

Waiting on a prayer

The ECB's policy meeting has come and gone without any policy action, though none was expected. At 1.1025, the EUR sits where it was late yesterday in the wake of some intra-session ECB meeting volatility. In his press conference, ECB President Draghi noted the post-Brexit uncertainty with general policy guidance, stressing a willingness and ability to act if needed. This was in response to a question, so can hardly be any surprise. He noted that markets had proved to be resilient in the wake of the referendum.

As for the Eurozone economy, he noted that data pointed to ongoing growth in Q2. (The first estimate of Eurozone Q2 GDP (and for the UK and the US) is due next week.) He pointed out slightly improved bank loan dynamics with some signs of increased loan demand, the current phase of ECB TLTRO II contributing to better conditions. Inflation is expected to remain low before starting to pick up in 2017 as base effects drop out.

Sterling jagged lower by around $\frac{3}{4}$ cent after weaker than expected retail sales for June, but it's since clawed back much of that lost ground to be trading at 1.3221 this morning. We note that sales in June followed an equally strong May and came with an extremely wet June, keeping shoppers away from the High Street.

US data was more than OK with weekly jobless claims remaining low at 253K, the Philly Fed Survey for July pulling back from +4.9 to -2.7, while Existing Home Sales in June popped up by 1.1% (cf -0.9% expected). The Leading Index rose 0.3%, a little ahead of expectations. There's nothing to get too excited about or concerned with those.

As the US reporting season rolls on, US equities have closed lower amid somewhat less encouraging earnings reports, Southwest Airlines shares lower, weighing on airline stocks amid signs of fare weakness, and despite a pull-back in oil prices overnight. Treasury yields retreated, though more at the front end with gold up \$11/oz. Again, it was all pretty measured.

The JPY strengthened yesterday in the wake of a BBC interview with BoJ's Kuroda downplaying the prospect of "helicopter money". It did retrace some of those gains late in Asia when it was revealed it was recorded in June but USD/JPY has moved again lower overnight, likely USD-softness inspired for the session, now sitting at 105.86.

The AUD still sits just below 0.75 with the USD a touch softer. Base metals were mixed (Ally weaker), the VIX was back up to 12.74 while iron ore rose \$1.42/t to \$57.17.

Coming up

It's a very quiet local calendar today with the MNI Business Indicator China at 11:45, followed at midday by the Nikkei Japan Manufacturing PMI for July; in June, the PMI was 48.1. Also on the calendar is the kick-off the Finance and Central Bank Deputies G20 meeting in China, with a formal agenda planned between Chinese Premier Li Keqiang, the IMF's Lagarde, and the BOE's Carney, with a press conference from around 11:25.

Tonight, the focus will be well and truly on Europe with the release of the preliminary July Manufacturing and Service PMIs for Germany, France, and the Eurozone, along with a special preliminary Manufacturing PMI for the UK, surveyed in the wake of the Brexit, all being released early in the European session. In the North American session, there will be focus on the Canadian dollar with the release of key retail sales and CPI reports, along with the Markit version of the US Manufacturing PMI for July is expected to tick up 51.5 from 51.3.

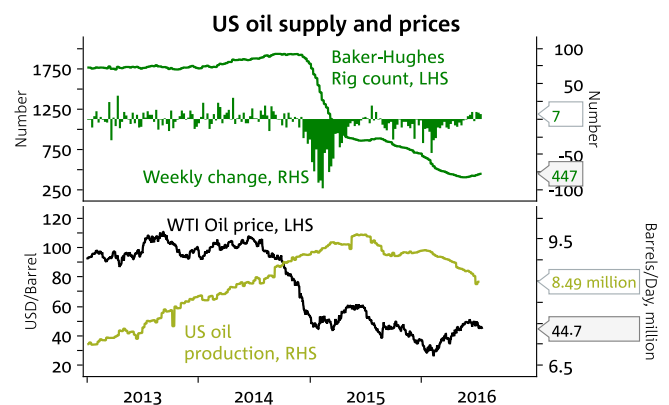
No doubt there will be more soundbites over the weekend coming from the G20 economic/finance meetings.

Overnight

On global stock markets, the S&P 500 was -0.36%. Bond markets saw US 10-years -2.58bp to 1.55%. In commodities, Brent crude oil -2.35% to \$46.06, gold+0.9% to \$1,332, iron ore +2.5% to \$57.17. AUD is at 0.7493 and the range since yesterday 5pm Sydney time is 0.7481 to 0.7512.

Good luck.

Chart of the day: Tentative rise in US rig activity



Author:

David de Garis, Senior Economist

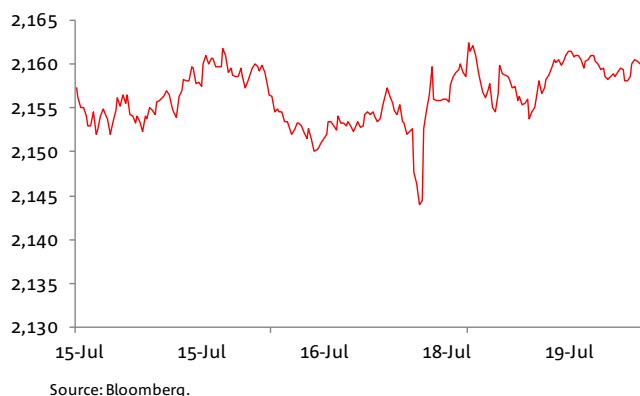
AUD/USD - past week



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 | 0.7493 | 0.2 | 0.7454 | 0.7514 | HKD | 7.7562 0.0 |
| NZD | 0.6997 | -0.5 | 0.6963 | 0.7003 | CNY | 6.6747 0.0 |
| EUR | 1.1025 | 0.1 | 1.0979 | 1.1063 | SGD | 1.3553 -0.2 |
| GBP | 1.3224 | 0.4 | 1.3164 | 1.3242 | IDR | 13,100 -0.1 |
| JPY | 105.83 | -0.7 | 105.65 | 106.50 | THB | 34.98 -0.1 |
| CAD | 1.3084 | 0.2 | 1.3024 | 1.3102 | KRW | 1,138 -0.3 |
| AUD/EUR | 0.6797 | -0.1 | 0.6783 | 0.6823 | TWD | 32.03 0.0 |
| AUD/JPY | 79.30 | -0.6 | 79.15 | 79.82 | PHP | 47.18 0.2 |
| AUD/GBP | 0.5667 | -0.3 | 0.5664 | 0.5695 | CHF | 0.99 -0.1 |
| AUD/NZD | 1.0709 | 0.6 | 1.0702 | 1.0756 | SEK | 8.60 -0.1 |
| AUD/CNH | 5.0017 | 0.1 | 4.9932 | 5.0178 | | |

Interest Rates

| | Indicative Swap Rates | | | | Benchmark 10 Year Bonds | | |
|-----|-----------------------|-------|-----------|-------|-------------------------|-------|-------------|
| | Cash | 3mth | 2Yr | 10Yr | Last | chge | Sprd |
| USD | 0.50 | 0.70 | 0.95 | 1.47 | USD 10 | 1.55 | -2.58 |
| AUD | 1.75 | 1.91 | equesting | 2.12 | AUD 10 | 1.93 | 0.50 0.37 |
| NZD | 2.25 | 2.30 | 2.06 | 2.49 | NZD 10 | 2.25 | -2.50 0.69 |
| EUR | 0.00 | -0.30 | -0.22 | 0.36 | CAD 10 | 1.10 | -2.00 -0.45 |
| GBP | 0.50 | 0.52 | 0.53 | 0.91 | EUR 10 | -0.02 | -0.60 -1.57 |
| JPY | -0.03 | -0.04 | -0.15 | -0.03 | GBP 10 | 0.83 | -0.10 -0.72 |
| CAD | 0.50 | 0.89 | 0.91 | 1.36 | JPY 10 | -0.22 | 1.60 -1.77 |

Equities

Major Indices

| | Last | % day | % y/y |
|-----------|--------|-------|-------|
| Dow | 18,517 | -0.4 | 3.3 |
| S&P 500 | 2,165 | -0.4 | 2.2 |
| Nasdaq | 5,074 | -0.3 | -2.6 |
| VIX | 13 | 8.2 | 4.3 |
| FTSE | 6,700 | -0.4 | -1.0 |
| DAX | 10,156 | 0.1 | -12.5 |
| CAC 40 | 4,376 | -0.1 | -14.3 |
| Nikkei | 16,810 | 0.8 | -18.4 |
| Shanghai | 3,039 | 0.4 | -24.5 |
| Hang Seng | 22,000 | 0.5 | -13.0 |
| ASX 200 | 5,512 | 0.4 | -1.8 |

Overnight Futures

| | Last | Chge* |
|------------------|--------|-------|
| Australia | | |
| 3 mth bill | 98.16 | 1.00 |
| 3 Yr bond | 97.8 | 3.00 |
| 10 Yr bond | 98.07 | 1.00 |
| 3/10 sprd | -0.27 | 2.00 |
| SPI | 5452.0 | -3.0 |

*Change in bps

Commodities*

| | Last | % day |
|-------------|---------|-------|
| Oil (Brent) | 46.06 | -2.4 |
| Oil (WTI) | 44.56 | -2.6 |
| Oil (Tapis) | 46.29 | 0.8 |
| Gold | 1331.70 | 0.9 |
| CRB | 183.67 | -0.8 |
| GS Metals | 277.9 | -0.2 |
| Aluminium | 1590.5 | -1.5 |
| Copper | 4970.0 | 0.2 |
| Nickel | 10732.5 | 1.7 |
| Zinc | 2252.3 | 0.4 |
| Ch. steel | 2351.0 | 2.0 |
| Iron ore | 57.2 | 2.5 |
| Coal | 64.2 | 0.3 |
| Wheat Chic. | 441.3 | 1.2 |
| Sugar | 19.6 | 1.5 |
| Cotton | 73.0 | 0.9 |
| Coffee | 146.9 | -0.1 |

CO₂ Emissions - Euros

| | Last | % day |
|----------|------|-------|
| Dec-2016 | 4.66 | -0.6 |
| Jun-2017 | 4.68 | -0.4 |
| Dec-2017 | 4.68 | -0.6 |

* 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, 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 22 | | | | 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 24 | | | | 114.9 | 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 | | 560/1.6 | | 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 | 0.7/1.4 | / | | -0.2/1.3 | 1.30 | 11.30 |
| AU | CPI Trimmed Mean QoQ/YoY | 2Q | 0.5/1.6 | / | | 0.2/1.7 | 1.30 | 11.30 |
| AU | CPI Weighted Median QoQ/YoY | 2Q | 0.4/1.3 | / | | 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 | | -0.8 | | -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 | | 1.2/ | | -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 |
| Thursday, 28 July 2016 | | | | | | | | |
| AU | Export Price Index QoQ | 2Q | | 1.2/ | | -3.7/2.4 | 1.30 | 11.30 |
| GE | Unemployment Change (000's) | Jul | | | | -6.0 | 7.55 | 17.55 |
| EC | Business Climate Indicator | Jul | | | | 0.2 | 9.00 | 19.00 |
| GE | CPI EU Harmonized MoM/YoY | Jul P | | / | | 0.1/0.2 | 12.00 | 22.00 |
| US | Advance Goods Trade Balance | Jun | | -61 | | -60.6 | 12.30 | 22.30 |
| US | New U.S. Census Bureau Report on Advance Economic Indicators | | | | | | 12.30 | 22.30 |
| US | Initial Jobless Claims | Jul 16 | | 265 | | 254.0 | 12.30 | 22.30 |
| US | Bloomberg Consumer Comfort | Jul 17 | | | | 44.7 | 13.45 | 23.45 |
| US | Kansas City Fed Manf. Activity | Jul | | | | 2.0 | 15.00 | 1.00 |
| Friday, 29 July 2016 | | | | | | | | |
| NZ | Building Permits MoM | Jun | | | | -0.9 | 22.45 | 8.45 |
| UK | Lloyds Business Barometer | Jul | | | | 6.0 | 23.10 | 9.10 |
| UK | GfK Consumer Confidence | Jul | | | | -1.0 | 23.50 | 9.50 |
| JN | Jobless Rate/jobs-to-applicants ratio | Jun | | / | | 3.2/1.4 | 23.30 | 9.30 |
| JN | Overall Household Spending YoY | Jun | | | | -1.1 | 23.30 | 9.30 |
| JN | Natl CPI YoY/Ex Fresh Food YoY | Jun | | / | | -0.4/0.6 | 23.30 | 9.30 |
| JN | Industrial Production MoM/YoY | Jun P | | / | | -2.6/-0.4 | 23.50 | 9.50 |
| JN | Retail Sales MoM/YoY | Jun | | / | | 0.0/-1.9 | 23.50 | 9.50 |
| NZ | ANZ Activity Outlook/Business Confidence | Jul | | | | 35.1/20.2 | 1.00 | 11.00 |
| AU | Private Sector Credit MoM/YoY | Jun | | / | | 0.4/6.5 | 1.30 | 11.30 |
| JN | BOJ Policy Rate | | | | | -0.1 | 2.45 | 12.45 |
| JN | Natl CPI Ex Fresh Food, Energy YoY | Jun | | | | 0.8 | 5.00 | 15.00 |
| UK | Mortgage Approvals | Jun | | | | 67.0 | 8.30 | 18.30 |
| EC | Unemployment Rate | Jun | | | | 10.1 | 9.00 | 19.00 |
| EC | CPI Estimate YoY/Core YoY | Jul | | / | | 0.1/0.9 | 9.00 | 19.00 |
| EC | GDP SA QoQ/YoY | 2Q A | | / | | 0.6/1.7 | 9.00 | 19.00 |
| US | Employment Cost Index | 2Q | | 0.6 | | 0.6 | 12.30 | 22.30 |
| US | GDP Annualized QoQ | 2Q A | | 2.6 | | 1.1 | 12.30 | 22.30 |
| CA | Industrial Product Price/Raw Material Prices MoM | Jun | | | | 1.1/6.7 | 12.30 | 22.30 |
| US | Fed's Williams Discusses Policy Toolkit in Boston | | | | | | 13.30 | 23.30 |
| CA | GDP MoM/YoY | May | | / | | 0.1/1.5 | 12.30 | 22.30 |
| US | Chicago Purchasing Managers' Index | Jul | | 54.6 | | 56.8 | 13.45 | 23.45 |
| US | U. of Mich. Sentiment/5-10y Inflationary Expectations | Jul F | | / | | 89.5/2.6 | 14.00 | 0.00 |
| Upcoming Central Bank Interest Rate Announcements | | | | | | | | |
| 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% | | |
| Europe | ECB | 8-Sep | | | | | | |

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

Contact Details

Authors

David de Garis
Senior Economist
+61 3 8641 3045
david.degaris@nab.com.au

Ray Attrill
Global Co-Head of FX Strategy
+61 2 9237 1848
ray.attrill@nab.com.au

Rodrigo Catril
Currency Strategist
+61 2 9293 7109
rodrigo.h.catril@nab.com.au

Tapas Strickland
Economist
+61 2 9237 1980
tapas.strickland@nab.com.au

Markets Research

Peter Jolly
Global Head of Research
+61 2 9237 1406
peter.jolly@nab.com.au

Group Economics

Alan Oster
Chief Economist
+61 3 8634 2927
alan_oster@national.com.au

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