

Poundcake

It's been a rather uneventful night for most of the major currencies, with the possible exception of Sterling. The Pound was being bought in the lead up to the release of the August CBI trends survey, holding on to those gains in its aftermath, GBP/USD this morning knocking on the door of 1.32, at 1.3195 as we go to print. Sterling (and other non-USD majors) might well have pushed on, but for a strong report on US housing (see below). The AUD this morning is trading within recently familiar ranges, at 0.7615.

The UK CBI industrial trends survey for August revealed total orders came in at -5, barely changed from -4 in July when the market was expecting a print of -10. Bear in mind that when you look at this survey, even -4/-5 levels of the past two months are in fact better bar one month than any reading so far this year, averaging -11 in the first half of the year. It would be difficult to say then with any conviction that UK industrial orders have been hit in the aftermath of the Brexit poll. Even on the export side, CBI export orders had worsened measurably to -22 in July from -14 in June, but even that July level was not out of kilter with year to date experience. In August, the reading was -6, up from -22 (and a two year high for export orders), a sign that UK industrial companies are seeing with better market conditions and/or getting some boost from a more competitive sterling. The CBI reported some increase in selling prices.

As far as industrial market conditions on the Continent were concerned in August, the preliminary estimates of Eurozone Manufacturing PMI for August were virtually steady, at 51.8 from 52.0, almost hitting the unchanged consensus. Germany's also had a small two tenths miss. The Zone's Services PMI increased modestly from 52.9 to 53.1, slightly beating consensus as did the Composite index, by one tenth. Nothing to see here for the market from these releases.

The US though had a very strong month for New Home Sales in July. Sales surged 12.4% with some major regions having the best sales since before the GFC, a sign of a resilient labour market and near record low 30-year mortgage rates below 3½%. The USD could make only the most modest gains though, also with little change in US yields, even though US equities rose ¼% and oil was higher. US home builder stocks rose 1.84%, so clearly the report was seen in a positive light for that sector.

Coming up

Australia's Construction Work Done (CWD) for the June quarter is probably the meatiest of today's local regional

releases. There is also the New Zealand trade balance for July at 845 AEST, followed by Australia's Skilled Vacancies report for July, a partial leading indicator of labour demand. As for the CWD report, NAB and the consensus are picking a 2% net decline for this series as rising dwelling investment and continued likely large falls in resource-centric engineering construction compete for the prevailing influence. This is the second of the quarterly national accounts partials after June quarter retail trade volumes and gives us a good look into the status of fixed capital expenditure for the June quarter ahead of GDP in a fortnight. New Zealand also has new residential lending for July out early this afternoon.

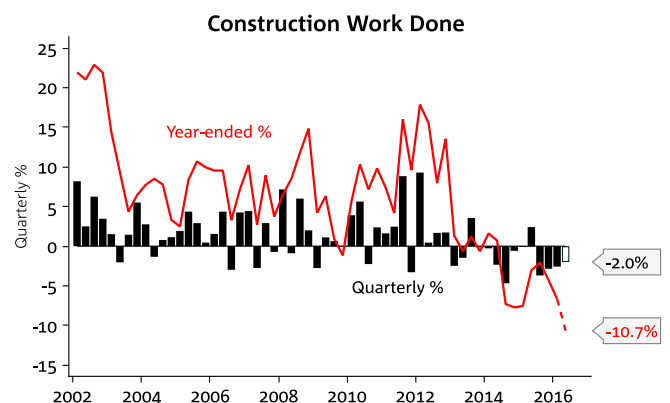
As for tonight's reports, the main focus point initially will be any revisions to Germany's initial print of 0.4% for its GDP in the June quarter. There is also British Bankers' lending figures for housing - usually a market non-event but you never know given the post-Brexit poll focus and as this one is for July - then some more focus on the US on housing with two house price measures and the July existing home sales report sector of the economy has been quite consistently robust.

Overnight

On global stock markets, the S&P 500 was +0.20%. Bond markets saw US 10-years +0.34bp to 1.55%. In commodities, Brent crude oil +0.71% to \$49.51, gold+0.2% to \$1,346, iron ore +0.8% to \$61.75. AUD is at 0.7615 and the range since yesterday 5pm Sydney time is 0.7615 to 0.7655.

Good luck.

Chart: Construction Work Done



Source: National Australia Bank, Macrobond

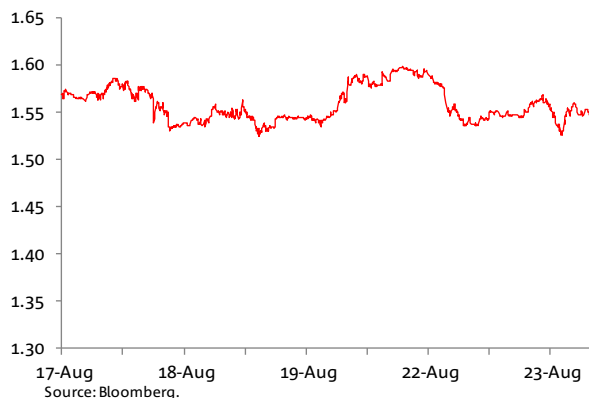
Author:

David de Garis, Senior Economist

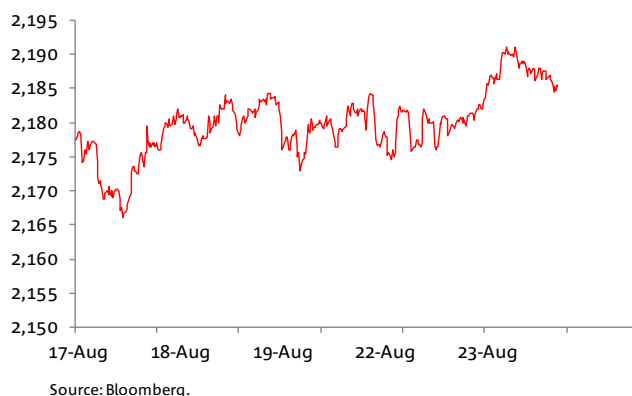
AUD/USD - past week



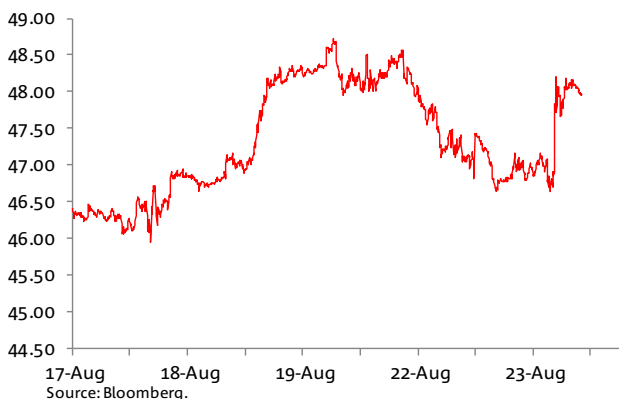
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7615	-0.1	0.7615	0.7616	HKD	7.7535 0.0
NZD	0.7291	0.6	0.7284	0.7345	CNY	6.6442 -0.1
EUR	1.1307	0.1	1.1302	1.1349	SGD	1.3514 -0.1
GBP	1.3195	0.8	1.3177	1.3211	IDR	13,236 0.0
JPY	100.24	-0.3	99.98	100.29	THB	34.62 -0.2
CAD	1.2913	-0.1	1.2859	1.2930	KRW	1,121 -0.3
AUD/EUR	0.6735	0.0	0.6731	0.6759	TWD	31.83 0.1
AUD/JPY	76.33	-0.2	76.29	76.66	PHP	46.46 -0.3
AUD/GBP	0.5771	-0.7	0.5767	0.5808	CHF	0.96 0.0
AUD/NZD	1.0444	-0.5	1.0418	1.0453	SEK	8.38 -0.3
AUD/CNH	5.0594	0.0	5.0686	5.0915		

Equities

Major Indices	Last	% day	% y/y
	Dow	18,547	0.1
S&P 500	2,187	0.2	11.0
Nasdaq	5,260	0.3	11.8
VIX	12	0.9	-55.8
FTSE	6,869	0.6	11.0
DAX	10,593	0.9	4.6
CAC 40	4,421	0.7	-4.5
Nikkei	16,497	-0.6	-11.0
Shanghai	3,090	0.2	-3.7
Hang Seng	22,999	0.0	8.2
ASX 200	5,554	0.7	11.0

Commodities*

	Last	% day
Oil (Brent)	49.51	0.7
Oil (WTI)	48.10	1.5
Oil (Tapis)	48.23	-2.6
Gold	1346.10	0.2
CRB	188.38	0.7
GS Metals	275.4	-0.1
Aluminium	1660.8	0.1
Copper	4698.0	-0.9
Nickel	10231.3	0.0
Zinc	2299.3	1.0
Ch. steel	2612.0	1.6
Iron ore	61.8	0.8
Coal	66.8	-1.5
Wheat Chic.	450.0	-1.7
Sugar	20.7	1.5
Cotton	68.4	0.2
Coffee	147.3	0.6

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.83	0.99	1.40	USD 10	1.55	0.34
AUD	1.50	1.73	1.60	2.05	AUD 10	1.85	-5.70 0.30
NZD	2.00	2.24	1.99	2.43	NZD 10	2.26	-3.90 0.71
EUR	0.00	-0.30	-0.21	0.27	CAD 10	1.02	-0.10 -0.52
GBP	0.25	0.39	0.42	0.71	EUR 10	-0.10	-0.50 -1.64
JPY	-0.04	-0.02	-0.07	0.07	GBP 10	0.54	-1.60 -1.00
CAD	0.50	0.90	0.89	1.23	JPY 10	-0.08	-2.00 -1.63

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.25	2.00
3 Yr bond	97.8	3.00
10 Yr bond	98.16	6.00
3/10 sprd	-0.36	-3.00
SPI	5531.0	-40.0

CO₂ Emissions - Euros

	Last	% day
Dec-2016	4.66	-4.9
Jun-2017	4.68	-4.9
Dec-2017	4.74	-3.9

*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
Wednesday, 24 August 2016								
NZ	Trade Balance	Jul	-611	-325		127	22.45	8.45
AU	Skilled Vacancies MoM	Jul				0.8	1.00	11.00
AU	Construction Work Done	2Q	-2	-2		-2.6	1.30	11.30
NZ	New Residential Lending, YoY	Jul				18.2	3.00	13.00
JN	Leading Index CI	Jun F				98.4	5.00	15.00
GE	GDP SA QoQ/YoY	2Q F		0.4/1.8		0.4/1.8	6.00	16.00
UK	BBA Loans for House Purchase	Jul		38000		40103	8.30	18.30
US	House Price Purchase Index QoQ	2Q				1.3	13.00	23.00
US	FHFA House Price Index MoM	Jun		0.3		0.2	13.00	23.00
US	Existing Home Sales, #/MoM	Jul		5.5/-1.26		5.6/1.1	14.00	0.00
Thursday, 25 August 2016								
JN	PPI Services YoY	Jul		0.1		0.2	23.50	9.50
CH	Swift Global Payments CNY	Jul				1.7	1.00	11.00
GE	IFO Business Climate	Aug		108.5		108.3	8.00	18.00
GE	IFO Current Assessment/Expectations	Aug		114.9/102.4		114.7/102.2	8.00	18.00
UK	CBI Retailing Reported Sales	Aug		0		-14.0	10.00	20.00
UK	CBI Total Dist. Reported Sales	Aug				-11.0	10.00	20.00
US	Initial Jobless Claims	Aug 20		265		262.0	12.30	22.30
US	Durable Goods Orders/Core Orders	Jul P		3.5/0.2		-3.9/0.4	12.30	22.30
US	Markit US Services PMI	Aug P		51.8		51.4	13.45	23.45
US	Markit US Composite PMI	Aug P				51.8	13.45	23.45
US	Bloomberg Consumer Comfort	Aug 21				43.6	13.45	23.45
US	Kansas City Fed Manf. Activity	Aug		-2		-6.0	15.00	1.00
Friday, 26 August 2016								
JN	Natl CPI YoY	Jul		-0.4		-0.4	23.30	9.30
JN	Natl CPI Ex Fresh Food YoY	Jul		-0.4		-0.5	23.30	9.30
GE	GfK Consumer Confidence	Sep		10		10.0	6.00	16.00
EC	M3 Money Supply YoY	Jul		5		5.0	8.00	18.00
UK	GDP QoQ/YoY	2Q P		0.6/2.2		0.6/2.2	8.30	18.30
UK	Index of Services MoM	Jun		0.1		-0.1	8.30	18.30
UK	Total Business Investment QoQ/YoY	2Q P		-0.9/		-0.6/-0.8	8.30	18.30
US	Advance Goods Trade Balance	Jul		-63		-64.5r	12.30	22.30
US	GDP Annualized QoQ	2Q S		1.1		1.2	12.30	22.30
US	Fed Chair Yellen Speaks at Jackson Hole Policy Symposium: "The Federal Reserve's Monetary Policy Toolkit"						14.00	0.00
US	U. of Mich. Sentiment/5-10yr inflationary expectations	Aug F		90.7		90.4	14.00	0.00
Monday, 29 August 2016								
UK	Nationwide House PX MoM/YoY	Aug				0.5/5.2	28-29 Aug	
AU	HIA New Home Sales MoM	Jul				-1.8	1.00	11.00
US	Personal Income/Spending	Jul		0.4/0.3		0.2/0.4	12.30	22.30
US	Real Personal Spending	Jul		0.2		0.3	12.30	22.30
US	PCE Deflator MoM/YoY	Jul		0/		0.1/0.9	12.30	22.30
US	PCE Core MoM	Jul		0.1/1.5		0.1/1.6	12.30	22.30
CA	Bloomberg Nanos Confidence	Aug 26				59.9	14.00	0.00
US	Dallas Fed Manf. Activity	Aug		-3		-1.3	14.30	0.30
Tuesday, 30 August 2016								
NZ	Building Permits MoM	Jul				16.3	22.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Aug 21				117.6	23.30	9.30
JN	Jobless Rate/jobs-to-applicants ratio	Jul				3.1/1.4	23.30	9.30
JN	Overall Household Spending YoY	Jul				-2.2	23.30	9.30
JN	Retail Sales MoM/YoY	Jul				0.2/-1.4	23.50	9.50
JN	Dept. Store, Supermarket Sales	Jul				-1.5	23.50	9.50
AU	Building Approvals MoM	Jul		/		-2.9/-5.9	1.30	11.30
UK	Net Consumer Credit	Jul				1.8	8.30	18.30
UK	Net Lending Sec. on Dwellings	Jul				3.3	8.30	18.30
UK	Mortgage Approvals	Jul				64.8	8.30	18.30
EC	Business Climate Indicator	Aug				0.4	9.00	19.00
GE	CPI EU Harmonized MoM	Aug P				0.4	12.00	22.00
CA	Current Account Balance	2Q				-16.8	12.30	22.30
CA	Industrial Product Price MoM	Jul				0.6	12.30	22.30
US	S&P CoreLogic CS 20-City MoM SA	Jun				-0.1	13.00	23.00
US	S&P CoreLogic CS US HPI MoM SA	Jun				0.2	13.00	23.00
US	Consumer Confidence Index	Aug		97		97.3	14.00	0.00
Upcoming Central Bank Interest Rate Announcements								
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%		
New Zealand, RBNZ		22-Sep	2.00%	2.00%		2.00%		

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

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