

Relax

The overnight session was neither strongly risk-on nor risk-off; the AUD has been testing higher levels overnight with the big dollar sold lower during the US session. The AUD's retracement lower yesterday has proved for now at least to be short-lived. NAB's new rate call of two more rate cuts and the possibility down the track of unconventional monetary policy saw selling continue yesterday, but it's all been reversed overnight.

Chinese consumer and producer inflation for July came and went without any market fanfare, deflation of producer prices cooling (less negative) to -1.7% from -2.6%; the market was expecting -2.0%, a slower rate of commodity/purchased price declines evident pretty much across the board. It's no coincidence for example that Chinese spot iron ore prices are now on a par with year earlier levels. (That's less deflation risk in China; more growth/income upside for the Australian economy.)

Yesterday's dip in the AUD was turned around in the London session, buying re-emerging during a good session for European equities that saw the Eurostoxx 600 index up 0.92% and European banks by 1.13%. The AUD/USD has traded to an intra-day high of 0.7680/85 and still holds close to that level this morning during a session that saw US equities close flat to ever so modestly higher, the Nasdaq to the better, closing up 0.24%. The VIX index has likewise closed little changed, still low at 11.66.

Sterling remained generally soft, continuing to trade below 1.30 toward a low testing 1.2960 overnight, before making a modest recovery this morning back to 1.30, benefitting as did other majors as the USD ran out of steam. UK industrial and manufacturing production for June were in line with expectations, though the June UK trade report revealed a larger than expected deficit, coupled with a large adverse revision to May. Neither report on the pre-Brexit economy had any lasting fallout on Sterling.

US data was also inconsequential, NFIB Small Business Optimism revealing no change, small business reporting no step up or down in actual compensation or plans. After the US wholesale inventories and sales report for June, the Atlanta Fed's *GDPNow* estimate for Q3 GDP (at this early stage) was shaved to 3.7% from 3.8%.

Coming up

The big event to watch today will be Glenn Stevens' speech to the Anika Foundation, his last speech as Governor of the

RBA after 10 years of service as Governor, before that Deputy Governor since 2001, having joined the Bank's Research Department in 1980. There's no title as yet for his speech that has a scheduled 1.05pm start time. You wouldn't be surprised if it was more reflective in nature, but there's always the possibility for Q&A given the freshness of last week's rate cut and quarterly Statement.

Data for the local session today includes REINZ House Sales for July at 8.00am, Japanese machine orders to 9.50, then for Australia, the monthly Westpac-Melbourne Institute Consumer Sentiment index at 10.30 (rate cut impact, it's generally positive); interestingly, yesterday's weekly consumer confidence lost some traction, if still high and back to levels of only three weeks ago. Then there's housing finance approvals for June at 11.30 with likely more interest in the investment lending values, that rose 3.9% last month in a flattening trend. Japan Tertiary Industry Index is out at 2.30pm AEST.

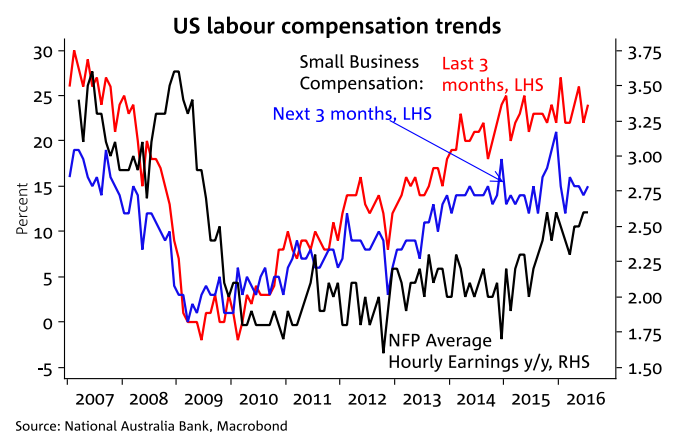
Tonight is relatively quiet for key data. There'll be much more interest in not only the RBNZ rate announcement at 7.00am tomorrow morning, but the response of the Kiwi. A cut of 25bps is well and truly baked into the cake with a cut virtually fully priced in and the market sniffing an outside chance of a 50bps cut, priced at around a 10% chance.

Overnight

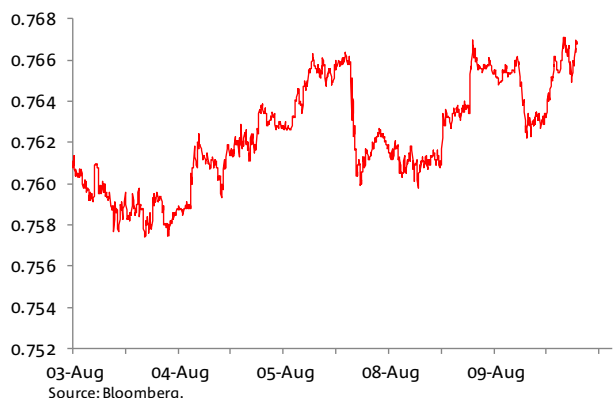
On global stock markets, the S&P 500 was +0.17%. Bond markets saw US 10-years -1.56bp to 1.57%. In commodities, Brent crude oil +0.53% to \$45.63, gold+0.3% to \$1,346, iron ore flat at \$61.56. AUD is at 0.7669 and the range since yesterday 5pm Sydney time is 0.7635 to 0.7671.

Good luck.

Chart: US small business compensation steady



AUD/USD - past week



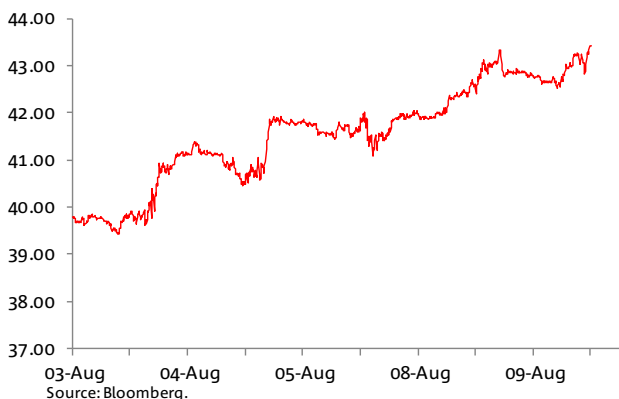
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7669	0.2	0.7622	0.7664	HKD	7.7573 0.0
NZD	0.7156	0.4	0.7113	0.7163	CNY	6.6592 0.0
EUR	1.1102	0.2	1.1071	1.1098	SGD	1.3462 -0.1
GBP	1.2967	-0.8	1.2978	1.3072	IDR	13,112 -0.1
JPY	101.95	-0.4	102.27	102.67	THB	34.91 -0.2
CAD	1.3128	-0.3	1.3137	1.3187	KRW	1,102 -0.5
AUD/EUR	0.6906	0.2	0.6878	0.6924	TWD	31.36 -0.4
AUD/JPY	78.19	0.1	78.03	78.68	PHP	46.91 0.0
AUD/GBP	0.5914	1.2	0.5840	0.5888	CHF	0.98 0.0
AUD/NZD	1.0717	0.0	1.0682	1.0745	SEK	8.54 -0.5
AUD/CNH	5.1058	0.3	5.0840	5.0945		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Spred
USD	0.50	0.79	1.02	1.46	USD 10	1.57	-1.91
AUD	1.50	1.79	1.67	2.14	AUD 10	1.94	-1.60 0.37
NZD	2.25	2.23	1.95	2.47	NZD 10	2.20	-2.50 0.62
EUR	0.00	-0.30	-0.22	0.30	CAD 10	1.04	-2.90 -0.54
GBP	0.25	0.41	0.39	0.73	EUR 10	-0.07	-0.10 -1.64
JPY	-0.04	-0.02	-0.05	0.07	GBP 10	0.58	-3.00 -0.99
CAD	0.50	0.90	0.86	1.28	JPY 10	-0.08	-3.80 -1.65

Equities

Major Indices			
	Last	% day	% y/y
Dow	18,572	0.2	6.7
S&P 500	2,185	0.2	5.0
Nasdaq	5,225	0.2	3.4
VIX	11	-3.1	-14.1
FTSE	6,855	0.7	1.3
DAX	10,570	1.3	-9.2
CAC 40	4,453	0.8	-14.3
Nikkei	16,765	0.7	-19.2
Shanghai	3,026	0.7	-19.4
Hang Seng	22,466	-0.1	-8.5
ASX 200	5,553	0.3	1.4

Overnight Futures

Australia		
	Last	Chge*
3 mth bill	98.22	0.00
3 Yr bond	97.8	3.00
10 Yr bond	98.05	0.50
3/10 sprd	-0.25	2.50
SPI	5505.0	-22.0

*Change in bps

Commodities*

	Last	% day
Oil (Brent)	45.63	0.5
Oil (WTI)	43.42	0.9
Oil (Tapis)	44.10	0.0
Gold	1345.50	0.3
CRB	182.45	-0.2
GS Metals	275.8	0.0
Aluminium	1625.5	-0.3
Copper	4774.0	-0.6
Nickel	10731.0	0.0
Zinc	2265.0	-0.4
Ch. steel	2583.0	0.5
Iron ore	61.6	0.0
Coal	67.0	4.2
Wheat Chic.	439.3	0.1
Sugar	20.8	1.2
Cotton	73.7	-3.1
Coffee	143.2	-1.1

CO₂ Emissions - Euros

	Last	% day
Dec-2016	4.83	-2.2
Jun-2017	4.85	-2.2
Dec-2017	4.98	4.8

* 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, 10 August 2016								
JN	Housing Loans YoY	2Q				1.9	23.50	9.50
JN	Machine Orders MoM/YoY	Jun		3.2		-1.4/-11.7	23.50	9.50
JN	PPI MoM/YoY	Jul		-0.1		-0.1/-4.2	23.50	9.50
AU	Westpac Consumer Conf Index/MoM	Aug				99.1/-3.0	0.30	10.30
AU	Home Loans/Investment lending MoM	Jun	2.1/ ..	2.3/		-1.0/3.9	1.30	11.30
AU	RBA Governor Stevens Speech in Sydney						3.05	13.05
JN	Tertiary Industry Index MoM	Jun		0.3		-0.7	4.30	14.30
CH	New Yuan Loans/Aggregate financing CNY	Jul		850/1000		1380/1630	10-15 Aug release	
US	MBA Mortgage Applications	Aug 5				-3.5	11.00	21.00
NZ	REINZ House Sales YoY	Jul				6.0		
US	JOLTS Job Openings	Jun		5500		5500.0	14.00	0.00
US	Monthly Budget Statement	Jul		-117.5		6.3	18.00	4.00
Thursday, 11 August 2016								
NZ	RBNZ Official Cash Rate	Aug 11	2.00	2.00		2.25	21.00	7.00
NZ	Food Prices MoM	Jul	0.7			0.4	22.45	8.45
UK	RICS House Price Balance	Jul		6		16.0	23.10	9.10
AU	Consumer Inflation Expectation	Aug				3.7	1.00	11.00
US	Import Price Index MoM	Jul		-0.3/-4.3		0.2/-4.8	12.30	22.30
US	Initial Jobless Claims	Aug 6		265		269	12.30	22.30
CA	New Housing Price Index MoM	Jun		0.3		0.7/2.7	12.30	22.30
US	Bloomberg Consumer Comfort	Aug 7				43.0	13.45	23.45
Friday, 12 August 2016								
NZ	BusinessNZ Manufacturing PMI	Jul				57.7	22.30	8.30
NZ	Retail Sales Ex Inflation QoQ	2Q	1.1	1		0.8	22.45	8.45
CH	Industrial Production YoY/YTD YoY	Jul		6.2/6		6.2/6.0	2.00	12.00
CH	Retail Sales YoY/YTD YoY	Jul		10.5/10.3		10.6/10.3	2.00	12.00
CH	Fixed Assets Ex Rural YTD YoY	Jul		8.9		9.0	2.00	12.00
GE	CPI EU Harmonized MoM/YoY	Jul F		0.4/0.4		0.4/0.4	6.00	16.00
GE	GDP SA QoQ/YoY	2Q P		0.2/1.4		0.7/1.6	6.00	16.00
UK	Construction Output SA MoM/YoY	Jun		-1		-2.1/-1.9	8.30	18.30
EC	Industrial Production SA MoM/YoY	Jun		0.5		-1.2/0.5	9.00	19.00
EC	GDP SA QoQ/YoY	2Q P		0.3		0.3/1.6	9.00	19.00
US	Retail Sales Advance/Ex Autos and Gas MoM	Jul		0.4		0.6/0.7	12.30	22.30
US	PPI Final Demand MoM/YoY	Jul		0.1/0.3		0.5/0.3	12.30	22.30
CA	Teranet/National Bank HPI MoM/YoY	Jul				2.3/10.0	12.30	22.30
US	Business Inventories	Jun		0.1		0.2	14.00	0.00
US	U. of Mich. Sentiment/5-10 Yr Inflationary Expectations	Aug P		91.5/		90.0/2.6	14.00	0.00
Monday, 15 August 2016								
NZ	Performance Services Index	Jul				56.7	22.30	8.30
UK	Rightmove House Prices MoM	Aug				-0.9/4.5	23.10	9.10
JN	GDP SA QoQ/QoQ saar	2Q P		0.2/0.7		0.5/1.9	23.50	9.50
JN	Industrial Production MoM/YoY	Jun F		/		1.9/-1.9	4.30	14.30
US	Empire Manufacturing	Aug		1		0.6	12.30	22.30
CA	Existing Home Sales MoM	Jul				-0.9	13.00	23.00
CA	Bloomberg Nanos Confidence	Aug 5				59.9	14.00	0.00
US	NAHB Housing Market Index	Aug		60		59.0	14.00	0.00
US	Net Long-term/Total Net TIC Flows	Jun				41.1/-11.0	20.00	6.00
Tuesday, 16 August 2016								
NZ	RBNZ Governor Wheeler Speaks in Tauranga (Not Public)							
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Aug 7				118.0	23.30	9.30
AU	RBA Aug. Meeting Minutes						1.30	11.30
AU	New Motor Vehicle Sales MoM/YoY	Jul				3.1/2.1	1.30	11.30
NZ	Non Resident Bond Holdings	Jul				67.4	3.00	13.00
UK	CPI MoM/YoY	Jul		/		0.2/0.5	8.30	18.30
UK	CPI Core YoY	Jul		/		1.4	8.30	18.30
UK	PPI Input NSA MoM/YoY	Jul		/		1.8/-0.5	8.30	18.30
UK	PPI Output Core NSA MoM/YoY	Jul		/		0.1/0.7	8.30	18.30
UK	House Price Index YoY	Jun				8.1	8.30	18.30
EC	Trade Balance SA	Jun				24.5	9.00	19.00
GE	ZEW Survey Current Situation/Expectations	Aug		/		49.8/-6.8	9.00	19.00
EC	ZEW Survey Expectations	Aug				-14.7	9.00	19.00
CA	Manufacturing Sales MoM	Jun				-1.0	12.30	22.30
US	Housing Starts, #/MoM	Jul		1178/-1		1189.0/4.8	12.30	22.30
US	Building Permits, #/MoM	Jul		1160/0.6		1153.0/1.5	12.30	22.30
US	CPI MoM/YoY	Jul		0/0.9		0.2/1.0	12.30	22.30
US	CPI Ex Food and Energy MoM	Jul		0.2/2.2		0.2/2.3	12.30	22.30
US	Real Avg Weekly Earnings YoY	Jul				1.2	12.30	22.30
US	Industrial Production MoM/Capacity use	Jul		0.2/75.55		0.6/75.4	13.15	23.15
US	Manufacturing (SIC) Production	Jul		0.3		0.4	13.15	23.15
US	Fed's Lockhart Speaks to Rotary Club of Knoxville						16.30	2.30
Wednesday, 17 August 2016								
NZ	PPI Input/Output QoQ	2Q				-1.0/-0.2	22.45	8.45
NZ	Employment Change QoQ/YoY	2Q		0.6/2.4		1.2/2.0	22.45	8.45
NZ	Unemployment/Participation Rate	2Q		5.2/68.8		5.7/69.0	22.45	8.45
AU	Westpac Leading Index MoM	Jul				-0.2	0.30	10.30
AU	Wage Price Index QoQ/YoY	2Q		/		0.4/2.1	1.30	11.30
UK	Jobless Claims Change/Claimant Count Rate	Jul		/		0.4/2.2	8.30	18.30
UK	Average Weekly Earnings/Earnings ex bonus 3M/YoY	Jun		/		2.3/2.2	8.30	18.30
UK	Employment Change/ILO Unemployment rate 3M/3M	Jun		/		176.0/4.9	8.30	18.30
US	Fed's Bullard Speaks in St. Louis						17.00	3.00
US	U.S. Fed Releases Minutes from July 26-27 FOMC Meeting						18.00	4.00
Upcoming Central Bank Interest Rate Announcements								
New Zealand, RBNZ		11-Aug	2.00%	2.00%		2.25%		
Canada, BoC		7-Sep				0.50%		
Australia, RBA		6-Sep	1.50%			1.50%		
Europe ECB		8-Sep				0.00%		
UK BOE		15-Sep				0.25%		
Japan, BoJ		21-Sep				-0.1% to +0.1%		
US Federal Reserve		22-Sep				0.25-0.50%		

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

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