

Spring time

One of the first things that I learned when I arrived in Australia a few years ago is that spring in southern hemisphere countries doesn't start on the same day. In South America, where I am from, spring starts around the 21st or 23rd of September depending on when equinox (day and night are the same duration) occurs. Meanwhile in Australia the seasons are defined by calendar months, so spring starts today!

Well while tight ranges remains the theme ahead of payrolls on Friday equity markets have ended the last month of winter on a downbeat mood with US and European indices down between 0.15% and 0.6%. The sharp fall in oil prices appears to have been the trigger with Brent and WTI falling around 3% on the back of news that US crude oil stockpiles increased to another record high.

In currencies it was another mixed night for the USD, USD/JPY has made a decisive move above ¥103 and the dollar is also stronger against the CAD, dragged lower by the move in oil despite the fact that Canada's Q2 GDP growth printed above expectations (0.6% vs 0.4%). Meanwhile NZD and GBP are the outperformers, both up 0.42%. The NZD's outperformance is somewhat notable given the mild pull back in risk appetite (the VIX index climbed to 13.43 from 13.12). At the margin yesterday's robust ANZ survey which showed a pickup in activity indicators could have been a supporting factor for the Kiwi, but the survey also showed a mild fall in inflation expectations, so that would have been a mitigating factor too. In contrast the AUD is practically unchanged at 0.7518 and although overnight it traded mostly sideways, it is interesting to note that it briefly dipped below the 75 cent mark for the first time since 2 August.

US Treasury traded in a narrow range with data releases seemingly having very little impact. ADP August private payrolls rose 177k - close to the 175k consensus and it had little impact on the expected 180k print for payrolls on Friday.

We had a few Fed speakers overnight, but their comments had little to no impact on markets. Fed Evans (dove) said he sees a protracted period of low rates ahead, weak growth implying lower real rates over the long run. Fed Rosengren (who has been more hawkish) said Fed's employment, inflation mandates likely to be achieved relatively soon. Rate hike timing depends partly on financial stability and somewhat faster hikes could reduce the severity of the next economic downturn.

On other news, Brazil's senate has voted (61/20) to impeach president Rousseff, ending almost 14 years of ruling by the Workers party.

Coming Up

We have a busy day of data releases both domestically and abroad. In Australia, retail sales for July and the June quarter Capex Survey are the two highlights and both are out at 11:30 am (AEST). Half an hour earlier, China releases its official manufacturing and non-manufacturing PMIs for August and then at 11:45am we get the Caixin version of China's PMIs, also for August.

So the main data releases during our day time are going to be clustered between 11:00 and 11:45am this morning. For AU retail sales our economists predict a flat outcome for July (vs 0.3% consensus) driven by mixed industry reports. As for the Capex survey, NAB is looking for a decline of 8% in the volume of aggregate capital spending for the quarter (market is at -4.1%) and we have pencilled in \$97.6bn for the third estimate of expected spending in 2016-17, almost in line with the \$97bn expected by the market.

Bloomberg surveys show that China's official manufacturing PMI is expected to hold at 49.9 while the Caixin measure is seen falling to 50.2 from 50.6 in July. There are no surveys for the official non-manufacturing PMI and Caixin services PMI, but the market will be looking to see if the solid July prints (53.9 and 51.7 respectively) can be maintained in August.

The UK August manufacturing PMI is also due out today and the big question is whether the sharp contraction seen in the July print (down to 48.2 from 52.4) is to be followed by another in August. Europe also gets final PMI readings, but they are unlikely to trouble the scorers.

Finally the US data highlights are weekly jobless claims, auto sales, construction spending and the ISM manufacturing survey. The latter is the one to likely garner more attention and if regional surveys are any guide a small pull back from the 52.6 print in July should be expected.

Overnight

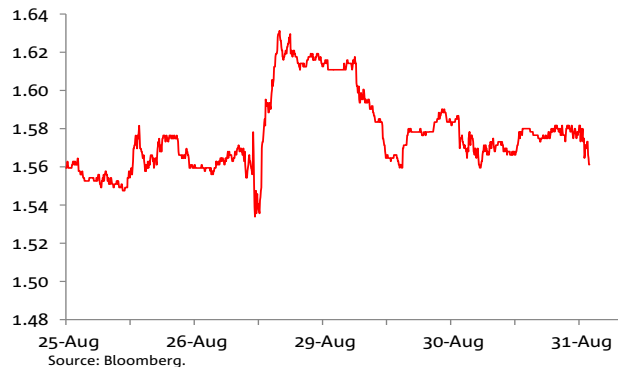
On global stock markets, the S&P 500 was -0.24%. Bond markets saw US 10-years +1.20bp to 1.58%. In commodities, Brent crude oil -3.43% to \$47.01, gold -0.2% to \$1,308, iron ore -0.6% to \$58.97. AUD is at 0.752 and the range since yesterday 5pm Sydney time is 0.7491 to 0.7527.

Markets

AUD/USD - past week



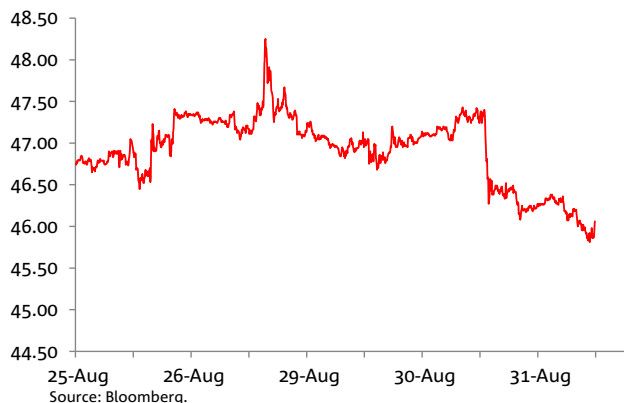
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7520	0.1	0.7516	0.7522	HKD	7.7572 0.0
NZD	0.7247	0.4	0.7241	0.7250	CNY	6.6793 0.0
EUR	1.1158	0.1	1.1156	1.1159	SGD	1.3625 -0.2
GBP	1.3140	0.5	1.3138	1.3144	IDR	13,270 0.0
JPY	103.41	0.4	103.40	103.44	THB	34.62 0.1
CAD	1.3104	0.0	1.3104	1.3108	KRW	1,115 -0.4
AUD/EUR	0.6739	0.0	0.6737	0.6742	TWD	31.75 0.1
AUD/JPY	77.76	0.6	77.74	77.80	PHP	46.57 0.3
AUD/GBP	0.5723	-0.3	0.5719	0.5724	CHF	0.98 0.0
AUD/NZD	1.0375	-0.3	1.0367	1.0385	SEK	8.56 0.3
AUD/CNH	5.0198	0.0	5.0294	5.0392		

Equities

Major Indices	Last	% day	% y/y
Dow	18,401	-0.3	11.3
S&P 500	2,171	-0.2	10.1
Nasdaq	5,213	-0.2	9.1
VIX	13	2.3	-52.8
FTSE	6,782	-0.6	8.5
DAX	10,593	-0.6	3.2
CAC 40	4,438	-0.4	-4.6
Nikkei	16,887	1.0	-7.0
Shanghai	3,085	0.4	-2.6
Hang Seng	22,977	-0.2	8.5
ASX 200	5,433	-0.8	6.6

Commodities*

	Last	% day
Oil (Brent)	47.01	-3.4
Oil (WTI)	44.86	-3.0
Oil (Tapis)	47.66	-3.8
Gold	1308.40	-0.2
CRB	180.21	-1.4
GS Metals	269.6	-0.2
Aluminium	1604.5	-0.8
Copper	4609.5	0.3
Nickel	9721.5	-0.7
Zinc	2313.5	0.2
Ch. steel	2391.0	-1.3
Iron ore	59.0	-0.6
Coal	69.0	1.1
Wheat Chic.	391.0	-0.3
Sugar	20.1	-2.1
Cotton	65.7	-0.1
Coffee	146.7	0.6

Overnight Futures

Australia	Last	Chge*
3 mth bill	98.25	0.00
3 Yr bond	97.8	3.00
10 Yr bond	98.15	-1.50
3/10 sprd	-0.35	4.50
SPI	5391.0	68.0

*Change in bps

CO₂ Emissions - Euros

	Last	% day
Dec-2016	4.47	-1.1
Jun-2017	4.48	-1.3
Dec-2017	4.50	-1.7

* 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, 31 August 2016								
UK	Lloyds Business Barometer	Aug				29.0	23.10	9.10
UK	GfK Consumer Confidence	Aug		-8		-12.0	23.10	9.10
JN	Industrial Production MoM	Jul P		0.8		2.3	23.50	9.50
NZ	ANZ Activity Outlook/Business Confidence	Aug				31.4/16.0	1.00	11.00
AU	RBA's Debelle Gives Speech at FX Week Asia, Singapore						1.00	11.00
AU	Private Sector Credit MoM	Jul	0.4/6.1	0.4/6.1		0.2/6.2	1.30	11.30
CH	Westpac-MNI Consumer Sentiment	Aug				114.0	1.45	11.45
NZ	Credit aggregates, household YoY	Jul				8.3	3.00	13.00
JN	Small Business Confidence	Aug				47.8	5.00	15.00
US	Fed's Rosengren speaking in Beijing						7.15	17.15
GE	Unemployment Change (000's)	Aug		-4		-7.0	7.55	17.55
EC	Unemployment Rate	Jul		10		10.1	9.00	19.00
EC	CPI Estimate YoY/Core YoY	Aug		0.3/0.9		0.2/0.9	9.00	19.00
US	Fed's Kashkari Speaks on Fed Structure in St. Paul						12.00	22.00
US	ADP Employment Change	Aug		175		179.0	12.15	22.15
CA	GDP MoM/YoY	Jun		0.4/1		-0.6/1.0	12.30	22.30
CA	Quarterly GDP Annualized	2Q		-1.5		2.4	12.30	22.30
EC	ECB's Villeroy speaks in Frankfurt						12.45	22.45
US	Chicago Purchasing Manager	Aug		54		55.8	13.45	23.45
US	Pending Home Sales MoM/YoY	Jul		0.7/2.15		0.2/0.3	14.00	0.00
Thursday, 1 September 2016								
NZ	Terms of Trade Index QoQ	2Q	0.8	-1.5		4.4	22.45	8.45
AU	AiG Perf of Mfg Index	Aug				56.4	23.30	9.30
JN	Capital Spending Ex Software	2Q		5.5		4.3	23.50	9.50
JN	Company Profits/Sales	2Q				-9.3/-3.3	23.50	9.50
AU	CoreLogic House Px MoM	Aug	0.6			0.5	0.00	10.00
CH	Manufacturing/Non-manufacturing PMI	Aug		49.8/		49.9/53.9	1.00	11.00
AU	Private Capital Expenditure	2Q	-8.0	-4		-5.2	1.30	11.30
AU	Private Capex, 3rd estimate 2016-17, \$Abn		97.6	97.0		89.2	1.30	11.30
AU	Retail Sales MoM	Jul	0.0	0.3		0.1	1.30	11.30
CH	Caixin China PMI Mfg	Aug		50.1		50.6	1.45	11.45
JN	Nikkei Japan PMI Mfg	Aug F				49.6	0.30	10.30
AU	Commodity Index AUD/YoY	Aug				90.5/-2.0	6.30	16.30
GE	Markit/BME Germany Manufacturing PMI	Aug F		53.6		53.6	7.55	17.55
EC	Markit Eurozone Manufacturing PMI	Aug F		51.8		51.8	8.00	18.00
UK	Markit UK PMI Manufacturing SA	Aug		49		48.2	8.30	18.30
US	Challenger Job Cuts YoY	Aug				-57.1	11.30	21.30
US	Nonfarm Productivity/Unit labour costs	2Q F		-0.6/2.1		-0.5/2.0	12.30	22.30
US	Initial Jobless Claims	Aug 27		265		261	12.30	22.30
CA	RBC Canadian Manufacturing PMI	Aug				51.9	13.30	23.30
US	Markit US Manufacturing PMI	Aug F		52.1		52.1	13.45	23.45
US	Wards Total Vehicle Sales	Aug		17.2		17.8		
US	Construction Spending MoM	Jul		0.5		-0.6	14.00	0.00
US	ISM Manufacturing	Aug		52		52.6	14.00	0.00
EC	ECB's Nowotny speaks in Austria						16.00	2.00
US	Fed's Mester speaks to Kentucky Philanthropy Initiative						16.25	2.25
Friday, 2 September 2016								
NZ	Value of All Buildings SA QoQ	2Q	1.0	2		5.3	22.45	8.45
JN	Consumer Confidence Index	Aug		41.8		41.3	5.00	15.00
UK	Markit/CIPS UK Construction PMI	Aug		46.3		45.9	8.30	18.30
US	Trade Balance	Jul		-41.5		-44.5	12.30	22.30
CA	Labor Productivity QoQ	2Q		-0.4		0.4	12.30	22.30
CA	Int'l Merchandise Trade	Jul		-3.3		-3.6	12.30	22.30
US	Change in Nonfarm Payrolls/Unemployment rate	Aug		180/4.8		255.0/4.9	12.30	22.30
US	Average Hourly Earnings MoM/YoY	Aug		0.2/2.5		0.3/2.6	12.30	22.30
US	ISM New York	Aug				60.7	13.45	23.45
US	Factory Orders	Jul F		2		-1.5	14.00	0.00
US	Cap Goods Orders Nondef Ex Air (revised)	Jul F				1.6	14.00	0.00
US	Fed's Lacker speaks on Interest Rate Benchmarks in Richmond						17.00	3.00
Monday, 5 September 2016								
AU	AiG Perf of Services Index	Aug				53.9	23.30	9.30
JN	Labor Cash Earnings/Real Cash Earnings YoY	Jul				1.3/1.8	0.00	10.00
AU	Melbourne Institute Inflation MoM/YoY	Aug				-0.3/1.0	1.00	11.00
NZ	ANZ Commodity Price	Aug				2.0	1.00	11.00
AU	ANZ Job Advertisements MoM	Aug				-0.8	1.30	11.30
AU	Inventories SA QoQ	2Q				0.4	1.30	11.30
AU	Company Operating Profit QoQ	2Q				-4.7	1.30	11.30
CH	Caixin China PMI Services/Composite	Aug				51.7/51.9	1.45	11.45
JN	Nikkei Japan PMI Services/Composite	Aug				50.4/50.1	0.30	10.30
GE	Markit Germany Services/Composite PMI	Aug F				53.3/54.4	7.55	17.55
EC	Markit Eurozone Services/Composite PMI	Aug F				53.1/53.3	8.00	18.00
UK	Markit/CIPS UK Services/Composite PMI	Aug				47.4/47.5	8.30	18.30
EC	Sentix Investor Confidence	Sep				4.2	8.30	18.30
EC	Retail Sales MoM/YoY	Jul				0.0/1.6	9.00	19.00
Tuesday, 6 September 2016								
UK	BRC Sales Like-For-Like YoY	Aug				1.1	23.10	9.10
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Sep 4				118.4	23.30	9.30
NZ	QV House Prices YoY	Aug				14.1	0.00	10.00
AU	Net Exports of GDP	2Q				1.1	1.30	11.30
AU	BoP Current Account Balance	2Q				-21.0	1.30	11.30
AU	RBA Cash Rate Target	Sep 6		1.5		1.5	4.30	14.30
GE	Factory Orders MoM/YoY	Jul				-0.4/-3.1	6.00	16.00
GE	Markit Germany Construction PMI	Aug				51.6	7.30	17.30
UK	New Car Registrations YoY	Aug				0.1	8.00	18.00
EC	GDP SA QoQ/YoY	2Q F				0.3/1.6	9.00	19.00
UK	BOE Indexed Long-Term Repo Operation Results							
US	Markit US Services/Composite PMI	Aug F				50.9/51.5	13.45	23.45
UK	Bank of England Bond-Buying Operation Results							
CA	Bloomberg Nanos Confidence	Sep 2				59.3	14.00	0.00
US	Labor Market Conditions Index Change	Aug				1.0	14.00	0.00
US	ISM Non-Manf. Composite	Aug		55.5		55.5	14.00	0.00
US	IBD/TIPP Economic Optimism	Sep				0.0	14.00	0.00
Wednesday, 7 September 2016								
NZ	Mfg Activity Volume QoQ	2Q				-1.2	22.45	8.45
UK	BRC Shop Price Index YoY	Aug				-1.6	23.10	9.10
AU	AiG Perf of Construction Index	Aug				51.6	23.30	9.30
US	Fed's Williams Speaks on Outlook in Reno, Nevada							
AU	GDP SA QoQ	2Q				1.1/3.1	1.30	11.30
JN	Leading Index CI	Jul P				99.2	5.00	15.00
GE	Industrial Production SA MoM/YoY	Jul				0.8/0.5	6.00	16.00
UK	Halifax House Prices MoM/YoY	Aug				-1.0/8.4	7.30	17.30
UK	Industrial Production MoM/YoY	Jul				0.1/1.6	8.30	18.30
UK	BOE's Cunliffe on Panel at Bruegel Think Tank in Brussels							
UK	BOE's Carney, Cunliffe, Forbes, McCafferty Speak in London							
UK	Bank of England Bond-Buying Operation Results							
CH	Foreign Reserves	Aug				3201.1		
CA	Bank of Canada Rate Decision	Sep 7		0.5		0.5	14.00	0.00
UK	NIESR GDP Estimate	Aug				0.3	14.00	0.00
CA	Ivey Purchasing Managers Index SA	Aug				57.0	14.00	0.00
US	JOLTS Job Openings	Jul				5624.0	14.00	0.00
US	US Federal Reserve Releases Beige Book							
Saturday, 10 September 2016								
Sunday, 11 September 2016								
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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