

Drift away

The commodity currencies were sold lower overnight, with the AUD feeling the brunt of the selling, the AUD/USD at the bottom of the major FX leader board, down 1.27% in the face of weaker commodity prices, somewhat jittery equity markets and hints of a renewed appetite for the USD (or at least some selling of the EUR and GBP in the wake of the Brussels terrorist incidents). The Bloomberg spot US dollar index is up 0.63%.

Commodity weakness was led by softness in oil prices overnight the wake of the weekly US EIA report data showing that US crude inventories rose a much larger than expected 9.36 million barrels last week (an increase of 2.3m was expected). WTI crude was trading at over \$41 a barrel before the release of the data, then fell back to \$39.75, a net decline of 4.1% for the day so far. The other commodity set seemingly breaking a better patch of support of late was iron ore and steel with the spot price of iron ore down 0.84% to \$57.87, Dalian iron ore futures off a cool 5.2% yesterday while China's steel rebar futures gave back 3.05%. The LME base metals index is down 1.7%, with copper off 2.28% and nickel down 1.08%. Gold has slipped 2.23%, currently trading at \$1220.70. One commodity that has bucked the trend overnight is sugar from reports of adverse weather affecting production estimates in Thailand.

St. Louis Fed President James Bullard did a Bloomberg TV interview, with one particular comment grabbing the market's attention: "You get another strong jobs report, it looks like labor markets are improving, you could probably make a case for moving in April". Of course he voted with the pack for no change. This gave the USD some measure of support though pricing for a hike in April was not beefed up, held back by a soft equity market with bonds bid.

Coming Up

As far as today's local releases are concerned, there is the NZ trade balance for February at 8:45 AM, followed at 1 PM by the March final release of the UK Japan Manufacturing PMI. Our BNZ colleagues look for a slightly larger NZ trade surplus, of just under \$50m, a little shy of market's \$90 million consensus forecast.

As far as tonight's session is concerned, the main releases are the U.K.'s retail sales report for February with payback from a 1% decline in sales expected after the outside 2.3% January gain. In the US, the main focus will be on durable goods orders for February and, of course, the weekly jobless claims numbers, though claims are expected to again

remain low at 268K, essentially the same as last week's 265K. As for durable goods orders, this is also expected to reveal a monthly payback, a decline in headline sales of 3%, three fifths of the outsized 4.7% gain last month. Core orders are expected to give back a smaller 0.5% after rising 3.4% in January. Also due tonight is the services PMI from Markit for the US and the Kansas City Fed Manufacturing index for March. The BOE's Bailey is speaking on the "Future of Green Finance".

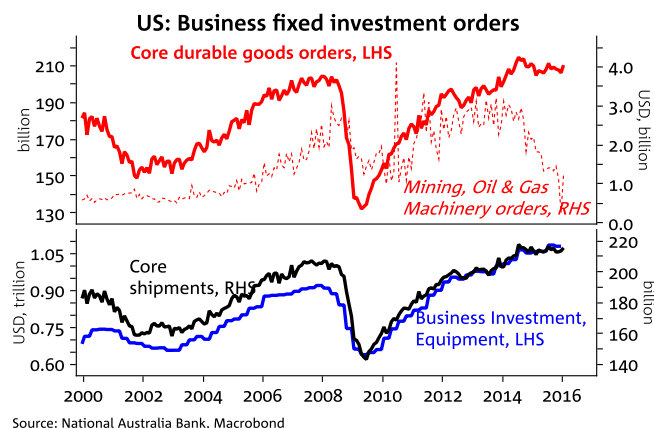
Looking further through the Easter weekend into Monday night's session, the main release tomorrow is Japan's CPI release and in the US, the third iteration of December quarter GDP, though no revision is expected from the 1.0% second estimate. On Monday US, most of this will be on the February personal income and spending report, what it infers four aggregate consumer spending in the March quarter and hence for GDP growth as well is the PCE deflators with the core deflator expected to have risen by 0.2%, and growth ticking from 1.7 to 1.8% as a result and thus knocking on the door of the Fed's target of a sustainable 2% inflation rate. Pending home sales and the Dallas fed manufacturing index are also due on Monday.

The first Australian release next week does not come until Wednesday with the weekly consumer confidence report from the ANZ and the NAB online retail sales index for February.

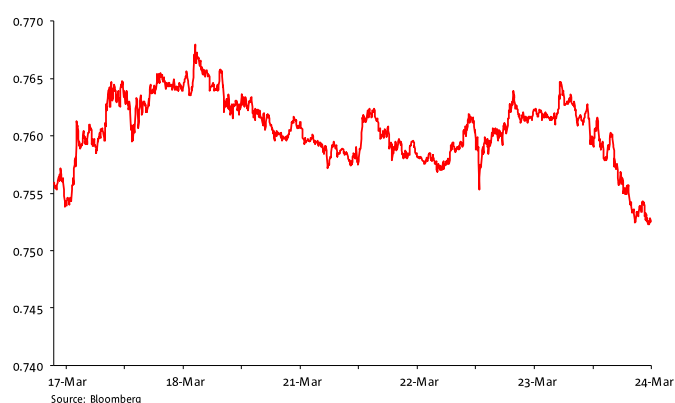
Overnight

On global stock markets, the S&P 500 was -0.60%. Bond markets saw US 10-years -6.34bp to 1.88%. On commodity markets, Brent crude oil -2.99% to \$40.54, gold -2.3% to \$1,219, iron ore -0.8% to \$57.87. AUD is at 0.7525 and the range was 0.752 to 0.7649.

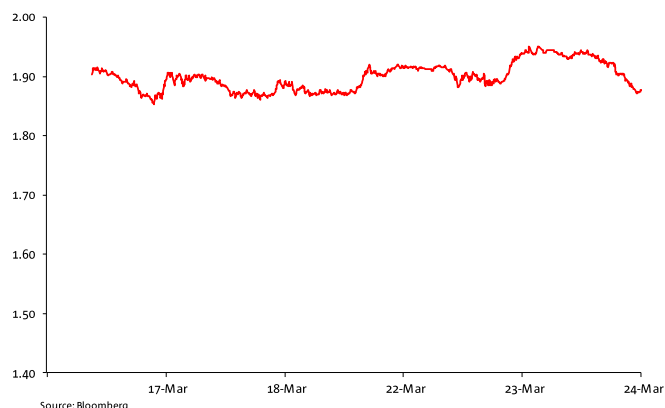
Chart of the day: US investment orders trend flattens



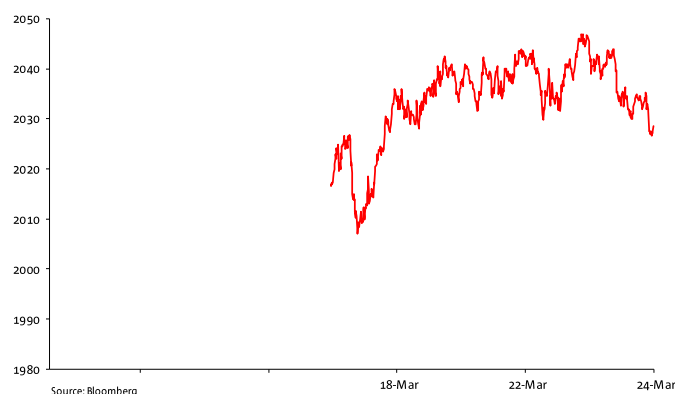
AUD/USD - past week



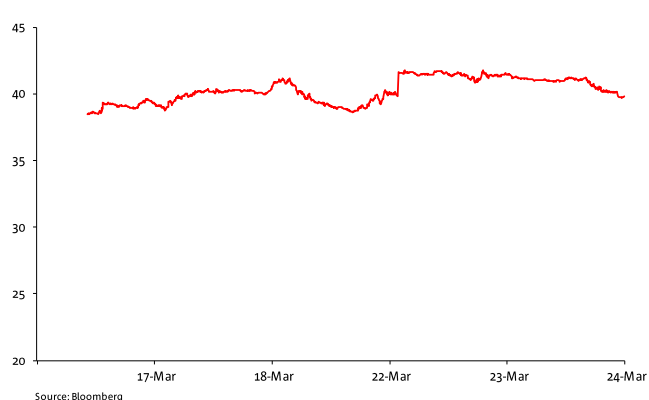
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

Indicative 24hr
ranges (**)

	Last	% chge	Low	High
AUD	0.7525	-1.3	0.7520	0.7649
NZD	0.6703	-0.1	0.6683	0.6726
EUR	1.1179	-0.1	1.1159	1.1200
GBP	1.4112	-0.5	1.4082	1.4195
JPY	112.44	-0.2	112.34	112.91
CAD	1.3202	1.0	1.3047	1.3220
AUD/EUR	0.6731	-0.7		
AUD/JPY	84.60	-1.1		
AUD/GBP	0.5332	-0.3		
AUD/NZD	1.1228	-0.7		

Other FX

	Last	% chge
HKD	7.7553	0.0
CNY	6.5075	0.1
SGD	1.3682	0.3
IDR	13,225	0.4
THB	35.25	0.4
KRW	1,168	0.6
TWD	32.50	0.1
PHP	46.43	0.1
CHF	0.97	0.2
SEK	8.27	0.1

Interest Rates

Indicative Swap Rates

	Cash	3mth	2Yr	10Yr
USD	0.50	0.63	0.96	1.73
AUD	2.00	2.30	2.15	2.71
NZD	2.25	2.35	2.25	3.09
EUR	0.00	0.06	-0.15	0.56
GBP	0.50	0.59	0.81	1.44
JPY	0.00	-0.01	-0.10	0.14
CAD	0.50	1.17	0.86	1.49

Benchmark 10 Year Bonds

	Last	chge	Spd
USD 10	1.88	-0.06	
AUD 10	2.65	0.05	0.77
NZD 10	3.07	0.00	1.19
CAD 10	1.25	-0.09	-0.63
EUR 10	0.19	-0.02	-1.68
GBP 10	1.45	-0.01	-0.43
JPY 10	-0.11	-0.02	-1.99

Equities

Major Indices

	Last	% day	% year
Dow	17,518	-0.4	-3.3
S&P 500	2,037	-0.6	-3.2
Nasdaq	4,773	-1.0	-4.8
VIX Index	14.88	5.0	11.0
FTSE	6,199	0.1	-11.9
DAX	10,023	0.3	-15.7
CAC 40	4,424	-0.2	-12.5
Nikkei	17,001	-0.3	-13.8
Shanghai	3,010	0.4	-18.5
Hang Seng	20,615	-0.2	-15.5
ASX 200	5,142	-0.5	-13.9

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.76	0.01
3 Yr bond	98.01	0.03
10 Yr bond	97.40	0.05
3/10 sprd	0.61	-0.02
SPI	-38.0	-0.7

Commodities*

	Last	% day
Oil (Brent)	40.54	-3.0
Oil (WTI)	39.83	-3.9
Oil (Tapis)	42.86	-0.1
Gold	1219.40	-2.3
CRB	173.24	-2.2
GS Metals	259.7	-1.9
Aluminium	1480	-1.4
Copper	4950	-2.3
Nickel	8695	-1.1
Zinc	1836	-1.9
Ch. steel	2128	-3.1
Iron ore	57.87	-0.8
St. coal	48.6	0.0
Wheat Chic	470.8	-0.8
Sugar	16.71	0.8
Cotton	58.39	0.0
Coffee	131.1	-2.6

CO₂ Emissions - Euros

	Last	% day
Dec-2016	4.81	-0.4
Dec-2017	4.85	-0.4
Dec-2018	4.91	-0.4

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
Friday, 25 March 2016								
AU/NZ	Good Friday public holiday							
JN	Natl CPI/Ex Food & Energy YoY	Feb		0.3/0.8		0.0/0.7	23.30	10.30
JN	Tokyo CPI/Ex Food & Energy YoY	Mar		0/0.5		0.1/0.5	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/PCE Annualized QoQ	4Q T		1/2		1.0/2.0	12.30	23.30
Monday, 28 March 2016								
AU/NZ	Easter Monday public holiday							
US	Advance Goods Trade Balance	Feb		-61.75		-62.2	12.30	23.30
US	Personal Income/Spending	Feb		0.1/0.1		0.5/0.5	12.30	23.30
US	PCE Deflator MoM/YoY	Feb		-0.1/1		0.1/1.3	12.30	23.30
US	PCE Core MoM/YoY	Feb		0.2/1.8		0.3/1.7	12.30	23.30
CA	Bloomberg Nanos Confidence	Mar 25				53.8	14.00	1.00
US	Pending Home Sales MoM/YoY	Feb		1.5		-2.5/-0.9	14.00	1.00
US	Dallas Fed Manf. Activity	Mar		-28		-31.8	14.30	1.30
Tuesday, 29 March 2016								
JN	Jobless Rate/Job-applicant ratio	Feb				3.2/1.3	23.30	10.30
JN	Overall Household Spending YoY	Feb				-3.1	23.30	10.30
JN	Retail Sales MoM/YoY	Feb				-1.1/-0.1	23.50	10.50
JN	Dept. Store, Supermarket Sales	Feb				1.0	23.50	10.50
JN	Small Business Confidence	Mar				47.9	5.00	16.00
US	Fed's Williams Speaks in Singapore						9.15	20.15
CA	Industrial Product Price MoM	Feb				0.5	12.30	23.30
CA	Raw Materials Price Index MoM	Feb				-0.4	12.30	23.30
US	S&P/CS 20 City MoM/YoY	Jan		0.75/5.7		0.8/5.7	13.00	0.00
US	Consumer Confidence Index	Mar		94		92.2	14.00	1.00
Wednesday, 30 March 2016								
NZ	Building Permits MoM	Feb				-8.2	21.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Mar 27				116.0	22.30	9.30
JN	Industrial Production MoM/YoY	Feb P		/		3.7/-3.8	23.50	10.50
CH	Westpac-MNI Consumer Sentiment	Mar				111.3	1.45	12.45
EC	Business Climate Indicator	Mar				0.1	9.00	20.00
US	MBA Mortgage Applications	Mar 18				-3.3	11.00	22.00
GE	CPI MoM/YoY	Mar P		/		0.4/0.0	12.00	23.00
US	ADP Employment Change	Mar		190		214.0	12.15	23.15
Thursday, 31 March 2016								
UK	Lloyds Business Barometer	Mar				28.0	23.10	10.10
UK	GfK Consumer Confidence	Mar				0.0	23.50	10.50
AU	HIA New Home Sales MoM	Feb				-1.8	0.00	11.00
NZ	ANZ Activity Outlook/Business Confidence	Mar				25.5/7.1	0.00	11.00
AU	Job vacancies	Feb				3.5	0.30	11.30
AU	Private Sector Credit MoM/YoY	Feb	0.5/6.5	0.5/6.5		0.5/6.5	0.30	11.30
GE	Unemployment Change (000's)/Rate	Mar				-10.0/6.2	7.55	18.55
UK	Mortgage Approvals	Feb				74.6	8.30	19.30
UK	GDP QoQ/YoY	4Q F		/		0.5/1.9	8.30	19.30
UK	Current Account Balance	4Q				-17.5	8.30	19.30
UK	Total Business Investment QoQ/YoY	4Q F				-2.1	8.30	19.30
EC	CPI Estimate/Core YoY	Mar		/		-0.2/0.8	9.00	20.00
US	Challenger Job Cuts YoY	Mar				21.8	11.30	22.30
CA	GDP MoM/YoY	Jan				0.2	12.30	23.30
US	Initial Jobless Claims	Mar 19		268		265.0	12.30	23.30
CH	BoP Current Account Balance	4Q F						
US	ISM Milwaukee	Mar				55.2	13.00	0.00
US	Chicago Purchasing Manager	Mar		49.3		47.6	13.45	0.45
US	Bloomberg Consumer Comfort	Mar 20				44.3	13.45	0.45
Friday, 1 April 2016								
AU	AiG Perf of Mfg Index	Mar				53.5	22.30	9.30
AU	CoreLogic RP Data House Px MoM	Mar				0.5	23.00	10.00
JN	Tankan Large Mfg Index/Outlook	1Q		/		12.0/7.0	23.50	10.50
JN	Tankan Large Non-Mfg Index/Outlook	1Q		/		25.0/18.0	23.50	10.50
JN	Tankan Large All Industry Capex	1Q				10.8	23.50	10.50
CH	Manufacturing/Non-manufacturing PMI	Mar		49.5/		49.0/52.7	1.00	12.00
CH	Caixin China PMI Mfg	Mar		48.5		48.0	1.45	12.45
JN	Nikkei Japan PMI Mfg	Mar F				50.1	2.00	13.00
AU	Commodity Index AUD/YoY	Mar				73.2/-21.6	5.30	16.30
GE	Markit/BME Germany Manufacturing PMI	Mar P		50.8		50.5	8.30	19.30
EC	Markit Eurozone Manufacturing PMI	Mar P		51.4		51.2	9.00	20.00
UK	Markit UK PMI Manufacturing SA	Mar				50.8	8.30	19.30
UK	Unit Labor Costs YoY	4Q				2.0	8.30	19.30
EC	Unemployment Rate	Feb				10.3	9.00	20.00
US	Change in Nonfarm Payrolls	Mar		200/4.9		242.0/4.9	12.30	23.30
US	Average Hourly Earnings MoM/YoY	Mar		0.2/		-0.1/2.2	12.30	23.30
CA	RBC Canadian Manufacturing PMI	Mar				49.4	13.30	0.30
US	Markit US Manufacturing PMI	Mar P		51.9		51.3	13.45	0.45
US	ISM Manufacturing/New Orders	Mar		50.4/		49.5/51.5	14.00	1.00
US	Construction Spending MoM	Feb		0.2		1.5	14.00	1.00
US	U. of Mich. Sentiment/5-10y inflation expectations	Mar F		90.7/		90.0/2.7	14.00	1.00
US	Fed's Mester (v) Speaks in New York						17.00	4.00
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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