



Markets Today

Strange brew

Yesterday's RBA Minutes with its dovish take and concerns about the activity side of the economy saw the local rates market move to price in a higher above-50% probability of an August RBA move (from 59% to 63%), adding to some already evident selling of the Aussie toward and below 0.75 overnight. It's trading just above the figure in early trade this morning. Commodity prices have been mixed overnight, base metals up 0.91%, iron ore down 1.48%, and gold up 0.25%. The VIX index was down 0.47 to 11.97.

Overnight news has if anything, added a little to yesterday's RBA Minutes-inspired selling of the AUD, equities down 0.48% for the Eurostoxx 600 index and by 0.14% for the S&P 500. The Dow bucked the trend, up 0.14%, supported good gains in McDonald's, Pokemon-inspired with McDonalds teaming with Nintendo to become the first company to own "sponsored locations" (in Japan) in the game, Nintendo launching the game in Japan today. Quarterly results from Johnson and Johnson were also well received.

The USD has garnered some further support, aided by solid US housing data for June that saw a modest re-pricing of the US Fed funds futures toward higher rates. There was also an article from noted Fed watcher Jon Hilsenrath of the WSJ suggesting the Fed is giving serious consideration to raising rates as early as September given relatively solid US economic reports, though not at next week's FOMC meeting. The Atlanta Fed's *GDPNow* estimate for Q2 remained at 2.4% after the housing report.

The IMF downgraded its forecasts for UK and European growth in its WEO forecast update, sufficient to shave its global growth forecasts by 0.1% for this year and 2017 (to 3.1% and 3.4% respectively) despite no assumed impact on China and the US and emerging markets doing somewhat better. The Fund had been looking to revise up its global growth outlook ahead of the Brexit referendum.

In Europe, the ZEW Investor Survey for Germany and the EC was much weaker than expected in July, with both the Current Situation and Expectations components much weaker than expected, reflecting Brexit uncertainty. Both the Euro and the GBP are somewhat softer this morning.

The Global Dairy Auction overnight rose 1.9% adding some support to the NZD though it remains below levels prevailing when the RBNZ released its consultation paper yesterday morning tightening up on housing lending.

Coming up

For the local market today, there is only the Westpac Leading Index and Skilled Vacancies. The UK monthly labour market tonight's might get some interest, though it's pretty much pre-Brexit readings. One usually second tier data point worth watching tonight is the EC Consumer Confidence measure, this one for July and thus post-dates the Brexit referendum. It's expected to be marginally worse, to -8.0 from -7.3, and at that level not at all outside recent ranges; it's been between -3.6 to -9.7 since the start of last year; skewed toward the lower end of that range this year.

The markets in the US session be paying continuing attention to the reporting season with Morgan Stanley, American Express, Intel and eBay all reporting their Q2 results.

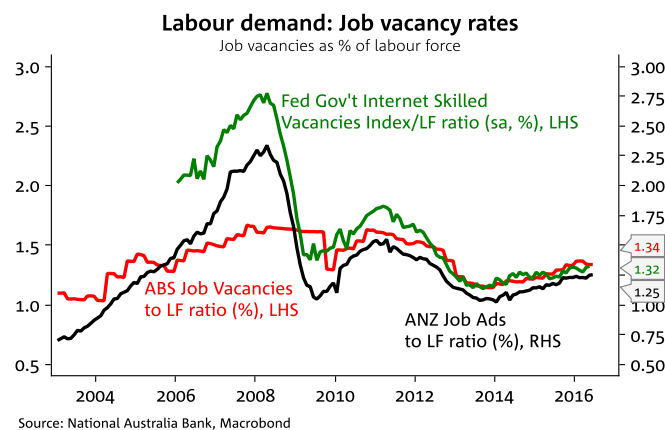
First thing tomorrow morning, the RBNZ will release a special inter-meeting economic assessment ahead of the 11 August RBNZ rates meeting. Yesterday's tightening of housing LVR changes now provide "cover" for the RBNZ to re-focus their monetary policy sights on the NZD with a now more active easing bias, given the higher than assumed NZD presenting downside risks to the Bank's inflation forecasts.

Overnight

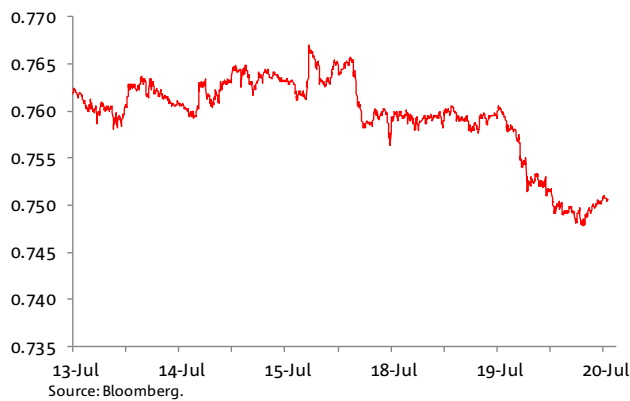
On global stock markets, the S&P 500 was -0.14%. Bond markets saw US 10-years -2.92bp to 1.55%. In commodities, Brent crude oil -0.53% to \$46.71, gold+0.2% to \$1,332, iron ore -1.5% to \$56.02. AUD is at 0.7505 and the range since yesterday 5pm Sydney time is 0.7478 to 0.7517.

Good luck.

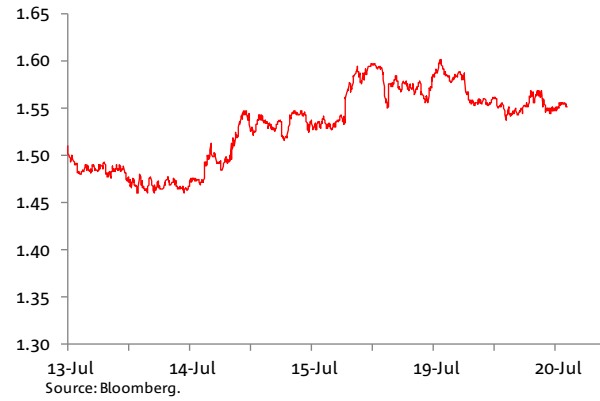
Chart of the day: Labour demand rising moderately



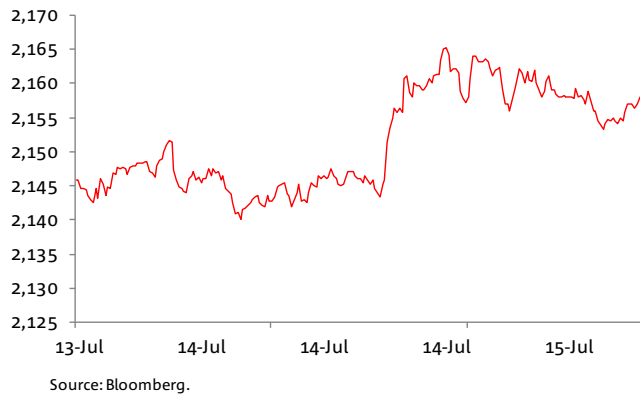
AUD/USD - past week



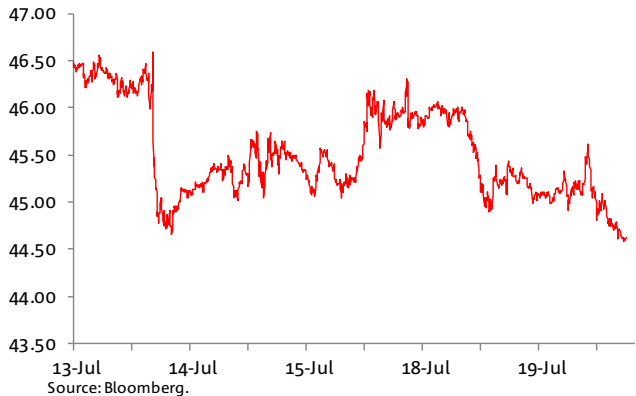
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7505	-1.1	0.7504	0.7510	HKD	7.7557 0.0
NZD	0.7053	-0.7	0.7015	0.7056	CNY	6.6984 -0.1
EUR	1.1020	-0.3	1.1000	1.1061	SGD	1.3536 0.4
GBP	1.3109	-0.9	1.3074	1.3213	IDR	13,082 -0.1
JPY	106.12	0.5	105.87	106.54	THB	35.03 0.1
CAD	1.3024	0.6	1.3011	1.3055	KRW	1,142 0.3
AUD/EUR	0.6811	-0.9	0.6774	0.6818	TWD	32.09 0.2
AUD/JPY	79.64	-0.7	79.42	79.81	PHP	46.97 0.5
AUD/GBP	0.5726	-0.2	0.5685	0.5742	CHF	0.99 0.2
AUD/NZD	1.0642	-0.5	1.0629	1.0668	SEK	8.61 0.6
AUD/CNH	5.0276	-1.3	5.0166	5.1050		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Spred
USD	0.50	0.70	0.91	1.42	USD 10	1.55	-2.92
AUD	1.75	1.94	1.71	2.12	AUD 10	1.92	-7.00 0.37
NZD	2.25	2.35	2.11	2.52	NZD 10	2.26	-6.40 0.71
EUR	0.00	-0.30	-0.23	0.33	CAD 10	1.08	-2.70 -0.48
GBP	0.50	0.52	0.52	0.90	EUR 10	-0.03	-1.40 -1.58
JPY	-0.04	-0.04	-0.14	-0.04	GBP 10	0.80	-2.30 -0.75
CAD	0.50	0.88	0.91	1.31	JPY 10	-0.22	0.60 -1.77

Equities

Major Indices	Last	% day	% y/y
Dow	18,559	0.1	2.6
S&P 500	2,164	-0.1	1.7
Nasdaq	5,036	-0.4	-3.3
VIX	12	-3.8	0.2
FTSE	6,697	0.0	-1.1
DAX	9,981	-0.8	-14.5
CAC 40	4,330	-0.6	-15.5
Nikkei	16,723	1.4	-19.0
Shanghai	3,037	-0.2	-23.9
Hang Seng	21,673	-0.6	-14.7
ASX 200	5,451	-0.1	-4.1

Commodities*

	Last	% day
Oil (Brent)	46.71	-0.5
Oil (WTI)	44.57	-1.5
Oil (Tapis)	45.93	-1.6
Gold	1332.30	0.2
CRB	186.10	-1.1
GS Metals	280.1	0.3
Aluminium	1636.3	-0.5
Copper	4975.0	1.1
Nickel	10533.5	0.3
Zinc	2240.8	1.2
Ch. steel	2316.0	-5.0
Iron ore	56.0	-1.5
Coal	64.1	-1.1
Wheat Chic.	442.5	-2.6
Sugar	19.4	-0.1
Cotton	73.3	-0.9
Coffee	146.6	-1.9

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.15	2.00
3 Yr bond	97.8	3.00
10 Yr bond	98.07	7.00
3/10 sprd	-0.27	-4.00
SPI	5411.0	6.0

CO₂ Emissions - Euros

	Last	% day
Dec-2016	4.67	-3.7
Jun-2017	4.69	-3.7
Dec-2017	4.69	-3.7

* 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	AEST
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		4/2.2		-0.4/2.2	8.30	18.30
UK	Average Weekly Earnings 3M/YoY, ex bonus 3M/YoY	May		2.3/2.4		2.0/2.3	8.30	18.30
UK	ILO Unemployment Rate/Employment change 3Mths	May		5/73		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 ahead of 11 August MPS						21.00	7.00
NZ	Net Migration SA	Jun				5500	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		-1.1		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		-0.6/4.8		1.0/5.7	8.30	18.30
UK	Retail Sales Inc Auto Fuel MoM/YoY	Jun		-0.6/5		0.9/6.0	8.30	18.30
UK	Markit/CIPS Manufacturing PMI	Jul P		47.8		52.1	8.30	18.30
UK	Public Finances (PSNCR)/Net Borrowing	Jun		/9.2		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/-0.4		0.0/-0.4	11.45	21.45
US	Chicago Fed Nat Activity Index	Jun		-0.2		-0.5	12.30	22.30
CA	Wholesale Trade Sales MoM	May		0.2		0.1	12.30	22.30
US	Initial Jobless Claims	Jul 16		265		254.0	12.30	22.30
US	Philadelphia Fed Business Outlook	Jul		4.75		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		5.48		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		53.4		54.5	7.30	17.30
GE	Markit Germany Services/Composite PMI	Jul P		53.2/53.6		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		52.8	8.00	18.00
EC	Markit Eurozone Services/Composite PMI	Jul P		52.3/52.5		52.8/53.1	8.00	18.00
CA	Retail Sales MoM/YoY	May		0/0.3		0.9/1.3	12.30	22.30
CA	CPI NSA MoM/YoY	Jun		0.1/1.4		0.4/1.5	12.30	22.30
CA	CPI Core MoM/YoY	Jun		-0.1/2		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		-8		-7.3	14.00	0.00
Monday, 25 July 2016								
JN	Trade Balance Adjusted	Jun				269.8	23.50	9.50
JN	Exports/Imports YoY	Jun		/		-11.3/-13.8	23.50	9.50
JN	Leading Index CI	May F				100.0	5.00	15.00
NZ	RBNZ Governor Wheeler Speaks in Auckland (Not Public)						7.30	17.30
GE	IFO Business Climate	Jul				108.7	8.00	18.00
GE	IFO Current Assessment/Expectations	Jul		/		114.5/103.1	8.00	18.00
UK	CBI Trends Total Orders/Selling Prices	Jul		/		-2.0/1.0	10.00	20.00
UK	CBI Business Optimism	Jul				-5.0	10.00	20.00
CA	Bloomberg Nanos Confidence	Jul 15				57.3	14.00	0.00
US	Dallas Fed Manf. Activity	Jul		-10		-18.3	14.30	0.30
Tuesday, 26 July 2016								
NZ	Trade Balance/12m YTD	Jun				358/-3633	22.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jul 17				115.2	23.30	9.30
JN	PPI Services YoY	Jun				0.2	23.50	9.50
UK	BBA Loans for House Purchase	Jun				42187	8.30	18.30
US	S&P/CS 20 City MoM/YoY	May		/		0.5/5.4	13.00	23.00
US	Markit US Services/Composite PMI	Jul P		/		51.4/51.2	13.45	23.45
US	Consumer Confidence Index	Jul		95.5		98.0	14.00	0.00
US	Richmond Fed Manufact. Index	Jul		-2		-7.0	14.00	0.00
US	New Home Sales, #/MoM	Jun		558/1.3		551.0/-6.0	14.00	0.00
Wednesday, 27 July 2016								
CH	Industrial Profits YoY	Jun				3.7	1.30	11.30
AU	CPI QoQ/YoY	2Q		/		-0.2/1.3	1.30	11.30
AU	CPI Trimmed Mean QoQ/YoY	2Q		/		0.2/1.7	1.30	11.30
AU	CPI Weighted Median QoQ/YoY	2Q		/		0.1/1.4	1.30	11.30
CH	Westpac-MNI Consumer Sentiment	Jul				115.9	1.45	11.45
JN	Small Business Confidence	Jul				46.5	5.00	15.00
GE	GfK Consumer Confidence	Aug				10.1	6.00	16.00
EC	M3 Money Supply YoY	Jun				4.9	8.00	18.00
UK	GDP QoQ/YoY	2Q A		/		0.4/2.0	8.30	18.30
UK	Index of Services MoM/3M/3M	May		/		0.6/0.5	8.30	18.30
UK	CBI Retailing Reported Sales/Total Dist. Sales	Jul		/		4.0/14.0	10.00	20.00
US	Durable Goods Orders	Jun P		-1.3		-2.3	12.30	22.30
US	Cap Goods Core Orders/Shipments	Jun P		/		-0.4/-0.5	12.30	22.30
US	Pending Home Sales MoM/YoY	Jun		1.1/		-3.7/2.4	14.00	0.00
US	FOMC Rate Decision (Lower/Upper Bound)	Jul 27		0.25		0.3	18.00	4.00
Upcoming Central Bank Interest Rate Announcements								
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%		
UK BOE		4-Aug		0.25%		0.50%		
New Zealand, RBNZ		11-Aug	2.00%	2.00%		2.25%		
Canada, BoC		7-Sep				0.50%		

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

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