

## Gasoline dreams

---

Markets have been tapping their fingers overnight in the lead up to the Fed meeting. Currencies have traded in very contained ranges, the USD only somewhat softer again with the US Treasury curve up 1-2 basis points for the session. There has been some re-emerging interest in oil after the softness last week, though even there, it's been easing back late in the US session, WTI currently up 0.46% and Brent by 0.28%. European equities were stronger, the E600 Eurostoxx index up 1.02% and the FTSE up 1.54%, London supported by gains in major resource/mining stocks. US main board indexes have closed flat. Through all this, the AUD/USD is trading this morning still in the 0.75s, at 0.7533, having tested 0.7570 in the overnight session.

Housing and house prices have been getting some coverage over the past 24 hours internationally and it will be one of the points of interest in today's RBA Board Minutes for September. UK Rightmove house prices rebounded in September, up 0.7% after a 1.2% August decline, the UK press reporting again that first-time buyers being priced out of the market, with or without Brexit.

China reported yesterday that property prices were also stronger, in August, up 1.2% across the largest 70 cities, with 64 of the 70 cities reporting higher prices in the month, up from 51 in July. Beijing and Shanghai reported around 4% gains for the month. Completing the housing-related trifecta, US homebuilders reported good sales conditions in September, the NAHB Homebuilders index up to a cycle high (with October 2015) of 65, up from 59 and 60 expected.

On the other commodity markets, for the Australian bulk commodities, the largest in Australia's export mix, iron ore re-opened yesterday and dipped another \$0.29 (-0.52%) to \$55.68/t, but both met coal and steaming coal were a little higher again, met coal up another \$1.00 to a lofty \$189 and steaming coal +\$0.10 to \$71.25 for the Newcastle steaming coal contract. Gold was up 0.50% to \$1,316.60 with LME base metals mixed, copper down 0.25% but nickel having a better session, up 4.37% clawing back most of last week's 6.2% decline.

## Coming up

---

There is some local information today that will, at the minimum, give the local market pause for thought.

After the weekly ANZ-Roy Morgan Consumer Sentiment measure at 9.30 comes the RBA Board Minutes from this month's meeting and then the Statistician's measure of

house prices for the June quarter. This quarterly measure had largely taken second stage to the more up to date CoreLogic data set for which we already have some information for September. But with CoreLogic having made methodology changes to its hedonic price measures in April, the Statistician's measure of established detached house prices should get more than a glance. A 3% rise in Q2 prices is tipped for the quarter. The Statistician provides estimates for each capital city for houses and what they term "attached dwellings", code for units, apartments and the like. And as far as house price developments go so far in the spring selling season, auction clearance rates in Sydney and Melbourne remain high, prices apparently making some further net gains through this month.

As for the RBA Minutes, the market is not expecting any particular bombshell that might materially affect pricing for RBA expectations, but their comments on the economy generally, retailing/consumer spending, housing, the labour market and especially the \$A are always scrutinised. Last week's address from the RBA's Chris Kent suggested that the Bank still sees the AUD as being overvalued though post-Board Media Statements, the Minutes and quarterly Statements have revealed no policy anxiety. It's still seemingly along the lines that "it could yet complicate the economy's adjustment". The recent uptick in coal prices will also be getting their interest.

It's not a massive night ahead for US data though housing starts and building permits for August will see the Atlanta Fed re-calibrate its measure of residential investment and *GDPNow* that currently stands at 3.0%.

The other event that could impact the Kiwi and possibly, commodity currency sentiment, is the global dairy auction tonight. Our BNZ world dairy research authority Doug Steel suggests that trailing milk production has only added to the recent bid tone in GDT auctions, including most likely at this week's event. It's also set to see Fonterra likely lifting its milk price forecasts at its annual result presentation on Thursday morning when we'll also know the formal result from the RBNZ and a little earlier that morning, the FOMC. More on that in the next two days.

## Overnight

---

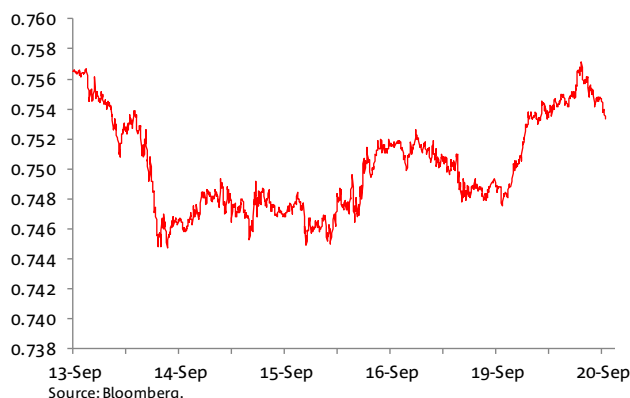
On global stock markets, the S&P 500 was -0.00%. Bond markets saw US 10-years +1.92bp to 1.71%. In commodities, Brent crude oil +0.28% to \$45.9, gold+0.5% to \$1,317, iron ore -0.5% to \$55.68. AUD is at 0.7534 and the range since yesterday 5pm Sydney time is 0.7533 to 0.7571.

Good luck.

## Author:

David de Garis, Senior Economist

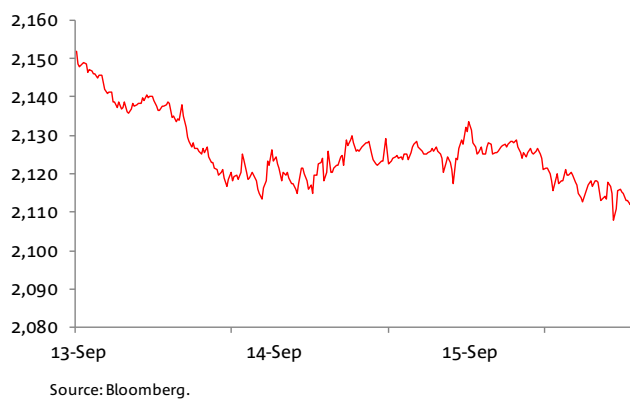
AUD/USD - past week



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	0.7534	0.6	0.7474	0.7573	HKD	7.7577 0.0
NZD	0.7294	-0.2	0.7291	0.7326	CNY	6.6688 0.0
EUR	1.1174	-0.5	1.1159	1.1199	SGD	1.3620 -0.2
GBP	1.3028	-1.1	1.3020	1.3095	IDR	13,147 0.2
JPY	101.91	0.1	101.58	101.92	THB	34.82 -0.4
CAD	1.3204	0.0	1.3150	1.3212	KRW	1,119 -0.5
AUD/EUR	0.6742	0.9	0.6738	0.6772	TWD	31.41 -0.8
AUD/JPY	76.77	0.5	76.68	77.01	PHP	47.99 0.2
AUD/GBP	0.5783	1.5	0.5770	0.5797	CHF	0.98 0.5
AUD/NZD	1.0329	0.6	1.0314	1.0340	SEK	8.57 0.6
AUD/CNH	5.0242	0.3	5.0204	5.0368		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.86	1.04	1.55	USD 10	1.71	1.92
AUD	1.50	1.73	1.73	2.30	AUD 10	2.12	1.00 0.41
NZD	2.00	2.24	2.10	2.63	NZD 10	2.59	3.70 0.88
EUR	0.00	-0.30	-0.23	0.37	CAD 10	1.19	0.00 -0.52
GBP	0.25	0.38	0.44	0.89	EUR 10	0.02	0.90 -1.70
JPY	-0.05	-0.04	-0.11	0.09	GBP 10	0.88	0.40 -0.83
CAD	0.50	0.90	0.93	1.39	JPY 10	-0.04	0.00 -1.75

Equities

Major Indices	Last	% day	% y/y
	Dow	18,120	0.0
S&P 500	2,139	0.0	9.2
Nasdaq	5,235	-0.2	8.4
VIX	16	1.0	-30.3
FTSE	6,814	1.5	11.6
DAX	10,374	1.0	4.6
CAC 40	4,394	1.4	-3.1
Nikkei	16,519	0.0	-8.6
Shanghai	3,026	0.8	-2.3
Hang Seng	23,550	0.9	7.4
ASX 200	5,295	0.0	2.4

Commodities\*

	Last	% day
Oil (Brent)	45.90	0.3
Oil (WTI)	43.23	0.5
Oil (Tapis)	46.01	0.9
Gold	1316.50	0.5
CRB	181.64	0.5
GS Metals	272.0	0.6
Aluminium	1568.5	0.4
Copper	4753.3	-0.4
Nickel	10101.5	4.4
Zinc	2236.8	1.6
Ch. steel	2270.0	0.4
Iron ore	55.7	-0.5
St. Coal	71.3	0.1
Wheat Chic.	424.8	-0.1
Sugar	22.8	1.2
Cotton	68.5	1.8
Coffee	152.8	3.0

Overnight Futures

	Last	Chge*
<b>Australia</b>		
3 mth bill	98.25	-2.00
3 Yr bond	97.8	3.00
10 Yr bond	97.85	-2.50
3/10 sprd	-0.05	5.50
SPI	5265.0	10.0

\*Change in bps

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

	Last	% day
Dec-2016	4.39	0.5
Jun-2017	4.41	0.7
Dec-2017	4.42	0.9

\* 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, 20 September 2016</b>								
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	3.0/5.2	2.8/5.1		-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		1164/1.8		1152/-0.1	12.30	22.30
NZ	GDT auction, early AM NZT							
<b>Wednesday, 21 September 2016</b>								
NZ	Net Migration SA	Aug				5600	22.45	8.45
JN	Trade Balance Adjusted	Aug		500		317.6	23.50	9.50
JN	Exports/Imports YoY	Aug		-4.5/-16.5		-14.0/-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
AU	RBA's Alexandra Heath, Head of Economic Analysis speaks at CEDA Conference - Future Skills: The Education and Training Pipeline, Brisbane						2.00	12.00
JN	BOJ Policy Rate	Sep		-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		10.05		-1.0	8.30	18.30
CA	Wholesale Trade Sales MoM	Jul		0.2		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 and Yellen Press Conference						18.00	4.00
<b>Thursday, 22 September 2016</b>								
NZ	Fonterra 2015/16 results announcement (likely before the OCR)							
NZ	RBNZ Official Cash Rate	Sep 22		2		2.0	21.00	7.00
AU	RBA Parliament Testimony - first by new Governor Lowe						0.00	10.00
EC	ECB Publishes Economic Bulletin						8.00	18.00
UK	CBI Trends Total Orders/Selling Prices	Sep		-5		-5.0/8.0	10.00	20.00
US	Chicago Fed Nat Activity Index	Aug		0.125		0.3	12.30	22.30
US	Initial Jobless Claims	Sep 17		261		260.0	12.30	22.30
US	FHFA House Price Index MoM	Jul		0.3		0.2	13.00	23.00
EC	ECB's Dragi Speaks at ESRB Conference in Frankfurt						13.00	23.00
US	Bloomberg Consumer Comfort	Sep 18				42.2	13.45	23.45
EC	Consumer Confidence	Sep A		-8.2		-8.5	14.00	0.00
US	Existing Home Sales, #/MoM	Aug		5.45/1.11		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
UK	BOE's Carney Speaks in Berlin - giving a lecture						17.00	3.00
<b>Friday, 23 September 2016</b>								
JN	Nikkei Japan PMI Mfg	Sep P				49.5	0.30	10.30
CH	MNI September Business Indicator						1.45	11.45
JN	All Industry Activity Index MoM	Jul		0.2		1.0	4.30	14.30
GE	Markit/BME Manufacturing PMI	Sep P		53.1		53.6	7.30	17.30
GE	Markit Services/Composite PMI	Sep P		52.2/53.6		51.7/53.3	7.30	17.30
EC	Markit Manufacturing PMI	Sep P		51.5		51.7	8.00	18.00
EC	Markit Eurozone Services/Composite PMI	Sep P		52.8/52.8		52.8/52.9	8.00	18.00
CA	Retail Sales MoM	Jul		0.2		-0.1	12.30	22.30
CA	CPI NSA MoM/YoY	Aug		0.1/1.4		-0.2/1.3	12.30	22.30
CA	CPI Core MoM/YoY	Aug		0.2/2		0.0/2.1	12.30	22.30
US	Markit US Manufacturing PMI	Sep P		52		52.0	13.45	23.45
GE	German, French Finance Chiefs Meet for Regular Talks, Berlin						14.00	0.00
US	Fed's Harker, Mester, Lockhart on Panel at Philly Fed Conf						16.00	2.00
<b>Saturday, 24 September 2016</b>								
NZ	Trade Balance	Aug				-433.0	21.45	7.45
NZ	Exports/Imports	Aug				4.0/4.4	21.45	7.45
JN	BOJ Flow of Funds						23.50	9.50
JN	Leading Index CI	Jul F				100.0	5.00	15.00
JN	Coincident Index	Jul F				112.8	5.00	15.00
GE	Ifo Business Climate	Sep				106.2	8.00	18.00
GE	Ifo Current Assessment	Sep				112.8	8.00	18.00
GE	Ifo Expectations	Sep				100.1	8.00	18.00
UK	BBA Loans for House Purchase	Aug				37662.0	8.30	18.30
UK	CBI Total Dist. Reported Sales	Sep				17.0	10.00	20.00
CA	Bloomberg Nanos Confidence	Sep 16				57.7	14.00	0.00
US	New Home Sales	Aug		580		654.0	14.00	0.00
US	New Home Sales MoM	Aug		-11.3		12.4	14.00	0.00
US	Dallas Fed Manf. Activity	Sep		-3		-6.2	14.30	0.30
<b>Tuesday, 27 September 2016</b>								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Sep 18				118.1	23.30	9.30
JN	PPI Services YoY	Aug				0.4	23.50	9.50
CH	Industrial Profits YoY	Aug				5.1	1.30	11.30
EC	M3 Money Supply YoY	Aug				4.8	8.00	18.00
UK	CBI Retailing Reported Sales	Sep				9.0	10.00	20.00
US	S&P CoreLogic CS 20-City MoM/YoY	Jul		/		-0.1/5.1	13.00	23.00
US	Markit US Services/Composite PMI	Sep P		/		51.0/51.5	13.45	23.45
US	Consumer Confidence Index	Sep		98.5		101.1	14.00	0.00
US	Richmond Fed Manufact. Index	Sep				-11.0	14.00	0.00
<b>Upcoming Central Bank Interest Rate Announcements</b>								
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%		
Canada, BoC		20-Oct				0.50%		
UK BOE		3-Nov				0.25%		

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

## Contact Details

### Authors

David de Garis  
Senior Economist  
+61 3 8641 3045  
david.degaris@nab.com.au

Ray Attrill  
Global Co-Head of FX Strategy  
+61 2 9237 1848  
ray.attrill@nab.com.au

Rodrigo Catril  
Currency Strategist  
+61 2 9293 7109  
rodrigo.h.catril@nab.com.au

Tapas Strickland  
Economist  
+61 2 9237 1980  
tapas.strickland@nab.com.au

### Markets Research

Peter Jolly  
Global Head of Research  
+61 2 9237 1406  
peter.jolly@nab.com.au

### Group Economics

Alan Oster  
Chief Economist  
+61 3 8634 2927  
alan\_oster@national.com.au

### Important Notice

This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 ("NAB"). Any advice contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this document, NAB recommends that you consider whether the advice is appropriate for your circumstances. NAB recommends that you obtain and consider the relevant Product Disclosure Statement or other disclosure document, before making any decision about a product including whether to acquire or to continue to hold it.

Please click [here](#) to view our disclaimer and terms of use.