

Under my [central bank] umbrella

24 hours on, under my [central bank] umbrella is how the markets have interpreted Wednesday's US FOMC meeting. Although there were three dissenters, the statement was seen on the dovish side with the dot points for the fed funds rate lowered across the board. That has continued a rally in risk assets and bonds in an otherwise quiet data night (datawise US Jobless Claims fell to 252k a week, remaining at low levels and suggestive of continued payrolls growth, while existing home sales came in a weaker).

Equities led the way in a sea of green with the Euro Stoxx up 2.3% and the FTSE also up 1.1%. The risk on sentiment continued in the US with the S&P 500 up 0.7%.

In the FX space, there was slight US dollar weakness given the dovish signals with most major currency pairs higher. The outperformer was the Norwegian Krone which appreciated 1.6% against the dollar! That comes after the Norges Bank Monetary Policy Meeting, where while a no change decision was expected, the Bank did say "the key policy rate will most likely remain at today's level in the period ahead" which has stemmed expectations of further easing; a higher oil price also helped.

The Euro and the Aussie were 0.2% higher, while the Pound outperformed up 0.4%. A speech by noted Bank of England hawk Forbes played down the need for further stimulus and that the BoE may have been "overcounting [the] Brexit-uncertainty effect". Despite that hawkish tone, that should be played against earlier statements by Carney and the BoE which suggested further easing would be required. Also out from the BoE was a speech by Governor Carney who called on governments to step up fiscal and structural policies. That mantle was also supported by RBA Governor Lowe at his first parliamentary testimony yesterday. Indeed it appears that there is a concerted effort amongst central bankers to get governments to step up to the plate.

The Kiwi was the polar opposite, down 0.6% following the RBNZ's signal of further easing: "Our current projections and assumptions indicate that further policy easing will be required to ensure that future inflation settles near the middle of the target range" and that "A decline in the exchange rate is needed" to boost tradeables inflation. Our Kiwi brethren note the statement is consistent with their view of the RBNZ cutting rates in November.

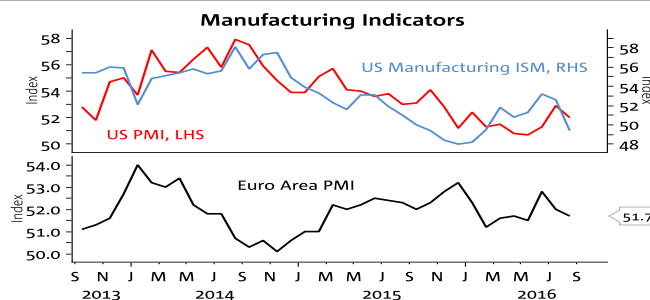
Most government bond yields fell with US Treasuries down 3 basis points to 1.6%, while in catch up to the FOMC German Bunds fell 9.8 basis points to -0.10%. In the Asia-Pac time zone yesterday, that soft RBNZ policy statement coming

after the FOMC saw Kiwi bond yields down 13 basis points to 2.5% and Aussie CGS were also down 9.4 basis points to 2.03%. In the commodities space the oil market continues its recent bout of volatility, with WTI up 1.8% to US\$46.17 a barrel. The moves were helped along by heightened speculation of an OPEC supply agreement next week after OPEC rivals Saudi Arabia and Iran met last night.

Coming up

After a week of key risk events, Friday brings a breather to markets with little in the way of significant dataflow. The most notable is a host of preliminary September PMIs around the world. First up is Japan, then the Euro Area and the US. The US PMI doesn't get much market attention, though it might get a glance as an indicator to whether the fall in the August Manufacturing ISM was an anomaly or was a signal of some softening ahead (Chart 1).

Chart 1: US and European PMIs



Source: National Australia Bank, Macrobond

With the September FOMC behind us, the Fed's Jive Talkin' starts again with a number of Regional Fed presidents speaking tonight. First up are Harker, Mester, and Lockhart, all at a Conference on the "Fed's Role in Our Communities". The only FOMC voter is Mester and given her dissent at Wednesday's FOMC meeting it wouldn't be surprising to see a few hawkish headlines hit the wires. For what it's worth, it appears the Fed Board of Governors hold a different view to the rotating regional Fed Presidents and for policy it seems the Governors hold sway (3 out of 4 rotating regional fed presidents dissented in September). Kaplan also speaks at a separate event tonight.

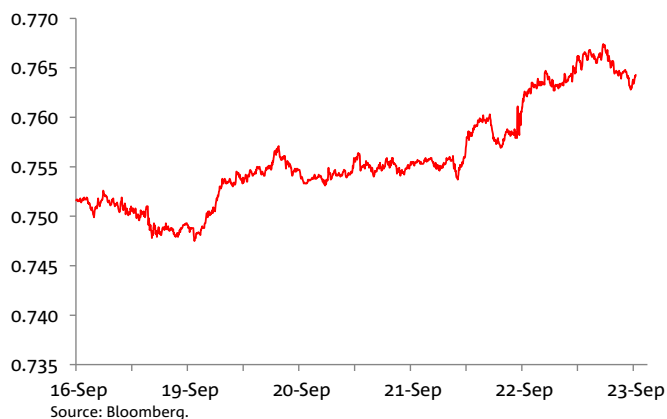
Overnight

On global stock markets, the S&P 500 was +0.65%. Bond markets saw US 10-years -2.93bp to 1.62%. In commodities, Brent crude oil +1.54% to \$47.55, gold+0.8% to \$1,338, iron ore +0.8% to \$56.34. AUD is at 0.7643 and the range since yesterday 5pm Sydney time is 0.7628 to 0.7674.

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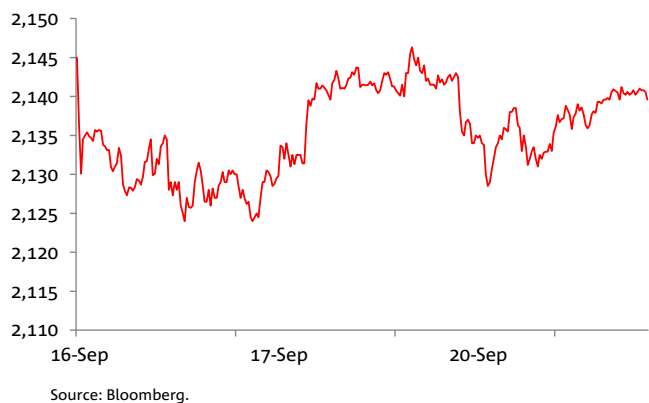
AUD/USD - past week



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	0.7643	0.2	0.7608	0.7675	HKD	7.7560 0.0
NZD	0.7306	-0.6	0.7293	0.7369	CNY	6.6648 -0.1
EUR	1.1207	0.2	1.1185	1.1257	SGD	1.3565 0.2
GBP	1.3078	0.4	1.3028	1.3121	IDR	13,074 -0.5
JPY	100.80	0.5	100.10	100.93	THB	34.61 -0.2
CAD	1.3057	-0.3	1.3000	1.3103	KRW	1,103 -1.5
AUD/EUR	0.682	0.1	0.6799	0.6834	TWD	31.40 -0.1
AUD/JPY	77.05	0.7	76.31	77.30	PHP	47.81 -0.1
AUD/GBP	0.5844	-0.1	0.5833	0.5872	CHF	0.97 -0.4
AUD/NZD	1.0462	0.9	1.0359	1.0466	SEK	8.55 -0.1
AUD/CNH	5.0965	0.8	5.0844	5.0890		

Equities

Major Indices	Last	% day	% y/y
Dow	18,418	0.7	12.8
S&P 500	2,177	0.6	12.1
Nasdaq	5,342	0.9	12.3
VIX	12	-10.6	-47.0
FTSE	6,911	1.1	16.4
DAX	10,674	2.3	11.5
CAC 40	4,510	2.3	1.8
Nikkei	16,808	0.0	-7.0
Shanghai	3,042	0.5	-2.4
Hang Seng	23,760	0.4	11.5
ASX 200	5,374	0.7	7.5

Commodities*

	Last	% day
Oil (Brent)	47.55	1.5
Oil (WTI)	46.17	1.8
Oil (Tapis)	46.76	0.8
Gold	1337.90	0.8
CRB	186.32	0.8
GS Metals	272.3	0.0
Aluminium	1627.8	3.3
Copper	4842.8	2.0
Nickel	10628.0	3.0
Zinc	2288.0	1.0
Ch. steel	2290.0	1.4
Iron ore	56.3	0.8
St. Coal	71.5	-1.6
Wheat Chic.	428.3	-0.2
Sugar	22.2	-0.1
Cotton	71.2	-0.9
Coffee	155.3	-0.8

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.86	1.03	1.46	USD 10	1.62	-2.93
AUD	1.50	1.74	1.68	2.18	AUD 10	2.03	-9.40 0.41
NZD	2.00	2.22	2.04	2.55	NZD 10	2.47	-12.80 0.85
EUR	0.00	-0.30	-0.23	0.28	CAD 10	1.10	-4.80 -0.52
GBP	0.25	0.38	0.42	0.76	EUR 10	-0.10	-9.80 -1.72
JPY	-0.06	-0.02	-0.07	0.09	GBP 10	0.71	-9.90 -0.91
CAD	0.50	0.90	0.91	1.31	JPY 10	-0.03	0.00 -1.65

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.27	2.00
3 Yr bond	97.8	3.00
10 Yr bond	97.99	9.00
3/10 sprd	-0.19	-6.00
SPI	5385.0	-62.0

CO₂ Emissions - Euros

	Last	% day
Dec-2016	4.41	5.0
Jun-2017	4.43	5.0
Dec-2017	4.44	5.0

*Change in bps

* 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, 22 September 2016								
NZ	Fontterra 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		0.15		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		-3		-4.0	15.00	1.00
UK	BOE's Carney Speaks in Berlin - giving a lecture						17.00	3.00
Friday, 23 September 2016								
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		52.1/53.6		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		0.1		-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
Monday, 26 September 2016								
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/Expectations	Sep		/		112.8/100.1	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 23				56.7	14.00	0.00
US	New Home Sales/MoM	Aug		594.5/-9.1		654.0/12.4	14.00	0.00
US	Dallas Fed Manf. Activity	Sep		-3		-6.2	14.30	0.30
Tuesday, 27 September 2016								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Sep 25				115.5	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		-2		-11.0	14.00	0.00
Wednesday, 28 September 2016								
AU	RBA's Edey (Assistant Governor, Financial System) speaks at AFR Retail Summit in Melbourne						0.20	10.20
CH	Westpac-MNI Consumer Sentiment	Sep				111.5	1.45	11.45
JN	Small Business Confidence	Sep				46.3	5.00	15.00
GE	GfK Consumer Confidence	Oct				10.2	6.00	16.00
US	MBA Mortgage Applications	Sep 16				4.2	11.00	21.00
US	Durable Goods Orders/Core Orders	Aug P		-1/0		4.4/1.5	12.30	22.30
EC	Draghi Attends Meeting of German Parliament's EU Committee						13.30	23.30
UK	Nationwide House PX MoM/YoY	Sep				0.6/5.6	28 Sep-4 Oct	release
US	Fed's Bullard Makes Introductory Remarks on Community Banking						14.10	0.10
US	Fed's Evans Speaks on Community Banking in St. Louis						17.30	3.30
US	Fed's Mester Speaks on Economic Outlook and Policy						20.35	6.35
US	Fed's George Speaks to Minority Bankers in Kansas City						23.15	9.15
Upcoming Central Bank Interest Rate Announcements								
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%		
Japan, BoJ		1-Nov				-0.1% to +0.1%		
US Federal Reserve		3-Nov				0.25-0.50%		
UK BOE		3-Nov				0.25%		

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

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