

I can't go for that (no can do)

It's been a busy night in the UK, with PM Theresa May appointing her full new Ministry and of course the Bank of England meeting. Would the BoE cut an already ultra-low Bank Rate, announce QE2, or do nothing and review in August when the next quarterly Inflation Report/ full formal forecast update is due? Not an easy decision given the uncertainties since the referendum and the dearth of hard information on the economy since Brexit. What there has been – such as a special consumer confidence reading and this week's June RICS house price balance – have been softer but not alarmingly so.

In the end, Governor Mark Carney and the MPC decided to not to cut rates nor announce more QE but consider policy more fully in August when they'll also have the benefit of more information. Sterling rallied on the news of no easing, then after a somewhat choppy session, still sits at the top of the major FX overnight leader board, trading at 1.3337, having traded below 1.30 at the start of the week.

The AUD has now re-established a foothold above 0.76, staging a relief rally after yesterday's again solid employment report that failed to reveal any cracks in the Australian labour market with annual employment growth to June of 1.9%. Higher equity prices on both sides of the Atlantic (Eurostoxx 600 index up 0.8% and the S&P 500 closing 0.53% higher) added support to a "risk on" play. US Financials were the stronger performers, benefiting from a well-received quarterly earnings report from JP Morgan. The VIX volatility index eased to 12.82, the lowest close this year. Bond yields rose, US 2s by 1.2bps and 10s by 6.1 to 1.5356. The USD has been mixed, losing ground against Sterling, Euro and commodity currencies but making up ground against the likes of the Yen and CHF. WTI oil rose 1.68%, base metals were higher by 0.46%, gold eased 0.71%, as did iron ore, by 1.15% to \$58.47/t. There was only second tier us data: jobless claims were rock steady at a low 254K and PPI (ahead of CPI tonight) was ¼% higher than expected.

Fed's Lockhart and George have both been speaking, but not with especially new perspectives, Lockhart supporting the need for a "cautious and patient" approach. Even George, who sees rates as too low, was calling for gradual approach.

Coming up

There are some meaty releases coming up in our time zone today with the China activity data and more tonight from the US with retail sales, CPI, and the preliminary July

University of Michigan consumer sentiment survey with its survey measure of medium to longer term inflationary expectations. There's also industrial production, business inventories, and speeches from Fed Presidents Kashkari and Bullard. The Atlanta Fed will release an updated estimate of *GDPNow* after retail sales (currently 2.3% for Q2).

China focus will be on Q2 GDP, a release that usually comes in pretty close to expectations if not bang on, today's annual growth (the one to focus on rather than the more volatile and experimental quarter to quarter estimates) is expected to ease back from 6.7% 6.6%. Of equal importance will be the tone of the three activity releases for June, industrial production (expected to ease from 6.0% Y/Y to 5.9%), retail sales (a likewise small moderation from 10.0% to 9.9%), and fixed assets investment, ease from 9.6% YTD 9.4%. The market will be also interested in some of the detail of these reports and what they suggest about residential construction, infrastructure investment generally, and consumer spending.

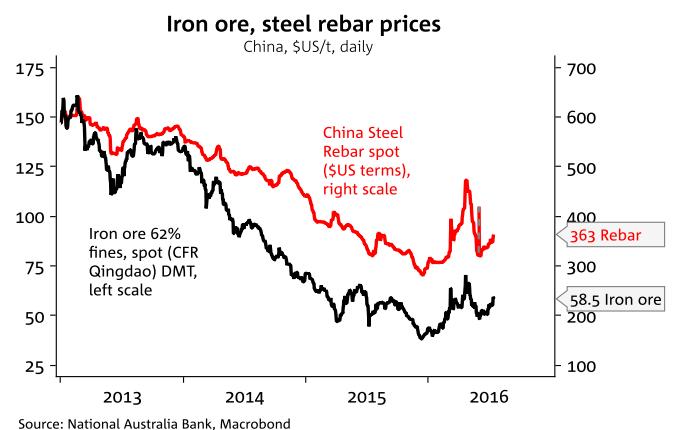
Then it's pretty much onward to this evening's releases with some initial focus in Europe on the June Eurozone CPI, UK construction output for May (so more colour on this sector in the lead up to the Brexit vote), as well as a speech from BOJ Governor Mark Carney who is speaking in Toronto.

Overnight

On global stock markets, the S&P 500 was +0.53%. Bond markets saw US 10-years +6.30bp to 1.54%. In commodities, Brent crude oil +1.90% to \$47.14, gold -0.7% to \$1,334, iron ore -1.1% to \$58.47. AUD is at 0.7633 and the range since yesterday 5pm Sydney time is 0.7617 to 0.7649.

Good luck.

Chart of the day: Steel and iron ore price support



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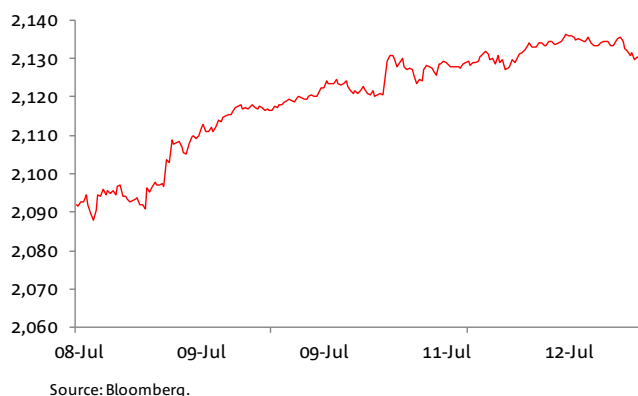
AUD/USD - past week



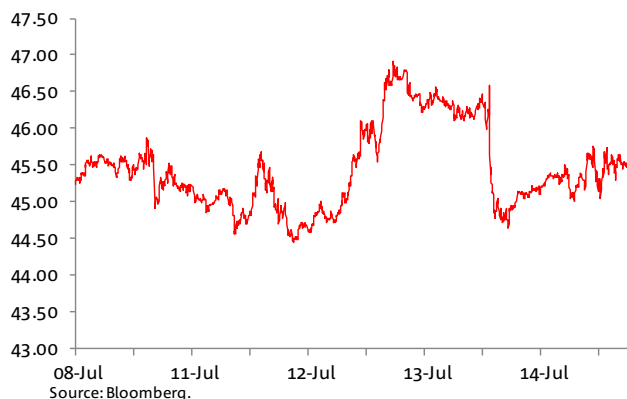
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7633	0.3	0.7591	0.7653	HKD	7.7539 0.0
NZD	0.7199	-1.3	0.7175	0.7223	CNY	6.6836 -0.1
EUR	1.1117	0.3	1.1098	1.1168	SGD	1.3425 -0.2
GBP	1.3344	0.4	1.3214	1.3479	IDR	13,032 -0.1
JPY	105.42	0.6	105.17	105.90	THB	35.04 -0.4
CAD	1.2892	-1.0	1.2863	1.2957	KRW	1,132 -1.0
AUD/EUR	0.6866	-0.2	0.6842	0.6885	TWD	32.00 -0.4
AUD/JPY	80.47	0.6	80.26	80.92	PHP	46.84 -0.7
AUD/GBP	0.5720	-0.3	0.5694	0.5777	CHF	0.98 -0.4
AUD/NZD	1.0602	1.4	1.0585	1.0629	SEK	8.50 -0.2
AUD/CNH	5.1015	0.0	5.0992	5.1209		

Equities

Major Indices	Last	% day	% y/y
	Dow	18,506	0.7
S&P 500	2,164	0.5	2.6
Nasdaq	5,034	0.6	-1.4
VIX	13	-1.7	-4.1
FTSE	6,654	-0.2	-1.5
DAX	10,068	1.4	-12.6
CAC 40	4,386	1.2	-12.9
Nikkei	16,386	1.0	-19.9
Shanghai	3,054	-0.2	-19.8
Hang Seng	21,561	1.1	-13.9
ASX 200	5,412	0.4	-4.0

Commodities*

	Last	% day
Oil (Brent)	47.14	1.9
Oil (WTI)	45.48	1.6
Oil (Tapis)	46.06	-1.6
Gold	1334.40	-0.7
CRB	190.10	0.8
GS Metals	280.5	0.4
Aluminium	1671.3	0.7
Copper	4922.5	0.1
Nickel	10320.0	0.1
Zinc	2184.0	0.5
Ch. steel	2493.0	-2.2
Iron ore	58.5	-1.1
Coal	64.0	0.7
Wheat Chic.	458.5	-1.0
Sugar	19.9	2.2
Cotton	73.9	1.0
Coffee	152.2	3.0

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Spred
USD	0.50	0.68	0.85	1.39	USD 10	1.54	6.30
AUD	questin	1.97	1.80	2.18	AUD 10	1.96	-1.80 0.42
NZD	2.25	2.45	2.20	2.58	NZD 10	2.32	-2.60 0.78
EUR	0.00	-0.30	-0.23	0.33	CAD 10	1.06	5.70 -0.48
GBP	0.50	0.50	0.53	0.90	EUR 10	-0.04	2.20 -1.58
JPY	-0.05	-0.04	-0.16	-0.07	GBP 10	0.79	4.90 -0.74
CAD	0.50	0.88	0.89	1.29	JPY 10	-0.26	2.30 -1.79

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.10	1.00
3 Yr bond	97.8	3.00
10 Yr bond	98.00	2.50
3/10 sprd	-0.20	0.50
SPI	5390.0	-41.0

CO₂ Emissions - Euros

	Last	% day
Dec-2016	4.77	-0.2
Jun-2017	4.79	-0.2
Dec-2017	4.80	-0.2

*Change in bps

* 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
Friday, 15 July 2016								
CH	GDP SA QoQ/YoY	2Q		1.58/6.6		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		0.2/1.1		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
Monday, 18 July 2016								
NZ	Performance Services Index	Jun				56.9	22.30	8.30
NZ	CPI QoQ/YoY	2Q		0.5/0.5		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
Tuesday, 19 July 2016								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jul 17				115.2	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		1170/0.5		1164/-0.3	12.30	22.30
US	Building Permits, #/MoM	Jun		1150/1.2		1138/0.7	12.30	22.30
Wednesday, 20 July 2016								
AU	Westpac Leading Index MoM	Jun				0.2	0.30	10.30
AU	Skilled Vacancies MoM	Jun				1.0	1.00	11.00
JN	Convenience Store Sales YoY	Jun				-0.3	7.00	17.00
EC	ECB Current Account SA	May				36.2	8.00	18.00
UK	Jobless Claims Change/Claimant Count Rate	Jun		/		-0.4/2.2	8.30	18.30
UK	Average Weekly Earnings 3M/YoY, ex bonus 3M/YoY	May		/		2.0/2.3	8.30	18.30
UK	ILO Unemployment Rate/Employment change 3Mths	May		/		5.0/55.0	8.30	18.30
CH	Conference Board Leading Economic Index	Jun					13.00	23.00
Thursday, 21 July 2016								
NZ	RBNZ Update on Economic Assessment; update ahead of 11 August MPS						21.00	7.00
NZ	Net Migration SA	Jun				5500.0	22.45	8.45
AU	NAB Business Confidence	2Q				3.7	1.30	11.30
AU	RBA FX Transactions Market	Jun				909.0	1.30	11.30
AU	RBA FX Transactions Government	Jun				-916.0	1.30	11.30
AU	RBA FX Transactions Other	Jun				25.0	1.30	11.30
NZ	Credit Card Spending MoM/YoY	Jun				0.0/5.9	3.00	13.00
JN	All Industry Activity Index MoM	May				1.3	4.30	14.30
JN	Machine Tool Orders YoY	Jun F				-19.9	6.00	16.00
UK	Retail Sales Ex Auto Fuel MoM/YoY	Jun		/		1.0/5.7	8.30	18.30
UK	Retail Sales Inc Auto Fuel MoM/YoY	Jun		/		0.9/6.0	8.30	18.30
UK	Public Finances (PSNCR)/Net Borrowing	Jun		/		3.4/9.1	8.30	18.30
EC	Euro Area Government Deficit/Debt	Q1					9.00	19.00
EC	ECB Main Refinancing Rate/Deposit Facility Rate	Jul 21		/		0.0/-0.4	11.45	21.45
US	Chicago Fed Nat Activity Index	Jun				-0.5	12.30	22.30
CA	Wholesale Trade Sales MoM	May				0.1	12.30	22.30
US	Initial Jobless Claims	Jul 9		265		254.0	12.30	22.30
US	Philadelphia Fed Business Outlook	Jul		5		4.7	12.30	22.30
US	FHFA House Price Index MoM	May		0.4		0.2	13.00	23.00
US	Existing Home Sales, #/MoM	Jun		5.46		5.5	14.00	0.00
US	Leading Index	Jun		0.2		-0.2	14.00	0.00
Friday, 22 July 2016								
CH	MNI Business Indicator	Jul					1.45	11.45
JN	Nikkei Japan PMI Mfg	Jul P				48.1	2.00	12.00
GE	Markit/BME Germany Manufacturing PMI	Jul P				54.5	7.30	17.30
GE	Markit Germany Services/Composite PMI	Jul P		/		53.7/54.4	7.30	17.30
EC	ECB Survey of Professional Forecasters						8.00	18.00
EC	Markit Eurozone Manufacturing PMI	Jul P				52.8	8.00	18.00
EC	Markit Eurozone Services/Composite PMI	Jul P		/		52.8/53.1	8.00	18.00
CA	Retail Sales MoM/YoY	May		/		0.9/1.3	12.30	22.30
CA	CPI NSA MoM/YoY	Jun		/		0.4/1.5	12.30	22.30
CA	CPI Core MoM/YoY	Jun		/		0.3/2.1	12.30	22.30
US	Markit US Manufacturing PMI	Jul P		51.5		51.3	13.45	23.45
EC	Consumer Confidence	Jul A				-7.3	14.00	0.00
Upcoming Central Bank Interest Rate Announcements								
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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