

Proud Mario

Three main developments overnight, a spike in oil prices, a somewhat more content ECB President, and a renewed AUD warning from RBA Governor Stevens in an AFR interview, the AUD in the wake of the interview pulling back from over 0.77 to 0.7642 this morning.

Oil prices are around 4% higher overnight after the biggest weekly inventory drawdown this century (since January 1999), down a whopping 14.5mb when the market was expecting a 0.9mb run up. Tropical Storm Hermine severely disrupted shipping in the Gulf, imports down 1.95mb/day accounting for the bulk of the inventory draw. Even though most of this looks to have been a short term supply interruption, US energy stocks still rose 1.67% in a soft day for US equities.

The ECB left rates on hold and made no change to its Asset Purchase Program, all as expected. But at his press conference, President Draghi sounded almost proud of how the loan promotion program was supporting lending growth and Eurozone domestic demand this quarter, notwithstanding some recent data jitters from choppy confidence and activity (e.g. the German Ifo survey). Draghi also implored governments to do more to support growth on the fiscal front, saying there is fiscal space for example for Germany to do more, that's so far fallen on deaf ears. The Euro jumped to over 1.13 but it's back in the mid 1.125 this morning.

Governments doing more to support growth from fiscal policy was also one of the takeaways from the interview Glenn Stevens has done with the AFR and on its website overnight. (He's made this point previously.) On the currency, he did say that the AUD "could give us trouble", a warning that seemed to play some part in taking the AUD back down from above 0.77 to under 0.7650. Stevens also made the point that it's "my position, in recent times, it (the AUD) has been adjusting as it should". You could be forgiven for thinking that while there are still some growth uncertainties over the outlook for the non-mining economy, resource bulk commodities prices (and gold) have been good performers, with the terms of trade up in Q2 and further commodity price lifts since, behind the scenes AUD fundamental supports.

Elsewhere overnight, US bond yields rose (2s by 3½ bps and 10s by just under 6bps), the VIX up 0.57. Iron ore gave back \$0.32 (-0.55%) yesterday to \$58.14/t, but metallurgical coal prices jumped another \$6.25 to \$166.50, up 3.9% and more than doubling from their lows in late January this year. On

the data front, US weekly jobless claims remained low at 259K, another positive labour market indicator that keeps the September 20-21 meeting still "live".

Coming up

After NZ credit card spending for August at 8.45, the main releases today are Chinese CPI and PPI at 11.30 as well as Australia's housing finance approvals for July. The market is looking for a 1.5% decline in headline owner-occupied approval numbers and interest in investment lending approvals that have risen for the past two months, by 5.3% in May and 3.2% in June, a sign perhaps of demand resilience.

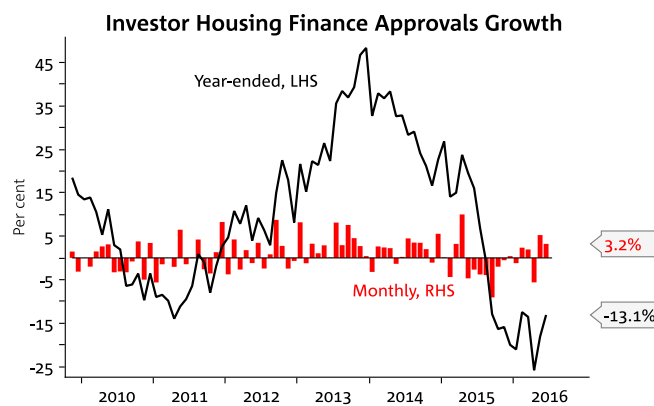
Germany's current account/trade report for July will likely come and go without market fanfare, the UK report will be more closely scrutinised, as will its July construction output report. In the US session, Boston Fed President Rosengren is speaking on his economic outlook with Fed President Kaplan also speaking. There'll be a focus on the Canadian dollar with the release of their August labour market report with a 14K rise in employment tipped, a rise that would also see the unemployment rate push up from 6.9% to 7.0%. BoC Governor Tim Lane was speaking overnight and still sounded cautious about the economic outlook.

Overnight

On global stock markets, the S&P 500 was -0.22%. Bond markets saw US 10-years +5.99bp to 1.60%. In commodities, Brent crude oil +3.54% to \$49.68, gold -0.5% to \$1,342, iron ore -0.5% to \$58.14. AUD is at 0.7643 and the range since yesterday 5pm Sydney time is 0.7637 to 0.7731.

Good luck.

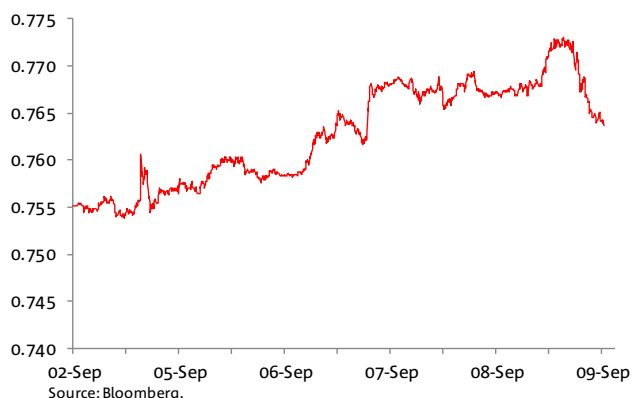
Chart: Tracking investment housing approvals



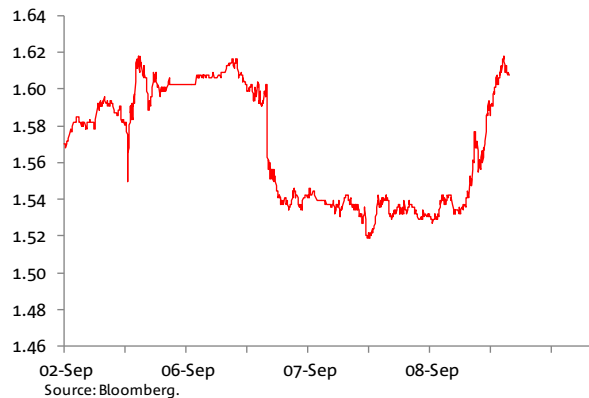
Author:

David de Garis, Senior Economist

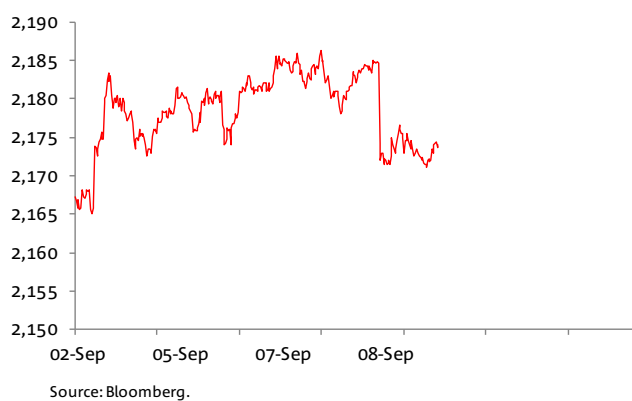
AUD/USD - past week



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	0.7643	-0.4	0.7643	0.7644	HKD	7.7566 0.0
NZD	0.7398	-1.0	0.7384	0.7473	CNY	6.6652 0.0
EUR	1.1260	0.1	1.1241	1.1328	SGD	1.3516 0.4
GBP	1.3295	-0.6	1.3282	1.3375	IDR	13,107 0.4
JPY	102.44	0.8	101.50	102.60	THB	34.78 0.5
CAD	1.2931	0.7	1.2858	1.2941	KRW	1,099 0.8
AUD/EUR	0.6788	-0.6	0.6785	0.6850	TWD	31.34 0.3
AUD/JPY	78.29	0.3	77.97	78.61	PHP	47.09 0.9
AUD/GBP	0.5750	0.2	0.5743	0.5793	CHF	0.97 0.4
AUD/NZD	1.0330	0.5	1.0324	1.0372	SEK	8.44 -0.3
AUD/CNH	5.0941	-0.4	5.1013	5.1585		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.83	1.03	1.45	USD 10	1.60	5.99
AUD	1.50	1.72	1.65	2.13	AUD 10	1.86	3.30 0.26
NZD	2.00	2.24	2.02	2.48	NZD 10	2.27	2.80 0.67
EUR	0.00	-0.30	-0.22	0.29	CAD 10	1.08	7.80 -0.52
GBP	0.25	0.38	0.45	0.82	EUR 10	-0.06	5.50 -1.66
JPY	-0.05	-0.03	-0.08	0.09	GBP 10	0.76	7.90 -0.84
CAD	0.50	0.90	0.92	1.30	JPY 10	-0.03	1.40 -1.63

Equities

Major Indices	Last	% day	% y/y
	Dow	18,480	-0.2
S&P 500	2,181	-0.2	10.8
Nasdaq	5,259	-0.5	9.3
VIX	13	4.8	-49.8
FTSE	6,859	0.2	11.6
DAX	10,675	-0.7	3.9
CAC 40	4,542	-0.3	-1.2
Nikkei	16,959	-0.3	-9.7
Shanghai	3,096	0.1	-4.5
Hang Seng	23,919	0.7	8.1
ASX 200	5,386	-0.7	3.2

Commodities*

	Last	% day
Oil (Brent)	49.68	3.5
Oil (WTI)	47.32	4.0
Oil (Tapis)	48.40	1.2
Gold	1342.20	-0.5
CRB	185.63	1.7
GS Metals	270.6	0.2
Aluminium	1574.3	-0.2
Copper	4650.0	0.3
Nickel	10299.5	1.3
Zinc	2305.0	-0.4
Ch. steel	2308.0	-2.7
Iron ore	58.1	-0.5
Coal	69.6	-0.3
Wheat Chic.	427.3	1.2
Sugar	20.2	-0.3
Cotton	69.3	-0.4
Coffee	154.9	-0.1

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.28	-2.00
3 Yr bond	97.8	3.00
10 Yr bond	98.04	-9.20
3/10 sprd	-0.24	12.20
SPI	5350.0	64.0

*Change in bps

CO₂ Emissions - Euros

	Last	% day
Dec-2016	4.06	1.5
Jun-2017	4.08	1.7
Dec-2017	4.10	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
Friday, 9 September 2016								
NZ	Card Spending Retail MoM/YoY	Aug	-0.2%	0.3		0.3/0.4	22.45	8.45
CH	CPI/PPI YoY	Aug		1.7/-0.9		1.8/-1.7	1.30	11.30
AU	Home Loans MoM	Jul	-2.4%	-1.5		1.2	1.30	11.30
AU	Investment Lending	Jul				3.2	1.30	11.30
JN	Tertiary Industry Index MoM	Jul		0.4		0.8	4.30	14.30
GE	Current Account Balance	Jul		24.5		26.3	6.00	16.00
UK	Trade Balance	Jul		-4200		-5084	8.30	18.30
UK	Construction Output SA MoM/YoY	Jul		-0.5		-0.9/-2.2	8.30	18.30
UK	BoE/TNS Inflation Next 12 Mths	Aug				2.0	8.30	18.30
US	Fed's Rosengren to Deliver Economic Forecast						11.45	21.45
CA	Housing Starts	Aug		190		198.4	12.15	22.15
CA	Net Change in Employment/Unemployment rate	Aug				-31.2/6.9	12.30	22.30
US	Wholesale Inventories/Sales MoM	Jul F		0.1/0.2		0.0/1.9	14.00	0.00
EC	EU Finance Chiefs, Central Bankers in Bratislava Sept. 10-11							
CH	Aggregate Financing CNY	Aug		914.35		487.9		due before 15 Sep
Monday, 12 September 2016								
JN	Machine Orders MoM/YoY	Jul				8.3/-0.9	23.50	9.50
JN	Machine Tool Orders YoY	Aug P				-19.7	6.00	16.00
US	Fed's Lockhart Speaks to Business Economists in Atlanta						12.05	22.05
US	Fed's Kashkari Speaks on Economy and TBTF						17.00	3.00
Tuesday, 13 September 2016								
AU	RBA's Kent Speech at Bloomberg Sydney						22.30	8.30
NZ	Food Prices MoM	Aug				-0.2	22.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Sep 11				114.3	23.30	9.30
JN	BSI Large All Industry QoQ	3Q				-7.9	23.50	9.50
JN	BSI Large Manufacturing QoQ	3Q				-11.1	23.50	9.50
AU	NAB Business Conditions/Confidence	Aug				8/4	1.30	11.30
CH	Industrial Production YoY/YTD YoY	Aug		6.2/6		6.0/6.0	2.00	12.00
CH	Retail Sales YoY/YTD YoY	Aug		10.2/10.3		10.2/10.3	2.00	12.00
CH	Fixed Assets Ex Rural YTD YoY	Aug		7.9		8.1	2.00	12.00
GE	CPI EU Harmonized MoM/YoY	Aug F		/		-0.1/0.3	6.00	16.00
UK	CPI MoM/YoY	Aug		/		-0.1/0.6	8.30	18.30
UK	PPI Input NSA MoM/YoY	Aug				3.3/4.3	8.30	18.30
UK	House Price Index YoY	Jul				8.7	8.30	18.30
EC	Employment QoQ/YoY	2Q				0.3/1.4	9.00	19.00
GE	ZEW Survey Current Situation/Expectations	Sep				57.6/0.5	9.00	19.00
EC	ZEW Survey Expectations	Sep				4.6	9.00	19.00
US	NFIB Small Business Optimism	Aug		94.8		94.6	10.00	20.00
US	Monthly Budget Statement	Aug		-96.5		-112.8	18.00	4.00
Wednesday, 14 September 2016								
NZ	BoP Current Account Balance/YTD ratio to GDP	2Q				1.3/-3.0	22.45	8.45
AU	Westpac Consumer Conf Index/MoM	Sep				101.0/2.0	0.30	10.30
JN	Industrial Production MoM/YoY	Jul F				0.0/-3.8	4.30	14.30
AU	RBA's Richards Speaks at Credit Law Conference on Gold Coast						6.45	16.45
UK	Jobless Claims Change/Avg weekly Earnings 3M/YoY	Aug				-8.6/2.4	8.30	18.30
UK	ILO Unemployment Rate 3Mths	Jul				4.9	8.30	18.30
UK	Employment Change 3M/3M	Jul				172.0	8.30	18.30
EC	Industrial Production SA MoM/YoY	Jul				0.6/0.4	9.00	19.00
AU	RBA's Debelle Speaks at TradeTech FX Europe conference in London						9.50	19.50
CA	Bank of Canada's Wilkins Lecture in London UK						10.15	20.15
CA	Teranet/National Bank HPI MoM/YoY	Aug				2.0/10.9	12.30	22.30
Thursday, 15 September 2016								
NZ	BusinessNZ Manufacturing PMI	Aug				55.8	22.30	8.30
NZ	GDP SA QoQ/YoY	2Q		/		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		/		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		/		1.5/5.4	8.30	18.30
EC	Trade Balance SA	Jul				23.4	9.00	19.00
EC	CPI MoM/YoY	Aug				-0.6/0.2	9.00	19.00
UK	Bank of England Bank Rate	Sep 15				0.3	11.00	21.00
UK	BOE Asset Purchase Target	Sep				435.0	11.00	21.00
US	Current Account Balance	2Q		-119.8		-124.7	12.30	22.30
US	Retail Sales Advance/Ex Autos and Gas MoM	Aug		0/		0.0/-0.1	12.30	22.30
US	Initial Jobless Claims	Sep 3		265		263.0	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				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		0.2/2.3		0.1/2.2	12.30	22.30
US	U. of Mich. Sentiment/5-10 Yr Inflation Expectations	Sep P		91		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
Upcoming Central Bank Interest Rate Announcements								
Europe ECB		8-Sep				0.00%		
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%		

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

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