

Crazy little thing called risk

Risk sentiment took something of a breather overnight without going into reverse. Even so, the AUD took centre stage, trading this morning at the door of 0.77, having tested above the figure during the New York session, after doing a lot of work in the lower 0.76s yesterday.

It's been a somewhat choppy 24 hours or so for the AUD, buying appetite dented by a release yesterday morning on Australia's sovereign rating from Moody's and even in the wake of the strong employment report. The note from the ratings agency commented that spending cuts would likely only be modest and of "fading prospects for tax reform" with a return to a balanced budget in FY2021 difficult to achieve without revenue tailwinds. Countering the negatives, Moody's also made note that Australia has favourable credit metrics relative to other Aaa peers.

Appetite for the AUD has re-emerged again overnight, thanks to the tailwinds already created this week by strong reports from the NAB Business Survey and yesterday's labour market report revealing a push back down in the unemployment rate and ahead of today's China data feast. Commodity prices have also been adding to the risk-on move this week, iron ore for example pushing through \$60/t on Wednesday, though it gave back half of Wednesday's rise overnight, down \$1.10/t to \$59.38/t. It's still up 8.55% on this time last week.

The AUD has made some more gains overnight despite neutral risk sentiment, US equities struggling to make positive headway (the VIX though is somewhat lower), the LME base metals index down 0.17%. Gold was down 1.66%, while oil prices were a little lower ahead of this weekend's Doha major producer talks. Overnight release of the IEA's April Oil Market Report was followed initially by a slight bid tone that was reversed later in the session. The IEA saw little impact on oil supply from a planned production freeze with inventories still rising.

The USD was dealt a little on both sides from US economic reports, the CPI a tenth softer than expectations for headline and core but weekly jobless claims printing at a very low 253K, equalling the March 4 week's low and indicative of still low layoffs. The USD eased back for a time before steadying late in the session.

The Bank of England left rates on hold again - no surprises there - but the Old Lady weighed into the Brexit debate with force, warnings on Brexit that caught the market's attention. Sterling was not unduly volatile as a result, trading this

morning at 1.4154. (It has of course already been reacting negatively to any polls suggesting a greater Brexit risk.) The BoE noted that Brexit would result in an extended period of uncertainty with significant implications for asset prices, particularly sterling. We await further polls of course and the June 23 referendum.

Fed President Lockhart (non-voter) has been speaking, opposing an April rate, changing his view from three weeks earlier when he supported a hike as early as this month amid signs of a softening in consumer and business spending. US Treasury yields ticked higher for the session, by 2-3 bps along the curve.

Coming up

It's the multi key data hit from China today with the release of Q1 GDP (E: 6.7%; L: 6.8%) together with the March y/y and ytd growth rates for industrial production (L: 5.4% ytd; E: 5.5%), retail sales (L: 10.2%; E: 10.2%) and ytd Fixed assets investment growth (L: 10.2%; E: 10.4%), all out at midday AEST. Recall that the official target for GDP growth this year is 6½-7%. Those date points hit the screens at 12:00 AEST. The ytd growth numbers for the monthly reports should provide the first indication for the year getting over shifting Lunar New Year timetables.

Also out this morning is the RBA's Financial Stability Review at 11.30. Obviously not a market mover but what they have to say about the housing/apartment market and the state of household and business balance sheets is always of interest.

While not the absolute top tier in terms of market importance, tonight sees release of US industrial production for March as well as the preliminary April reading from the UoM Consumer sentiment survey that should also reveal some nudge back up in 5-10 year inflation expectations following the lift in oil prices. That measure is tracked pretty closely by the Fed, so a rise would not surprise given oil's rally, while a pull-back would be a disappointment. Fed President Charles Evans (non-voter) is speaking as well.

Also remember this weekend's major oil producers meeting in Doha.

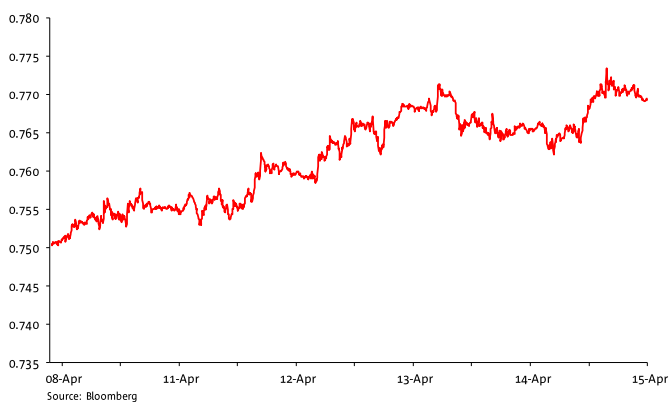
Overnight

On global stock markets, the S&P 500 was +0.00%. Bond markets saw US 10-years +2.80bp to 1.79%. On commodity markets, Brent crude oil -0.75% to \$43.85, gold -1.7% to \$1,227, iron ore -1.8% to \$59.38. AUD is at 0.7694 and the range was 0.7692 to 0.7696.

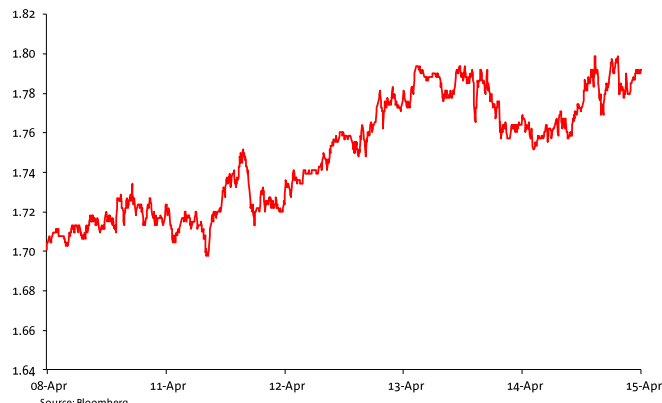
Author:

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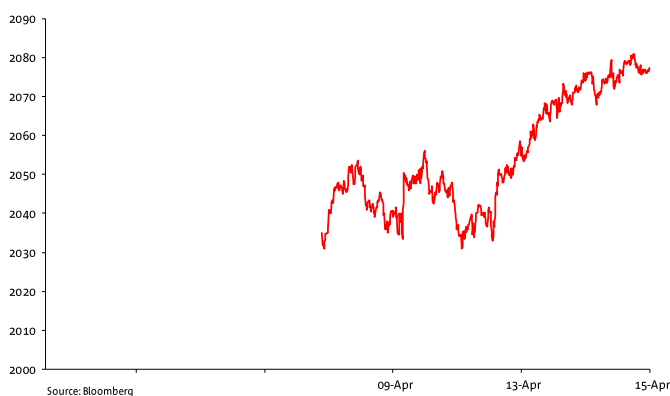
AUD/USD - past week



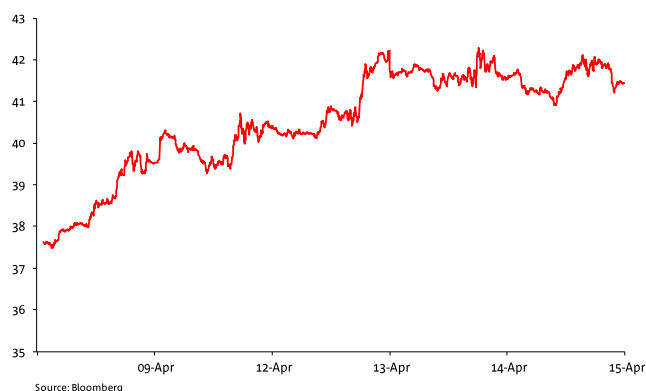
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7694	0.0	0.7692	0.7696	HKD	7.7564 0.0
NZD	0.6849	-0.2	0.6843	0.6888	CNY	6.4841 0.0
EUR	1.1264	0.0	1.1248	1.1297	SGD	1.3635 0.1
GBP	1.4157	0.1	1.4109	1.4179	IDR	13,171 -0.1
JPY	109.39	0.1	108.90	109.47	THB	35.09 0.0
CAD	1.2845	0.0	1.2782	1.2870	KRW	1,154 0.1
AUD/EUR	0.6830	-0.2			TWD	32.40 0.1
AUD/JPY	84.15	0.0			PHP	46.14 -0.1
AUD/GBP	0.5435	-0.2			CHF	0.97 0.2
AUD/NZD	1.1232	0.1			SEK	8.14 -0.1

Equities

Major Indices			
	Last	% day	% year
Dow	17,926	0.1	-0.6
S&P 500	2,083	0.0	-0.6
Nasdaq	4,946	0.0	-0.6
VIX Index	13.72	-0.9	0.4
FTSE	6,365	0.0	-10.0
DAX	10,094	0.7	-17.5
CAC 40	4,512	0.5	-13.5
Nikkei	16,911	3.2	-14.9
Shanghai	3,082	0.5	-24.5
Hang Seng	21,338	0.8	-22.7
ASX 200	5,119	1.3	-13.4

Commodities*

	Last	% day
Oil (Brent)	43.85	-0.7
Oil (WTI)	41.45	-0.7
Oil (Tapis)	44.73	-0.7
Gold	1226.50	-1.7
CRB	174.77	-0.5
GS Metals	261.8	-0.3
Aluminium	1560	0.0
Copper	4831	0.0
Nickel	8995	0.1
Zinc	1866	-1.1
Ch. steel	2333	-0.7
Iron ore	59.38	-1.8
St. coal	50.3	0.0
Wheat Chic	476.8	-0.1
Sugar	14.37	0.6
Cotton	60.85	-0.7
Coffee	125.1	1.2

Interest Rates

Indicative Swap Rates				Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.63	0.88	1.65	USD 10	1.79	0.03
AUD	2.00	2.29	2.16	2.68	AUD 10	2.52	0.00 0.73
NZD	2.25	2.37	2.23	2.96	NZD 10	2.85	0.00 1.06
EUR	0.00	0.06	-0.15	0.57	CAD 10	1.30	0.05 -0.50
GBP	0.50	0.59	0.82	1.46	EUR 10	0.17	0.04 -1.62
JPY	-0.01	-0.01	-0.11	0.11	GBP 10	1.45	0.03 -0.34
CAD	0.50	1.17	0.91	1.53	JPY 10	-0.09	-0.02 -1.88

Overnight Futures

	Last	Chge
Australia		
3 mth bill	97.76	-0.01
3 Yr bond	98.06	-0.02
10 Yr bonc	97.46	-0.04
3/10 sprd	0.61	0.02
SPI	16.0	0.3

CO ₂ Emissions - Euros		
	Last	% day
Dec-2016	5.61	1.3
Dec-2017	5.66	1.3
Dec-2018	5.71	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	AEST
Friday, 15 April 2016								
AU	RBA Financial Stability Review						1.30	11.30
CH	Industrial Production YTD YoY	Mar		5.5		5.4	2.00	12.00
CH	Industrial Production YoY	Mar		5.9		5.9	2.00	12.00
CH	Retail Sales YoY	Mar		10.4		11.1	2.00	12.00
CH	Retail Sales YTD YoY	Mar		10.2		10.2	2.00	12.00
CH	Fixed Assets Ex Rural YTD YoY	Mar		10.4		10.2	2.00	12.00
CH	GDP SA QoQ/YoY	1Q		1.5/6.7		1.6/6.8	2.00	12.00
JN	Capacity Utilization MoM	Feb		2.6		2.6	4.30	14.30
JN	Industrial Production MoM	Feb F				-6.2	4.30	14.30
UK	Construction Output SA MoM	Feb		0		-0.2	8.30	18.30
EC	Trade Balance SA	Feb		21.5		21.2	9.00	19.00
CA	Manufacturing Sales MoM	Feb		-1.5		2.3	12.30	22.30
US	Empire Manufacturing	Apr		2		0.6	12.30	22.30
US	Industrial Production MoM	Mar		-0.1		-0.5	13.15	23.15
US	Capacity Utilization	Mar		75.3		76.7	13.15	23.15
US	U. of Mich. Sentiment	Apr P		92		94.0	14.00	0.00
US	U. of Mich. 5-10 Yr Inflation	Apr P				2.7	14.00	0.00
US	Fed's Evans speaks on Economy and Policy in Washington						16.30	2.30
US	Total Net TIC Flows	Feb				118.4	20.00	6.00
Sunday, 17 April 2016								
Oil	Major Oil Producers Meet to Discuss Production Freeze							
Monday, 18 April 2016								
NZ	CPI QoQ/YoY	1Q		/		-0.5/0.1	22.45	8.45
UK	Rightmove House Prices MoM/YoY	Apr				1.3/7.6	23.10	9.10
AU	New Motor Vehicle Sales MoM/YoY	Mar				-0.1/2.3	1.30	11.30
CH	Property Prices	Mar					1.30	11.30
CA	Int'l Securities Transactions	Feb				13.5	12.30	22.30
US	Fed's Dudley Gives Opening Remarks at Economics Conference						12.30	22.30
CA	Bloomberg Nanos Confidence	Apr 15				55.0	14.00	0.00
US	NAHB Housing Market Index	Apr		59		58.0	14.00	0.00
US	Fed's Kashkari Speaks in Minneapolis						16.30	2.30
Tuesday, 19 April 2016								
NZ	Performance Services Index	Mar				56.9	22.30	8.30
US	Fed's Rosengren to Speak at Central Conn State University						23.00	9.00
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Apr 17				112.0	23.30	9.30
AU	RBA April Meeting Minutes						1.30	11.30
EC	ECB Current Account SA	Feb				25.4	8.00	18.00
EC	ECB Bank Lending Survey						8.00	18.00
EC	Construction Output MoM/YoY	Feb				3.6/6.0	9.00	19.00
GE	ZEW Survey Current Situation/Expectations	Apr		/		50.7/4.3	9.00	19.00
EC	ZEW Survey Expectations	Apr				10.6	9.00	19.00
US	Housing Starts/MoM	Mar		1170/-0.7		1178.0/5.2	12.30	22.30
US	Building Permits/MoM	Mar		1205/2.4		1167.0/-3.1	12.30	22.30
AU	RBA Governor Stevens Speech in New York						13.30	23.30
Wednesday, 20 April 2016								
JN	Trade Balance/Adjusted	Mar		/		242.8/166.1	23.50	9.50
AU	Westpac Leading Index MoM	Mar				-0.2	0.30	10.30
AU	Skilled Vacancies MoM	Mar				-0.9	1.00	11.00
JN	Machine Tool Orders YoY	Mar F				-21.2	6.00	16.00
UK	Jobless Claims Change	Mar				-18.0	8.30	18.30
UK	Average Weekly Earnings 3M/YoY	Feb				2.1	8.30	18.30
UK	ILO Unemployment Rate 3Mths	Feb				5.1	8.30	18.30
US	MBA Mortgage Applications	Apr 8				10.0	11.00	21.00
CA	Wholesale Trade Sales MoM	Feb				0.0	12.30	22.30
CH	Conference Board Leading Economic Index	Mar					13.00	23.00
US	Existing Home Sales/MoM	Mar		5.27/3.74		5.1/-7.1	14.00	0.00
Thursday, 21 April 2016								
NZ	ANZ Job Advertisements MoM	Mar				0.9	22.00	8.00
NZ	Net Migration SA	Mar				6070.0	22.45	8.45
NZ	ANZ Consumer Confidence Index	Apr				118.0	1.00	11.00
NZ	ANZ Consumer Confidence MoM	Apr				-1.4	1.00	11.00
AU	NAB Business Confidence	1Q				4.4	1.30	11.30
AU	RBA FX Transactions Market	Mar				476.0	1.30	11.30
NZ	Credit Card Spending MoM/YoY	Mar				-0.4/7.3	3.00	13.00
JN	Supermarket Sales YoY	Mar				3.4	5.00	15.00
UK	Retail Sales Ex Auto Fuel MoM/YoY	Mar		/		-0.2/4.1	8.30	18.30
UK	Public Finances (PSNCR)	Mar				0.1	8.30	18.30
EC	Govt Debt/GDP Ratio	2015					9.00	19.00
EC	ECB Main Refinancing Rate	Apr 21				0.0	11.45	21.45
EC	ECB Deposit Facility Rate	Apr 21				-0.4	11.45	21.45
EC	ECB Marginal Lending Facility	Apr 21				0.3	11.45	21.45
US	Chicago Fed Nat Activity Index	Mar				-0.3	12.30	22.30
US	Initial Jobless Claims	Apr 9		270		267.0	12.30	22.30
US	Philadelphia Fed Business Outlook	Apr		6		12.4	12.30	22.30
US	FHFA House Price Index MoM	Feb		0.4		0.5	13.00	23.00
EC	Consumer Confidence	Apr A				-9.7	14.00	0.00
US	Leading Index	Mar		0.4		0.1	14.00	0.00
Friday, 22 April 2016								
CH	MNI Business Indicator	Apr				49.9	1.45	11.45
JN	Nikkei Japan PMI Mfg	Apr P				49.1	2.00	12.00
JN	Tertiary Industry Index MoM	Feb				1.5	4.30	14.30
GE	Markit/BME Germany Manufacturing/Services PMI	Apr P		/		50.7/55.1	7.30	17.30
EC	ECB Survey of Professional Forecasters						8.00	18.00
EC	Markit Eurozone Manufacturing/Services PMI	Apr P		/		51.6/53.1	8.00	18.00
EC	Euro Area Fourth Quarter Government Deficit	Q4					9.00	19.00
EC	Euro Area Fourth Quarter Government Debt	Q4					9.00	19.00
CA	Retail Sales/ex autos MoM	Feb		/		2.1/1.2	12.30	22.30
CA	CPI NSA MoM/YoY	Mar		/		0.2/1.4	12.30	22.30
CA	CPI Core MoM/YoY	Mar		/		0.5/1.9	12.30	22.30
US	Markit US Manufacturing PMI	Apr P				51.5	13.45	23.45
Upcoming Central Bank Interest Rate Announcements								
UK BOE		14-Apr				0.50%		
Europe ECB		21-Apr				0.00%		
New Zealand, RBNZ		28-Apr	2.25%	2.25%		2.25%		
Japan, BoJ		28-Apr				-0.1% to +0.1%		
US Federal Reserve		28-Apr				0.25-0.50%		
Australia, RBA		3-May	2.00%	2.00%		2.00%		
Canada, BoC		26-May				0.50%		

GMT: Greenwich Mean Time; AEST: Australian Eastern Standard Time

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