

## Seasons Greetings

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The market still wants to own dollars as it winds down into Christmas and the New Year period. On the currency front overnight, the USD is still the pick of the bunch, the Bloomberg spot BBDXY dollar index up 0.28%. Faring less well have been the AUD – having tested and currently trading almost right on 0.72 – and Sterling, cable trading with a 1.22 handle, at 1.2286 this morning on what will invariably be a light day for trade.

Also faring less well has been the loonie in the wake of mixed news with a softer-than expected CPI but a perky retail sales report. USD/CAD did trade down to 1.3470 after earlier testing above 1.35, but is back trading almost right on the figure.

The US data set released overnight was a mixed bag. While US Q3 GDP was revised up to an annualised 3.5% rate from 3.2% and core durable goods orders were a little better than tipped in November (0.9% against 0.4% that was the consensus), the November personal income, spending and PCE deflators report far from shot the lights out. Income growth was flat and consumer spending rose a tenth less than expected at 0.2%, down from 0.4%, though in lower-than-expected inflation-adjusted terms, consumer spending managed the second month of a measly 0.1% rise.

In the wake of the US data, the Atlanta Fed's *GDPNow* estimate for Q4 was shaded lower to 2.5% from 2.6%.

The PCE deflators were lower than expected, headline up 0.1%/1.4% (against consensus of 0.2%/1.5%) while the core PCE deflator was flat m/m, up 1.6% against 0.1%/1.7%. It did however seem to slow some small-scale selling of bonds, even if US Treasury yields are a little higher on net into the close of the session, 2s at 1.192% (+0.4bps) and 10s at 2.552% (+2.5bps). Fed funds futures are pricing for 60bps of rate hikes in total over the course of 2018, pricing in that the next rate hike might not occur until the May 3 meeting, where 14.8bps of hikes is priced for, that meeting the third of the year.

Commodity markets overnight have seen oil higher, base metals mixed (copper up smalls, nickel and ally down similarly), gold also off slightly, while iron ore was down \$3.04/t to \$76.15.

## Coming up

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With markets winding down for Christmas and into the end of the year lull, it's a quiet data/event schedule with little to nothing in the Asia time zone. Tonight though sees US New

Home Sales for November that might draw some interest should sales show any material adverse reaction to the back up in bond yields (and mortgage rates) in the lead up to and since the Presidential election. There's also the final December UoM Consumer Sentiment survey with its consumer inflationary expectations.

Christmas-New Year schedule: It's pretty quiet for the next week for major known events that don't really kick off in earnest until the first week of January with the ISMs/PMIs and payrolls, followed by Chinese Q4 GDP and December activity data the week after.

## Overnight

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On global stock markets, the S&P 500 was -0.19%. Bond markets saw US 10-years +1.85bp to 2.55%. In commodities, Brent crude oil +1.01% to \$55.01, gold-0.2% to \$1,129, iron ore -3.8% to \$76.15, St. Coal -0.2% to \$86.75, Met. Coal untraded at \$270.00. AUD is at 0.7209 and the range since yesterday 5pm Sydney time is 0.7198 to 0.7239.

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*Enclosed on page three is the calendar for the next two weeks to carry it through until Monday 9 January when the Markets Today will start up again. This morning was also the final Podcast for the year.*

*As always we appreciate feedback and, on behalf of our team and colleagues, we wish everyone a Merry Christmas and all the best for the New Year and a successful 2017. Good luck to all our readers – and listeners to the Podcast – and be sure to take a restful break with friends and family.*

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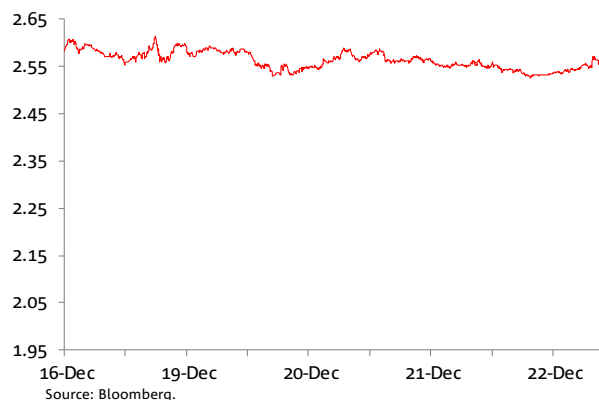
## Author:

David de Garis, Director, Economics

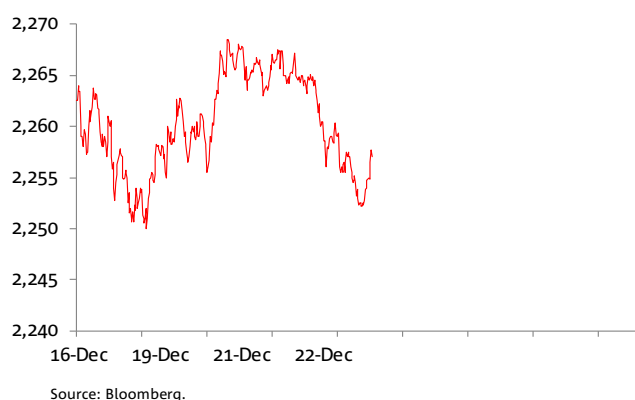
AUD/USD - past week



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	0.7209	-0.4	0.7198	0.7258	HKD	7.7630 0.0
NZD	0.6904	-0.2	0.6888	0.6924	CNY	6.9545 0.1
EUR	1.0437	0.3	1.0429	1.0500	SGD	1.4514 0.5
GBP	1.2290	-0.5	1.2284	1.2354	IDR	13,455 0.1
JPY	117.59	0.1	117.27	117.88	THB	36.03 0.0
CAD	1.3493	0.8	1.3451	1.3521	KRW	1,206 0.7
AUD/EUR	0.6907	-0.9	0.6877	0.6913	TWD	32.19 0.6
AUD/JPY	84.76	-0.5	84.63	85.01	PHP	49.84 -0.2
AUD/GBP	0.5865	-0.1	0.5833	0.5879	CHF	1.03 -0.2
AUD/NZD	1.0441	-0.5	1.0435	1.0463	SEK	9.22 -0.6
AUD/CNH	5.0133	-0.5	4.9981	5.0430		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.75	1.00	1.50	2.45	USD 10	2.55	1.85
AUD	1.50	1.80	2.04	3.09	AUD 10	2.83	1.00 0.28
NZD	1.75	2.03	2.52	3.61	NZD 10	3.47	3.20 0.91
EUR	0.00	-0.32	-0.15	0.72	CAD 10	1.81	0.40 -0.74
GBP	0.25	0.36	0.67	1.34	EUR 10	0.26	1.30 -2.29
JPY	-0.05	0.00	0.05	0.24	GBP 10	1.37	-2.10 -1.18
CAD	0.50	0.93	1.17	2.03	JPY 10	0.06	-0.50 -2.50

Equities

Major Indices	Last	% day	% y/y
	Dow	19,920	-0.11
S&P 500	2,261	-0.19	10.9
Nasdaq	5,447	-0.45	8.9
VIX	11	1.15	-31.3
FTSE	7,064	0.3	16.1
DAX	11,456	-0.1	9.2
CAC 40	4,835	0.0	5.8
Nikkei	19,428	-0.1	2.9
Shanghai	3,140	0.1	-13.7
Hang Seng	21,636	-0.8	-1.8
ASX 200	5,644	0.5	9.8

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.18	0.00
3 Yr bond	97.8	3.00
10 Yr bond	97.09	-3.00
3/10 sprd	0.72	6.00
SPI	5613.0	-34.0

\*Change in bps

Commodities\*

	Last	% day
Oil (Brent)	55.01	1.0
Oil (WTI)	52.90	0.8
Oil (Tapis)	55.39	-2.3
Gold	1128.80	-0.2
CRB	190.31	-0.2
GS Metals	306.4	0.0
Aluminium	1724.8	-0.2
Copper	5509.3	0.1
Nickel	10692.8	-0.9
Zinc	2621.5	0.4
Ch. steel	3055.0	-3.3
Iron ore	76.2	-3.8
St. Coal	86.8	-0.2
Met.coal	270.0	0.0
Wheat Chic.	410.0	-0.5
Sugar	18.2	-0.2
Cotton	70.2	0.1
Coffee	139.1	-3.8
CO <sub>2</sub> Emissions - Euros		
	Last	% day
Dec-2016	5.09	0.0
Jun-2017	6.05	4.0

\* 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	AEDT
<b>Friday, 23 December 2016</b>								
CH	MNI December Business Indicator							
GE	GfK Consumer Confidence	Jan		9.9		9.8	8.00	18.00
UK	GDP QoQ/YoY	3Q F		0.5/2.3		0.5/2.3	10.30	20.30
UK	Current Account Balance	3Q		-28.2		-28.7	10.30	20.30
UK	Index of Services MoM/3M/3M	Oct		0.2/0.8		0.2/0.8	10.30	20.30
UK	Total Business Investment QoQ/YoY	3Q F		0.9/-1.6		0.9/-1.6	10.30	20.30
CA	GDP MoM/YoY	Oct		0/1.8		0.3/1.9	14.30	0.30
US	New Home Sales/MoM	Nov		575/2.1		563.0/-1.9	16.00	2.00
US	U. of Mich. Sentiment/5-10 Yr Inflation expectations	Dec F		98		98.0/2.5	16.00	2.00
<b>Monday, 26 December 2016</b>								
JN	PPI Services YoY	Nov				0.5	0.50	10.50
JN	Leading Index CI	Oct F				101.0	6.00	16.00
<b>Tuesday, 27 December 2016</b>								
JN	Jobless Rate/Job-applicant ratio	Nov		3/		3.0/1.4	0.30	10.30
JN	Overall Household Spending YoY	Nov				-0.4	0.30	10.30
JN	Natl CPI YoY	Nov		0.5		0.1	0.30	10.30
CH	Industrial Profits YoY	Nov				9.8	2.30	12.30
JN	Natl CPI Ex Fresh Food, Energy YoY	Nov				0.3	6.00	16.00
JN	Small Business Confidence	Dec				48.3	6.00	16.00
US	S&P CoreLogic CS 20-City MoM/YoY	Oct		0.6/5.1		0.4/5.1	15.00	1.00
US	Consumer Confidence Index	Dec		108.5		107.1	16.00	2.00
US	Richmond Fed Manufact. Index	Dec		5		4.0	16.00	2.00
<b>Wednesday, 28 December 2016</b>								
JN	Industrial Production MoM/YoY	Nov P		1/		0.0/-1.4	0.50	10.50
JN	Retail Sales MoM/YoY	Nov		/		2.5/-0.1	0.50	10.50
UK	BBA Loans for House Purchase	Nov		41500		40851	10.30	20.30
US	MBA Mortgage Applications	Dec 16				2.5	13.00	23.00
CA	Bloomberg Nanos Confidence	Dec 23				56.6	16.00	2.00
US	Pending Home Sales MoM/YoY	Nov		0.5/		0.1/0.2	16.00	2.00
US	Dallas Fed Manf. Activity	Dec		10.2		10.2	16.30	2.30
<b>Thursday, 29 December 2016</b>								
EC	M3 Money Supply YoY	Nov		4.4		4.4	10.00	20.00
UK	Nationwide House PX MoM/YoY	Dec		0.3		0.1	10.00	20.00
US	Advance Goods Trade Balance	Nov		-61.55		-61.9	14.30	0.30
US	Wholesale Inventories MoM	Nov P		0.1		-0.4	14.30	0.30
US	Retail Inventories MoM	Nov				-0.4	14.30	0.30
US	Initial Jobless Claims	Dec 17		257		254.0	14.30	0.30
US	Bloomberg Consumer Comfort	Dec 18				45.5	15.45	1.45
<b>Friday, 30 December 2016</b>								
AU	Private Sector Credit MoM/YoY	Nov		0.5/5.4		0.5/5.3	1.30	11.30
CH	BoP Current Account Balance	3Q F				71.2		
US	Chicago Purchasing Manager	Dec		56.8		57.6	15.45	1.45
<b>Sunday, 1 January 2017</b>								
CH	Manufacturing PMI	Dec		51.6		51.7	2.00	12.00
CH	Non-manufacturing PMI	Dec				54.7	2.00	12.00
<b>Monday, 2 January 2017</b>								
CH	Caixin China PMI Mfg	Dec		51		50.9	2.45	12.45
GE	Markit/BME Germany Manufacturing PMI	Dec F		55.5		55.5	9.55	19.55
EC	Markit Eurozone Manufacturing PMI	Dec F		54.9		54.9	10.00	20.00
CA	RBC Canadian Manufacturing PMI	Dec				51.5	15.30	1.30
<b>Tuesday, 3 January 2017</b>								
AU	AIG Perf of Mfg Index	Dec				54.2	23.30	9.30
AU	CoreLogic House Px MoM	Dec				0.2	0.00	10.00
JN	Nikkei Japan PMI Mfg	Dec F				51.9	1.30	11.30
AU	Commodity Index SDR YoY	Dec				32.1	6.30	16.30
GE	Unemployment Change (000's), Claim rate (%)	Dec		-5/6		-5.0	9.55	19.55
UK	Markit UK PMI Manufacturing SA	Dec		53.3		53.4	10.30	20.30
GE	CPI EU Harmonized MoM/YoY	Dec P		0.6/1.1		0.0/0.7	14.00	0.00
US	Markit US Manufacturing PMI	Dec F				54.2	15.45	1.45
US	Construction Spending MoM	Nov		0.5		0.5	16.00	2.00
US	ISM Manufacturing	Dec		53.5		53.2	16.00	2.00
<b>Wednesday, 4 January 2017</b>								
CH	Westpac-MNI Consumer Sentiment	Dec				114.9	2.45	12.45
CH	Caixin China PMI Services	Dec				53.1/52.9	2.45	12.45
GE	Markit Germany Services/Composite PMI	Dec F		53.8/54.8		53.8/54.8	9.55	19.55
EC	Markit Eurozone Services/Composite PMI	Dec F		53.1/53.9		53.1/53.9	10.00	20.00
UK	Mortgage Approvals	Nov		68.9		67.5	10.30	20.30
EC	CPI Headline/Core YoY	Dec		0.9/0.8		0.6/0.8	11.00	21.00
US	FOMC Dec 13-14 Meeting Minutes	Dec 14					20.00	6.00
<b>Thursday, 5 January 2017</b>								
AU	AIG Perf of Services Index	Dec				51.1	23.30	9.30
JN	Nikkei Japan PMI Services/Composite	Dec				51.8/52.0	1.30	11.30
UK	Markit/CIPS UK Services/Composite PMI	Dec		54.7/55		55.2/55.2	10.30	20.30
US	Wards Total Vehicle Sales	Dec		17.7		17.8		
EC	ECB account of the monetary policy meeting							
US	ADP Employment Change	Dec		170		216.0	14.15	0.15
CA	Industrial Product/Raw Materials Prices MoM	Nov		/		0.7/3.3	14.30	0.30
US	Markit US Services/Composite PMI	Dec F				53.4/53.7	15.45	1.45
US	ISM Non-Manf. Composite	Dec		56.5		57.2	16.00	2.00
<b>Friday, 6 January 2017</b>								
AU	Trade Balance	Nov		-550		-1541.0	1.30	11.30
US	Fed's Lacker speaks to Maryland Bankers Association						6.00	16.00
GE	Factory Orders MoM/YoY	Nov		-1.8/3.7		4.9/6.3	8.00	18.00
EC	Business Climate Indicator	Dec		0.48		0.4	11.00	21.00
EC	Retail Sales MoM/YoY	Nov		-0.4/1.8		1.1/2.4	11.00	21.00
US	Trade Balance	Nov		-42		-42.6	14.30	0.30
US	Change in Nonfarm Payrolls/Unemployment rate	Dec		175/4.7		178.0/4.6	14.30	0.30
US	Average Hourly Earnings MoM/YoY	Dec		0.3/2.8		-0.1/2.5	14.30	0.30
CA	Int'l Merchandise Trade	Nov				-1.1	14.30	0.30
CA	Net Change in Employment/Unemployment rate	Dec		/		10.7/6.8	14.30	0.30
US	Factory Orders MoM	Nov		-1.8		2.7	16.00	2.00
US	Fed's Evans speaks on Economy and Policy in Chicago						18.15	4.15
<b>Saturday, 7 January 2017</b>								
CH	Foreign Reserves	Dec				3051.6		
<b>Sunday, 8 January 2017</b>								
CH	Foreign Direct Investment YoY CNY	Dec				1.2	8-13 Jan release	
CH	Trade Balance	Dec				44.6	8-13 Jan release	
<b>Upcoming Central Bank Interest Rate Announcements</b>								
Europe ECB		19-Jan		0.00%		0.00%		
Canada, BoC		19-Jan				0.50%		
US Federal Reserve		28-Jan				0.5-0.75%		
Japan, BoJ		31-Jan		-0.1% to +0.1%		-0.1% to +0.1%		
UK BOE		2-Feb				0.25%		
Australia, RBA		7-Feb	1.50%	1.50%		1.50%		
New Zealand, RBNZ		9-Feb	1.75%	1.75%		1.75%		

GMT: Greenwich Mean Time; AEDT: Australian Daylight Savings Time

## Contact Details

### Authors

David de Garis  
Director, Economics  
+61 3 8641 3045  
david.degaris@nab.com.au

Ray Attrill  
Global Co-Head of FX Strategy  
+61 2 9237 1848  
ray.attrill@nab.com.au

Rodrigo Catril  
Currency Strategist  
+61 2 9293 7109  
rodrigo.h.catril@nab.com.au

Tapas Strickland  
Economist  
+61 2 9237 1980  
tapas.strickland@nab.com.au

### Markets Research

Peter Jolly  
Global Head of Research  
+61 2 9237 1406  
peter.jolly@nab.com.au

### Group Economics

Alan Oster  
Chief Economist  
+61 3 8634 2927  
alan\_oster@national.com.au

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