

Don't Leave Me Now

Pink Floyd's 1979 song featured on *The Wall* tells the story of a couple who have treated each other very badly yet are devastated at the prospect of their relationship ending. This seems somewhat appropriate with us now just 9 hours away from polling getting underway in the UK EU referendum. Also somewhat prophetic is the overnight news that Iceland, a country whose total population (330,000) is less than the number of migrants entering Britain last year alone (333,000) have just defeated EU stalwart Austria to tee-up a last 16 contest with England in Euro 2016. Now I'm not a betting man, but with Bloomberg's updated referendum poll tracker showing Leave' on 43% and 'Remain on 41% (see our Chart of the Day) and the bookies offering \$8 on Iceland beating England on Monday, I can feel a parlay coming on.

In overnight markets, unsurprisingly little to report. Fed chair Janet Yellen delivered the second of her two Congressional testimonies and by all accounts it was a much more feisty affair than Tuesday. Chairman of the House Financial services Committee Jeb Hensarling criticised the Fed's payment of interest on excess reserves to banks in excess of the Fed Funds Rate, for the risk of losses being incurred on the Fed's balance sheet, for regulation creating economic headwinds, as well as a lack of independence from the Obama administration noting a 'revolving door' between the White House, Treasury and Fed. Expect to hear much more on this theme from a certain Mr Trump as the US presidential election campaign gets underway proper. On the economy, Mrs Yellen didn't deviate from Tuesday's message of cautious optimism with respect to a pick-up in growth.

US equities are heading into the NY close showing minor losses, but the VIX has jumped by 2.7 points or some 15% to 21.2, symptomatic of a bit more last-minute insurance being taken out against the risk of 'Brexit'. Treasury yields have given back a little of their earlier gains with 10s back below 1.7% (1.687%) though European yields close a touch higher. In currencies, a little surprising given the move higher in the VIX to see the AUD at the top of the G10 leader board and sitting just back on 0.75 handle, closely followed by the NZD which posted another YTD high (0.7188). The CAD is the only currency weaker against the US dollar, and where lower oil prices are presumably to blame. Hard commodity prices are mostly higher and in keeping with a softer US dollar.

Coming Up

It's been a long week in the lead up to the UK EU referendum (this scribe spent Monday and Tuesday in bed

sick and it still seems like a long week). Polling opens at 7:00 UK time (4pm AEST). There should be nothing to see at least until this time tomorrow when polls close and we may get exit polls of sorts, in which respect note that those commissioning private polls will not be allowed to make the results publicly known until after polling booths close. This probably won't stop rumours flying around much earlier in the UK day about what private polling may be revealing.

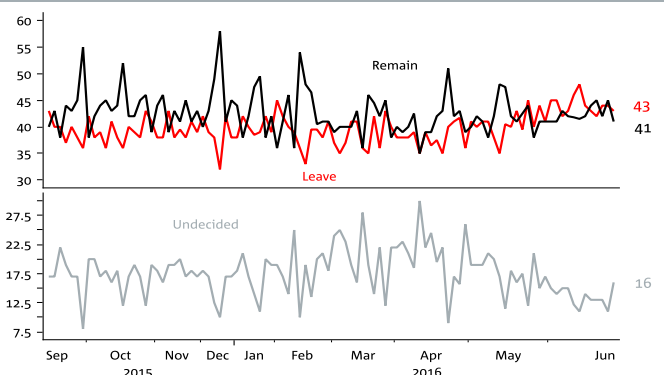
Heading into polling day, latest referendum 'poll of polls' continue to suggest the two sides running almost neck and neck. We'd note though with 'undecideds' still in excess of 10%, the final result could well end up being much more decisive than this. In the 2014 Scottish referendum, most of the 'undecideds' turned out in favour of the status quo. Even though it looks as though much of the 'risk of 'Brexit' has been priced out markets (e.g. the British Pound is now stronger than it was the day before the referendum date was announced) there remains plenty of scope for volatility on either outcome, albeit (very) much more on a Leave' than 'Remain' outcome.

Data and events to be ticked off today, probably to little or no market reaction, include the RBAS's Luci Ellis speaking at a conference on regulation (from 9:00AEST) and Guy Debelle at an event starting at 18:15 AEST this evening. Eurozone preliminary PMIs will be of some note this evening from 17:30 AEST and in the US we get initial claims, the Markit US manufacturing PMI and Kansas Fed manufacturing survey.

Overnight

On global stock markets, the S&P 500 was -0.17%. Bond markets saw US 10-years -2.07bp to 1.69%. In commodities, Brent crude oil -1.62% to \$49.8, gold -0.2% to \$1,268, iron ore +2.8% to \$52.29. AUD is at 0.7501 and the range since yesterday 5pm Sydney time is 0.7481 to 0.7522.

Chart of the Day: Bloomberg EU referendum poll tracker

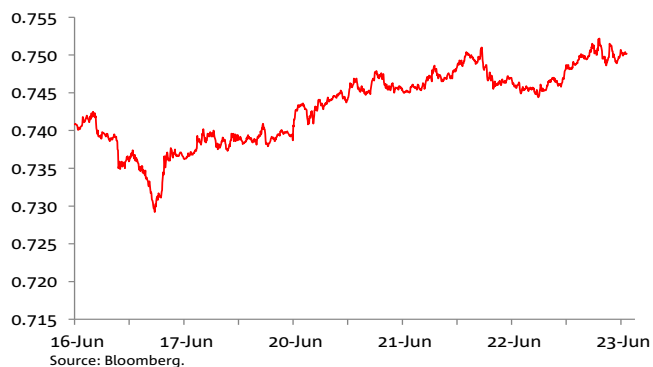


Source: National Australia Bank, Macrobond, Bloomberg

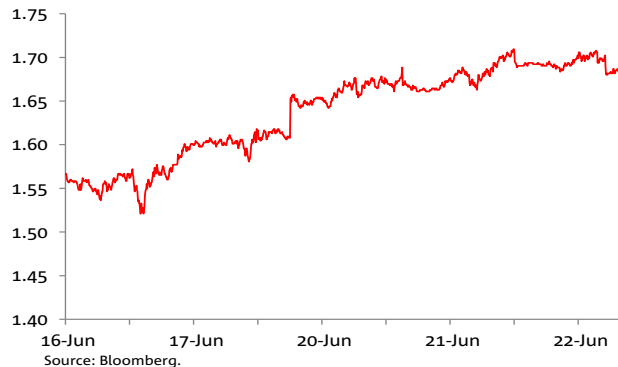
Author:

Ray Attrill – Global Co-Head of FX Strategy

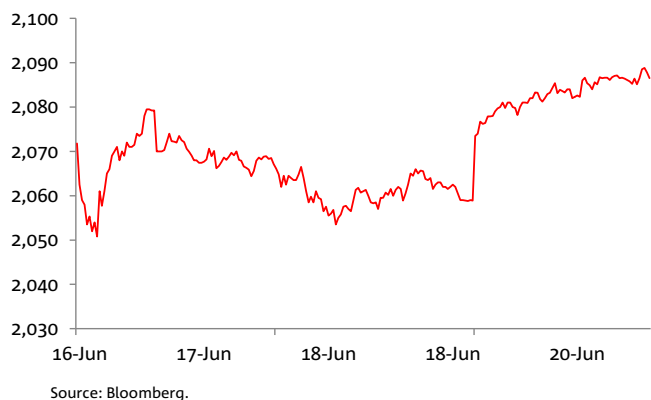
AUD/USD - past week



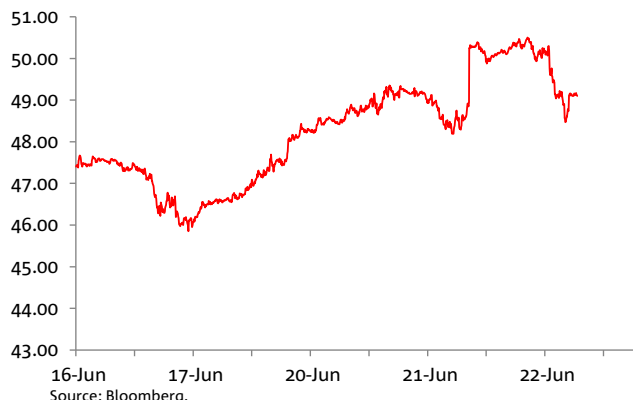
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7434	1.0	0.7361	0.7438	HKD	7.7607 0.0
NZD	0.7076	0.4	0.7033	0.7092	CNY	6.5870 -0.1
EUR	1.1331	0.9	1.1223	1.1342	SGD	1.3464 -0.2
GBP	1.4484	2.0	1.4200	1.4485	IDR	13,339 -0.3
JPY	104.71	0.4	104.08	104.83	THB	35.20 -0.3
CAD	1.2848	-0.9	1.2830	1.2968	KRW	1,173 0.1
AUD/EUR	0.6562	0.0	0.6546	0.6579	TWD	32.38 0.0
AUD/JPY	77.84	1.4	76.75	77.89	PHP	46.45 0.1
AUD/GBP	0.5132	-1.0	0.5132	0.5191	CHF	0.96 -0.4
AUD/NZD	1.0506	0.5	1.0442	1.0517	SEK	8.26 -0.9
AUD/CNH	4.8602	0.8	4.8561	4.8939		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.64	0.85	1.49	USD 10	1.61	2.90
AUD	1.75	2.00	1.83	2.32	AUD 10	2.08	7.30 0.47
NZD	2.25	2.35	2.29	2.77	NZD 10	2.47	3.40 0.86
EUR	0.00	-0.27	-0.20	0.46	CAD 10	1.12	1.20 -0.49
GBP	0.50	0.58	0.73	1.23	EUR 10	0.02	4.30 -1.59
JPY	-0.03	-0.03	-0.13	0.02	GBP 10	1.14	3.40 -0.46
CAD	0.50	0.89	0.89	1.39	JPY 10	-0.15	4.10 -1.76

Equities

Major Indices			
	Last	% day	% y/y
Dow	17,675	-0.3	-1.9
S&P 500	2,071	-0.3	-1.8
Nasdaq	4,800	-0.9	-6.2
VIX	19	0.2	39.0
FTSE	6,021	1.2	-10.3
DAX	9,631	0.8	-12.8
CAC 40	4,194	1.0	-12.9
Nikkei	15,600	1.1	-22.7
Shanghai	2,885	0.4	-35.6
Hang Seng	20,170	0.7	-24.6
ASX 200	5,163	0.3	-7.8

Commodities*

	Last	% day
Oil (Brent)	49.25	4.7
Oil (WTI)	48.26	4.9
Oil (Tapis)	48.41	0.0
Gold	1300.10	1.5
CRB	192.38	1.8
GS Metals	260.0	0.4
Aluminium	1611.0	0.7
Copper	4549.0	0.0
Nickel	9035.5	2.4
Zinc	1974.0	-0.6
Ch. steel	2097.0	1.1
Iron ore	51.1	0.7
Coal	52.6	-0.1
Wheat Chic.	495.0	1.8
Sugar	19.7	-0.2
Cotton	64.5	2.0
Coffee	143.3	1.3

Overnight Futures

Australia		
	Last	Chge*
3 mth bill	98.10	1.00
3 Yr bond	97.8	-3.00
10 Yr bond	97.88	7.50
3/10 sprd	-0.08	-10.50
SPI	5117.0	-44.0

*Change in bps

CO₂ Emissions - Euros

	Last	% day
Jun-2016	5.86	Clsd
Dec-2016	5.67	-0.7
Jun-2017	5.69	-0.7

* clsd = market holiday

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

Calendar

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEST
Thursday, 23 June 2016								
NZ	ANZ Job Advertisements MoM	Jun				0.2	22.00	8.00
AU	Panel participation by RBA's Luci Ellis, Head of Financial Stability Department, at the finance and regulation banking event, Sydney						23.00	9.00
CH	MNI Business Indicator	Jun					1.45	11.45
JN	Nikkei Japan PMI Mfg	Jun P				47.7	2.00	12.00
JN	Leading Index CI	Apr F				100.5	5.00	15.00
UK								
UK votes on whether to remain in or leave the EU								
GE	Markit/BME Germany Manufacturing PMI	Jun P		52		52.1	7.30	17.30
GE	Markit Germany Services/Composite PMI	Jun P		55/54.3		55.2/54.5	7.30	17.30
EC	Markit Eurozone Manufacturing PMI	Jun P		51.4		51.5	8.00	18.00
EC	Markit Eurozone Services/Composite PMI	Jun P		53.2/53		53.3/53.1	8.00	18.00
AU	Remarks by RBA's Debelle at Sydney Harcourt Visiting Professorship event						8.15	18.15
US	Chicago Fed Nat Activity Index	May		0.105		0.1	12.30	22.30
US	Initial Jobless Claims	Jun 18		270		277	12.30	22.30
US	Bloomberg Consumer Comfort	Jun 19				42.1	13.45	23.45
US	Markit US Manufacturing PMI	Jun P		50.9		50.7	13.45	23.45
US	New Home Sales	May		560		619	14.00	0.00
US	Leading Index	May		0.1		0.6	14.00	0.00
US	New Home Sales MoM	May		-9.5		16.6	14.00	0.00
US	Kansas City Fed Manf. Activity	Jun		-5		-5.0	15.00	1.00
Friday, 24 June 2016								
UK								
EU referendum vote counting begins								
US	Fed's Kaplan Speaks in New York						21.00	7.00
JN	PPI Services YoY	May		0.1		0.2	23.50	9.50
GE	IFO Business Climate	Jun		107.4		107.7	8.00	18.00
GE	IFO Current Assessment/Expectations	Jun		114/101.2		114.2/101.6	8.00	18.00
UK	BBA Loans for House Purchase	May		37850		40104	8.30	18.30
US	Durable Goods Orders/Core orders	May P		-0.5/0.4		3.4/-0.6	12.30	22.30
US	U. of Mich. Sentiment/5-10yr inflation expectations	Jun F		94.1/		94.3/2.3	14.00	0.00
Monday, 27 June 2016								
NZ	Trade Balance	May				292.0	22.45	8.45
CH	Industrial Profits YoY	May				4.2	1.30	11.30
EC	M3 Money Supply YoY	May				4.6	8.00	18.00
US	Advance Goods Trade Balance	May		-59.2		-57.5	12.30	22.30
US	Markit US Services/Composite PMI	Jun P				51.3/50.9	13.45	23.45
CA	Bloomberg Nanos Confidence	Jun 24				58.4	14.00	0.00
US	Dallas Fed Manf. Activity	Jun		-16		-20.8	14.30	0.30
EC/CH	PBOC Governor Zhou Speaks at ECB Forum in Sintra, Portugal						17.30	3.30
Tuesday, 28 June 2016								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jun 26				118.8	23.30	9.30
UK	CBI Retailing Reported Sales	Jun				7.0	10.00	20.00
UK	CBI Total Dist. Reported Sales	Jun				19.0	10.00	20.00
US	GDP Annualized QoQ	1Q T		1		0.8	12.30	22.30
US	S&P/CS 20 City MoM/YoY SA	Apr				0.9/5.4	13.00	23.00
CH	Leading Index	Apr				99.1	28-30 June release	
US	Consumer Confidence Index	Jun		93		92.6	14.00	0.00
US	Richmond Fed Manufact. Index	Jun		2		-1.0	14.00	0.00
Wednesday, 29 June 2016								
JN	Retail Sales MoM/YoY	May				0.0/-0.8	23.50	9.50
JN	Dept. Store, Supermarket Sales	May				-0.7	23.50	9.50
AU	HIA New Home Sales MoM	May				-1.8	1.00	11.00
CH	Westpac-MNI Consumer Sentiment	Jun				114.2	1.45	11.45
GE	GfK Consumer Confidence	Jul				9.8	6.00	16.00
UK	Mortgage Approvals	May				66.3	8.30	18.30
EC	Business Climate Indicator	Jun				0.3	9.00	19.00
GE	CPI MoM/YoY	Jun P				0.3/0.1	12.00	22.00
GE	CPI EU Harmonized MoM/YoY	Jun P				0.4/0.0	12.00	22.00
US	Personal Income/Spending	May		0.3/0.4		0.4/1.0	12.30	22.30
US	Real Personal Spending	May				0.6	12.30	22.30
US	PCE Deflator MoM/YoY	May		0.2/		0.3/1.1	12.30	22.30
US	PCE Core MoM/YoY	May		0.1/1.7		0.2/1.6	12.30	22.30
US	Pending Home Sales MoM/YoY	May		-1.5/		5.1/2.9	14.00	0.00
Thursday, 30 June 2016								
NZ	Building Permits MoM	May				6.6	22.45	8.45
UK	Lloyds Business Barometer	Jun				32.0	23.10	9.10
UK	GfK Consumer Confidence	Jun				-1.0	23.50	9.50
JN	Industrial Production MoM/YoY	May P		/		0.5/-3.3	23.50	9.50
CH	Swift Global Payments CNY	May				1.8	1.00	11.00
NZ	ANZ Activity Outlook	Jun				30.4	1.00	11.00
NZ	ANZ Business Confidence	Jun				11.3	1.00	11.00
AU	Job vacancies	May				2.7	1.30	11.30
AU	Private Sector Credit MoM/YoY	May		/		0.5/6.7	1.30	11.30
NZ	Money Supply M3 YoY	May				7.8	3.00	13.00
GE	Unemployment Change (000's)	Jun				-11.0	7.55	17.55
GE	Unemployment Claims Rate SA	Jun				6.1	7.55	17.55
UK	GDP QoQ/YoY	1Q F		/		0.4/2.0	8.30	18.30
UK	Current Account Balance	1Q				-32.7	8.30	18.30
UK	Index of Services MoM	Apr				-0.1	8.30	18.30
UK	Total Business Investment QoQ/YoY	1Q F				-0.5/-0.4	8.30	18.30
CH	BoP Current Account Balance	1Q F				48.1	9.00	19.00
EC	CPI Estimate YoY	Jun				-0.1	9.00	19.00
EC	CPI Core YoY	Jun A				0.8	9.00	19.00
EC	ECB account of the monetary policy meeting						11.30	21.30
US	Initial Jobless Claims	Jun 18		270		277.0	12.30	22.30
CA	Raw Materials Price Index MoM	May				0.7	12.30	22.30
CA	Industrial Product Price MoM	May				-0.5	12.30	22.30
CA	GDP MoM/YoY	Apr		/		-0.2/1.1	12.30	22.30
US	Chicago Purchasing Manager	Jun		50.3		49.3	13.45	23.45
US	Bloomberg Consumer Comfort	Jun 19				42.1	13.45	23.45
US	Fed's Bullard Speaks in London						17.30	3.30
Upcoming Central Bank Interest Rate Announcements								
Australia, RBA		5-Jul	1.75%	1.75%		1.75%		
UK BOE		14-Jul				0.50%		
Canada, BoC		14-Jul				0.50%		
Europe ECB		21-Jul				0.00%		
US Federal Reserve		27-Jul				0.25-0.50%		
Japan, BoJ		29-Jul				-0.1% to +0.1%		
New Zealand, RBNZ		11-Aug	2.00%	2.00%		2.25%		

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

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