

23 March 2016

Markets Today



Night moves

RBA Governor Glenn Stevens speech yesterday came and went without any fanfare as far as AUD comment was concerned, his only remarks coming in the Q&A saying that there is some risk the currency may be getting ahead of itself. He seemed pretty content with how the economy's transition was progressing, noting it had continued into 2016.

Markets overnight took their initial direction from the bombings in Brussels at the airport and the railway station, a catalyst for a mild risk-off market tone. Euro bond markets were initially bid, the Euro losing half a cent, Sterling lower with the yen initially stronger and the USD a mild bid tone. The AUD likewise initially lost around ½ cent from around the 0.7620 level to 0.7560, but like most risk assets, that selling dissipated and was reversed for some risk assets, including the AUD that sits back above the figure at 0.7625 in early Asian trade this morning. The BEL 20 Belgium stock market index rose 0.17% while the E600 Eurostoxx index dipped 0.15%.

There was perhaps a little growth momentum comfort from the release of the preliminary March Markit PMIs for France, Germany, and the Eurozone that in their totality proved to be somewhat reassuring as did the German Ifo survey.

The French Markit manufacturing PMI missed slightly at 49.6 from 50.2 (f/c 50.2), but the services and the composite indexes were both better than expected. Germany's set were almost unchanged (as expected) while for the Eurozone, the preliminary manufacturing, services were all a little higher than in February and the same or better than tipped. The German March Ifo Business Survey outpaced expectations, the Current Assessment component up to 113.8, the highest since last September. It's a hint that – notwithstanding any fallout from overnight events might have on business and consumer confidence – growth momentum in the zone's largest economy ended the March quarter at a stepped-up pace.

US data was second tier, the March Markit manufacturing print virtually unchanged while the Richmond Fed regional manufacturing index for March bounced to 22 from -4.

Finance Minister Moreau has just released Canada's Federal budget with little to no initial C\$ impact forecasting more deficits ahead with some boost to growth from Budget measures.

Chicago Fed President (a non-voter this year) has been speaking applauding the downshift in rate rises dot plot Fed

forecasts for 2016 from four to two, and noting that the Fed's wait-and-see monetary response is appropriate to ensure growth continues, labor markets strengthen further, wages pick up with an eventual increase in currently low inflation, right back up to our 2 percent objective. Absolutely no argument from him to remain on hold, not that any was expected.

Coming Up

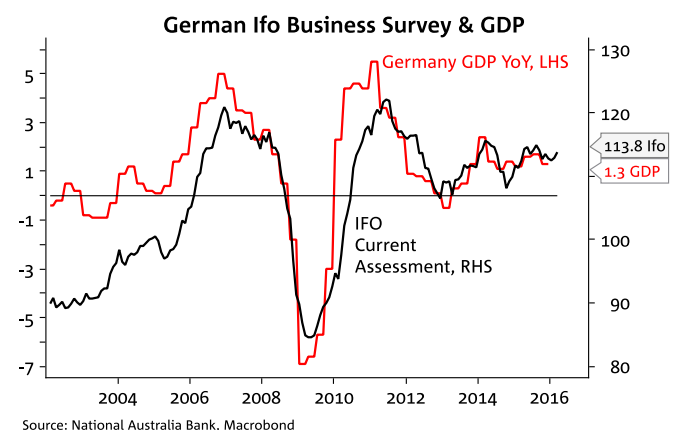
Local AU skilled vacancies data for February due at 11:00 AM are very unlikely to trouble the scorers. Before then we have Philly Fed President Harker (non-voter) speaking in New York at 10:00 AM. Then BoJ Board member Funo (former chief of Toyota for North America – before being appointed to the BoJ Board in May 2015 – so presumably sensitive to and knowledgeable about currency issues on both sides of the Pacific) is speaking at 12:30, before holding a press conference at 14:00.

In Europe tonight, Bundesbank President Jens Weidmann is speaking, as is Fed President James Bullard (a voter on the FOMC this year), who is speaking on Bloomberg TV and radio during the US session, and BOE Deputy Governor Andrew Bailey, speaking in London. The US New Home Sales report for February is also due.

Overnight

On global stock markets, the S&P 500 was -0.10%. Bond markets saw US 10-years +2.66bp to 1.94%. On commodity markets, Brent crude oil +0.51% to \$41.75, gold +0.3% to \$1,248, iron ore -0.8% to \$58.36. AUD is at 0.7619 and the range was 0.7551 to 0.7643.

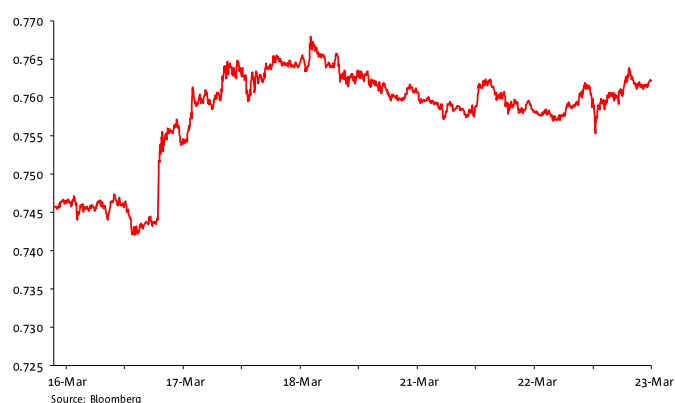
Chart of the day: German business activity up in March



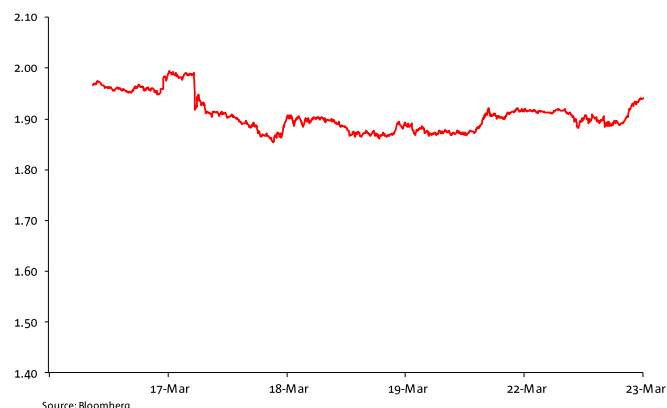
Author:

David de Garis, Senior Economist

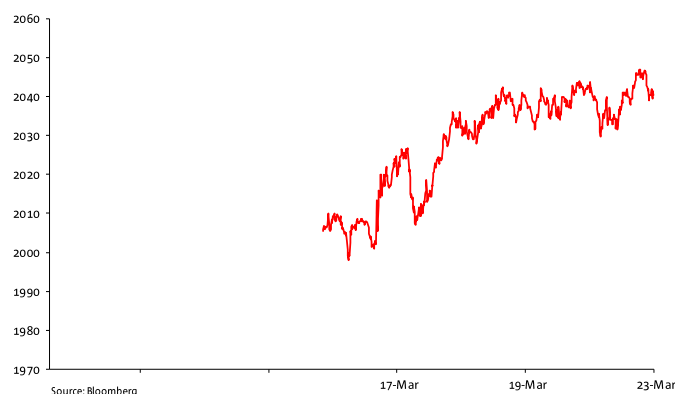
AUD/USD - past week



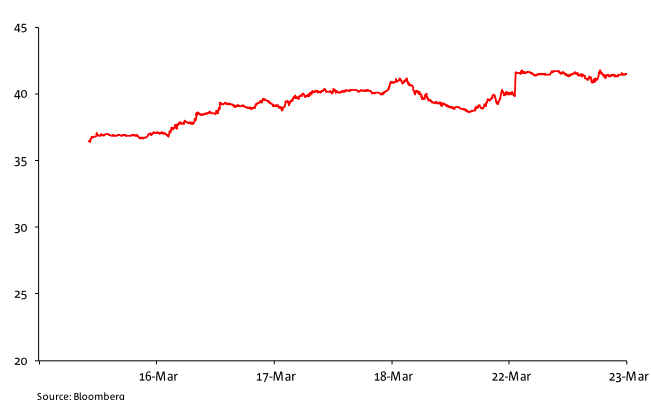
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

Indicative 24hr ranges (**)					Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7619	0.5	0.7551	0.7643	HKD	7.7533 0.0
NZD	0.6748	0.1	0.6735	0.6773	CNY	6.4901 -0.1
EUR	1.1219	0.1	1.1202	1.1240	SGD	1.3607 0.0
GBP	1.4211	-0.5	1.4191	1.4302	IDR	13,138 -0.4
JPY	112.30	0.6	111.54	112.49	THB	34.94 0.0
CAD	1.3043	-0.2	1.3028	1.3108	KRW	1,157 -0.2
AUD/EUR	0.6791	0.3			TWD	32.34 -0.4
AUD/JPY	85.55	0.9			PHP	46.29 0.0
AUD/GBP	0.5361	0.8			CHF	0.97 0.2
AUD/NZD	1.1288	0.3			SEK	8.22 -0.4

Interest Rates

Indicative Swap Rates					Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.62	0.98	1.79	USD 10	1.94	0.03
AUD	2.00	2.31	2.19	2.77	AUD 10	2.60	0.04
NZD	2.25	2.33	2.27	3.08	NZD 10	3.02	0.01
EUR	0.00	0.06	-0.15	0.59	CAD 10	1.32	0.02
GBP	0.50	0.59	0.83	1.47	EUR 10	0.21	-0.02
JPY	-0.01	-0.01	-0.10	0.13	GBP 10	1.46	-0.02
CAD	0.50	1.17	0.88	1.56	JPY 10	-0.10	0.00

Equities

Major Indices

	Last	% day	% year
Dow	17,583	-0.2	-3.0
S&P 500	2,050	-0.1	-2.8
Nasdaq	4,822	0.3	-4.1
VIX Index	14.17	2.8	8.8
FTSE	6,193	0.1	-11.8
DAX	9,990	0.4	-17.0
CAC 40	4,432	0.1	-12.9
Nikkei	17,049	1.9	-13.7
Shanghai	2,999	-0.6	-18.7
Hang Seng	20,667	-0.1	-15.6
ASX 200	5,167	-0.3	-13.3

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.75	-0.02
3 Yr bond	98	-0.03
10 Yr bond	97.35	-0.05
3/10 sprd	0.65	0.02
SPI	-7.0	-0.1

Commodities*

	Last	% day
Oil (Brent)	41.75	0.5
Oil (WTI)	41.34	-0.4
Oil (Tapis)	42.88	2.0
Gold	1247.90	0.3
CRB	177.12	0.4
GS Metals	264.6	-0.3
Aluminium	1501	-0.8
Copper	5065	0.0
Nickel	8790	0.2
Zinc	1872	-0.2
Ch. steel	2216	2.5
Iron ore	58.36	-0.8
St. coal	49.7	0.0
Wheat Chic	474.5	0.2
Sugar	16.58	1.8
Cotton	58.37	0.3
Coffee	134.7	2.4

CO₂ Emissions - Euros

	Last	% day
Dec-2016	4.83	-1.0
Dec-2017	4.87	-1.0
Dec-2018	4.93	-1.0

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
Tuesday, 22 March 2016								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Mar 20				116.4	22.30	9.30
AU	House Price Index QoQ	4Q		0		2.0	0.30	11.30
AU	House Price Index YoY	4Q		8.5		10.7	0.30	11.30
US	RBA's Edey Panel Participation in Sydney						0.45	11.45
JN	All Industry Activity Index MoM	Jan		1.9		-0.9	4.30	15.30
JN	Small Business Confidence	Mar				47.9	5.00	16.00
AU	RBA's Stevens Speech at ASIC Forum in Sydney						5.30	16.30
GE	IFO Business Climate	Mar		106		105.7	9.00	20.00
GE	IFO Current Assessment	Mar		112.7		112.9	9.00	20.00
EC	Markit Eurozone Manufacturing PMI	Mar P		51.4		51.2	9.00	20.00
EC	Markit Eurozone Services PMI	Mar P		53.3		53.3	9.00	20.00
UK	CPI MoM	Feb		0.4		-0.8	9.30	20.30
UK	CPI YoY	Feb		0.4		0.3	9.30	20.30
UK	CPI Core YoY	Feb		1.2		1.2	9.30	20.30
UK	PPI Output Core NSA MoM	Feb		0.1		0.1	9.30	20.30
UK	PPI Output Core NSA YoY	Feb		0.1		0.0	9.30	20.30
UK	ONS House Price YoY	Jan				6.7	9.30	20.30
UK	Public Finances (PSNCR)	Feb				-24.9	9.30	20.30
GE	ZEW Survey Current Situation	Mar		53		52.3	10.00	21.00
GE	ZEW Survey Expectations	Mar		5.4		1.0	10.00	21.00
EC	ZEW Survey Expectations	Mar				13.6	10.00	21.00
EC	Bank of France's Villeroy de Galhau at Breugel Institute						12.00	23.00
UK	BoE's Forbes speaks at Royal Economic Society in London						13.30	0.30
US	FHFA House Price Index MoM	Jan		0.5		0.4	13.00	0.00
US	Richmond Fed Manufact. Index	Mar		0		-4.0	14.00	1.00
US	Fed's Evans (non voter) Speaks in Chicago						17.30	4.30
CA	Canada's Federal Budget						20.00	7.00
US	Fed's Harker (non voter) Speaks in New York on "The Growth and Role of Economic Policies"						23.00	10.00
Wednesday, 23 March 2016								
AU	Skilled Vacancies MoM	Feb				0.4	0.00	11.00
JN	BoJ Funo speaks in Kobe						1.30	12.30
US	MBA Mortgage Applications	Mar 18				-3.3	11.00	22.00
US	Fed's Bullard (voter) speaks on Bloomberg TV & Radio						13.00	0.00
US	New Home Sales	Feb		510		494.0	14.00	1.00
US	New Home Sales MoM	Feb		3.2		-9.2	14.00	1.00
EC	Consumer Confidence	Mar F				-9.7	9.00	20.00
Thursday, 24 March 2016								
NZ	Trade Balance	Feb		90		8.0	21.45	8.45
JN	Nikkei Japan PMI Mfg	Mar P		50.5		50.1	2.00	13.00
EC	ECB Publishes Economic Bulletin						9.00	20.00
UK	Retail Sales Ex Auto Fuel MoM	Feb		-1		2.3	9.30	20.30
UK	Retail Sales Ex Auto Fuel YoY	Feb		3.5		5.0	9.30	20.30
UK	BBA Loans for House Purchase	Feb		47900		47509.0	9.30	20.30
UK	CBI Retailing Reported Sales	Mar		10		10.0	11.00	22.00
UK	CBI Total Dist. Reported Sales	Mar					11.00	22.00
US	Fed's Bullard (voter) speaks on economy and monetary policy in New York							23.15
US	Initial Jobless Claims	Mar 19		268		265.0	12.30	23.30
US	Durable Goods Orders	Feb P		-3		4.7	12.30	23.30
US	Markit US Manufacturing PMI	Mar P		51.9		51.3	13.45	0.45
US	Kansas City Fed Manf. Activity	Mar				-12.0	15.00	2.00
UK	BoE's Bailey speaks on the "Future of Green Finance"						16.15	3.15
Friday, 25 March 2016								
AU	Good Friday public holiday							
JN	Natl CPI YoY	Feb		0.3		0.0	23.30	10.30
JN	Natl CPI Ex Food, Energy YoY	Feb		0.8		0.7	23.30	10.30
JN	Tokyo CPI YoY	Mar		0		0.1	23.30	10.30
JN	Tokyo CPI Ex Food, Energy YoY	Mar		0.5		0.5	23.30	10.30
JN	PPI Services YoY	Feb		0.2		0.2	23.50	10.50
JN	Natl CPI Ex Fresh Food, Energy YoY	Feb		1.1		1.1	5.00	16.00
JN	Leading Index CI	Jan F				101.4	5.00	16.00
US	GDP Annualized QoQ	4Q T		1		1.0	12.30	23.30
US	Personal Consumption	4Q T		2		2.0	12.30	23.30
US	GDP Price Index	4Q T		0.9		0.9	12.30	23.30
US	Core PCE QoQ	4Q T		1.3		1.3	12.30	23.30
Upcoming Central Bank Interest Rate Announcements								
Australia, RBA		5-Apr	2.00%	2.00%		2.00%		
UK BOE		14-Apr				0.50%		
Canada, BoC		14-Apr				0.50%		
Europe ECB		21-Apr				0.00%		
New Zealand, RBNZ		28-Apr				2.25%		
Japan, BoJ		28-Apr				-0.1% to +0.1%		
US Federal Reserve		28-Apr				0.25-0.50%		

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

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