

## (Keep on) Rockin' in the Free World

Four hours before an estimate 100 million Americans tune in to watch the two wannabe leaders of the free world go head to head, and a Bloomberg poll published around 7pm Australian Eastern Time last night shows Clinton and Trump tied on 46%. The same poll also puts Trump ahead of Clinton once third party candidates are included. The news has made a mark, with US stocks closing 0.86% lower and the VIX 'fear gauge' up over two points or some 18%. U.S. bond yields are lower again, at 10 years by 3.4bps to 1.584%.

Weaker stocks aren't all about the U.S. with European indices pressured lower by fresh record lows for Deutsche Bank as markets continue to fret over the need for Europe's biggest bank to have to raise fresh capital. The Eurostoxx 50 closed 1.9% low with the German Dax down 2.2%.

It's no surprise to see the Mexican peso – the favourite 'whipping boy' of currency market traders whenever expectations Trump can win the election rise - continue on its downward trajectory. USD/MXN has just made a new record high at 19.9230 and so is within kissing distance of moving onto a 20 handle.

The strongest currency in the world overnight, and by some margin, is the Japanese Yen, USD/JPY down by 0.7% relative to Friday night's New York close, to ¥100.30. This is partly on the yen's pre-eminent safe-haven characteristics, though USD/JPY was already under pressure after BoJ Governor Kuroda spoke in Osaka yesterday afternoon. While underscoring his determination to use all possible policy means to achieve its inflation goals, he did nothing to assuage deepening market conviction that the policy instruments and settings announced last week won't do it. We also had former MoF currency Czar Eisuke Sakakibara on TV yesterday afternoon saying he thought USD/JPY at ¥95-100 would be alright for the Japanese economy and that he expected it to gradually appreciate to around ¥90 next year.

Despite the 'risk-off' tone to markets, both the AUD and NZD are stronger, AUD by 0.17% to 0.7636 as we write and NZD by 0.46% to 0.7274. The CAD is weaker again though, extending Friday's 1% loss and despite oil prices recouping more than half of Friday's sharp losses (Brent and WTI both up by just over \$1). There is evidently still some optimism a production accord can be reached as OPEC ministers meet informally in Algiers.

## Coming Up

TV screens the world over are set to be tuned in to watch the first of the scheduled debates between Donald Trump and Hillary Clinton – from 11:00 AEST.

Not a newspaper given to hyperbole, here's what the UK Independent had to say about it:

'Given its potential to decide if Donald Trump assumes the leadership of the free world, the imminent presidential debate feels like a fairly significant TV event.

'For those unfamiliar with ironic understatement, I should translate. In this context, "fairly significant" means "the single most crucial event in the global history of television".

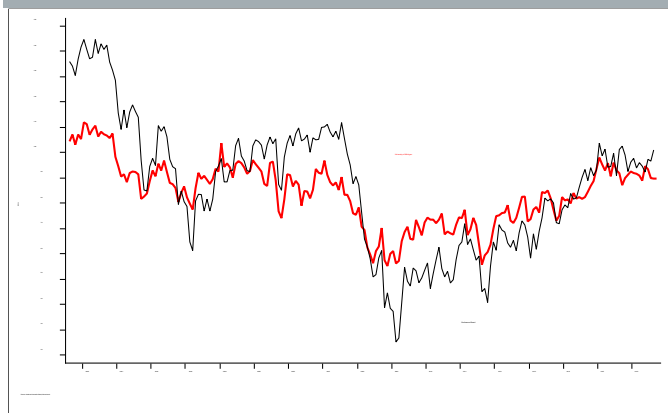
Snap judgement in markets on whether The Donald is regarded as having scored points over Hillary, or vice versa, is likely to be show up first in the Mexican Peso. This is the FX market's current weapon of choice, such is the level of concern that were Trump to win, he would unleash a trade war with Mexico (Mexico and China having to date borne the brunt of Trump's broadsides against trade relationships he regards as causing the greatest hurt to American jobs). The peso has already lost 11% against the US dollar since mid-August, but has the potential to lose much more if Trump is seen to be further narrowing the poll gap with Clinton – or indeed move ahead of her.

The only thing of note on the economic calendar is tonight's US Conference Board consumer confidence reading. In the past few months this has been performing much better than the University of Michigan's version (see Chart of the Day). The latter has fallen from 93.5 to 89.8 since June; the Conference Board's version has risen from 97.4 to 101.4. Both can't be right.

## Overnight

On global stock markets, the S&P 500 was -0.86%. Bond markets saw US 10-years -3.79bp to 1.58%. In commodities, Brent crude oil +2.31% to \$46.95, gold -0.1% to \$1,337, iron ore -0.0% to \$56.77. AUD is at 0.7636 and the range since yesterday 5pm Sydney time is 0.7603 to 0.7649.

Chart of the Day: US consumer confidence indices

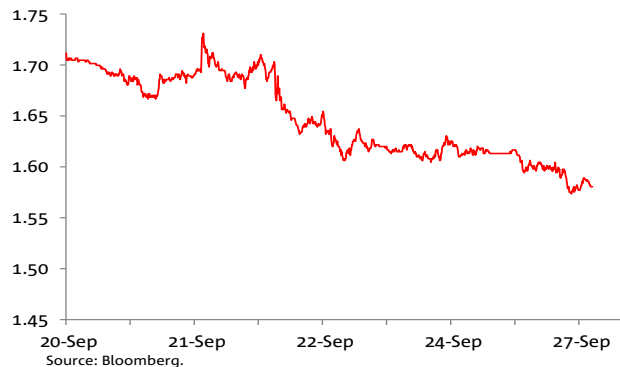


## Markets

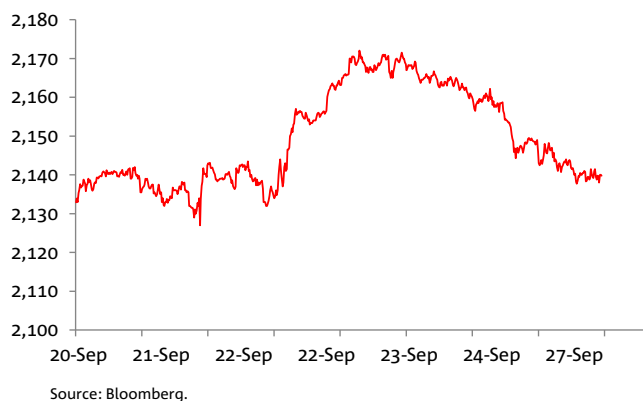
### AUD/USD - past week



### 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	0.7638	0.2	0.7603	0.7653	HKD	7.7554 0.0
NZD	0.7278	0.5	0.7222	0.7315	CNY	6.6689 0.0
EUR	1.1252	0.2	1.1194	1.1279	SGD	1.3601 0.1
GBP	1.2974	0.1	1.2915	1.3088	IDR	13,041 -0.3
JPY	100.31	-0.7	100.25	101.24	THB	34.59 -0.2
CAD	1.3231	0.4	1.3030	1.3244	KRW	1,108 0.5
AUD/EUR	0.6788	0.0	0.6765	0.6829	TWD	31.54 0.6
AUD/JPY	76.63	-0.5	76.45	77.34	PHP	48.25 0.4
AUD/GBP	0.5887	0.1	0.5841	0.5908	CHF	0.97 -0.1
AUD/NZD	1.0495	-0.3	1.0449	1.0545	SEK	8.54 0.0
AUD/CNH	5.0980	0.2	5.0789	5.1127		

### Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.85	0.99	1.42	USD 10	1.58	-3.79
AUD	1.50	1.74	1.67	2.13	AUD 10	1.97	-2.80 0.39
NZD	2.00	2.21	2.01	2.48	NZD 10	2.33	-4.80 0.75
EUR	0.00	-0.30	-0.24	0.26	CAD 10	0.99	-5.50 -0.59
GBP	0.25	0.38	0.42	0.74	EUR 10	-0.12	-3.40 -1.70
JPY	-0.05	-0.02	-0.07	0.05	GBP 10	0.70	-3.30 -0.88
CAD	0.50	0.89	0.83	1.21	JPY 10	-0.06	-1.90 -1.64

### Equities

#### Major Indices

	Last	% day	% y/y
Dow	18,095	-0.9	10.9
S&P 500	2,146	-0.9	11.1
Nasdaq	5,257	-0.9	12.2
VIX	14	17.4	-38.9
FTSE	6,818	-1.3	11.6
DAX	10,394	-2.2	7.3
CAC 40	4,408	-1.8	-1.6
Nikkei	16,545	-1.3	-7.5
Shanghai	2,980	-1.8	-3.6
Hang Seng	23,318	-1.6	10.1
ASX 200	5,431	0.0	7.7

### Overnight Futures

	Last	Chge*
<b>Australia</b>		
3 mth bill	98.25	-2.00
3 Yr bond	97.8	3.00
10 Yr bond	98.03	4.00
3/10 sprd	-0.23	-1.00
SPI	5377.0	43.0

\*Change in bps

### Commodities\*

	Last	% day
Oil (Brent)	46.95	2.3
Oil (WTI)	45.58	2.5
Oil (Tapis)	45.76	-3.4
Gold	1336.60	-0.1
CRB	184.98	1.0
GS Metals	279.1	0.4
Aluminium	1651.5	1.3
Copper	4828.8	-0.3
Nickel	10494.0	-1.3
Zinc	2282.3	0.5
Ch. steel	2313.0	0.7
Iron ore	56.8	0.0
St. Coal	71.8	-0.2
Wheat Chic.	419.8	-1.9
Sugar	22.5	1.9
Cotton	69.2	0.1
Coffee	153.6	1.4

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

	Last	% day
Dec-2016	4.60	1.8
Jun-2017	4.62	2.0
Dec-2017	4.64	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, 27 September 2016</b>								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Sep 25				115.5	23.30	9.30
JN	PPI Services YoY	Aug		0.3		0.4	23.50	9.50
CH	Industrial Profits YoY	Aug				5.1	1.30	11.30
EC	M3 Money Supply YoY	Aug		4.9		4.8	8.00	18.00
UK	CBI Retailing Reported Sales	Sep		5		9.0	10.00	20.00
US	S&P CoreLogic CS 20-City MoM/YoY	Jul		0/5.1		-0.1/5.1	13.00	23.00
US	Markit US Services/Composite PMI	Sep P		51.2/		51.0/51.5	13.45	23.45
US	Consumer Confidence Index	Sep		98.8		101.1	14.00	0.00
US	Richmond Fed Manufact. Index	Sep		-2		-11.0	14.00	0.00
US	Fed's Fischer discusses why Study Economics?						15.15	1.15
<b>Wednesday, 28 September 2016</b>								
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		46.9		46.3	5.00	15.00
GE	GfK Consumer Confidence	Oct		10.2		10.2	6.00	16.00
US	MBA Mortgage Applications	Sep 23				-7.3	11.00	21.00
US	Durable Goods Orders/Core Orders	Aug P		-1.5/-0.1		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		0.3		0.6/5.6	28 Sep-4 Oct release	
US	Fed's Yellen Testifies before House Panel on Bank Supervisors						14.00	0.00
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
<b>Thursday, 29 September 2016</b>								
JN	Retail Sales MoM/YoY	Aug		-0.6		1.4/-0.2	23.50	9.50
CH	Swift Global Payments CNY	Aug				1.9	1.00	11.00
AU	Job vacancies	Aug				-1.9	1.30	11.30
GE	Unemployment Change (000's)/Rate	Sep		-5		-7.0/6.1	7.55	17.55
JN	BoJ's Kuroda speaks at Security Association Conference						6.35	16.35
UK	Net Consumer Credit	Aug		1.4		1.2	8.30	18.30
UK	Net Lending Sec. on Dwellings	Aug		2.55		2.7	8.30	18.30
UK	Mortgage Approvals	Aug		60.2		60.9	8.30	18.30
EC	Business Climate Indicator	Sep		0.05		0.0	9.00	19.00
US	Fed's Harker Speaks in Dublin, Ireland						9.00	19.00
GE	CPI MoM/YoY	Sep P		0/0.6		0.0/0.4	12.00	22.00
GE	CPI EU Harmonized MoM/YoY	Sep P		0/0.5		-0.1/0.3	12.00	22.00
US	Advance Goods Trade Balance	Aug		-62.3		-58.8	12.30	22.30
US	Wholesale Inventories MoM	Aug P		0		0.0	12.30	22.30
US	GDP Annualized QoQ	2Q T		1.3		1.1	12.30	22.30
US	Initial Jobless Claims	Sep 24		260		252	12.30	22.30
US	Fed's Lockhart Speaks to the Future of Florida Forum						12.50	22.50
US	Bloomberg Consumer Comfort	Sep 25				41.3	13.45	23.45
US	Fed's Powell Speaks on Community Banking in St. Louis						14.00	0.00
US	Pending Home Sales MoM/YoY	Aug		0/		1.3/-2.2	14.00	0.00
US	Yellen addresses minority banking conference via video link						20.00	6.00
<b>Friday, 30 September 2016</b>								
NZ	Building Permits MoM	Aug				-10.5	21.45	7.45
UK	GfK Consumer Confidence	Sep		-5		-7.0	23.10	9.10
UK	Lloyds Business Barometer	Sep				16.0	23.10	9.10
JN	Jobless Rate/Jobs-to-applicants ratio	Aug		3		3.0/1.4	23.30	9.30
JN	Overall Household Spending YoY	Aug		-2.1		-0.5	23.30	9.30
JN	Natl CPI YoY	Aug		-0.5		-0.4	23.30	9.30
JN	Industrial Production MoM/YoY	Aug P		0.5/3.4		-0.4/-4.2	23.50	9.50
NZ	ANZ Activity Outlook/Business Confidence	Sep				33.7/15.5	0.00	10.00
AU	HIA New Home Sales MoM	Aug				-1.8	1.00	11.00
AU	Private Sector Credit MoM/YoY	Aug		0.45/5.9		0.4/6.0	1.30	11.30
CH	Caixin China PMI Mfg	Sep		50.1		50.0	1.45	11.45
NZ	Money Supply M3 YoY	Aug				6.3	2.00	12.00
UK	GDP QoQ/YoY	2Q F		0.6/2.2		0.6/2.2	8.30	18.30
UK	Current Account Balance	2Q		-30.55		-32.6	8.30	18.30
UK	Index of Services MoM	Jul		0.1		0.2	8.30	18.30
UK	Total Business Investment QoQ/YoY	2Q F		0.5/-0.8		0.5/-0.8	8.30	18.30
EC	Unemployment Rate	Aug		10		10.1	9.00	19.00
EC	CPI Estimate YoY	Sep		0.4		0.2	9.00	19.00
EC	CPI Core YoY	Sep A		0.9		0.8	9.00	19.00
US	Personal Income/Spending	Aug		0.2/0.1		0.4/0.3	12.30	22.30
US	PCE Deflator MoM/YoY	Aug		0.2/0.9		0.0/0.8	12.30	22.30
US	PCE Core MoM/YoY	Aug		0.2/1.7		0.1/1.6	12.30	22.30
CA	GDP MoM/YoY	Jul		0.3/1		0.6/1.1	12.30	22.30
CA	Industrial Product Price MoM	Aug		0		0.2	12.30	22.30
CA	Raw Materials Price Index MoM	Aug		-1		-2.7	12.30	22.30
US	Chicago Purchasing Manager	Sep		52		51.5	13.45	23.45
CH	BoP Current Account Balance	2Q F				59.4		
US	U. of Mich. Sentiment/5-10 Yr Inflationary expectations	Sep F		90/		89.8/2.5	14.00	0.00
<b>Saturday, 1 October 2016</b>								
CH	Manufacturing PMI	Sep		50.4		50.4	1.00	11.00
CH	Non-manufacturing PMI	Sep				53.5	1.00	11.00
<b>Sunday, 2 October 2016</b>								
AUS	Daylight Savings begins, +1hr to +1100GMT							2.00
<b>Upcoming Central Bank Interest Rate Announcements</b>								
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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