

MARKETS TODAY

Back in the U.S.A.



Good Morning

R.I.P. Chuck Berry. And R.I.P. anti-protectionism, after the weekend G20 meeting communique omitted reference to avoiding protectionism, reflecting the new reality of the USA's position. This turns the spotlight firmly on the formulation of U.S. trade policy in coming weeks. It risks upsetting currently benign global risk sentiment.

No dramas in Friday's offshore markets, which saw US equity indices closed little change but on the week while US yields leaked a bit lower and the dollar fell back to its lowest levels since November 11, two days after Trump's election victory. The BBDXY dollar index is now 61.8% back from the level from which it started to rally on the Trump news, so a fairly significant technical level.

Looking back at the week just gone, the lower dollar and lower bond yields suggests diminishing faith in Trump being able to deliver any sort of net fiscal stimulus in the coming year while equities apparently still travel in hope.

Perhaps it's that the latter still have the prospects of deregulation, be it in the financial, energy or airlines sectors, to look forward to, relevant for equities but less so for bonds or the dollar. Who knows, but for now we at least need to see the proposed tax side of Trump's Budget agenda before we can form any sort of reasoned opinion on the possible fiscal policy landscape (unlikely before May).

US data was pretty good on Friday – manufacturing output up 0.5% with favourable upwards revisions, while the University of Michigan's consumer sentiment index rose. Yet inflation expectations in the latter fell back, and the Fed's Labour Conditions Index shows no signs of tightening. So nothing to support the view the next Fed move will come as early as June.

In FX, both the narrow DXY and broader BBDXY finished marginally lower, DXY -0.06% to be 0.9% down on the week, BBDXY -0.13% and 1.3% lower on the week. USD/JPY lost the most and consistent with its high-beta status vis-a-vis US Treasuries, -0.54% to ¥112.70, followed by NZD which added back 0.43% to 0.7017 and AUD/USD, -0.34% up on the day to 0.7704.

So JPY aside, it's the commodity currencies showing the biggest swings in relation to overall US dollar volatility (alongside commodity prices themselves). GBP took a hit – from which it later recovered - on a Bloomberg story saying EU officials are ruling out any discussions with U.K. Prime Minister Theresa May over a post-Brexit trade deal until she agrees to settle Britain's financial commitments to the bloc (that previous reports have suggested could be as high as €60bn).

US stocks saw the S&P close 0.13% higher at 2378.25 and 0.2% higher on the week. Utilities, telecoms, materials and industrials were the main winners Friday and energy, consumer staples, health care and financial the fallers -

the latter by just over 1%. The Dow was -0.1% and the NASDAQ flat. The VIX was little changed at 11.28 0.38 lower on the week.

In rates 2 year Treasuries finished 1.6bps lower at 1.318% (-3.7bps on the week); 5s lost 3.2bps to 2.019% (-8.3bps on the week); 10s -4.0bps to 2.501% (-7.4bps w/w).

In commodities, gold added \$3.0 to \$1230.2 (+\$29 on the week). Oil was unchanged for both WTI and Brent at \$48.78 and \$51.76 respectively and both are marginally up on the week. Iron ore lost 30 cents to \$92.34 but is \$5.62 or 6.5% up on the week. Steaming coal added 20 cents to \$81.30 to be +\$2.55 on the week but coking coal lost 50 cents to \$158.25 and is \$3 lower on the week

Coming Up

The US insistence at G20 on dropping reference to avoiding protectionism makes the threat of exactly that very real. This should be the main early-week talking point, and threatens to get the week off to a less risk-friendly start. If so, commodity currencies in particular are at risk of suffering somewhat, most obviously AUD/JPY and NZD/JPY during our time zones.

After the action-packed events week last week, the calendar is a lot quieter this week and is hardly inspirational. Fed speakers come thick and fast though, with no fewer than nine of them scheduled to speak and spreads though the week, including Janet Yellen on Thursday (but who will surely not enlighten us any more than she did at last week's post-FOMC press conference).

The RBNZ hands down its latest decision on Thursday, but having been at pains to convince markets it thinks it will be on hold for a couple of years, it is not going to be changing rates this week. Minutes of the RBA's March meeting are on Tuesday will be of interest given their evident scaling up of concerns regarding household debt and comments from assistant Governor Michele Bullock last week suggesting RBA support for further macro-prudential measures. Luci Ellis, the RBA housing market supremo, speaks on Monday, so that is if definite interest. RBA deputy Governor Guy Debelle speaks at an FX conference in Singapore on Wednesday and Sydney on Thursday, presumably on the FX code of conduct.

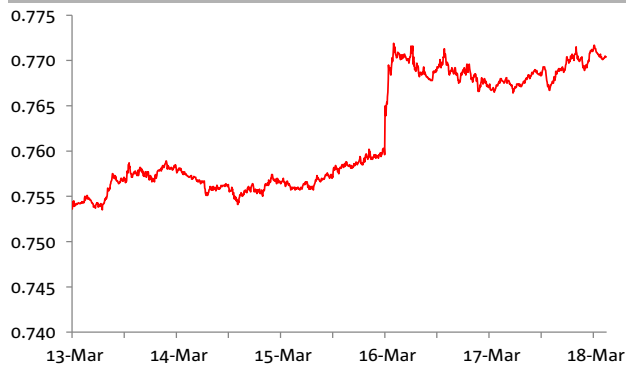
In what is a very light week for data, the highlights looks like being the flash Eurozone PMIs and US durable goods orders, both on Friday.

Overnight

On global stock markets, the S&P 500 was -0.13%. Bond markets saw US 10-years -3.97bp to 2.50%. In commodities, Brent crude oil +0.04% to \$51.76, gold+0.3% to \$1,230, iron ore -0.3% to \$92.34, steam coal +0.2% to \$81.30, met.coal -0.3% to \$158.25. AUD is at 7704 and the range since yesterday 5pm Sydney time is 0.7664 to 0.7818.

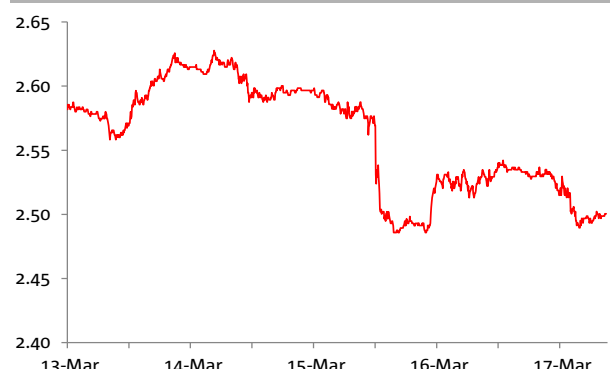
Markets

AUD/USD - past week



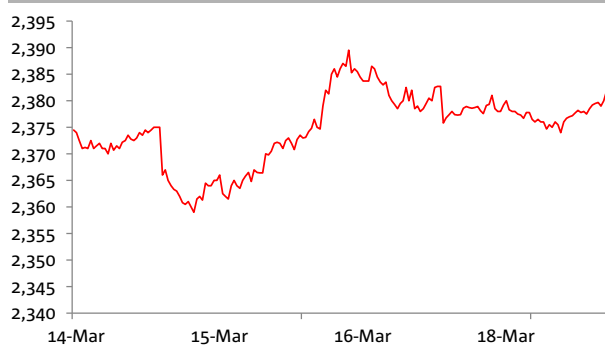
Source: Bloomberg.

US 10yr - past week



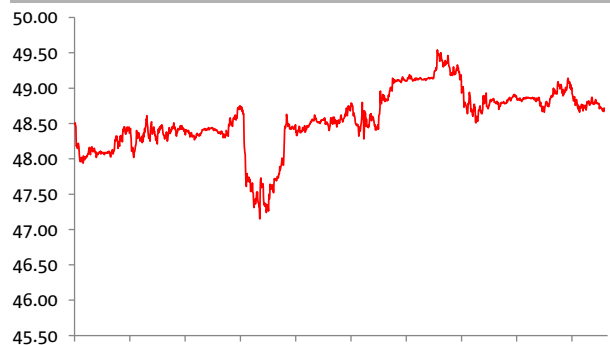
Source: Bloomberg.

S&P Future - past week



Source: Bloomberg.

WTI - past week



Source: Bloomberg.

Foreign Exchange

Indicative 24hr ranges (**)					Other FX			
	Last	% chge	Low	High		Last	% chge	
AUD	0.7704	0.3	0.7664	#N/A	N/A	HKD	7.7620	0.0
NZD	0.7017	0.4	0.6976	#N/A	N/A	CNY	6.9034	0.1
EUR	1.0738	-0.3	1.0728	#N/A	N/A	SGD	1.4020	0.0
GBP	1.2396	0.3	1.2324	#N/A	N/A	IDR	13,345	0.0
JPY	112.70	-0.5	112.57	#N/A	N/A	THB	34.84	-0.2
CAD	1.3350	0.2	1.3304	#N/A	N/A	KRW	1,132	0.0
AUD/EUR	0.7175	0.6	0.7115	#N/A	N/A	TWD	30.63	-0.1
AUD/JPY	86.80	-0.2	86.61	#N/A	N/A	PHP	50.17	0.0
AUD/GBP	0.6215	0.1	0.6197	#N/A	N/A	CHF	1.00	0.2
AUD/NZD	1.0980	-0.1	1.0955	#N/A	N/A	SEK	8.84	0.2
AUD/CNH	5.3154	0.5	5.2665	5.3139				

Interest Rates

Indicative Swap Rates					Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr		Last	chge	Sprd
USD	1.00	1.15	1.65	2.47	USD 10	2.50	-3.97	
AUD	1.50	1.80	1.96	3.09	AUD 10	2.86	4.50	0.36
NZD	1.75	1.96	2.30	3.56	NZD 10	3.28	2.60	0.78
EUR	0.00	-0.33	-0.10	0.85	CAD 10	1.76	-4.10	-0.74
GBP	0.25	0.34	0.64	1.27	EUR 10	0.44	-1.30	-2.07
JPY	-0.04	-0.01	0.04	0.27	GBP 10	1.24	-0.50	-1.26
CAD	0.50	0.93	1.15	2.01	JPY 10	0.08	0.00	-2.43

Equities

Major Indices			
	Last	% day	% y/y
Dow	20,915	-0.10	18.8
S&P 500	2,378	-0.13	16.0
Nasdaq	5,901	0.00	23.0
VIX	11	0.62	-19.5
FTSE	7,425	0.1	20.0
DAX	12,095	0.1	21.6
CAC 40	5,029	0.3	12.7
Nikkei	19,522	-0.3	16.7
Shanghai	3,237	-1.0	9.6
Hang Seng	24,310	0.1	17.6
ASX 200	5,800	0.2	11.9

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.19	-1.00
3 Yr bond	97.8	1.00
10 Yr bond	97.09	-3.50
3/10 sprd	0.72	4.50
SPI	5783.0	2.0

*Change in bps

Commodities*

	Last	% day
Oil (Brent)	51.76	0.0
Oil (WTI)	48.78	0.1
Oil (Tapis)	52.99	-1.0
Gold	1230.20	0.3
CRB	184.48	0.2
GS Metals	330.7	0.9
Aluminium	1908.5	0.8
Copper	5928.0	0.4
Nickel	10222.5	0.4
Zinc	2876.0	1.9
Ch. steel	3588.0	-0.9
Iron ore	92.3	-0.3
St. Coal	81.3	0.2
Met.coal	158.3	-0.3
Wheat Chic.	451.5	0.1
Sugar	18.2	-0.4
Cotton	78.4	0.2
Coffee	142.1	0.4

Prob. of 25bps hike/cut at next meeting		
	bps	%
RBA	-1.0	-4.0%
FED	-0	-1.2%

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
Monday, 20 March 2017								
nZ	WMM Consumer Confidence	1Q				113.1	22.00	8.00
NZ	Performance Services Index	Feb				59.5	22.30	8.30
NZ	Accommodation Survey	Jan					22.45	8.45
UK	Rightmove House Prices MoM/YoY	Mar		/		2.0/2.3	1.10	11.10
AU	RBA's Ellis (Assistant Governor, Economic) Speech in Canberra						2.30	12.30
GE	PPI MoM/YoY	Feb		0.3/3.2		0.7/2.4	8.00	18.00
EC	Labour Costs YoY	4Q				1.5	11.00	21.00
CA	Wholesale Trade Sales MoM	Jan				0.7	13.30	23.30
US	Chicago Fed Nat Activity Index	Feb				-0.1	13.30	23.30
NZ	Westpac Consumer Confidence	1Q				113.1		
CA	Bloomberg Nanos Confidence	Mar 17				58.2	15.00	1.00
US	Fed's Evans Speaks on Economy and Policy in New York						18.10	4.10
Tuesday, 21 March 2017								
NZ	Net Migration SA	Feb				6460	22.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Mar 19				113.1	23.30	9.30
AU	House Price Index QoQ/YoY	4Q		2.5/6.3		1.5/3.5	1.30	11.30
AU	RBA March Rate Meeting Minutes						1.30	11.30
NZ	Credit Card Spending MoM/YoY	Feb		/		0.2/7.1	3.00	13.00
UK	CPI YoY	Feb		2		1.8	10.30	20.30
UK	CPI Core YoY	Feb		1.8		1.6	10.30	20.30
UK	PPI Input NSA MoM	Feb				1.7	10.30	20.30
UK	House Price Index YoY	Jan				7.2	10.30	20.30
UK	Public Finances (PSNCR)	Feb				-26.5	10.30	20.30
US	Fed's Dudley speaks at BoE Event on Bank Ethics in London						11.00	21.00
UK	CBI Trends Total Orders/Selling Prices	Mar		/		8.0/32.0	12.00	22.00
CA	Retail Sales MoM	Jan				-0.5	13.30	23.30
US	Current Account Balance	4Q		-128.6		-113.0	13.30	23.30
CA	Retail Sales Ex Auto MoM	Jan				-0.3	13.30	23.30
CH	Conference Board Leading Economic Index	Feb					14.00	0.00
US	Fed's George Speaks in Washington on U.S. Economy and the Fed						17.00	3.00
US	Fed's Mester Speaks at University of Richmond						23.00	9.00
NZ	Global Dairy Auction, GDT-weighted price index (early AM, NZT)					-6.3		
Wednesday, 22 March 2017								
NZ	Fonterra announces Half Year Results						<i>AM, NZT</i>	
NZ	Productivity Statistics (1978-2016, March years)						22.45	8.45
AU	Westpac Leading Index MoM	Feb				0.0	0.30	10.30
JN	BOJ Minutes of Jan. 30-31 Meeting						0.50	10.50
JN	Trade Balance Adjusted	Feb		551.9		155.5	0.50	10.50
AU	Skilled Vacancies MoM	Feb				1.0	1.00	11.00
JN	BOJ Funo speaks in Shizuoka						2.30	12.30
AU	RBA's Debelle Speech in Singapore at TradeTech FX Asia Conference						2.40	12.40
JN	All Industry Activity Index MoM	Jan		0		-0.3	5.30	15.30
EC	ECB Current Account SA	Jan				31.0	10.00	20.00
US	MBA Mortgage Applications	Mar 17				3.1	12.00	22.00
US	FHFA House Price Index MoM	Jan		0.4		0.4	14.00	0.00
US	Existing Home Sales, #/MoM	Feb		5.59/-1.85		5.7/3.3	15.00	1.00
CA	Bank of Canada Deputy Governor Lawrence Schembri Speech						16.00	2.00
Thursday, 23 March 2017								
NZ	RBNZ Official Cash Rate	Mar 23	1.75	1.75		1.75	21.00	7.00
GE	GfK Consumer Confidence	Apr		10		10.0	8.00	18.00
EC	ECB Publishes Economic Bulletin						10.00	20.00
UK	Retail Sales Ex Auto Fuel MoM	Feb		0.5		-0.2	10.30	20.30
UK	CBI Retailing/Total Distributive Reported Sales	Mar		/		9.0/25.0	12.00	22.00
US	Fed's Yellen Speaks at Community Development Conference						13.00	23.00
US	Initial Jobless Claims	Mar 18				241.0	13.30	23.30
US	Bloomberg Consumer Comfort	Mar 19				51.0	14.45	0.45
US	New Home Sales, #/MoM	Feb		560/0.9		555.0/3.7	15.00	1.00
US	Kansas City Fed Manf. Activity	Mar				14.0	16.00	2.00
EC	Consumer Confidence	Mar A		-5.9		-6.2	16.00	2.00
US	Fed's Kashkari Speaks on US Education Outcomes in DC						17.30	3.30
Friday, 24 March 2017								
NZ	Trade Balance NZD	Feb		160		-285.0	22.45	8.45
US	Fed's Kaplan speaks on Economy in Chicago						0.00	10.00
JN	Nikkei Japan PMI Mfg	Mar P				53.3	1.30	11.30
JN	Leading Index CI	Jan F				105.5	6.00	16.00
GE	Markit/BME Germany Manufacturing PMI	Mar P		56.5		56.8	9.30	19.30
GE	Markit Germany Services/Composite PMI	Mar P		54.5/56		54.4/56.1	9.30	19.30
EC	Markit Eurozone Manufacturing PMI	Mar P		55.2		55.4	10.00	20.00
EC	Markit Eurozone Services/Composite PMI	Mar P		55.3/55.8		55.5/56.0	10.00	20.00
UK	BBA Loans for House Purchase	Feb				44657.0	10.30	20.30
US	Fed's Evans Speaks at Community Development Event						13.00	23.00
US	Durable Goods Orders	Feb P		1.1		2.0	13.30	23.30
US	Cap Goods Orders Nondef Ex Air	Feb P		0.6		-0.1	13.30	23.30
CA	CPI/Core (Common) YoY	Feb		/		2.1/1.3	13.30	23.30
US	Fed's Evans Speaks at Community Development Event						13.00	23.00
US	Markit US Manufacturing PMI	Mar P		54.5		54.2	14.45	0.45
US	Fed's Bullard to Speak to Economic Club of Memphis						14.05	0.05
Saturday, 25 March 2017								
CH	PBoC Governor speaks at opening of Boao Forum, Hainan							
Upcoming Central Bank Interest Rate Announcements								
New Zealand, RBNZ		23-Mar	1.75%	1.75%		1.75%		
Australia, RBA		4-Apr	1.50%	1.50%		1.50%		
Canada, BoC		12-Apr	0.5%	0.5%		0.5%		
Europe ECB		17-Apr	-0.4%	-0.4%		-0.4%		
Japan, BoJ		27-Apr	-0.1%	-0.1%		-0.1%		
US Federal Reserve		4-May				0.75-1.00%		
UK BOE		11-May	0.25%	0.25%		0.25%		

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

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