

Tossin' and turnin'

In the aftermath of the RBA Board meeting, the AUD was whipped around, initially rallying on "no change" and relative Statement comfort with the AUD's evolution then pulling back as the market absorbed some hints of uncertainty in the Statement about the global and domestic outlook. After briefly trading above 0.71, it succumbed to with further weakness evident overnight amid a renewed plunge in oil prices and any negative spin off from a further 7.3% decline in New Zealand global dairy milk auction prices overnight. The AUD has been one of the poorer performers of the major FX leader board trading at 0.705 in early Asia trade this morning. One currency that's performed a little better has been Sterling in the wake of proposals being put to the UK from the EC to forestall the risk of "Brexit" ahead of an EU Summit on 18-19 February.

West Texas Intermediate is down another \$1.68 to \$29.94, Brent declining in tandem, sentiment not helped by BP's results. The S&P 500 energy sector is down by 3.2% into the last hour of trade, European stocks declining by 2% and the broader US indexes following suit. US Treasury yields joined in with the 10 year Treasury yield down 9 basis points 1.86% and the market pricing for fed funds at the end of this year down another hefty 6bps to 0.53%, implying little more than 50% chance of one rate hike by year's end. There was no US or European data of significance overnight.

Resident Fed Hawk Esther George was speaking overnight and lived up to expectations saying that financial turmoil is no reason to slower rate rises and that low rates can exacerbate risk taking.

Coming Up

First up this morning sees some focus on the NZD with release at 8.45 of Q4 labour market report. NZ's unemployment rate is expected to tick higher from 6.0% to 6.1%, coming with a return to employment growth and a rise in participation. That's coming with key Q4 NZ wages data, then a speech from RBNZ Governor Wheeler at 11.

Australian data cranks back up with December trade and building approvals at 1130. Each is among the most volatile monthly reports, not as market sensitive as Friday's retail sales, but always worth monitoring for December report due Friday. We will be watching for signs for what trade says about the slowdown in China and for building approvals what it says about the slowing in the building development cycle. The market is looking for a trade deficit of \$2450m and a 4.5% rise in approvals after a 12.7% decline

and with AUD sentiment looking rockier this morning. First up this morning is the AIG PSI services index for January; it was 46.3 in December. The final estimate of China's private sector Caixin services index for January is also due today, at 1245. The preliminary reading was 50.2. BOJ Governor Kuroda is speaking today in Tokyo at 1.30, sure to be widely scrutinised after Friday's monetary easing.

In the European session the final estimates of the services and composite PMIs are released and for the UK too along with Eurozone retail sales. Then there's ADP employment and the ISM non-manufacturing index that is expected to be little changed from December's 55.3 at 55.1 in January.

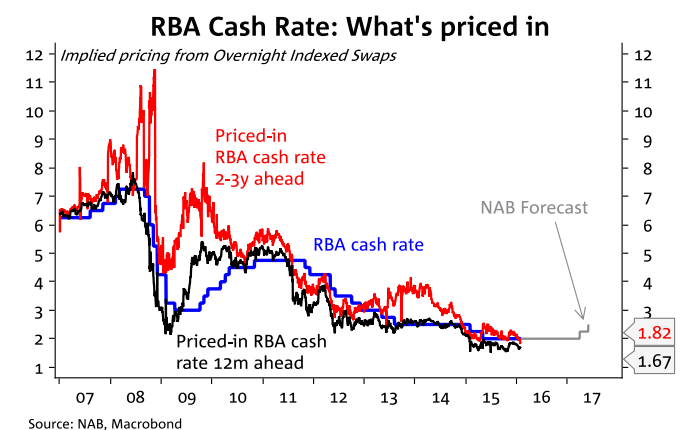
Overnight

Overnight markets see another rocky session: Eurostoxx 600 -2.1% , Dax -1.8%-1.8%, CAC -2.5%, FTSE -2.3%. Dow -305 points to 16,144, -1.9%, S&P 500 -1.9%, Nasdaq -2.3%, VIX +10.5%. Shanghai +2.3%, Mumbai -1.2%, Nikkei 225 -0.6% and ASX 200 -1.0%; ASX SPI futures this morning -1.4%. US bond yields: 2s at 0.75% (-5), 10s at 1.86% (-9). WTI oil at \$30.02 (-5.1%), Brent at \$32.77 (-4.3%), Malaysian Tapis (yesterday) \$35.08 (-5.9%). Gold at \$1128.20/oz (+0.0%). Base metals: LME copper -0.2%, nickel -0.7%, aluminium -1.3%. Iron ore \$43.8/t +1.9%, Chinese steel rebar futures +0.2%. Soft commodities spot futures: wheat -0.1%, sugar +1.2%, cotton +0.8%, coffee 1.8%. Euro CO2 emissions price (Dec 16) +2.3%. The AUD/USD's range overnight 0.7039-0.7089; indicative range today 0.7005-0.7075; the AUD/USD is 0.7048 now

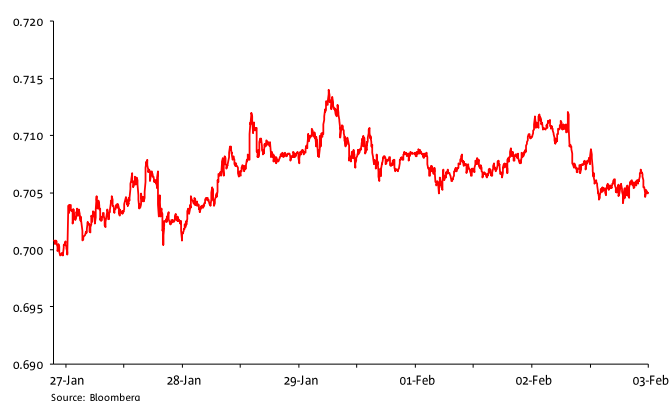
EC unemployment (Jan) 10.4% (L: 10.5%: E: 10.5%)

ISM New York (Jan) 54.6 (L: 62.0)

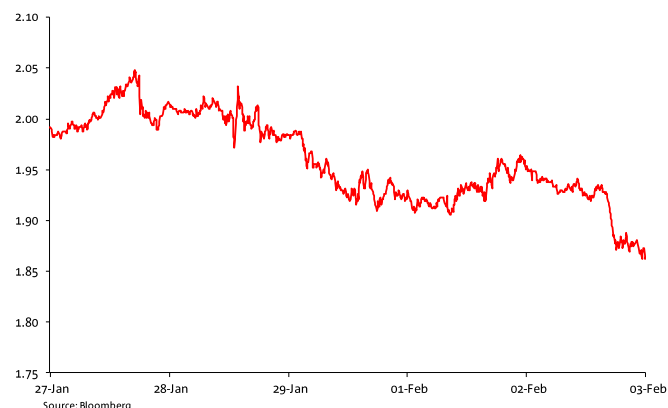
Chart of the day



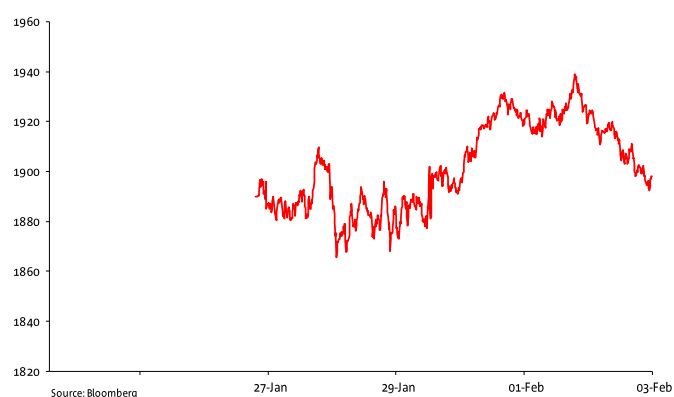
AUD/USD - past week



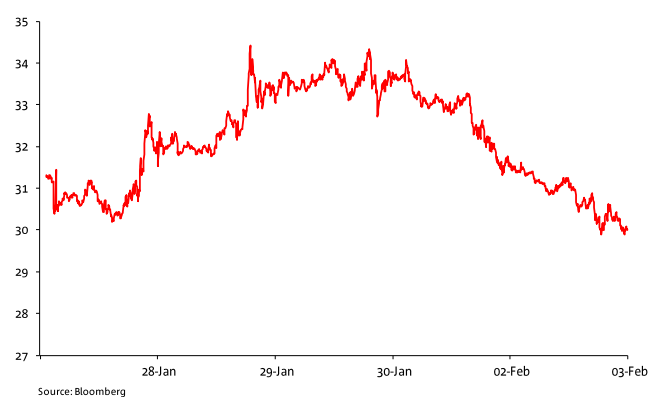
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

Indicative 24hr ranges (**)					Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7048	-0.9	0.7040	0.7129	HKD	7.7987 0.2
NZD	0.6480	-0.1	0.6462	0.6507	CNY	6.5887 0.1
EUR	1.0914	0.0	1.0892	1.0942	SGD	1.4290 0.2
GBP	1.4412	0.2	1.4362	1.4447	IDR	13,744 0.2
JPY	120.11	-0.6	120.02	120.87	THB	35.85 0.3
CAD	1.4024	0.1	1.3980	1.4082	KRW	1,214 0.2
AUD/EUR	0.6457	-0.1			TWD	33.55 0.2
AUD/JPY	84.65	-0.6			PHP	47.89 0.1
AUD/GBP	0.4890	-0.3			CHF	1.02 -0.2
AUD/NZD	1.0876	0.1			SEK	8.57 0.2

Interest Rates

Indicative Swap Rates					Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.62	0.81	1.74	USD 10	1.86	-0.09
AUD	2.00	2.28	2.00	2.69	AUD 10	2.62	0.00
NZD	2.50	2.66	2.59	3.36	NZD 10	3.16	-0.02
EUR	0.05	0.06	-0.18	0.65	CAD 10	1.12	-0.10
GBP	0.50	0.59	0.79	1.55	EUR 10	0.31	-0.04
JPY	0.09	0.04	-0.07	0.25	GBP 10	1.54	-0.08
CAD	0.50	1.17	0.68	1.51	JPY 10	0.09	0.03

Equities

Major Indices

	Last	% day	% year
Dow	16,144	-1.9	-7.0
S&P 500	1,902	-1.9	-5.9
Nasdaq	4,514	-2.3	-3.5
VIX Index	22.08	10.5	13.6
FTSE	5,922	-2.3	-12.7
DAX	9,581	-1.8	-11.5
CAC 40	4,284	-2.5	-7.4
Nikkei	17,751	-0.6	2.4
Shanghai	2,750	2.3	-14.2
Hang Seng	19,447	-0.8	-20.8
ASX 200	4,993	-1.0	-12.5

Commodities*

	Last	% day
Oil (Brent)	32.77	-4.3
Oil (WTI)	30.02	-5.1
Oil (Tapis)	35.08	-5.9
Gold	1128.20	0.0
CRB	160.18	-2.0
GS Metals	249.5	0.1
Aluminium	1501	-1.3
Copper	4549	-0.2
Nickel	8400	-0.7
Zinc	1674	1.6
Ch. steel	1815	0.2
Iron ore	43.8	1.9
St. coal	50.1	0.0
Wheat Chic	480.0	-0.1
Sugar	12.99	1.2
Cotton	62.30	0.8
Coffee	119.9	1.8

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.79	0.00
3 Yr bond	98.17	0.03
10 Yr bond	97.44	0.09
3/10 sprd	0.73	-0.06
SPI	-70.0	-1.4

CO₂ Emissions - Euros

	Last	% day
Dec-2016	5.84	2.3
Dec-2017	5.91	2.2
Dec-2018	6.02	2.0

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
Wednesday, 3 February 2016								
NZ	Unemployment Rate	4Q	6.1	6.1		6	21.45	8.45
NZ	Employment Change QoQ	4Q	0.5	0.8		-0.4	21.45	8.45
NZ	Average Hourly Earnings QoQ	4Q		0.5		0.9	21.45	8.45
AU	AIQ Perf of Services Index	Jan				46.3	22.30	9.30
NZ	RBNZ Governor Wheeler Speaks "The Global Economy, New Zealand's Economic Outlook, and the Policy Targets Agreement"						0.00	11.00
AU	NAB Residential Property Survey	Q4					0.30	11.30
AU	Trade Balance	Dec	-2500	-2450		-2906	0.30	11.30
AU	Building Approvals MoM/YoY	Dec	4.9/-7.2	4.5/-7.2		-12.7/-8.4	0.30	11.30
CH	Caixin PMI Services/Composite	Jan		/		50.2/49.4	1.45	12.45
JN	Nikkei PMI Services/Composite	Jan				51.5/52.2	2.00	13.00
JN	Consumer Confidence Index	Jan		42.5		42.7	5.00	16.00
GE	Markit Services/Composite PMI	Jan F		55.4/54.5		55.4/54.5	8.55	19.55
EC	Markit Services/Composite PMI	Jan F		53.6/53.5		53.6/53.5	9.00	20.00
UK	Markit/CIPS UK Services/Composite PMI	Jan		55.4/55		55.5/55.3	9.30	20.30
EC	Retail Sales MoM	Dec		0.3		-0.3	10.00	21.00
US	ADP Employment Change	Jan		192.5		257	13.15	0.15
US	Markit Services/Composite PMI	Jan F		53.7		53.7	14.45	1.45
US	Markit US Composite PMI	Jan F		/55.1		53.7/55.3	14.45	1.45
US	ISM Non-Manufacturing	Jan		55.1		55.3	15.00	2.00
Thursday, 4 February 2016								
NZ	RBNZ Assistant Governor John McDermott speaks (from Sydney) "Forward Guidance – Enhancing Monetary Policy in New Zealand"						22.30	9.30
AU	NAB Business Confidence (Quarterly survey)	4Q				0.47	0.30	11.30
AU	NAB Online Retail Sales Index MoM/YoY	Dec				0.7%/11.4%	0.30	11.30
GE	Markit Germany Construction PMI	Jan				55.5	8.30	19.30
UK	New Car Registrations YoY	Jan				8.4	9.00	20.00
EC	ECB Publishes Economic Bulletin						9.00	20.00
UK	Bank of England Bank Rate	Feb 4		0.5		0.5	12.00	23.00
UK	BOE Asset Purchase Target	Feb		375		375	12.00	23.00
UK	Bank of England Inflation Report						12.00	23.00
US	Challenger Job Cuts YoY	Jan				-27.6	12.30	23.30
US	Nonfarm Productivity	4Q P		-2		2.2	13.30	0.30
US	Initial Jobless Claims	Jan 30		276.5		278	13.30	0.30
US	Bloomberg Consumer Comfort	Jan 31				44.6	14.45	1.45
US	Factory Orders	Dec		-2.8/		-0.2/-0.3	15.00	2.00
US	Factory Orders Ex Trans	Dec				-0.3	15.00	2.00
US	Durable Goods Orders	Dec F		-4.5		-5.1	15.00	2.00
Friday, 5 February 2016								
AU	AIQ Perf of Construction Index	Jan				46.8	22.30	9.30
AU	Retail Sales MoM	Dec	0.6	0.4		0.4	0.30	11.30
AU	Retail Sales Ex Inflation QoQ	4Q	1.0	0.9		0.6	0.30	11.30
AU	RBA Statement on Monetary Policy						0.30	11.30
JN	Leading Index CI	Dec P		102.7		103.5	5.00	16.00
GE	Factory Orders MoM	Dec		-0.5		1.5	7.00	18.00
US	Trade Balance	Dec		-43.2		-42.37	13.30	0.30
US	Change in Nonfarm Payrolls/Unemployment rate	Jan		190/5		292/5	13.30	0.30
US	Average Hourly Earnings MoM/YoY	Jan		0.3/2.2		0/2.5	13.30	0.30
CA	Net Change in Employment/Unemployment rate	Jan		6.05/7.1		22.8/7.1	13.30	0.30
CA	Int'l Merchandise Trade	Dec		-2.215		-1.99	13.30	0.30
CA	Ivey Purchasing Managers Index SA	Jan		49.75		49.9	15.00	2.00
US	Consumer Credit	Dec		16		13.951	20.00	7.00
Sunday, 7 February 2016								
CH	Foreign Reserves	Jan				3330		
Monday, 8 February 2016								
JN	BoP Current Account Adjusted	Dec				1423.5	23.50	10.50
AU	ANZ Job Advertisements MoM	Jan				-0.1	0.30	11.30
JN	Labor Cash Earnings YoY	Dec				0	1.30	12.30
JN	Real Cash Earnings YoY	Dec				-0.4	1.30	12.30
JN	Bankruptcies YoY	Jan				1.89	4.30	15.30
JN	Eco Watchers Survey Current/Outlook	Jan				48.7/48.2	6.00	17.00
GE	Industrial Production SA MoM/YoY	Dec		/		-0.3/0.1	7.00	18.00
EC	Sentix Investor Confidence	Feb		9.6		9.6	9.30	20.30
CA	Housing Starts/Building permits	Jan				172.965/-19.6	13.15	0.15
CA	Bloomberg Nanos Confidence	Jan 29				52.1	15.00	2.00
US	Labor Market Conditions Index Change	Jan				2.9	15.00	2.00
Tuesday, 9 February 2016								
NZ	ANZ Truckometer Heavy MoM	Jan				2.6	21.00	8.00
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jan 31				112.2	22.30	9.30
NZ	QV House Prices YoY	Jan				14.2	23.00	10.00
AU	HIA New Home Sales MoM	Dec				-1.8	0.00	11.00
AU	NAB Business Conditions/Confidence	Jan				7/3	0.30	11.30
JN	Machine Tool Orders YoY	Jan P				-25.7	6.00	17.00
GE	Trade Balance	Dec				20.6	7.00	18.00
GE	Current Account Balance	Dec				24.7	7.00	18.00
GE	Exports SA MoM	Dec				0.4	7.00	18.00
GE	Imports SA MoM	Dec				1.6	7.00	18.00
UK	Visible Trade Balance GBP/Mn	Dec				-10642	9.30	20.30
UK	Trade Balance Non EU GBP/Mn	Dec				-2450	9.30	20.30
UK	Trade Balance	Dec				-3170	9.30	20.30
US	NFIB Small Business Optimism	Jan		94		95.2	11.00	22.00
US	JOLTS Job Openings	Dec				5431	15.00	2.00
US	Wholesale Inventories MoM	Dec		-0.2		-0.3	15.00	2.00
US	Wholesale Trade Sales MoM	Dec				-1	15.00	2.00
Upcoming Central Bank Interest Rate Announcements								
UK BOE		4-Feb				0.50%		
Australia, RBA		1-Mar	2.00%	2.00%		2.00%		
New Zealand, RBNZ		10-Mar	2.50%	2.50%		2.50%		
Europe ECB		10-Mar				0.05%		
Canada, BoC		10-Mar				0.50%		
Japan, BoJ		15-Mar	-0.1% to +0.1%	-0.1% to +0.1%		-0.1% to +0.1%		
US Federal Reserve		17-Mar				0.25-0.50%		

GMT: Greenwich Mean Time; AEDT: Australian Eastern Daylight Saving Time

Contact Details

Authors

David de Garis
Senior Economist
+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

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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