

Somewhere over the rainbow

Who says fairy tales don't come true with the Western Bulldogs and Cronulla both taking the silverware in the AFL and NRL grand finals over the weekend. Great results for both teams.

Meanwhile, equity and risk markets did an about face on Friday night with the major US indexes all closing the best part of 1% higher after Agence France Press (AFP) reported that Deutsche Bank and the US Department of Justice were close to agreeing a \$US5.4bn settlement of the latter's mortgage mis-selling claim (cf with the initial claim of \$US14bn), DB's stock jumping by 6.3% on the day and close 16.5% up on its early session low. The deal has yet to be confirmed.

The AFP report produced an 'all change' across all asset classes with stocks rallying hard, the dollar, Swissie and Yen losing their safe haven bid and US Treasury yields heading back higher. Polls suggesting that Clinton is doing better would not have done any harm either to the emergence of a risk-on mood, including from a FOX poll putting Clinton 5 points ahead of Trump.

The US data was not a big driver of Friday's market moves, the personal income and spending data not springing major surprises. Within the August personal income and spending report, the (Fed-targeted) PCE deflators were right in line with expectations, though the Atlanta Fed did revise down their contemporaneous Q3 *GDPNow* estimate to 2.4% from 2.8% after softer than expected consumer spending and separately reported downward revisions to stocks.

Over the weekend, the China official Manufacturing PMI was rock-steady at 50.4 (f/c 50.5) with the Non-manufacturing PMI up slightly from 53.5 to 53.7 (no forecast), both adding a measure to the continued Chinese growth story and risk on mood continuing.

In FX markets, the US dollar closed last week fairly flat in index terms, the DXY -0.08% at 95.46 and the broader BBDXY -0.06%. USD/MXN fell by 0.9% to 19.38 and USD/ZAR by 1.23% to 13.72.

In G10, the NOK was the biggest gainer (0.79%), CHF the biggest loser (-0.54%), reversing some of the recent DB-related strength. The NZD was up 0.45% to 0.7286, AUD +0.37% to 0.7644, both opening this morning almost bang on those levels. CAD lagged, +0.14% to 1.3127 despite a somewhat better than expected July month GDP data, up 0.5%/1.3% after 0.6%/1.2% (f/c 0.3%/1.0%). USD/JPY rose

0.32% to 101.35, EUR/USD +0.12%, and GBP/USD +0.03% to 1.2972.

It's the GBP where there has been some price action first thing this morning, dropping around three quarters of a cent to 1.2916 from closer to 1.30 on Friday after UK PM Theresa May announced over the weekend that Article 50 will be invoked by March 2017. AUD/GBP has jumped as a result, trading this morning at 0.593.

Coming up

The big events in the US this week start with tonight's Manufacturing ISM that's expected to tick up from sub-50 to just over 50, then the Non-manufacturing ISM Wednesday and Non-farm Payrolls Friday. Otherwise a quiet week for global risk events with the IMF Annual Meetings Friday-thru-Sunday tying up Central Bankers and Treasury Officials; the latest IMF WEO forecasts are also due but are unlikely to be market moving.

Out this morning we have the BoJ Tankan survey for Q3 with the Large Manufacturers index expected to tick slightly higher to 7 from 6 and the Outlook tipped to increase two points to 8 from 6. There will be interest also in the Capex outlook. Bear in mind that this Survey would have been conducted before the recent BoJ meeting. The Nikkei Japan Manufacturing PMI is also out this morning.

Also out this morning locally is the Melbourne Institute's monthly CPI gauge for September; in August, their measure of CPI was 0.2%/1.2% ahead of CPI at the end of this month. The AiG Manufacturing PMI (L: 46.9) and the monthly September CoreLogic House prices report is also out.

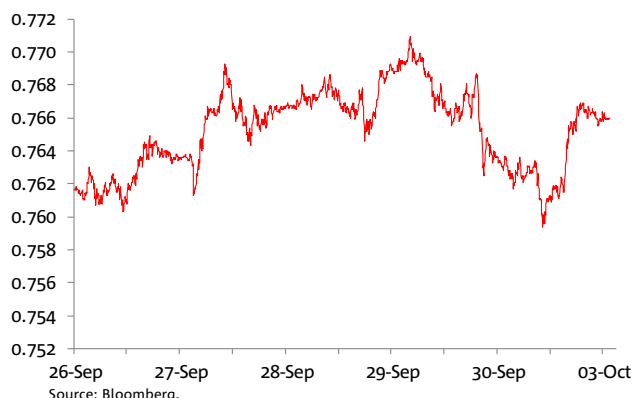
In Australia, it's a public holiday today in NSW, the ACT, QLD and SA. It's a big week ahead with the RBA Board meeting tomorrow, then Retail Sales on Wednesday. Also due are Building Approvals tomorrow and the Trade Balance Thursday, along with plenty of second-tier data with daylight saving having kicked in yesterday, for those states where it applies.

Overnight

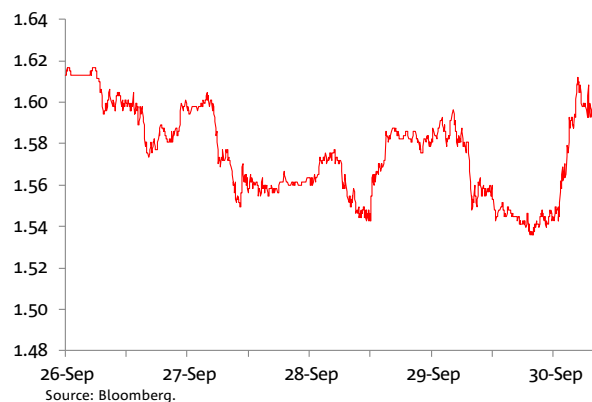
On global stock markets, the S&P 500 was +0.80%. Bond markets saw US 10-years +3.45bp to 1.59%. In commodities, Brent crude oil +1.93% to \$50.19, gold -0.5% to \$1,317, iron ore -1.1% to \$55.86. AUD is at 0.7661 and the range since Friday 5pm Sydney time is 0.7594 to 0.7669.

Good luck.

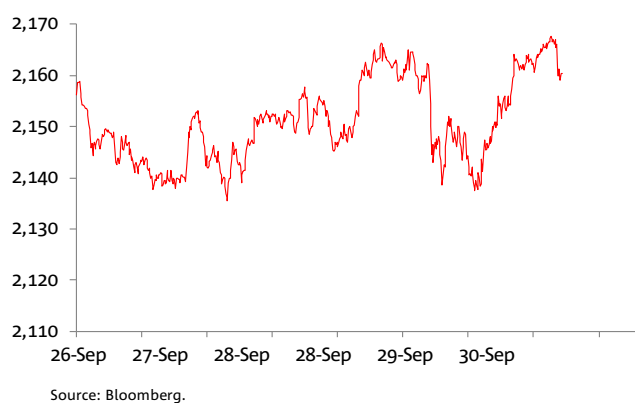
AUD/USD - past week



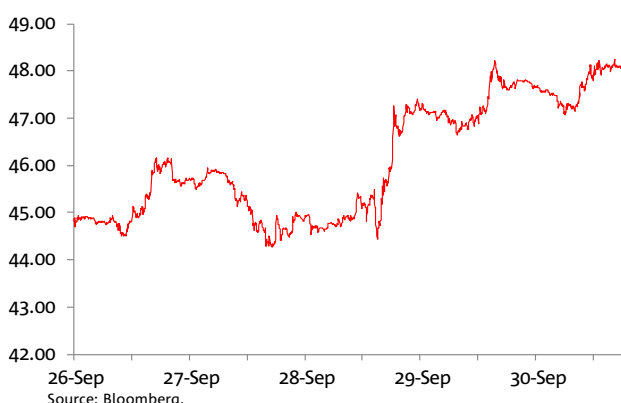
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7661	0.3	0.7590	0.7672	HKD	7.7557 0.0
NZD	0.7281	0.5	0.7229	0.7296	CNY	6.6720 0.0
EUR	1.1223	0.1	1.1164	1.1252	SGD	1.3632 0.2
GBP	1.2920	-0.8	1.2902	1.3033	IDR	13,020 0.5
JPY	101.21	0.5	100.74	101.85	THB	34.62 0.0
CAD	1.3119	-0.7	1.3051	1.3196	KRW	1,103 0.5
AUD/EUR	0.6828	-0.1	0.6782	0.6848	TWD	31.27 -0.3
AUD/JPY	77.53	0.4	76.50	78.04	PHP	48.45 0.3
AUD/GBP	0.5928	0.7	0.5855	0.5941	CHF	0.97 0.0
AUD/NZD	1.0522	-0.6	1.0473	1.0558	SEK	8.58 0.0
AUD/CNH	5.0779	-0.7	5.0716	5.1304		

Equities

Major Indices			
	Last	% day	% y/y
Dow	18,308	0.9	11.1
S&P 500	2,168	0.8	11.1
Nasdaq	5,312	0.8	12.8
VIX	13	-5.2	-36.5
FTSE	6,899	-0.3	12.6
DAX	10,511	1.0	10.0
CAC 40	4,448	0.1	-0.2
Nikkei	16,450	-1.5	-7.2
Shanghai	3,005	0.3	-1.6
Hang Seng	23,297	-1.9	8.3
ASX 200	5,436	-0.7	7.6

Commodities*

	Last	% day
Oil (Brent)	50.19	1.9
Oil (WTI)	48.24	2.5
Oil (Tapis)	47.92	4.9
Gold	1317.10	-0.5
CRB	186.32	0.2
GS Metals	283.8	1.2
Aluminium	1664.8	0.6
Copper	4853.0	0.9
Nickel	10536.0	-1.2
Zinc	2371.0	1.8
Ch. steel	2264.0	-0.4
Iron ore	55.9	-1.1
St. Coal	78.5	-0.6
Met.coal	200.0	0.0
Wheat Chic.	424.8	-0.3
Sugar	23.0	-3.3
Cotton	68.1	-0.6
Coffee	151.6	-1.0

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprrd
USD	0.50	0.85	0.99	1.41	USD 10	1.59	2.25
AUD	1.50	1.74	1.64	2.09	AUD 10	1.91	-3.80 0.31
NZD	2.00	2.21	2.00	2.47	NZD 10	2.28	-3.50 0.69
EUR	0.00	-0.30	-0.23	0.25	CAD 10	1.00	1.60 -0.60
GBP	0.25	0.38	0.44	0.79	EUR 10	-0.12	2.60 -1.71
JPY	-0.04	-0.03	-0.10	0.05	GBP 10	0.75	6.70 -0.85
CAD	0.50	0.90	0.84	1.20	JPY 10	-0.09	0.10 -1.68

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.27	0.00
3 Yr bond	97.8	1.00
10 Yr bond	98.03	-2.00
3/10 sprd	-0.23	3.00
SPI	5446.0	-45.0

CO₂ Emissions - Euros

	Last	% day
Dec-2016	4.98	0.4
Jun-2017	4.99	0.4

*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
Monday, 3 October 2016								
AU	AiG Perf of Mfg Index	Sep				46.9	23.30	9.30
AU	CoreLogic House Px MoM	Sep				1.1	0.00	10.00
JN	Loans & Discounts Corp YoY	Aug				2.3	0.50	10.50
JN	Tankan Large Mfg Index/Outlook	3Q		7/8		6.0/6.0	0.50	10.50
JN	Tankan Large All Industry Capex	3Q		6.5		6.2/19.0	0.50	10.50
AU	Melbourne Institute Inflation MoM/YoY	Sep				0.2/1.2	1.00	11.00
JN	Nikkei Japan PMI Mfg	Sep F				50.3	1.30	11.30
GE	Markit/BME Germany Manufacturing PMI	Sep F		54.3		54.3	8.55	18.55
EC	Markit Eurozone Manufacturing PMI	Sep F		52.6		52.6	9.00	19.00
UK	Markit UK PMI Manufacturing SA	Sep		52.1		53.3	9.30	19.30
CA	MLI Leading Indicator MoM	Aug				0.6	12.00	22.00
CA	RBC Canadian Manufacturing PMI	Sep				51.1	14.30	0.30
US	Bloomberg Consumer Comfort	Oct 2				41.6	14.45	0.45
US	Markit US Manufacturing PMI	Sep F		51.4		51.4	14.45	0.45
CA	Bloomberg Nanos Confidence	Sep 30				56.5	15.00	1.00
US	Construction Spending MoM	Aug		0.3		0.0	15.00	1.00
US	ISM Manufacturing	Sep		50.3		49.4	15.00	1.00
Tuesday, 4 October 2016								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Oct 2				120.6	23.30	9.30
NZ	QV House Prices YoY	Sep				14.6	0.00	10.00
JN	Monetary Base YoY/End of Period	Sep				24.2/404.5	0.50	10.50
AU	ANZ Job Advertisements MoM	Sep				1.8	1.30	11.30
AU	Building Approvals MoM	Aug		-6/5.1		11.3/3.1	1.30	11.30
NZ	RBNZ Governor Wheeler Speaks in Whangarei (Not Public)						2.30	12.30
AU	RBA Cash Rate Target	Oct 4	1.5	1.5		1.5	4.30	14.30
JN	Consumer Confidence Index	Sep		41.8		42.0	6.00	16.00
AU	Commodity Index AUD/YoY	Sep				90.5/0.8	6.30	16.30
UK	Markit/CIPS UK Construction PMI	Sep		49		49.2	9.30	19.30
US	Wards Total Vehicle Sales	Sep		17.45		16.9		
US	ISM New York	Sep				47.5	14.45	0.45
US	IBD/TIPP Economic Optimism	Oct		47.5		0.0	15.00	1.00
Wednesday, 5 October 2016								
AU	AiG Perf of Services Index	Sep				45.0	23.30	9.30
UK	BRC Shop Price Index YoY	Sep				-2.0	0.10	10.10
NZ	ANZ Commodity Price	Sep				3.2	1.00	11.00
JN	Nikkei Japan PMI Services/Composite	Sep		/		49.6/49.8	1.30	11.30
AU	Retail Sales MoM	Aug	0.4%	0.2		0.0	1.30	11.30
US/NZ	Fed's Evans Speaks on Economy and Policy in Auckland, NZ						1.40	11.40
GE	Markit Germany Services/Composite PMI	Sep F		50.6/52.7		50.6/52.7	8.55	18.55
EC	Markit Eurozone Services/Composite PMI	Sep F		52.1/52.6		52.1/52.6	9.00	19.00
UK	Markit/CIPS UK Services/Composite PMI	Sep		52/52.3		52.9/53.6	9.30	19.30
EC	Retail Sales MoM/YoY	Aug		-0.3/1.5		1.1/2.9	10.00	20.00
US	MBA Mortgage Applications	Sep 30				-0.7	12.00	22.00
US	ADP Employment Change	Sep		162.5		177.0	13.15	23.15
US	Trade Balance	Aug		-39.2		-39.5	13.30	23.30
CA	Int'l Merchandise Trade	Aug		-2.45		-2.5	13.30	23.30
US	Markit US Services/Composite PMI	Sep F		52/		51.9/52.0	14.45	0.45
US	ISM Non-Manf. Composite	Sep		53		51.4	15.00	1.00
US	Factory Orders	Aug		-0.2		1.9	15.00	1.00
Thursday, 6 October 2016								
NZ	ANZ Truckometer Heavy MoM	Sep				6.7	22.00	8.00
AU	Trade Balance	Aug	-2100	-2300		-2410.0	1.30	11.30
GE	Factory Orders MoM/YoY	Aug		0.3		0.2	7.00	17.00
GE	Markit Germany Construction PMI	Sep				51.6	8.30	18.30
UK	New Car Registrations YoY	Sep				0.1	9.00	19.00
UK	Unit Labor Costs YoY	2Q				1.9	9.30	19.30
US	Challenger Job Cuts YoY	Sep				-21.8	12.30	22.30
EC	ECB account of the monetary policy meeting						12.30	22.30
CA	Building Permits MoM	Aug		1		0.8	13.30	23.30
US	Initial Jobless Claims	Oct 1		255		254.0	13.30	23.30
US	Bloomberg Consumer Comfort	Oct 2				41.6	14.45	0.45
Friday, 7 October 2016								
AU	AiG Perf of Construction Index	Sep				46.6	23.30	9.30
JN	Labor Cash/Real Earnings YoY	Aug		0.4		1.4/2.0	1.00	11.00
JN	Leading Index CI	Aug P		101.6		100.0	6.00	16.00
GE	Industrial Production SA MoM/YoY	Aug		1/0.4		-1.5/-1.2	7.00	17.00
CH	Foreign Reserves	Sep		3182.5		3185	8.00	18.00
UK	Halifax House Prices MoM/YoY	Sep		0		-0.2/6.9	8.30	18.30
UK	Industrial Production MoM/YoY	Aug		0.2/1.3		0.1/2.1	9.30	19.30
UK	Trade Balance	Aug		-4000		-4502.0	9.30	19.30
US	Change in Nonfarm Payrolls/Unemployment rate	Sep		170/4.9		151/4.9	13.30	23.30
US	Average Hourly Earnings MoM/YoY	Sep		0.3/2.6		0.1/2.4	13.30	23.30
CA	Net Change in Employment/Unemployment rate	Sep		7.5/7		26.2/7.0	13.30	23.30
UK	NIESR GDP Estimate	Sep				0.3	15.00	1.00
CA	Ivey Purchasing Managers Index SA	Sep		53.5		52.3	15.00	1.00
US	Wholesale Inventories MoM	Aug F		-0.1		-0.1	15.00	1.00
US	Wholesale Trade Sales MoM	Aug		0		-0.4	15.00	1.00
CA	Business Outlook Future Sales	3Q				5.0	15.30	1.30
CA	BoC Senior Loan Officer Survey	3Q				23.9	15.30	1.30
US	Fed's Fischer Speaks in Washington						15.30	1.30
US	Fed's Mester Speaks in New York						17.45	3.45
US	Consumer Credit	Aug		16.5		17.7	20.00	6.00
US	Fed's George speaks in Washington						20.00	6.00
US	Fed's Brainard speaks in Washington						21.00	7.00
CA	BoC's Wilkins Speaks on Panel in Washington						21.00	7.00
Saturday, 8 October 2016								
CH	Caixin China PMI Services/Composite	Sep				52.1/51.8	2.45	12.45
CH	Foreign Direct Investment YoY CNY	Sep		4.1		5.7		
Upcoming Central Bank Interest Rate Announcements								
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%		
New Zealand, RBNZ		10-Nov				2.00%		

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.