

## An American Trilogy

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On this day 39 years ago paramedics were called to Graceland, the home and estate of Rock and Roll music legend Elvis Presley. Attempts were made to revive him, he was then taken to Baptist Memorial Hospital, but further efforts to resuscitate him failed and at 42 years old the king of rock and roll was pronounced dead.

While admittedly until this morning I had never heard Elvis's hit "An American trilogy" (ranked 37 in Elvis Presley's best-selling singles), the song title is quite suitable for today's note given that all three American equity benchmarks have again made new record highs. The rise in oil prices and other commodities boosted commodity linked shares with mining, chemical and energy sectors outperforming.

Europe had a quiet day with many continental countries observing Assumption day. The Stoxx 600 index ended the day flat and the FTSE100 climbed 0.36% aided by another move lower in Sterling.

Indeed, Elvis Presley's hit "Way Down" (6<sup>th</sup> best-selling single) could have been a fitting alternative title to today's note. In what has been a risk on night, GBP has been the notable underperformer, the pound is way down on the G10 leader board and it's back trading with a 1.28 handle against the USD. Ahead of the release of the July's Fed minutes early on Thursday, softer US data continues to weigh on the USD and this time the Empire State Manufacturing index is the culprit, slipping to -4.2 in August from 0.6 in July and below the +2 expected.

In contrast, the risk on mood and rise in commodity prices has propelled the AUD up to the top of the G10 leader board. Over the past 24hrs the Aussie has gained 0.33% against the USD and after trading to an overnight high of 0.7692, it is currently trading at 0.7673. The rise in oil prices has helped the CAD outperformed (+0.26%), but softer trade data weighed on the NOK (-0.09%). Meanwhile the NZD has nudged its way back above the 0.72 mark and is currently trading at 0.7210.

10y US Treasury yields have reversed some of the gains recorded on Friday following the weaker than expected retail figures. The rise in equity and commodity markets seemingly trumping the softer US data. Relative to Sydney's closing levels, 10y UST are about 5.5bps higher and currently trading at 1.55%. Another factor weighing on UST prices could have been a report from Bloomberg noting that Blackrock is reducing its exposure to long dated UST as increased hedging costs from Japan to Europe make investing in UST less alluring to some foreign investors.

## Coming Up

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RBNZ Governor Wheeler is currently speaking at the Chamber of Commerce in Tauranga, but given this is a "non-public" speech we do not anticipate that he will make any monetary policy remarks.

Australia gets its weekly consumer confidence reading at 9:30 AEST and then two hours later July's new motor vehicle sales figures are published along with the release of the RBA August Meeting Minutes. Given the Minutes postdate the quarterly Statement on Monetary Policy we don't expect to learn anything new in terms of the outlook for the economy or monetary policy.

Moving onto Europe, German Zew survey for August will be closely watched to see if there is a rebound in both the current situation and the expectations components following the large drops in July. The UK releases its CPI, RPI and PPI figures along with house prices, all for July. The market is looking for a print of 1.4%yoy for the core CPI reading.

The US has a busy day of data releases with housing starts building permits, CPI, real average weekly earnings and Industrial Production all due out and all for July. Given Friday's disappointing retail sales figures and somewhat underwhelming consumer confidence reading, we suspect the focus today is likely to be on the output side of the economy rather than prices, assuming of course no outliers in the new numbers.

A small payback is anticipated in housing starts and building permits after the solid June numbers while industrial production is seen to have increased by 0.3% from 0.6% previously. As for the inflation numbers, the consensus is for an unchanged headline number and for a 0.2% increase in the core number.

Fed Lockhart (non-voter, centrist) speaks in Knoxville, Tennessee where a Q&A session is expected. Early on Wednesday we have another Global Dairy Trade auction with recent futures prices suggesting an uptick of 5 to 10% gain in auction prices look feasible.

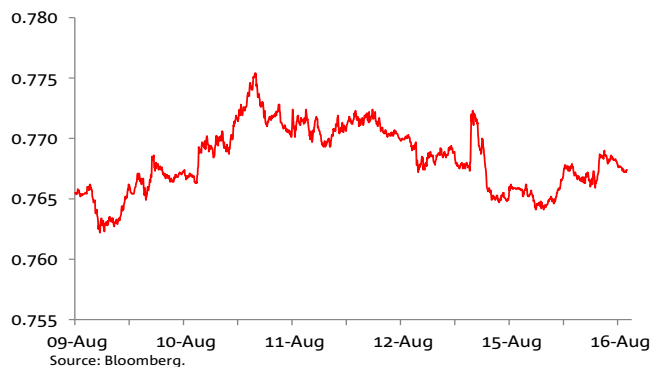
## Overnight

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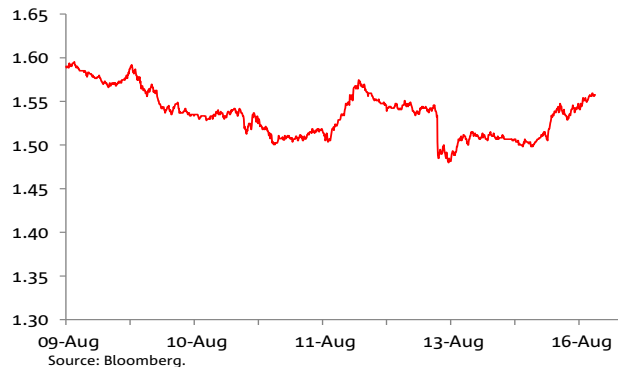
On global stock markets, the S&P 500 was +0.28%. Bond markets saw US 10-years +4.41bp to 1.56%. In commodities, Brent crude oil +2.53% to \$48.27, gold+0.4% to \$1,339, iron ore -0.2% to \$60.22. AUD is at 0.7674 and the range since yesterday 5pm Sydney time is 0.766 to 0.7679.

## Markets

### AUD/USD - past week



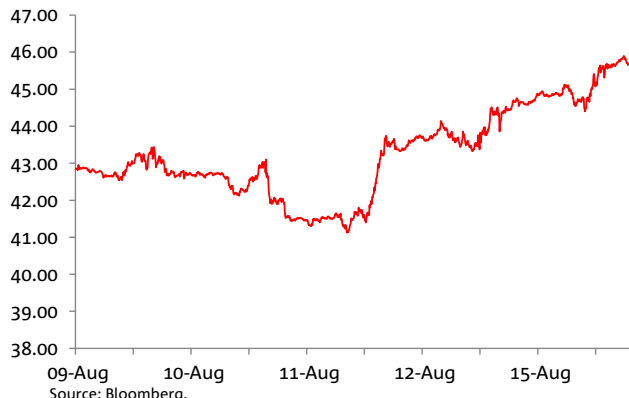
### US 10 yr - past week



### S&P Futures - past week



### WTI - past week



### Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7674	0.3	0.7673	0.7675	HKD	7.7557 0.0
NZD	0.7212	0.2	0.7211	0.7216	CNY	6.6380 0.0
EUR	1.1184	0.2	1.1183	1.1185	SGD	1.3433 -0.1
GBP	1.2881	-0.3	1.2880	1.2883	IDR	13,090 -0.2
JPY	101.26	0.0	101.26	101.26	THB	34.60 -0.5
CAD	1.2924	-0.2	1.2923	1.2925	KRW	1,102 -0.1
AUD/EUR	0.6862	0.1	0.6860	0.6862	TWD	31.35 -0.3
AUD/JPY	77.71	0.2	77.70	77.71	PHP	46.49 -0.3
AUD/GBP	0.5959	0.6	0.5956	0.5959	CHF	0.97 -0.1
AUD/NZD	1.0640	0.2	1.0635	1.0642	SEK	8.46 0.0
AUD/CNH	5.1015	0.0	5.1000	5.1120		

### Equities

Major Indices			
	Last	% day	% y/y
Dow	18,636	0.3	6.6
S&P 500	2,190	0.3	4.7
Nasdaq	5,262	0.6	4.2
VIX	12	2.3	-8.0
FTSE	6,941	0.4	6.0
DAX	10,739	0.2	-2.2
CAC 40	4,498	-0.1	-9.3
Nikkei	16,870	-0.3	-17.8
Shanghai	3,125	2.4	-21.2
Hang Seng	22,933	0.7	-4.4
ASX 200	5,540	0.2	3.4

### Commodities\*

	Last	% day
Oil (Brent)	48.27	2.5
Oil (WTI)	45.68	2.2
Oil (Tapis)	46.53	2.2
Gold	1338.60	0.4
CRB	185.14	1.3
GS Metals	277.1	0.9
Aluminium	1665.8	2.0
Copper	4746.0	-0.1
Nickel	10400.0	1.3
Zinc	2219.5	-1.0
Ch. steel	2584.0	0.3
Iron ore	60.2	-0.2
Coal	67.6	-1.0
Wheat Chic.	437.3	-0.5
Sugar	20.1	1.8
Cotton	68.0	-2.9
Coffee	140.6	0.1

### Overnight Futures

Australia		
	Last	Chge*
3 mth bill	98.23	0.00
3 Yr bond	97.8	3.00
10 Yr bond	98.09	1.50
3/10 sprd	-0.29	1.50
SPI	5503.0	-19.0

\*Change in bps

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

	Last	% day
Dec-2016	4.80	-2.0
Jun-2017	4.82	-2.0
Dec-2017	4.84	-1.8

\* 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
<b>Tuesday, 9 August 2016</b>								
NZ	ANZ Truckometer Heavy MoM	Jul				4.7	22.00	8.00
NZ	Electronic Card Transactions MoM	Jul	0.3	0.1		1.2	22.45	8.45
UK	BRC Sales Like-For-Like YoY	Jul		-0.7		-0.5	23.10	9.10
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Aug 7				118.0	23.30	9.30
AU	NAB Business Conditions/Confidence	Jul				12/6	1.30	11.30
CH	CPI/PPI YoY	Jul		1.8		1.9/-2.6	1.30	11.30
NZ	RBNZ Household Inflation Expectations. 1y ahead median Q3	Jul				2.0	3.00	13.00
JN	Machine Tool Orders YoY	Jul P				-19.9	6.00	16.00
GE	Current Account Balance	Jun		23		17.5	6.00	16.00
UK	Industrial Production MoM/YoY	Jun		0.1		-0.5/1.4	8.30	18.30
UK	Manufacturing Production MoM/YoY	Jun		-0.2		-0.5/1.7	8.30	18.30
UK	Trade Balance	Jun		-2550		-2263.0	8.30	18.30
US	NFIB Small Business Optimism	Jul		94.5		94.5	10.00	20.00
US	Nonfarm Productivity/Unit Labour Costs	2Q P		0.5/1.8		-0.6/4.5	12.30	22.30
CA	Housing Starts	Jul		190		218.3	12.15	22.15
UK	NIESR GDP Estimate	Jul		0.4		0.6	14.00	0.00
US	Wholesale Inventories/Trade Sales MoM	Jun		0/0.5		0.1/0.5	14.00	0.00
US	IBD/TIPP Economic Optimism	Aug				0.0	14.00	0.00
<b>Wednesday, 10 August 2016</b>								
JN	Housing Loans YoY	2Q				1.9	23.50	9.50
JN	Machine Orders MoM/YoY	Jun		3.3		-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		900/1024		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		5675		5500.0	14.00	0.00
US	Monthly Budget Statement	Jul		-124		6.3	18.00	4.00
<b>Thursday, 11 August 2016</b>								
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		-0.4/-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		0.4		0.7/2.7	12.30	22.30
US	Bloomberg Consumer Comfort	Aug 7				43.0	13.45	23.45
<b>Friday, 12 August 2016</b>								
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
<b>Monday, 15 August 2016</b>								
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				59.5	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
<b>Upcoming Central Bank Interest Rate Announcements</b>								
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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