

## The only way is up

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Risk assets had another positive night boosted by the prospects of a new round of stimulus in some major economies and the removal of at least one source of UK political uncertainty. The renewed bout of optimism has also been helped by better data releases in recent days.

Global equities had a solid overnight session with both the S&P 500 and Dow Jones setting new record highs. Shares in commodities, energy and transportation companies were the big winners while in Europe the move higher was led by auto and banking shares.

That said, the FTSE100 was one notable exception. The UK equity index ended the day practically unchanged weighed down by the GBP outperformance. Over the past 24hrs the pound has rallied 2.04% against the USD (currently at 1.3251) following the unexpectedly quick resolution to the Conservative party leadership. While now one source of political uncertainty has been removed, helping the Pound outperform, the process and impact from leaving the EU still remains a big unknown. The expected softer data post Brexit has not yet surfaced and as such the Pound still looks likely to come under renewed downward pressure in the not too distant future.

After the GBP, the AUD (1.38%) and NZD (1.18%) are the other two G10 outperformers. The improvement in risk appetite coupled with a rise in commodity prices (Iron ore 6.6% to \$59.4) have helped the antipodean currencies outperform with the AUD also buoyed by another solid NAB business survey. The AUD is back above 76c, having been there just before the UK referendum and after trading with a 73 handle overnight, the NZD is currently at 0.7299.

The Yen sits at the bottom of the G10 board, extending its decline by another 1.96% as investors wait for further details on the promised stimulus package by Abe. The steady decline in the Yen overnight has also occurred against a backdrop of a stronger Nikkei and higher US T yields.

Indeed, as the world is seen to be a better place, core global yields drifted higher overnight with soft demand on the 10y US Treasury auction also a factor for the selling pressure in US Treasuries. 10y Bunds ended the day 7bps higher at -0.09% and 10Y UST are currently at 1.5049%, 6bps higher.

Data releases took a back seat overnight, but were mostly better than expected. The NFIB index of small business activity and sentiment rose to a six-month high of 94.5 from 93.8 and while the number of job openings in the JOLTS report dropped sharply to 5,500K, job openings have remained at an elevated level.

Speaking to parliament, BoE Carney said that the Pound depreciation should help narrow the current account gap and economic adjustment post the UK decision to leave the EU. Fed Bullard was also on the wires and noting that Brexit is likely to have 'close to zero' impact on the US and he also reiterated his view for one more hike this year.

In other news, the UK parliament will debate a petition calling for a second EU referendum on Sep 5 after receiving over 4m signatures.

## Coming Up

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As we are about to press the send button, Fed Kashkari is due to speak on a forum on the state of the economy and the role of the Federal Reserve System. Then at 10:30am RBNZ McDermott speaks on forecasting and the cash rate setting process, but as we learned from the Bank early this week McDermott is not going to give any guidance or discuss the forthcoming cash rate decision.

In Australia this morning we get the July Consumer confidence reading and if recent weekly readings are any guide, consumer confidence has probably remained resilient despite of UK referendum outcome and the ensued uncertainty in Europe. Fed's Mester speaks at the Australian Business Economists' Luncheon (12:30 AEST) and half an hour later we get China's trade balance figures for June.

Bloomberg is currently showing the consensus forecast for exports is at 0.3%yoy while imports are -1.2% (both in Yuan terms). So China's trade is still expected to remain rather subdued. The June trade balance is seen at \$45.65bn almost unchanged from the \$49.98 print in the previous month.

In Europe and ahead of its policy meeting tomorrow, the BoE releases its credit conditions and bank liabilities surveys and we also get the Eurozone Industrial production for May.

Fed Kaplan speaks in Houston and the Fed beige book is also due for release along with the US Federal monthly budget.

Last but not least we have the BoC rate decision and our expectation is for the Bank to stand pat. That said, given last week's weak Canadian employment report and the cloudier global outlook, we would not be surprised to see a less neutral/more dovish tone in the statement.

## Overnight

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On global stock markets, the S&P 500 was +0.70%. Bond markets saw US 10-years +7.97bp to 1.51%. In commodities, Brent crude oil +4.65% to \$48.21, gold -1.7% to \$1,334, iron ore +6.6% to \$59.38. AUD is at 0.7619 and the range since yesterday 5pm Sydney time is 0.7606 to 0.7657.

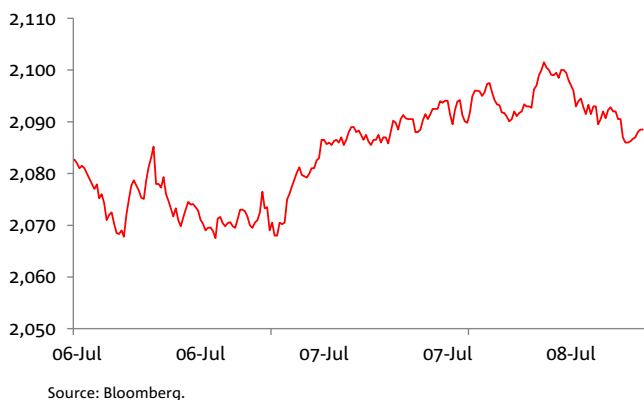
AUD/USD - past week



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	1.2	0.7614	0.7623	HKD	7.7579	0.0
NZD	0.7298	1.1	0.7296	0.7303	CNY	6.6885	-0.1
EUR	1.1063	0.0	1.1061	1.1063	SGD	1.3461	-0.4
GBP	1.3249	1.9	1.3244	1.3249	IDR	13,120	0.1
JPY	104.71	1.9	104.69	104.80	THB	35.22	0.1
CAD	1.3043	-0.6	1.3041	1.3044	KRW	1,148	0.1
AUD/EUR	0.6887	1.1	0.6882	0.6893	TWD	32.20	-0.1
AUD/JPY	79.78	3.0	79.74	79.83	PHP	47.37	0.1
AUD/GBP	0.5751	-0.8	0.5747	0.5756	CHF	0.99	0.6
AUD/NZD	1.0440	0.1	1.0434	1.0445	SEK	8.54	-0.4
AUD/CNH	5.1016	1.2	5.0991	5.1280			

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.67	0.86	1.39	USD 10	1.51	7.97
AUD	1.75	1.97	1.82	2.20	AUD 10	1.94	4.20
NZD	2.25	2.43	2.26	2.59	NZD 10	2.33	7.60
EUR	0.00	-0.29	-0.23	0.34	CAD 10	1.06	7.70
GBP	0.50	0.50	0.51	0.92	EUR 10	-0.09	7.70
JPY	-0.04	-0.03	-0.17	-0.09	GBP 10	0.83	7.00
CAD	0.50	0.88	0.85	1.30	JPY 10	-0.27	-0.30

Equities

Major Indices	Last	% day	% y/y
	Dow	18,348	0.7
S&P 500	2,152	0.7	3.6
Nasdaq	5,023	0.7	0.5
VIX	14	0.1	-19.5
FTSE	6,681	0.0	0.1
DAX	9,964	1.3	-11.9
CAC 40	4,331	1.6	-11.7
Nikkei	16,096	2.5	-19.9
Shanghai	3,049	1.8	-23.2
Hang Seng	21,225	1.6	-15.9
ASX 200	5,353	0.3	-2.2

Commodities\*

	Last	% day
Oil (Brent)	48.21	4.6
Oil (WTI)	46.62	4.6
Oil (Tapis)	46.32	2.2
Gold	1333.70	-1.7
CRB	190.23	1.9
GS Metals	278.3	2.3
Aluminium	1663.0	1.2
Copper	4832.0	2.2
Nickel	10449.5	4.4
Zinc	2191.5	3.2
Ch. steel	2535.0	4.3
Iron ore	59.4	6.6
Coal	60.7	1.8
Wheat Chic.	436.3	1.6
Sugar	19.7	-3.2
Cotton	71.1	4.4
Coffee	147.5	-1.3

Overnight Futures

	Last	Chge*
<b>Australia</b>		
3 mth bill	98.09	-4.00
3 Yr bond	97.8	3.00
10 Yr bond	97.98	-13.50
3/10 sprd	-0.17	16.50
SPI	5343.0	-42.0

\*Change in bps

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

	Last	% day
Dec-2016	4.63	4.3
Jun-2017	4.65	4.5
Dec-2017	4.65	4.5

\* 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	AEST
<b>Wednesday, 13 July 2016</b>								
US	Fed's Kashkari Holds Town Hall Meeting in Marquette, MI						21.30	7.30
NZ	Food Prices MoM	Jun	1.1			-0.5	22.45	8.45
AU	Westpac Consumer Conf Index/MoM	Jul				102.2/-1.0	0.30	10.30
AU/US	Fed's Mester Speaks at Australian Business Economists' Luncheon						2.30	12.30
CH	Trade Balance	Jun		45.65		50.0	3.00	13.00
CH	Exports/Imports YoY	Jun		-5/-6.2		-4.1/-0.4	3.00	13.00
NZ	RBNZ Assistant Governor John McDermott speaks on Forecasting/OCR process						0.30	10.30
JN	Industrial Production MoM/YoY	May F		/		-2.3/-0.1	4.30	14.30
UK	Bank of England Credit Conditions & Bank Liabilities Surveys						8.30	18.30
EC	Industrial Production SA MoM/YoY	May		-0.8/1.3		1.1/2.0	9.00	19.00
US	Import Price Index MoM	Jun		0.5		1.4	12.30	22.30
CA	Teranet/National Bank HPI MoM/YoY	Jun				1.8/9.0	12.30	22.30
US	Fed's Kaplan speaks in Houston						13.00	23.00
CA	BoC Rate Decision and Monetary Policy Report	Jul 13		0.5		0.5	14.00	0.00
US	Monthly Budget Statement	Jun		23		-52.5	18.00	4.00
US	U.S. Federal Reserve Releases Beige Book						18.00	4.00
<b>Thursday, 14 July 2016</b>								
US	Fed's Harker Speaks in Philadelphia						22.00	8.00
NZ	ANZ Job Advertisements MoM	Jun				0.2	22.00	8.00
NZ	BusinessNZ Manufacturing PMI	Jun				57.1	22.30	8.30
UK	RICS House Price Balance	Jun		10		19.0	23.10	9.10
AU	Consumer Inflation Expectation	Jul				3.5	1.00	11.00
NZ	ANZ Consumer Confidence Index/MoM	Jul				118.9/2.3	1.00	11.00
AU	Employment Change/Unemployment rate	Jun	-17/5.8	10/5.8		17.9/5.7	1.30	11.30
AU	Participation Rate	Jun	64.8	64.8		64.8	1.30	11.30
AU	New Motor Vehicle Sales MoM/YoY	Jun				-1.1/1.7	1.30	11.30
AU	RBA's Ellis in Panel Participation in Sydney						6.15	16.15
UK	Bank of England Bank Rate	Jul 14		0.25		0.5	11.00	21.00
US	Initial Jobless Claims	Jul 9		265		254.0	12.30	22.30
CA	New Housing Price Index MoM/YoY	May		0.2		0.3/2.1	12.30	22.30
US	PPI Final Demand MoM/YoY	Jun		0.3/-0.1		0.4/-0.1	12.30	22.30
US	Fed's Lockhart Speaks on Economy in Idaho						15.15	1.15
US	Fed's George Speaks on U.S. Economy in Oklahoma City						17.15	3.15
US	Fed's Kaplan speaks in St. Louis						23.00	9.00
<b>Friday, 15 July 2016</b>								
CH	GDP SA QoQ/YoY	2Q		1.55/6.6		1.1/6.7	2.00	12.00
CH	Industrial Production YoY/YTD YoY	Jun		5.9/5.9		6.0/5.9	2.00	12.00
CH	Retail Sales YoY/YTD YoY	Jun		9.9/10.2		10.0/10.2	2.00	12.00
CH	Fixed Assets Ex Rural YTD YoY	Jun		9.4		9.6	2.00	12.00
UK	Construction Output SA MoM/YoY	May		-1.2		2.5/-3.7	8.30	18.30
EC	Trade Balance SA	May		25		28.0	9.00	19.00
EC	CPI MoM/YoY	Jun		0.2/0.1		0.4/-0.1	9.00	19.00
UK	Mark Carney speaks on climate change in Toronto						12.00	22.00
CA	Manufacturing Sales MoM	May		-0.8		1.0	12.30	22.30
US	Retail Sales Advance/Ex autos and gas MoM	Jun		0.1/0.3		0.5/0.3	12.30	22.30
US	CPI MoM/YoY	Jun		0.3/1.1		0.2/1.0	12.30	22.30
US	Empire Manufacturing	Jul		5		6.0	12.30	22.30
CA	Existing Home Sales MoM	Jun				-2.8	13.00	23.00
US	Industrial/Manufacturing Production MoM	Jun		0.3/0.3		-0.4/-0.4	13.15	23.15
US	Business Inventories	May		0.1		0.1	14.00	0.00
US	U. of Mich. Sentiment/5-10 Yr Inflation expectations	Jul P		93.3		93.5/2.6	14.00	0.00
US	Fed's Kashkari and Bullard Speak at OMFIF Meeting in St. Louis						17.15	3.15
<b>Monday, 18 July 2016</b>								
NZ	Performance Services Index	Jun				56.9	22.30	8.30
NZ	CPI QoQ/YoY	2Q		/		0.2/0.4	22.45	8.45
UK	Rightmove House Prices MoM/YoY	Jul		/		0.8/5.5	23.10	9.10
CH	Property Prices	Jun					1.30	11.30
UK	BOE's Weale speaks in London Brexit Impact on Monetary Policy						8.15	18.15
CA	Int'l Securities Transactions	May				15.5	12.30	22.30
CA	Bloomberg Nanos Confidence	Jul 15				56.9	14.00	0.00
US	NAHB Housing Market Index	Jul		60		60.0	14.00	0.00
US	Total Net TIC Flows/Long term TIC Flows	May		/		80.4/-79.6	20.00	6.00
<b>Tuesday, 19 July 2016</b>								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jul 10				115.8	23.30	9.30
AU	RBA July Meeting Minutes						1.30	11.30
AU	CBA/HIA House Affordability	2Q				80.9	1.45	11.45
EC	ECB Bank Lending Survey						8.00	18.00
UK	CPI MoM/YoY	Jun		/		0.2/0.3	8.30	18.30
UK	CPI Core YoY	Jun		/		1.2	8.30	18.30
UK	PPI Input NSA MoM/YoY	Jun		/		2.6/-3.9	8.30	18.30
UK	PPI Output NSA MoM/YoY	Jun		/		0.1/-0.7	8.30	18.30
UK	PPI Output Core NSA MoM/YoY	Jun		/		0.0/0.5	8.30	18.30
UK	House Price Index YoY	May		/			8.30	18.30
EC	Construction Output MoM/YoY	May		/		-0.2/-0.4	9.00	19.00
GE	ZEW Survey Current Situation/Expectations	Jul		/		54.5/19.2	9.00	19.00
EC	ZEW Survey Expectations	Jul				20.2	9.00	19.00
US	Housing Starts, #/MoM	Jun		1165/0.1		1164/-0.3	12.30	22.30
US	Building Permits, #/MoM	Jun		1150/1.2		1138/0.7	12.30	22.30
<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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