

## Gimme Gimme Gimme (Stimulus)

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[Gimme Gimme Gimme](#) was ABBA's most successful hit in Japan, reaching No.17 on the billboard charts in 1979. It might be time to dust that record off today ahead of the Bank of Japan meeting decision at around 12.45pm AEST.

A quiet overnight session with little in the way of top tier data flow apart from company reporting season. Again, anything Japanese related has been volatile with markets gyrating on rumours of the extent of fiscal and monetary stimulus. While a coordinated fiscal and monetary bazooka is less likely, a recent article by TradeTheNews.com suggests some BoJ Board Members favour closer co-operation with the government. The end result was that the Yen finished unchanged, the Nikkei fell 1.1% and Japanese bond yields rose 1.7 bps to be -0.27%.

Global equities were little changed apart from Europe where banking stocks helped drag the EuroStoxx down 1.1%, with disappointing earnings results from Deutsche Bank. US equities (S&P500) rose 0.2%, though did conceal some company specific moves with Ford falling sharply on disappointing earnings, offset by solid earnings from Facebook and MasterCard (Alphabet-aka Google also reported better earnings after the close). There was little in the way of US data with most second-tier indicators in line with consensus (Initial Jobless Claims +266k against expectations of +262k).

There was also little action in major bond yields. US Treasury yields rose 1 bps to 1.51% (after having had fallen 6bps the previous day) while German Bunds fell 1 bps to -0.09%. It appears markets have concluded that the Fed is not hankering to hike rates in the near future and still prices only around a 50% chance of a hike by year end. That sentiment also probably contributed to broad US dollar weakness, with the Euro, Canadian dollar, Aussie and Kiwi all higher by around 0.2%, while the British pound fell 0.3%.

In the commodities space, oil prices have continued their downward slide with oil prices falling 1.9% to US\$41.11 a barrel (WTI measure), the lowest level since mid-April, and yesterday the EIA said US crude inventories and gasoline stockpiles rose. Iron ore has been the surprising outperformer, rising 3.5% to US\$60.7 a tonne, at its highest level since early May.

## Coming up

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Markets will be focused on three events today. The Bank of Japan (BoJ) meeting decision at 12.45pm AEST, and later tonight Q2 GDP figures for the US and the Eurozone.

First up the BoJ. While a monetary bazooka is not expected at this meeting, some form of stimulus is with 32 out of 42 analysts expecting the BoJ will expand their assets purchase program – probably for ETFs but also possibility for government bonds. Japan's Finance Minister Aso has also made it clear that he expects the BoJ to do something (or in his words to do the utmost to achieve the inflation target). While the monetary stimulus will be important in providing support to the fiscal package, the fiscal package is expected to be vastly more important with papers reporting a ¥28 trillion fiscal program to be announced in early August.

US Q2 GDP is the pick of the overnight data. The Atlanta Fed's GDPNow series is now pointing to a 1.8% annualised increase, while the median expectation by economists is 2.5% — so there is the potential to disappoint. Also potentially interesting is the Fed's Williams (non-voter) who is speaking at a policy dialogue on "What's Left in the Fed's Toolkit". While there is no text for the event, there is the opportunity to provide some flavour to the more positive July Fed Statement and whether current market pricing discounting the likelihood of a Fed rate hike by year end is appropriate. Other US data tonight includes the Chicago PMI.

Eurozone GDP is also worth looking at, especially in the context of judging the pace of activity pre-Brexit.

Also out today domestically is the RBA credit statistics, which usually has little market reaction. NAB is similar to the market consensus in expecting a 0.5% m/m increase. Across the ditch, the ANZ business survey is the most important Kiwi data release today.

## Overnight

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On global stock markets, the S&P 500 was +0.18%. Bond markets saw US 10-years +0.85bp to 1.51%. In commodities, Brent crude oil -1.86% to \$42.66, gold+0.4% to \$1,332, iron ore +3.5% to \$60.70. AUD is at 0.7506 and the range since yesterday 5pm Sydney time is 0.7495 to 0.7548.

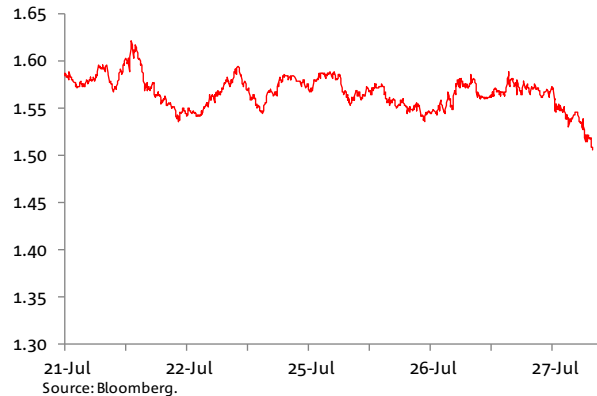
Good luck.

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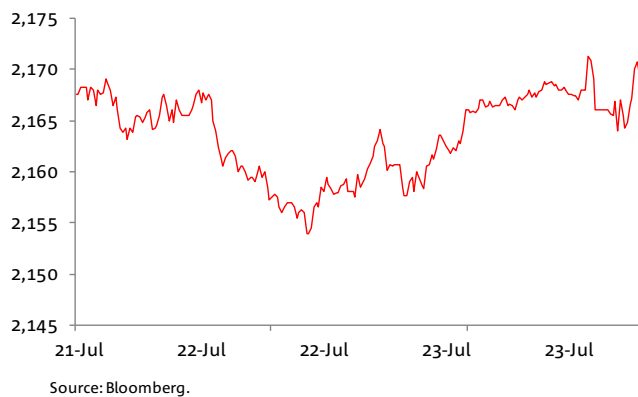
AUD/USD - past week



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	0.7506	0.2	0.7487	0.7549	HKD	7.7563 0.0
NZD	0.7078	0.0	0.7063	0.7121	CNY	6.6576 -0.2
EUR	1.1074	0.1	1.1053	1.1119	SGD	1.3543 0.1
GBP	1.3152	-0.5	1.3117	1.3248	IDR	13,098 -0.3
JPY	105.41	0.0	104.49	105.51	THB	34.86 -0.2
CAD	1.3161	-0.2	1.3102	1.3192	KRW	1,125 -0.9
AUD/EUR	0.6778	0.1	0.6766	0.6806	TWD	31.95 -0.3
AUD/JPY	79.12	0.2	78.61	79.16	PHP	47.09 -0.2
AUD/GBP	0.5707	0.7	0.5661	0.5732	CHF	0.98 -0.5
AUD/NZD	1.0605	0.2	1.0569	1.0636	SEK	8.64 0.1
AUD/CNH	4.9994	0.4	4.9937	5.0525		

Equities

Major Indices	Last	% day	% y/y
	Dow	18,470	0.0
S&P 500	2,170	0.2	3.7
Nasdaq	5,157	0.3	1.3
VIX	13	-1.7	-6.2
FTSE	6,721	-0.4	2.5
DAX	10,275	-0.4	-8.0
CAC 40	4,421	-0.6	-11.2
Nikkei	16,477	-1.1	-18.8
Shanghai	2,994	0.1	-21.0
Hang Seng	22,174	-0.2	-9.9
ASX 200	5,557	0.3	-1.2

Commodities\*

	Last	% day
Oil (Brent)	42.66	-1.9
Oil (WTI)	41.11	-1.9
Oil (Tapis)	42.27	-2.6
Gold	1332.40	0.4
CRB	179.21	-0.2
GS Metals	271.7	0.0
Aluminium	1599.0	1.1
Copper	4887.8	1.0
Nickel	10661.8	3.3
Zinc	2203.0	1.4
Ch. steel	2476.0	3.0
Iron ore	60.7	3.5
Coal	61.3	0.1
Wheat Chic.	437.3	-1.0
Sugar	18.8	-1.6
Cotton	73.0	-1.1
Coffee	142.2	0.7

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.75	0.93	1.40	USD 10	1.51	0.85
AUD	1.75	1.87	1.71	2.11	AUD 10	1.87	-8.70 0.36
NZD	N/A	N/A	2.28	2.47	NZD 10	2.22	-4.20 0.72
EUR	0.00	-0.30	-0.21	0.30	CAD 10	1.07	-0.30 -0.43
GBP	0.50	0.51	0.48	0.83	EUR 10	-0.09	-1.10 -1.60
JPY	-0.03	-0.04	-0.17	-0.05	GBP 10	0.71	-2.50 -0.79
CAD	0.50	0.90	0.94	1.30	JPY 10	-0.27	1.70 -1.78

Overnight Futures

	Last	Chge*
<b>Australia</b>		
3 mth bill	98.16	1.00
3 Yr bond	97.8	3.00
10 Yr bond	98.13	9.00
3/10 sprd	-0.33	-6.00
SPI	5518.0	-18.0

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

	Last	% day
Dec-2016	4.50	-0.7
Jun-2017	4.51	-0.9
Dec-2017	4.52	-1.1

\*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
<b>Friday, 29 July 2016</b>								
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		-8		-1.0	23.50	9.50
JN	Jobless Rate/Jobs-to-applicants ratio	Jun	3.2/1.37			3.2/1.4	23.30	9.30
JN	Overall Household Spending YoY	Jun		-0.4		-1.1	23.30	9.30
JN	Natl CPI YoY/Ex Fresh Food YoY	Jun		-0.4/0.5		-0.4/0.6	23.30	9.30
JN	Industrial Production MoM/YoY	Jun P		0.5/-2.9		-2.6/-0.4	23.50	9.50
JN	Retail Sales MoM/YoY	Jun		0.3/-1.2		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	0.5/6.6	0.45/6.5		0.4/6.5	1.30	11.30
JN	BOJ Policy Rate					-0.1	2.45	12.45
NZ	Credit aggregates, household YoY	Jun				8.1	3.00	13.00
JN	Natl CPI Ex Fresh Food, Energy YoY	Jun		0.7		0.8	5.00	15.00
UK	Mortgage Approvals	Jun		65.5		67.0	8.30	18.30
EC	Unemployment Rate	Jun		10.1		10.1	9.00	19.00
EC	CPI Estimate YoY/Core YoY	Jul		0.1/0.8		0.1/0.9	9.00	19.00
EC	GDP SA QoQ/YoY	2Q A		0.3/1.5		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		0.1		1.1/6.7	12.30	22.30
US	Fed's Williams Discusses at event "What's Left in the Fed's Toolkit?"						13.30	23.30
CA	GDP MoM/YoY	May		-0.5/1.2		0.1/1.5	12.30	22.30
US	Chicago Purchasing Managers' Index	Jul		54		56.8	13.45	23.45
US	U. of Mich. Sentiment/5-10y Inflationary Expectations	Jul F		90.2/		89.5/2.6	14.00	0.00
<b>Monday, 1 August 2016</b>								
UK	Nationwide House PX MoM/YoY	Jul		0		0.2/5.1	28 Jul-4 Aug release	
AU	AiG Perf of Mfg Index	Jul				51.8	23.30	9.30
AU	Melbourne Institute Inflation MoM/YoY	Jul				0.6/1.5	1.00	11.00
AU	HIA New Home Sales MoM	Jun				-1.8	1.00	11.00
CH	Manufacturing/Non-manufacturing PMI	Jul		50.1/		50.0/53.7	1.00	11.00
CH	Caixin China PMI Mfg	Jul		48.8		48.6	1.45	11.45
JN	Nikkei Japan PMI Mfg	Jul F				49.0	2.00	12.00
GE	Markit/BME Germany Manufacturing PMI	Jul F				53.7	7.55	17.55
EC	Markit Eurozone Manufacturing PMI	Jul F				51.9	8.00	18.00
UK	Markit UK PMI Manufacturing SA	Jul F				49.1	8.30	18.30
US	Markit US Manufacturing PMI	Jul F				52.9	13.45	23.45
US	Construction Spending MoM	Jun		0.7		-0.8	14.00	0.00
US	ISM Manufacturing	Jul		53		53.2	14.00	0.00
<b>Tuesday, 2 August 2016</b>								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jul 31				115.5	23.30	9.30
AU	CoreLogic House Px MoM	Jul				0.5	0.00	10.00
NZ	QV House Prices YoY	Jul				13.5	0.00	10.00
AU	Trade Balance	Jun		-2200		-2218.0	1.30	11.30
AU	Building Approvals MoM/YoY	Jun		0/-2.4		-5.2/-9.1	1.30	11.30
NZ	2Yr Inflation Expectation	3Q				1.6	3.00	13.00
AU	RBA Cash Rate Target	Aug 2	1.75	1.5		1.75	4.30	14.30
JN	Government to announce fiscal stimulus plan							
JN	Consumer Confidence Index	Jul				41.8	5.00	15.00
AU	Commodity Index AUD/YoY	Jul				89.7/-9.9	6.30	16.30
UK	Markit/CIPS UK Construction PMI	Jul				46.0	8.30	18.30
EC	PPI MoM/YoY	Jun				0.6/-3.9	9.00	19.00
CH/US	Fed's Kaplan Speaks in Lecture in Beijing						10.15	20.15
US	Personal Income/Spending	Jun		0.3/0.3		0.2/0.4	12.30	22.30
US	PCE Deflator MoM/YoY	Jun		0.2		0.2	12.30	22.30
US	PCE Core MoM/YoY	Jun		0.1		0.2	12.30	22.30
CA	RBC Canadian Manufacturing PMI	Jul				51.8	13.30	23.30
US	ISM New York	Jul				45.4	13.45	23.45
CA	Bloomberg Nanos Confidence	Jul 29				57.5	14.00	0.00
<b>Wednesday, 3 August 2016</b>								
NZ	Unemployment Rate	2Q		5.3		5.7	22.45	8.45
NZ	Employment Change QoQ/YoY	2Q		0.7/2.5		1.2/2.0	22.45	8.45
NZ	Pvt Wages Ex/Incl. Overtime QoQ	2Q		0.5/0.4		0.4/0.4	22.45	8.45
NZ	Average Hourly Earnings QoQ	2Q				0.3	22.45	8.45
UK	BRC Shop Price Index YoY	Jul				-2.0	23.10	9.10
AU	AiG Perf of Services Index	Jul				51.3	23.30	9.30
NZ	ANZ Commodity Price	Jul				3.7	1.00	11.00
CH	Caixin PMI Services/Composite	Jul				52.7/50.3	1.45	11.45
JN	Nikkei PMI Services/Composite	Jul				49.4/49.0	2.00	12.00
GE	Markit Services/Composite PMI	Jul F		/		54.6/55.3	7.55	17.55
EC	Markit Services/Composite PMI	Jul F		/		52.7/52.9	8.00	18.00
UK	Official Reserves Changes	Jul				1619.0	8.30	18.30
UK	Markit/CIPS Services/Composite PMI	Jul F				47.4	8.30	18.30
EC	Retail Sales MoM/YoY	Jun		/		0.4/1.6	9.00	19.00
US	MBA Mortgage Applications	Jul 29				-11.2	11.00	21.00
US	ADP Employment Change	Jul		165		172.0	12.15	22.15
US	Markit Services/Composite PMI	Jul F		/		50.9/51.5	13.45	23.45
US	ISM Non-Manf. Composite	Jul		56		56.5	14.00	0.00
<b>Upcoming Central Bank Interest Rate Announcements</b>								
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				0.00%		
US Federal Reserve		22-Sep				0.25-0.50%		

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

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