesale Inventories MoM	Aug P		0		0.0	12.30	22.30
US	GDP Annualized QoQ	2Q T		1.3		1.1	12.30	22.30
US	Initial Jobless Claims	Sep 24				252	12.30	22.30
US	Fed's Lockhart Speaks to the Future of Florida Forum						12.50	22.50
US	Bloomberg Consumer Comfort	Sep 25				41.3	13.45	23.45
US	Fed's Powell Speaks on Community Banking in St. Louis						14.00	0.00
US	Pending Home Sales MoM/YoY	Aug		-0.1/		1.3/-2.2	14.00	0.00
US	Yellen addresses minority banking conference via video link						20.00	6.00
Friday, 30 September 2016								
NZ	Building Permits MoM	Aug				-10.5	21.45	7.45
UK	GfK Consumer Confidence	Sep		-4		-7.0	23.10	9.10
UK	Lloyds Business Barometer	Sep				16.0	23.10	9.10
JN	Jobless Rate/Jobs-to-applicants ratio	Aug		3		3.0/1.4	23.30	9.30
JN	Overall Household Spending YoY	Aug		-2.2		-0.5	23.30	9.30
JN	Natl CPI YoY	Aug		-0.5		-0.4	23.30	9.30
JN	Industrial Production MoM/YoY	Aug P		0.5/3.4		-0.4/-4.2	23.50	9.50
NZ	ANZ Activity Outlook/Business Confidence	Sep				33.7/15.5	0.00	10.00
AU	HIA New Home Sales MoM	Aug				-1.8	1.00	11.00
AU	Private Sector Credit MoM/YoY	Aug		0.45/5.9		0.4/6.0	1.30	11.30
CH	Caixin China PMI Mfg	Sep		50.1		50.0	1.45	11.45
NZ	Money Supply M3 YoY	Aug				6.3	2.00	12.00
UK	GDP QoQ/YoY	2Q F		0.6/2.2		0.6/2.2	8.30	18.30
UK	Current Account Balance	2Q		-31		-32.6	8.30	18.30
UK	Index of Services MoM	Jul		0.2		0.2	8.30	18.30
UK	Total Business Investment QoQ/YoY	2Q F		0.5/		0.5/-0.8	8.30	18.30
EC	Unemployment Rate	Aug		10		10.1	9.00	19.00
EC	CPI Estimate YoY	Sep		0.3		0.2	9.00	19.00
EC	CPI Core YoY	Sep A		0.8		0.8	9.00	19.00
US	Personal Income/Spending	Aug		0.2/0.2		0.4/0.3	12.30	22.30
US	PCE Deflator MoM/YoY	Aug		0.2/0.9		0.0/0.8	12.30	22.30
US	PCE Core MoM/YoY	Aug		0.2/1.7		0.1/1.6	12.30	22.30
CA	GDP MoM/YoY	Jul		/		0.6/1.1	12.30	22.30
CA	Industrial Product Price MoM	Aug				0.2	12.30	22.30
CA	Raw Materials Price Index MoM	Aug				-2.7	12.30	22.30
US	Chicago Purchasing Manager	Sep		53		51.5	13.45	23.45
CH	BoP Current Account Balance	2Q F				59.4		
US	U. of Mich. Sentiment/5-10 Yr Inflationary expectations	Sep F		90.1/		89.8/2.5	14.00	0.00
Saturday, 1 October 2016								
CH	Manufacturing PMI	Sep		50.4		50.4	1.00	11.00
CH	Non-manufacturing PMI	Sep				53.5	1.00	11.00
Sunday, 2 October 2016								
Upcoming Central Bank Interest Rate Announcements								
New Zealand, RBNZ		22-Sep	2.00%	2.00%		2.00%		
Australia, RBA		4-Oct	1.50%	1.50%		1.50%		
Europe ECB		20-Oct				0.00%		
Canada, BoC		20-Oct				0.50%		
Japan, BoJ		1-Nov				-0.1% to +0.1%		
US Federal Reserve		3-Nov				0.25-0.50%		
UK BOE		3-Nov				0.25%		

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

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