

## Career Opportunities

The US non-farm payrolls headline rise of 287k comfortably exceeded expectations (180k) but wasn't backed up by the subsidiary details in the report with the unemployment rate higher, small net downward revision to the prior two months payrolls and hourly earnings up just 0.1%. (Today's title is from the Clash, railing against the unemployed being forced into low-level, dead end jobs). The data was seen as validating a continued wait-and-see approach from the Fed, with no US primary dealer surveyed after the data believing the Fed will move before December even if the prospects for a September move are now less negligible than prior to the payrolls report (12% implied probability up from 7%).

The S&P 500 briefly rallied through its May 2015 record high closing level before finishing just 1 point beneath at 2129.9 (+1.53% or 32 points). The VIX lost 1.56 to 13.2, just above its year-to-date low of 13.1 seen on 1 April. In bonds, the knee-jerk sell-off in 10 year Treasuries was soon bought back, yields finishing 2.7bps lower at 1.359%. Only the very front end saw net yield gains on the day, 2s +1.6bps to 0.607%.

In FX, the payroll headline couldn't boost the US dollar more than temporarily, Bloomberg's BBDXY index ending in NY -0.31%. The narrower DXY closed just 0.03% lower at 96.33, with USD/JPY -0.23% to ¥100.54 (with a post-NFP low of ¥100.06) and EUR/USD -0.11% at 1.1051. AUD/USD was the best performer Friday, +1.2% to 0.7569 and where we'd note the fall in the VIX as a key driver. NZD was not far behind and second best performer, +1.08% to 0.7306 and a post-May 2015 high. USD/CAD +0.32% to 1.3044, underperformance linked in part to the poor Canadian employment report (overall employment -700 with part time employment +39.4k and full time employment -40.1k).

Commodities, bar gold, all rallied Friday, presumably buoyed by the growth signal from US payrolls as well as a slightly softer US dollar. WTI crude added 30 cents to \$45.41 and Brent +\$0.40 to \$46.76. The LME index gained 0.95% and iron ore 10 cents to \$55.17. Gold lost \$3.70 to \$1358.40.

Published on Sunday, China June CPI rose by 1.9% Y/Y (1.8%E, 2.0%P) with food prices +4.6% Y/Y and non-food +1.2%. PPI was -2.6% (-2.5%E, -2.8%P).

CoreLogic's weekend Australian housing market summary reports a preliminary nationwide auction clearance rate of 72.0% up from last week's final 67.0%. Uncertainty ahead of, and then subsequent to, the July 2 federal elections suppressed auction volumes which were well down on the comparable periods of last year. Melbourne cleared a preliminary 71.9% (66.7%) and Sydney 79.0% (78.4%)

## Coming Up

Given the failure of Friday's US payroll headline to provide support for the US dollar and with risk appetite close to year-to-date highs, it will likely require this week's domestic event risk highlights (NAB business survey on Tuesday, consume confidence on Wednesday and labour market data on Thursday) to collectively produce heightened expectations of August RBA easing if a renewed push above 0.76 on AUD/USD – and even a re-test of the 0.7648 24 June high – is to be prevented.

Internationally, there'll be keener than usual interest in Thursday's Bank of England meeting, though we suspect that if there is to be some form of post-referendum policy easing, it will more likely come in August than this month (the latter being an Inflation Report meeting date).

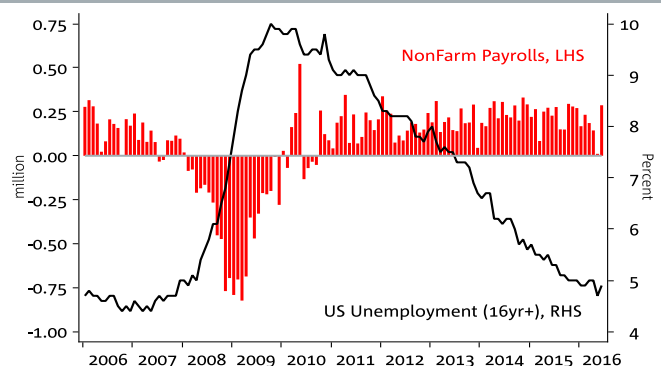
It's Super Friday in China with June quarter GDP due and where annual growth is expected to have slipped to 6.6% from 6.7%. We also get the June monthly activity readings covering retail sales, industrial production and fixed asset investment and before that, on Wednesday, the June trade figures.

In the US it's a lighter data week initially before Retail sales, CPI and Consumer Sentiment all on Friday. The Fed releases its Beige Book on Wednesday and there are no less than 12 Fed appearances, including the two from President Mester in Sydney

## Overnight

On global stock markets, the S&P 500 was +1.44%. Bond markets saw US 10-years -2.71bp to 1.36%. In commodities, Brent crude oil -4.18% to \$46.76, gold -0.6% to \$1,358, iron ore -1.4% to \$55.17. AUD is at 0.7566 and the range since Friday 5pm Sydney time is 0.7493 to 0.7574.

Chart of the Day: US ISM non-manuf. employment vs. NFP

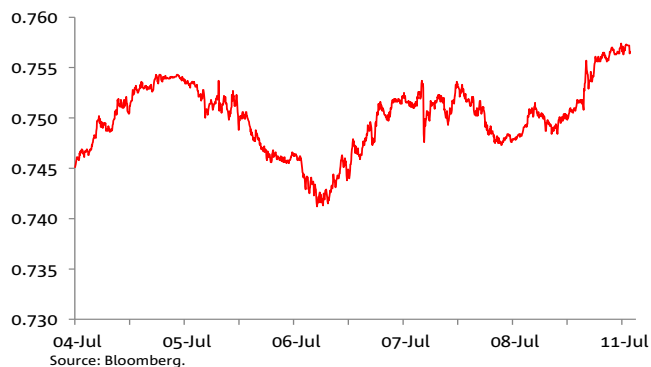


Source: National Australia Bank, Macrobond

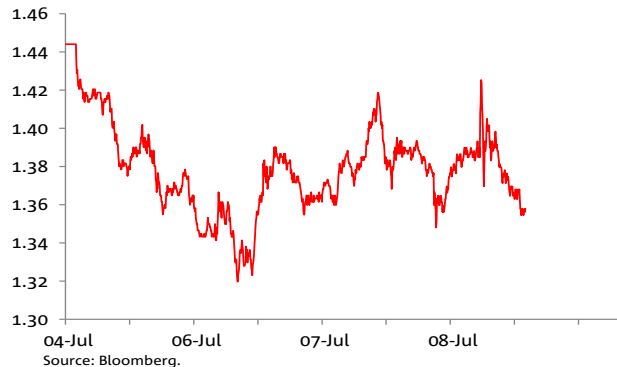
## Author:

Ray Attrill – Global Co-Head of FX Strategy

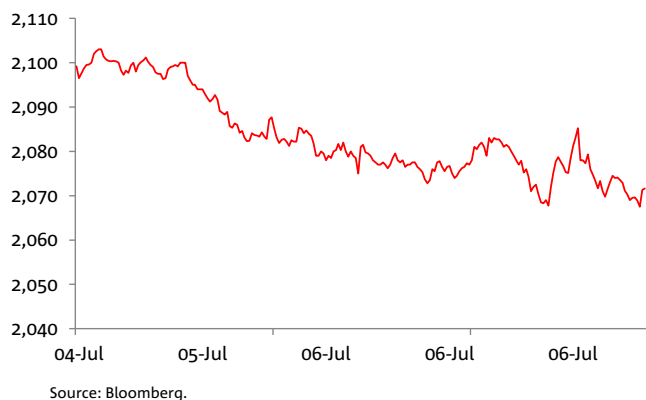
AUD/USD - past week



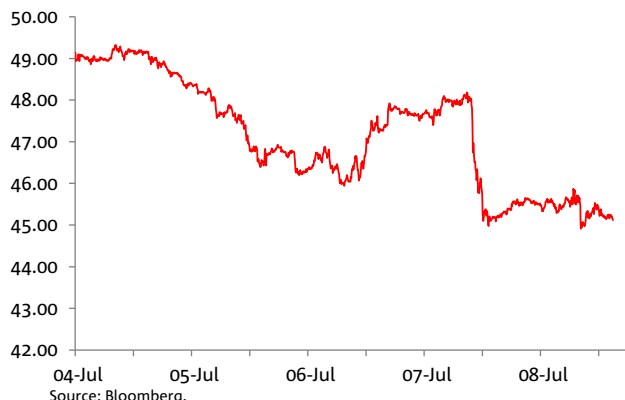
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7566	1.2	0.7471	0.7574	HKD	7.7579 0.0
NZD	0.7298	1.0	0.7213	0.7313	CNY	6.6908 0.0
EUR	1.1050	-0.1	1.1002	1.1120	SGD	1.3456 -0.3
GBP	1.2953	0.3	1.2881	1.3019	IDR	13,180 -0.2
JPY	100.62	-0.1	100.00	101.28	THB	35.19 -0.1
CAD	1.3045	0.3	1.2989	1.3090	KRW	1,162 -3.03
AUD/EUR	0.685	1.1	0.6752	0.6854	TWD	32.30 -0.3
AUD/JPY	76.10	-0.1	75.05	76.24	PHP	47.18 0.2
AUD/GBP	0.5845	0.5	0.5776	0.5847	CHF	0.98 0.3
AUD/NZD	1.0352	-1.8	1.0313	1.0383	SEK	8.58 0.0
AUD/CNH	5.0578	0.8	5.0052	5.0773		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.67	0.77	1.25	USD 10	1.36	-1.03
AUD	1.75	1.97	1.76	2.07	AUD 10	1.88	1.90 0.53
NZD	2.25	2.42	2.23	2.50	NZD 10	2.26	2.60 0.90
EUR	0.00	-0.29	-0.25	0.27	CAD 10	0.96	-1.30 -0.40
GBP	0.50	0.52	0.49	0.85	EUR 10	-0.19	-1.30 -1.55
JPY	-0.04	-0.03	-0.18	-0.11	GBP 10	0.74	-3.00 -0.62
CAD	0.50	0.88	0.82	1.21	JPY 10	-0.28	-1.70 -1.64

Equities

Major Indices	Last	% day	% y/y
	Dow	18,147	1.3
S&P 500	2,130	1.4	2.6
Nasdaq	4,957	2.0	-0.8
VIX	13	-11.8	-21.6
FTSE	6,591	2.0	-1.2
DAX	9,630	2.7	-14.9
CAC 40	4,191	2.6	-14.5
Nikkei	15,107	-1.8	-23.6
Shanghai	2,988	-1.0	-22.9
Hang Seng	20,564	0.3	-17.4
ASX 200	5,231	0.6	-4.8

Commodities\*

	Last	% day
Oil (Brent)	46.76	-4.2
Oil (WTI)	45.41	-4.3
Oil (Tapis)	45.70	-5.3
Gold	1358.40	-0.6
CRB	187.17	-1.5
GS Metals	271.5	0.0
Aluminium	1654.5	0.6
Copper	4697.8	-0.8
Nickel	9843.5	-1.0
Zinc	2137.5	1.8
Ch. steel	2422.0	2.2
Iron ore	55.2	-1.4
Coal	59.3	0.5
Wheat Chic.	435.0	1.5
Sugar	19.6	-4.9
Cotton	65.9	3.4
Coffee	144.1	0.6

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.13	1.00
3 Yr bond	97.8	1.00
10 Yr bond	98.11	1.00
3/10 sprd	-0.31	0.00
SPI	5250.0	-96.0

\*Change in bps

CO<sub>2</sub> Emissions - Euros

	Last	% day
Dec-2016	4.57	-0.4
Jun-2017	4.58	-0.7
Dec-2017	4.57	-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

Source: Bloomberg

## Calendar

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT
<b>Monday, 11 July 2016</b>							
NZ	REINZ Housing report, pending	Jun					
NZ	Card Spending Retail MoM/YoY	Jun	0.4	0.5		-0.3/-0.6	22.45
JN	Machine Orders MoM	May		3.2		-11.0/-8.2	23.50
AU	Home Loans # MoM/Investment Lending \$ MoM	May	-1.5	-2		1.7/-5.0	1.30
JN	Machine Tool Orders YoY	Jun P				-24.7	6.00
CA	Housing Starts	Jun				188.6	12.15
EC	EU Finance Ministers two day meeting in Brussels						13.00
US	Labor Market Conditions Index Change	Jun				-4.8	14.00
US	Fed's George speaks						14.00
<b>Tuesday, 12 July 2016</b>							
UK	BRC Sales Like-For-Like YoY	Jun				0.5	23.10
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jul 10				115.8	23.30
AU	NAB Business Conditions/Confidence	Jun				10/3	1.30
AU/US	Fed's Mester Speaks at Sydney Banking and Financial Stability						1.30
AU	RBA's Ellis (Head of Financial Stability) speaks at Banking and Financial Stability Conference						3.30
JN	Tertiary Industry Index MoM	May		-0.8		1.4	4.30
GE	CPI EU Harmonized MoM/YoY	Jun F		0.1		0.1/0.2	6.00
EC	EU Finance Ministers two day meeting in Brussels						7.00
UK	BoE Governor Carney speaks on Financial Stability in Parliament						9.00
US	NFIB Small Business Optimism	Jun		94		93.8	10.00
US	Fed's Tarullo speaks in Washington						13.15
US	Fed's Bullard speaks in St. Louis						13.35
US	Wholesale Inventories/Sales MoM	May		0.2/0.6		0.6/1.0	14.00
US	JOLTS Job Openings	May				5788.0	14.00
<b>Wednesday, 13 July 2016</b>							
US	Fed's Kashkari Holds Town Hall Meeting in Marquette, MI						21.30
NZ	Food Prices MoM	Jun	1.1			-0.5	22.45
AU	Westpac Consumer Conf Index/MoM	Jul				102.2/-1.0	0.30
AU/US	Fed's Mester Speaks at Australian Business Economists' Luncheon						2.30
CH	Trade Balance	Jun		46		50.0	3.00
CH	Exports/Imports YoY	Jun		-5/-6.2		-4.1/-0.4	3.00
NZ	RBNZ Assistant Governor John McDermott speaks on Forecasting/OCR process						4.30
JN	Industrial Production MoM/YoY	May F		/		-2.3/-0.1	4.30
UK	Bank of England Credit Conditions & Bank Liabilities Surveys						8.30
EC	Industrial Production SA MoM/YoY	May		-0.7/1.4		1.1/2.0	9.00
US	Import Price Index MoM	Jun		0.5		1.4	12.30
CA	Teranet/National Bank HPI MoM/YoY	Jun				1.8/9.0	12.30
US	Fed's Kaplan speaks in Houston						13.00
CA	BoC Rate Decision and Monetary Policy Report	Jul 13		0.5		0.5	14.00
US	Monthly Budget Statement	Jun		24		-52.5	18.00
US	U.S. Federal Reserve Releases Beige Book						18.00
<b>Thursday, 14 July 2016</b>							
US	Fed's Harker Speaks in Philadelphia						22.00
NZ	ANZ Job Advertisements MoM	Jun					22.00
NZ	BusinessNZ Manufacturing PMI	Jun				57.1	22.30
UK	RICS House Price Balance	Jun		0		19.0	23.10
AU	Consumer Inflation Expectation	Jul				3.5	1.00
NZ	ANZ Consumer Confidence Index/MoM	Jul				118.9/2.3	1.00
AU	Employment Change/Unemployment rate	Jun	-17/5.8	10/5.8		17.9/5.7	1.30
AU	Participation Rate	Jun	64.8	64.8		64.8	1.30
AU	New Motor Vehicle Sales MoM/YoY	Jun				-1.1/1.7	1.30
AU	RBA's Ellis in Panel Participation in Sydney						6.15
UK	Bank of England Bank Rate	Jul 14		0.25		0.5	11.00
US	Initial Jobless Claims	Jul 9				254.0	12.30
CA	New Housing Price Index MoM/YoY	May				0.3/2.1	12.30
US	PPI Final Demand MoM/YoY	Jun		0.3/0		0.4/-0.1	12.30
US	Fed's Lockhart Speaks on Economy in Idaho						15.15
US	Fed's George Speaks on U.S. Economy in Oklahoma City						17.15
US	Fed's Kaplan speaks in St. Louis						23.00
<b>Friday, 15 July 2016</b>							
CH	GDP SA QoQ/YoY	2Q		1.5/6.6		1.1/6.7	2.00
CH	Industrial Production YoY/YTD YoY	Jun		5.9/5.9		6.0/5.9	2.00
CH	Retail Sales YoY/YTD YoY	Jun		9.9/10.2		10.0/10.2	2.00
CH	Fixed Assets Ex Rural YTD YoY	Jun		9.4		9.6	2.00
UK	Construction Output SA MoM/YoY	May		-1		2.5/-3.7	8.30
EC	Trade Balance SA	May				28.0	9.00
EC	CPI MoM/YoY	Jun		0.2/0.1		0.4/-0.1	9.00
UK	Mark Carney speaks on climate change in Toronto						12.00
CA	Manufacturing Sales MoM	May				1.0	12.30
US	Retail Sales Advance/Ex autos and gas MoM	Jun		0.1/0.3		0.5/0.3	12.30
US	CPI MoM/YoY	Jun		0.2/1.1		0.2/1.0	12.30
US	Empire Manufacturing	Jul		5		6.0	12.30
CA	Existing Home Sales MoM	Jun				-2.8	13.00
US	Industrial/Manufacturing Production MoM	Jun		0.2/0.4		-0.4/-0.4	13.15
US	Business Inventories	May		0.1		0.1	14.00
US	U. of Mich. Sentiment/5-10 Yr Inflation expectations	Jul P		93.5		93.5/2.6	14.00
US	Fed's Kashkari and Bullard Speak at OMFIF Meeting in St. Louis						17.15
<b>Upcoming Central Bank Interest Rate Announcements</b>							
UK BOE		14-Jul		0.25		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%	
Australia, RBA		2-Aug	1.75%	1.50%		1.75%	
New Zealand, RBNZ		11-Aug	2.00%	2.00%		2.25%	

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

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