

Calm waters

Mental preparations for another onslaught of selling bonds and equities offshore were put on the backburner with markets becalmed overnight. The USD gave back a little ground – the Bloomberg spot DXY index is down 0.09% - with the AUD/USD remaining overnight in the 0.74s within a 40 point range, smack bang in the middle now at 0.7468.

European equities eased slightly, down 0.09% and the US main board indexes closing mixed, the Dow off 32 points to 18035, down 0.18%, the S&P 500 off 0.06% but the Nasdaq closing higher by 0.36%.

On the commodity front, the biggest mover was oil with WTI down another 2.74% to \$43.67 and Brent off 2.36% to \$45.99. (Apart, that is, from met coal that's up another \$10.25/t to \$180, partly thanks to local wet weather.) The market was expecting a weekly rise in crude inventories of 2.77mb to be reported by the EIA overnight but a 0.559mb drawdown was reported. Even so, sentiment around oil looks to be dogged by continued fears of fundamental oversupply. Tuesday's report from the EIA of a weakening global demand outlook also weighed. US energy stocks underperformed on the S&P, down 1.15% as did USD/CAD somewhat that is trading near session highs and notwithstanding another sizeable rise in Teranet/National Bank house prices in August, up 1.5%/11.4%.

Maybe it was the continued softness in oil or maybe the market was taking a breather, but bonds managed to get some support overnight, German 10y bunds down 5bps to 0.02%, US 10y Treasury yields also lower by 3bps to 1.696%.

The RBA's Guy Debelle (soon to be Deputy Governor) was speaking overnight offshore but not on the market or the economy but on the impending global FX Conduct Code.

The UK labour market report for July/August came and went without any market impact, employment still rising through the July quarter, little change in jobless numbers in August and an unchanged unemployment rate of 4.9% for the three months to July. Sterling made minimal net gains for the session, ahead of tonight's UK retail sales and BoE meeting where no change in rates or QE is expected but the market will be alert to any shifting views (more/less gloomy?).

Coming up

It's lining up as a potentially market moving day here given the meaty market-sensitive releases on both sides of the Tasman this morning with NZ GDP at 8.45 AEST and the August AU Labour Force report at 11.30.

NAB's forecasts for both are tilted to the top side and somewhat stronger than consensus. For GDP, our colleagues at BNZ are tipping a gain of 1.2% for the quarter that would see annual growth push up from 2.8% to 3.7%, a tenth of a percent above consensus. And they warn that annual growth might also get a kick up on a likely upward revision of the initial 0.7% Q1 print. Should be Kiwi-positive.

Then comes the Australian labour market report for August at 11.30. NAB looks for 22,000 net new jobs in August, (should be somewhat AUD supportive initially) a similar pace of job creation as in July and slightly stronger than the current market consensus of 15,000. There's no obvious risk tilt from sample rotation issues but there is likely to be some further flow on from workers hired to complete the Census (as was the case for July). A 22K print for employment is a little stronger than required to keep the unemployment rate steady; our pick is for the unemployment rate to remain steady at 5.7%.

The Melbourne Institute's survey of consumer inflationary expectations for September is also out (at 11.00), and while this gets scant attention, the RBA watches inflationary expectations measures closely to help form their forecasts for wages and inflation. The RBA also release their monthly FX transactions transaction summary and there is the ABS new motor vehicle sales report for August at 11.30.

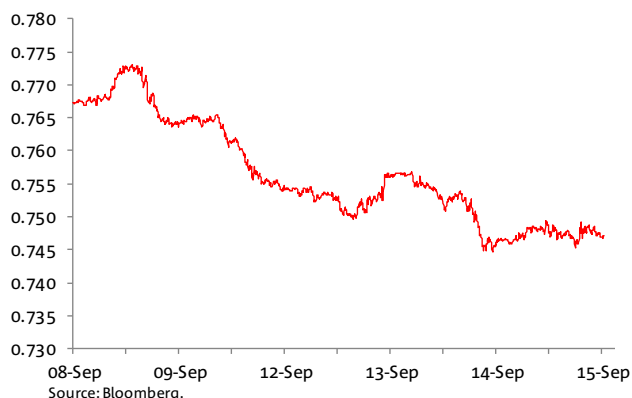
Tonight sees the BoE and release of UK retail sales for August, skewed two months ago by wet weather and the subsequent return of shoppers last month. The market is looking for a 0.7% decline in ex-auto sales after the post-wet weather 1.5% rebound in July. The second vintage of EC CPI for August is also out tonight, coming with the first release of core CPI. In the US, there is weekly jobless claims, the Philly Fed and Empire State manufacturing surveys for September, PPI, industrial production, and business inventories, so a swathe of data, but whether it'll be market moving remains to be seen.

Overnight

On global stock markets, the S&P 500 was -0.06%. Bond markets saw US 10-years -2.95bp to 1.70%. In commodities, Brent crude oil -2.34% to \$46, gold+0.2% to \$1,326, iron ore -0.2% to \$55.97. AUD is at 0.747 and the range since yesterday 5pm Sydney time is 0.7453 to 0.7492.

Good luck.

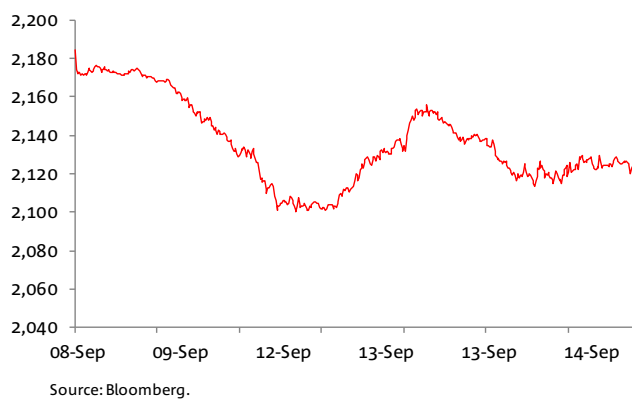
AUD/USD - past week



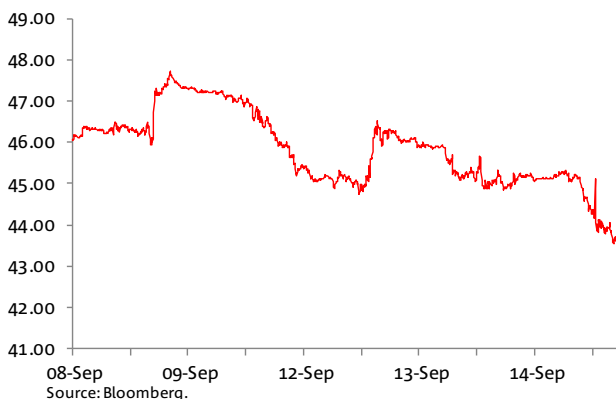
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7472	0.1	0.7457	0.7483	HKD	7.7579 0.0
NZD	0.7283	-0.7	0.7235	0.7338	CNY	6.6732 -0.1
EUR	1.1248	0.1	1.1204	1.1261	SGD	1.3629 0.2
GBP	1.3237	-0.2	1.3167	1.3270	IDR	13,201 0.0
JPY	102.42	0.2	102.06	103.20	THB	34.89 0.0
CAD	1.3196	0.8	1.3042	1.3191	KRW	1,126 0.6
AUD/EUR	0.6642	-1.0	0.6625	0.6715	TWD	31.69 -0.1
AUD/JPY	76.53	-0.7	76.12	77.10	PHP	47.50 -0.3
AUD/GBP	0.5645	-0.6	0.5644	0.5699	CHF	0.97 0.1
AUD/NZD	1.0259	-0.2	1.0272	1.0317	SEK	8.49 0.0
AUD/CNH	4.9861	-1.0	4.9787	5.0637		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.85	1.01	1.53	USD 10	1.70	-3.12
AUD	1.50	1.74	1.67	2.25	AUD 10	2.09	2.80 0.40
NZD	2.00	2.24	2.07	2.60	NZD 10	2.54	8.20 0.84
EUR	0.00	-0.30	-0.23	0.37	CAD 10	1.19	-4.00 -0.50
GBP	0.25	0.38	0.46	0.89	EUR 10	0.02	-5.00 -1.67
JPY	-0.06	-0.03	-0.11	0.11	GBP 10	0.87	-3.70 -0.82
CAD	0.50	0.90	0.93	1.39	JPY 10	-0.02	-0.80 -1.72

Equities

Major Indices	Last	% day	% y/y
	Dow	18,025	-0.2
S&P 500	2,125	-0.1	8.9
Nasdaq	5,173	0.3	7.3
VIX	18	-0.1	-26.4
FTSE	6,673	0.1	9.5
DAX	10,378	-0.1	2.5
CAC 40	4,370	-0.4	-2.9
Nikkei	16,614	-0.7	-7.0
Shanghai	3,003	-0.7	-3.3
Hang Seng	23,191	-0.1	8.1
ASX 200	5,228	0.4	2.3

Commodities*

	Last	% day
Oil (Brent)	45.95	-2.4
Oil (WTI)	43.65	-2.8
Oil (Tapis)	46.68	-0.6
Gold	1325.90	0.2
CRB	179.49	-0.6
GS Metals	266.6	0.0
Aluminium	1567.8	1.3
Copper	4757.8	2.6
Nickel	9789.5	-0.2
Zinc	2262.5	1.8
Ch. steel	2260.0	-0.5
Iron ore	56.0	-0.2
St. Coal	70.8	0.7
Wheat Chic.	424.5	0.7
Sugar	20.7	-1.1
Cotton	67.5	0.9
Coffee	148.9	0.3

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.28	1.00
3 Yr bond	97.8	3.00
10 Yr bond	97.90	-4.50
3/10 sprd	-0.09	7.50
SPI	5194.0	-17.0

*Change in bps

CO₂ Emissions - Euros

	Last	% day
Dec-2016	3.99	-0.5
Jun-2017	4.00	Clsd
Dec-2017	4.00	Clsd

* 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
Thursday, 15 September 2016								
NZ	BusinessNZ Manufacturing PMI	Aug				55.8	22.30	8.30
NZ	GDP SA QoQ/YoY	2Q	0.8/3.7	1.1/3.6		0.7/2.8	22.45	8.45
AU	Consumer Inflation Expectation	Sep				3.5	1.00	11.00
AU	Employment Change/Unemployment rate	Aug	22/5.7	15/5.7		26.2/5.7	1.30	11.30
AU	New Motor Vehicle Sales MoM/YoY	Aug				-1.3/1.6	1.30	11.30
AU	RBA FX Transactions Market	Aug				444.0	1.30	11.30
AU	RBA Bulletin, September 2016						1.30	11.30
UK	Retail Sales Ex Auto Fuel MoM/YoY	Aug		-0.7/4.8		1.5/5.4	8.30	18.30
EC	Trade Balance SA	Jul		22		23.4	9.00	19.00
EC	CPI MoM/YoY	Aug		0.1		-0.6/0.2	9.00	19.00
UK	Bank of England Bank Rate	Sep 15		0.25		0.3	11.00	21.00
UK	BOE Asset Purchase Target	Sep		435		435.0	11.00	21.00
US	Current Account Balance	2Q		-121		-124.7	12.30	22.30
US	Retail Sales Advance/Ex Autos and Gas MoM	Aug		-0.1/0.3		0.0/-0.1	12.30	22.30
US	Initial Jobless Claims	Sep 10		265		259.0	12.30	22.30
US	Philadelphia Fed Business Outlook	Sep		1		2.0	12.30	22.30
US	PPI Final Demand MoM	Aug		0.1		-0.4	12.30	22.30
US	Empire Manufacturing	Sep		-1		-4.2	12.30	22.30
CA	Existing Home Sales MoM	Aug				-1.3	13.00	23.00
US	Industrial Production MoM/Capacity utilisation	Aug		-0.2/75.7		0.7/75.9	13.15	23.15
US	Business Inventories	Jul		0.1		0.2	14.00	0.00
Friday, 16 September 2016								
NZ	ANZ Job Advertisements MoM	Aug				1.4	22.00	8.00
NZ	ANZ Consumer Confidence Index/MoM	Sep				117.7/-0.4	1.00	11.00
NZ	Non Resident Bond Holdings	Aug				67.2	3.00	13.00
EC	Labour Costs YoY	2Q				1.7	9.00	19.00
CA	Int'l Securities Transactions	Jul				9.0	12.30	22.30
CA	Manufacturing Sales MoM	Jul		1		0.8	12.30	22.30
US	CPI MoM/YoY	Aug		0.1/1		0.0/0.8	12.30	22.30
US	CPI Ex Food and Energy MoM/YoY	Aug		0.2/2.2		0.1/2.2	12.30	22.30
US	U. of Mich. Sentiment/5-10 Yr Inflation Expectations	Sep P		90.6		89.8/107.0	14.00	0.00
US	Household Change in Net Worth	2Q				837.4	16.00	2.00
US	Total Net TIC Flows/Long term TIC Flows	Jul				-202.8/-3.6	20.00	6.00
Monday, 19 September 2016								
NZ	Westpac Consumer Confidence	3Q				106.0		Due by 23 Sep
NZ	Performance Services Index	Aug				54.2	22.30	8.30
UK	Rightmove House Prices MoM/YoY	Sep				-1.2/4.1	23.10	9.10
CH	Property Prices	Aug					1.30	11.30
EC	ECB Current Account SA	Jul				28.2	8.00	18.00
EC	Construction Output MoM/YoY	Jul				0.0/0.6	9.00	19.00
CA	Bloomberg Nanos Confidence	Sep 16				57.7	14.00	0.00
US	NAHB Housing Market Index	Sep		60		60.0	14.00	0.00
Tuesday, 20 September 2016								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Sep 18				118.1	23.30	9.30
AU	RBA Sept. Meeting Minutes						1.30	11.30
AU	House Price Index QoQ/YoY	2Q		/		-0.2/6.8	1.30	11.30
US	Housing Starts, #/MoM	Aug		1190/-1.7		1211/2.1	12.30	22.30
US	Building Permits, #/MoM	Aug		1180/3.2		1152/-0.1	12.30	22.30
Wednesday, 21 September 2016								
NZ	Net Migration SA	Aug				5600.0	22.45	8.45
JN	Trade Balance Adjusted	Aug				317.6	23.50	9.50
JN	Exports/Imports YoY	Aug		/		-14.0/-24.7	23.50	9.50
JN	Imports YoY	Aug				-24.7	23.50	9.50
AU	Westpac Leading Index MoM	Aug				0.1	0.30	10.30
AU	Skilled Vacancies MoM	Aug				-0.6	1.00	11.00
JN	BOJ Policy Rate	Sep 21		-0.1		-0.1	3.00	13.00
NZ	Credit Card Spending MoM/YoY	Aug				2.3/5.6	3.00	13.00
JN	Machine Tool Orders YoY	Aug F				-8.4	6.00	16.00
UK	PSNB ex Banking Groups	Aug				-1.0	8.30	18.30
CA	Wholesale Trade Sales MoM	Jul				0.7	12.30	22.30
CH	Conference Board Leading Economic Index	Aug					13.00	23.00
US	FOMC Rate Decision (Lower/Upper Bound)	Sep 21		0.25/0.5		0.25/0.50	18.00	4.00
US	Fed Summary of Economic Projections						18.00	4.00
Thursday, 22 September 2016								
NZ	RBNZ Official Cash Rate	Sep 22		2		2.0	21.00	7.00
EC	ECB Publishes Economic Bulletin						8.00	18.00
UK	CBI Trends Total Orders	Sep				-5.0	10.00	20.00
UK	CBI Trends Selling Prices	Sep				8.0	10.00	20.00
US	Chicago Fed Nat Activity Index	Aug				0.3	12.30	22.30
US	Initial Jobless Claims	Sep 10		265		259.0	12.30	22.30
US	FHFA House Price Index MoM	Jul		0.3		0.2	13.00	23.00
US	Bloomberg Economic Expectations	Sep				44.5	13.45	23.45
US	Bloomberg Consumer Comfort	Sep 11				44.0	13.45	23.45
EC	Consumer Confidence	Sep A				-8.5	14.00	0.00
US	Existing Home Sales, #/MoM	Aug		5.47/1.48		5.4/-3.2	14.00	0.00
US	Leading Index	Aug		0		0.4	14.00	0.00
US	Kansas City Fed Manf. Activity	Sep				-4.0	15.00	1.00
Upcoming Central Bank Interest Rate Announcements								
UK BOE		15-Sep				0.25%		
Canada, BoC		20-Oct				0.50%		
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%		
Australia, RBA		4-Oct	1.50%	1.50%		1.50%		
Europe ECB		20-Oct				0.00%		

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

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