

Speak now

In a night of still very contained major FX crosses, Fed commentary has started to kick in from Jackson Hole. There have been TV interviews with Fed President's Robert Kaplan (non-voter) and Esther George (voter, and dissenter). Kaplan told CNBC the case for hiking is "strengthening" and we should be able to hike in the "not too distant future". Kaplan also expressed some caution over China and its debt problems and the potential for that issue to be the catalyst for some market instability. Fed hawk (and dissenter) George said "I do think it is time to move on that rate," though hedging that with "it doesn't mean I favour high rates or that raising short-term rates needs to happen rapidly."

Take from those sound bites what you will; even George's comments embody a degree of caution about the speed and extent of tightening, even though she favours a hike now. There could well be more wire coverage during our morning here from interviews. At 830 AEST, Kansas City Fed President George is scheduled to speak (again), in a meeting at Jackson Hole with the Center for Popular Democracy's Fed Up campaign.

Among the key data points released overnight, the German Ifo business survey for August disappointed missing on expectations and its current assessment components, the UK CBI retail survey through threw up another positive surprise (as had the industry counterpart earlier this week), the US durable goods orders report for July also surprising on the higher side. Not only did headline orders bounce back 4.4% thanks to higher aircraft orders, but core orders rose 1.6%, hinting at some upside potential for US business fixed equipment investment into this half. Weekly jobless claims remained low at 261K right in line with the average so far this quarter and this year. Two year US Treasury yields firmed up by around 2-3bps in response, with Fed Fund futures also firming a little for the session. After this week's data, the Atlanta Fed's *GDPNow* estimate for Q3 sits at 3.4%.

Coming up

Aside from Fed Chair Yellen's address to the Jackson Hole Symposium tonight (set your alarm for midnight and beyond to track her speech and any aftermath) there are several other data points on the horizon today and tonight. Today we have Japan's CPI report for July (and the Tokyo August CPI) with the market looking for an unchanged annual 0.4% decline for the headline and for ex-fresh food core CPI. In the European session, there is the German GfK consumer

confidence report for September and, in the UK, a later vintage of June quarter GDP and the monthly Index of Services for June. In the US, on the data front, there is the advance goods trade balance for July and the next vintage of their June quarter GDP. The University of Michigan Consumer Sentiment survey (updated for late August responses) is also due, the market more likely interested in the medium to long-term 5-10 years' consumer inflationary expectations that was 2.6% in the preliminary August survey.

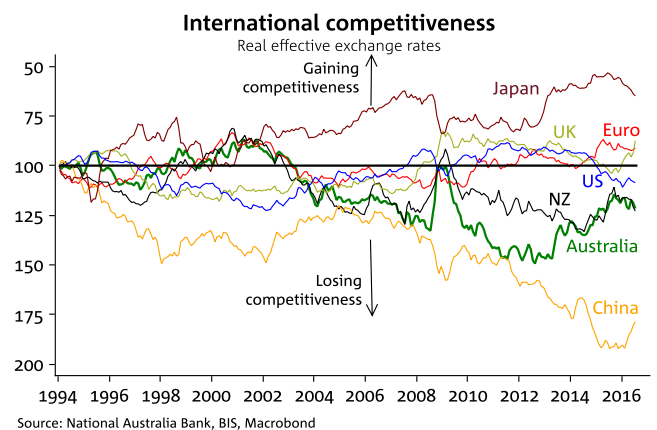
As for Jackson Hole, while the market understands that the thrust of Fed Chair Yellen's speech is to address medium term policy and low inflation issues rather than titled to address the outlook for the economy and monetary policy (and thus designed to confirm or have markets reassess Fed funds pricing), there is always the potential for some such coverage and with key press in attendance to get full wire coverage. As one of my colleagues as already commented this week, perhaps the most can be expected is that she might indicate each upcoming meeting is "live", not wanting to be tied down to specific timing (or indeed outcome) given decisions are yet to be made and ahead of key data between now and the September 20-21 FOMC meeting.

Overnight

On global stock markets, the S&P 500 was -0.14%. Bond markets saw US 10-years +1.20bp to 1.57%. In commodities, Brent crude oil +1.30% to \$49.69, gold -0.3% to \$1,325, iron ore -0.4% to \$61.44. AUD is at 0.7617 and the range since yesterday 5pm Sydney time is 0.7603 to 0.7634.

Good luck.

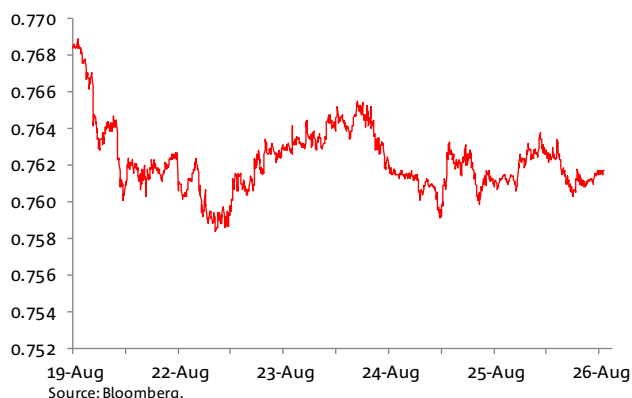
Chart: Real exchange rates (to July 16, monthly)



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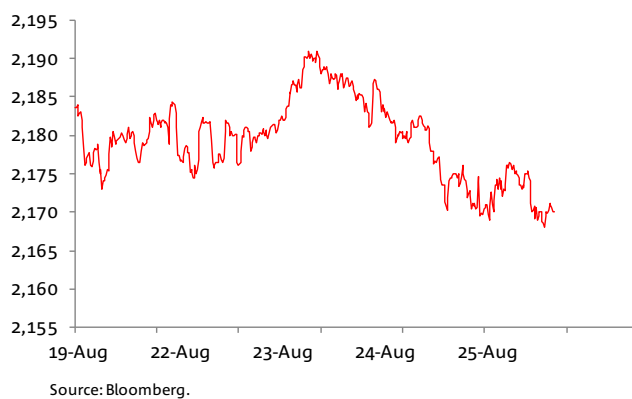
AUD/USD - past week



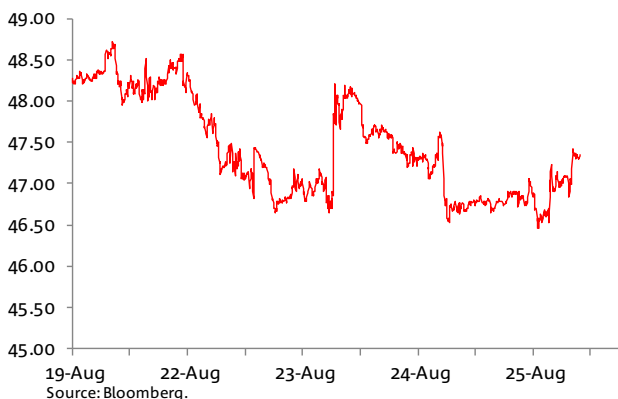
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7617	0.1	0.7617	0.7619	HKD	7.7549 0.0
NZD	0.7301	-0.2	0.7286	0.7320	CNY	6.6559 0.0
EUR	1.1284	0.0	1.1271	1.1298	SGD	1.3534 0.0
GBP	1.3187	-0.4	1.3169	1.3218	IDR	13,253 -0.3
JPY	100.55	0.3	100.40	100.65	THB	34.56 -0.2
CAD	1.2920	0.0	1.2901	1.2940	KRW	1,116 -0.8
AUD/EUR	0.6751	-0.1	0.6732	0.6755	TWD	31.69 -0.4
AUD/JPY	76.59	0.2	76.42	76.65	PHP	46.31 -0.5
AUD/GBP	0.5775	0.3	0.5757	0.5784	CHF	0.97 0.3
AUD/NZD	1.0435	0.2	1.0409	1.0441	SEK	8.41 0.2
AUD/CNH	5.0690	-0.1	5.0695	5.0941		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.83	1.02	1.43	USD 10	1.57	1.20
AUD	1.50	1.73	1.63	2.09	AUD 10	1.85	1.20 0.28
NZD	2.00	2.24	1.97	2.40	NZD 10	2.27	0.80 0.69
EUR	0.00	-0.30	-0.20	0.28	CAD 10	1.07	2.60 -0.51
GBP	0.25	0.39	0.45	0.73	EUR 10	-0.07	1.90 -1.64
JPY	-0.05	-0.03	-0.07	0.06	GBP 10	0.57	1.90 -1.00
CAD	0.50	0.90	0.92	1.27	JPY 10	-0.09	-1.70 -1.66

Equities

Major Indices	Last	% day	% y/y
	Dow	18,448	-0.2
S&P 500	2,172	-0.1	16.3
Nasdaq	5,212	-0.1	15.7
VIX	14	1.3	-62.2
FTSE	6,817	-0.3	12.1
DAX	10,530	-0.9	4.0
CAC 40	4,407	-0.7	-3.5
Nikkei	16,556	-0.2	-9.9
Shanghai	3,068	-0.6	4.8
Hang Seng	22,815	0.0	8.2
ASX 200	5,542	-0.4	7.1

Commodities*

	Last	% day
Oil (Brent)	49.69	1.3
Oil (WTI)	47.38	1.3
Oil (Tapis)	49.04	0.0
Gold	1325.10	-0.3
CRB	186.24	0.3
GS Metals	271.2	0.0
Aluminium	1635.3	-0.1
Copper	4617.0	-0.1
Nickel	9808.0	-1.5
Zinc	2294.5	1.0
Ch. steel	2559.0	-1.4
Iron ore	61.4	-0.4
Coal	66.3	0.2
Wheat Chic.	446.8	-0.4
Sugar	20.6	1.6
Cotton	68.0	0.4
Coffee	144.5	0.9

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.25	0.00
3 Yr bond	97.8	3.00
10 Yr bond	98.11	-4.00
3/10 sprd	-0.31	7.00
SPI	5518.0	25.0

*Change in bps

CO₂ Emissions - Euros

	Last	% day
Dec-2016	4.71	2.2
Jun-2017	4.73	2.2
Dec-2017	4.74	2.2

* 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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