

1999

Prince 1999 song and album by the same name were released in 1983 and it reflected a mix of fears of nuclear war and Armageddon given that it was written during the cold war period, but it also had an optimistic approach to life arguing that we should enjoy our time on earth even if it all ends before the end of the 20th century. Well, as we know now the world didn't end on the 31st of Dec 1999, curiously however the Dow Jones, S&P500 and Nasdaq closed the century making new record highs. Today, sixteen years and 225 days later all three indices have done it again, closing simultaneously at new record highs.

The rally in equities was sparked by the move higher in oil prices following comments from Saudi Arabia's energy minister saying that the kingdom could participate in co-ordinated action to help balance the oil market. Equities were then further boosted by better than expected earnings from Macy's and Kohl's. As result consumer discretionary and energy stocks spearheaded broad gains across the market. Meanwhile European equities also closed higher, boosted by Zurich Insurance group after it announced that profits fell less than projected.

The improvement in risk appetite pushed core global yields higher with 10y UST climbing almost 6bps to 1.50%, while 10y Bunds and Gilts were up 1.8bps and 1.1bps to 0.535% and 0.118% respectively.

Not surprisingly oil linked currencies are the G10 outperformers with the CAD and NOK sitting at the top of the leader board, up 0.49% and 0.36% respectively. True to form the improvement has weighed on the Yen given its safe haven attributes (-0.66%) and the AUD and NZD are little changed at 0.7699% and 0.7209% respectively.

So almost 24 hours after yesterday's decision by the RBNZ to lower the OCR by 25bps and the NZDUSD is almost exactly where it was before the rate announcement. Interestingly, yesterday we also got NZ Food prices for July and the -0.2% for the month prompted our BNZ colleagues to nudge their Q3 estimates to -0.2%qoq/-0.2%yoy. In contrast RBNZ's new forecast published yesterday show Q3 CPI at +0.1% qoq/+0.2% yoy. Based on yesterday's food prices and the reaction by the Kiwi, it looks like the RBNZ will need to do more if it wants to push CPI inflation higher.

Incidentally, RBNZ's McDermott was also on the wires last night and expressed dissatisfaction with the NZD reaction to the MPS and he was clear that that was not the reaction the Bank was looking for, stressing that the scenarios with two downside risks to rates were "over-looked" by the market.

Coming Up

It's a quiet end to the week in Australia with no major data or events scheduled for today. That said China's data releases at midday could be important for the domestic market. The July prints for industrial production, retail sales and Fixed assets are all due out today.

Bloomberg is currently showing the market consensus for industrial production to hold steady at 6.2% which would be consistent with recent PMI prints that have remained relatively steady and close to 50. Retail sales (10.5%yoy exp vs 10.6% prev) and Fixed Assets (8.9%yoy vs 9.0% prev) are expected to remain fairly unchanged relative to the previous month, suggesting the combined PBoC/Government stimulus are helping the economy grow without necessarily triggering a material rebound.

Ahead of China's data deluge, New Zealand releases its business manufacturing PMI (Jul) and retail sales ex inflation (Q2).

Looking at Europe, Germany's preliminary Q2 GDP growth is the highlight in the old continent. Consensus forecast suggest a slowdown in the German economy to 0.2% in Q2 following a solid print of 0.7% in Q1. The UK Construction output for June is also out today and the market is looking for -1% outcome with activity slowing due to a pullback in spending ahead of the referendum.

Then we move on to the US where we get retail sales and PPI numbers for July along with the August preliminary UoM Consumer Sentiment Survey. Consumer spending was one of the positive from the anaemic Q2 GDP growth print and as such the market will be looking to see if household spending will continue to boost the economy in Q3. So today's retail sales will be important in this regard, the market is currently looking for a print of 0.4% for the headline number, down from 0.7% previously and the expected ex-auto number is 0.1% vs 0.7% prev.

So far in August, the USD has struggled against most currencies as the market has pulled back on expectations of Fed hikes this year, however given the rather subdued consensus for the July retail numbers, a solid print could well be the catalyst for a rebound on the big dollar.

Overnight

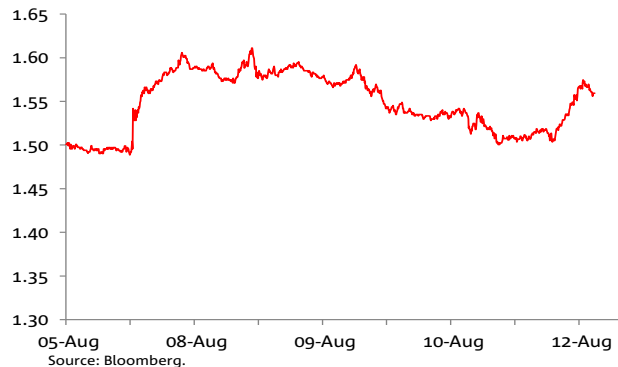
On global stock markets, the S&P 500 was +0.47%. Bond markets saw US 10-years +5.19bp to 1.56%. In commodities, Brent crude oil +4.90% to \$45.99, gold -0.7% to \$1,335, iron ore -2.0% to \$59.36. AUD is at 0.7698 and the range since yesterday 5pm Sydney time is 0.7698 to 0.7724.

Markets

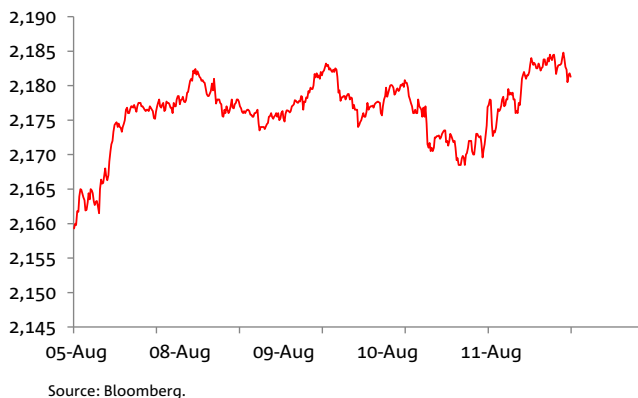
AUD/USD - past week



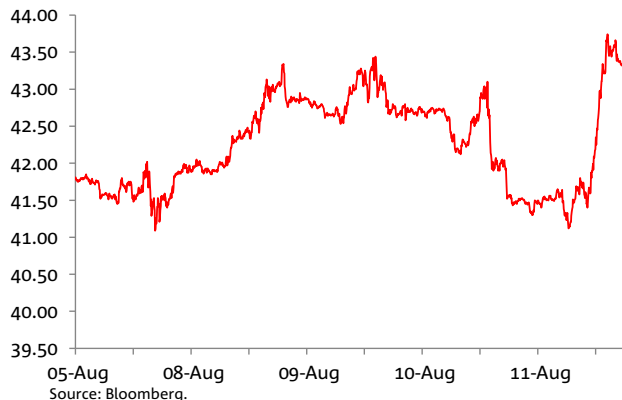
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7698	-0.1	0.7698	0.7699	HKD	7.7566 0.0
NZD	0.7208	0.0	0.7208	0.7212	CNY	6.6337 0.0
EUR	1.1137	-0.3	1.1136	1.1138	SGD	1.3433 0.1
GBP	1.2957	-0.4	1.2956	1.2958	IDR	13,103 -0.1
JPY	101.97	0.7	101.95	101.98	THB	34.73 -0.1
CAD	1.2991	-0.5	1.2987	1.2994	KRW	1,100 0.4
AUD/EUR	0.6912	0.3	0.6912	0.6913	TWD	31.33 0.6
AUD/JPY	78.50	0.6	78.49	78.51	PHP	46.79 0.1
AUD/GBP	0.5942	0.3	0.5941	0.5943	CHF	0.98 0.1
AUD/NZD	1.0680	-0.1	1.0675	1.0681	SEK	8.47 0.0
AUD/CNH	5.1191	0.0	5.1139	5.1453		

Equities

Major Indices	Last	% day	% y/y
Dow	18,614	0.6	7.0
S&P 500	2,186	0.5	4.9
Nasdaq	5,228	0.5	3.8
VIX	12	-3.1	-14.8
FTSE	6,915	0.7	3.8
DAX	10,743	0.9	-4.9
CAC 40	4,504	1.2	-11.7
Nikkei	16,735	0.0	-19.2
Shanghai	3,003	-0.5	-22.7
Hang Seng	22,581	0.4	-5.6
ASX 200	5,508	-0.6	2.3

Commodities*

	Last	% day
Oil (Brent)	45.99	4.9
Oil (WTI)	43.45	4.7
Oil (Tapis)	43.06	-1.6
Gold	1335.40	-0.7
CRB	181.99	1.4
GS Metals	277.8	0.3
Aluminium	1644.5	0.3
Copper	4809.0	-0.2
Nickel	10692.0	-1.8
Zinc	2268.0	-0.6
Ch. steel	2576.0	-0.4
Iron ore	59.4	-2.0
Coal	67.9	2.3
Wheat Chic.	436.5	-0.9
Sugar	19.6	-0.4
Cotton	71.4	0.4
Coffee	141.5	-0.9

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.23	0.00
3 Yr bond	97.8	3.00
10 Yr bond	98.08	0.00
3/10 sprd	-0.28	3.00
SPI	5498.0	-11.0

*Change in bps

CO₂ Emissions - Euros

	Last	% day
Dec-2016	4.88	1.9
Jun-2017	4.90	1.9
Dec-2017	4.91	2.3

* 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, 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		0.1/0.2		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/GoQ 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		1.5		0.6	12.30	22.30
CA	Existing Home Sales MoM	Jul				-0.9	13.00	23.00
CA	Bloomberg Nanos Confidence	Aug 12				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 14				114.7	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		1175/-1.2		1189/4.8	12.30	22.30
US	Building Permits, #/MoM	Jul		1160/0.6		1153/1.5	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		0.2/2.3		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		0.2/75.6		0.6/75.4	13.15	23.15
US	Manufacturing (SIC) Production	Jul		0.2		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		5.3/68.8		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		0.5/2		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
Thursday, 18 August 2016								
NZ	ANZ Job Advertisements MoM	Jul				0.5	22.00	8.00
JN	Trade Balance Adjusted	Jul				335.0	23.50	9.50
JN	Exports/Imports YoY	Jul				-7.4/-18.8	23.50	9.50
NZ	ANZ Consumer Confidence Index/MoM	Aug				118.2/-0.6	1.00	11.00
CH	Property Prices	Jul						
AU	Employment Change/Unemployment rate	Jul		5/5.8		7.9/5.8	1.30	11.30
AU	Full Time Employment Change	Jul		/		38.4/-30.6	1.30	11.30
AU	Participation Rate	Jul		64.9		64.9	1.30	11.30
AU	RBA FX Transactions Market	Jul				1720.0	1.30	11.30
AU	RBA's Hancock in Panel Participation in Sydney							
JN	Machine Tool Orders YoY	Jul F				-19.6	6.00	16.00
EC	ECB Current Account SA	Jun				30.8	8.00	18.00
EC	Current Account NSA	Jun				15.4	8.00	18.00
UK	Retail Sales Ex Auto Fuel MoM/YoY	Jul		/		-0.9/3.9	8.30	18.30
UK	Retail Sales Inc Auto Fuel MoM/YoY	Jul		/		-0.9/4.3	8.30	18.30
EC	Construction Output MoM/YoY	Jun		/		-0.5/-0.8	9.00	19.00
EC	CPI MoM/YoY	Jul		/		0.2/0.1	9.00	19.00
EC	CPI Core YoY	Jul F				0.9	9.00	19.00
EC	ECB account of the monetary policy meeting						11.30	21.30
CA	Int'l Securities Transactions	Jun				14.7	12.30	22.30
US	Initial Jobless Claims	Aug 6		265		269.0	12.30	22.30
US	Philadelphia Fed Business Outlook	Aug		1.5		-2.9	12.30	22.30
US	Bloomberg Economic Expectations	Aug				44.5	13.45	23.45
US	Bloomberg Consumer Comfort	Aug 7				43.0	13.45	23.45
US	Leading Index	Jul		0.2		0.3	14.00	0.00
US	Fed's Williams Speaks in Anchorage						20.00	6.00
Friday, 19 August 2016								
NZ	Net Migration SA	Jul				5670.0	22.45	8.45
NZ	Credit Card Spending MoM/YoY	Jul				-0.8/4.1	3.00	13.00
JN	All Industry Activity Index MoM	Jun				-1.0	4.30	14.30
UK	Public Finances (PSNCR)/Central Government NCR	Jul		/		14.9/20.0	8.30	18.30
UK	Public Sector Net Borrowing/PSNB ex Banking Groups	Jul		/		7.3/7.8	8.30	18.30
CA	Retail Sales/Ex autos MoM	Jun		/		0.2/0.9	12.30	22.30
CA	CPI NSA MoM/YoY	Jul		/		0.2/1.5	12.30	22.30
CA	CPI Core MoM/YoY	Jul		/		0.0/2.1	12.30	22.30
CA	CPI SA MoM/YoY	Jul		/		0.2/0.2	12.30	22.30
Upcoming Central Bank Interest Rate Announcements								
New Zealand, RBNZ		22-Sep	1.75%	n/a		2.00%		
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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