

Tangled up in red

It's been an overnight session of digestion and reflection for the market, one week on now from the Presidential election. US bond yields remain supported, though that's been somewhat more tilted to the short end of the curve where expectations of a Fed rate hike at the upcoming December 13-14 meeting are all but baked in at a 93% chance, from 92% yesterday. That pricing was given a little more impetus from Fed speakers overnight ahead of Janet Yellen's testimony to Congress overnight.

Equity markets closed lower in Europe, while the US session is on the heavy side, at least as far as the Dow and the S&P are concerned; the Nasdaq is outperforming. The KBW Bank index is down 1¾%, but is still up 11.4% on pre-election levels as the market considers how the Dodd-Frank legislation might be changed.

In the currency world, the USD is still supported, the spot Bloomberg dollar index up 0.34%, this time the AUD/USD the casualty, down below 0.75 in the wake of yesterday's softer than expected wages data (0.4%/1.9%, a new 20 year low) and mixed-to-softer commodity news. Iron ore eased \$0.60/t to \$72.20 yesterday, met coal was steady at \$297.25, steaming coal down \$1.55/t to \$104.90, and base metals mostly lower overnight (the LME index by 1.88%). Even gold has struggled in this listless trading environment. Oil was supported for a time, but continues to drift lower as the November 30 OPEC meeting beckons nearer.

Fed Presidents James Bullard (voter) and Neel Kashkari (non-voter) have been speaking. Bullard is the "one and done" man. He's been saying that you'd have to see a surprise to stop a December rate hike, even though he's still of the view that such a hike would move policy to a neutral setting. He spoke of a medium term boost from Trump spending. Kashkari was less categorical about a December hike, but given already strong market pricing, his comments that he'd be assessing core inflation and the jobless rate at the December meeting could easily be inferred as not arguing against a hike. (While he's not a voter this year, he is next.) US industrial production continued its flatter performance in Oct, while the NAHB Housing index remained strong at 63.

Coming up

The profile event in our market today is the October Labour Force release, what the report says about the trend in employment, a trend that's been softening recently, exemplified by the move to more part-time, less full-time.

There seem to be sample rotation issues more often than not. Last month, the Statistician put aside some of the incoming sample for Queensland that revealed a 4K decline and likely would have been even softer but for the "adjustment/exclusion" the ABS made. Will it be put back this month? Will NSW show as a softening labour market?

The market consensus for employment ranges from -3K to +40K, the median at 15K. NAB's pick is 20K. We'd put much less reliance on the estimate for the month and instead focus on the trend. For any one number, the unemployment rate should be the focus in the report, though even here, this year it's been evident that while the unemployment rate has been steady to lower, the underemployment rate has been rising. (That latter wider measure is only estimated once a quarter, the next for November due in another month. NAB expects the unemployment rate to be steady at 5.6%; the market consensus sits at 5.7%.

There are three NZ releases on the schedule but we think it likely the Statistics NZ release will be delayed, but the two ANZ releases Job Ads and Consumer Sentiment will go ahead as planned.

More focus on the UK High Street tonight with the October Retail Sales report, EC revised October CPI, then US Housing Starts, CPI, Jobless Claims. NY Fed President Dudley is speaking, though only a welcome to a conference in NY, so may produce little of market interest. Fed Governor Brainard is speaking and on the evolution of work, of interest given the importance of the labour market to policy. ECB Chief Economist Praet is also speaking on a panel on the future of global financial integration at a Global Research Forum on International Macroeconomics and Finance in NY. One could think of apposite questions in the aftermath of the US election and the future of Dodd-Frank.

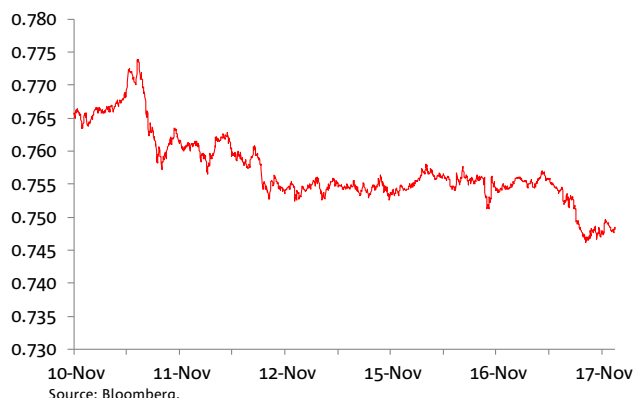
The big event tonight though is Janet Yellen's testimony to the Congress's Joint Economic Committee on the economy. For a somewhat quirkier outlier, we'll also have our eye on the Banco de Mexico meeting and whether they hike to defend the Peso that fallen further since the US election. The USD is up over 10% against the MXN since the election.

Overnight

On global stock markets, the S&P 500 was -0.16%. Bond markets saw US 10-years +0.18bp to 2.22%. In commodities, Brent crude oil -1.06% to \$46.45, gold+0.0% to \$1,225, iron ore -0.4% to \$72.42. AUD is at 0.748 and the range since yesterday 5pm Sydney time is 0.7462 to 0.7545.

Good luck.

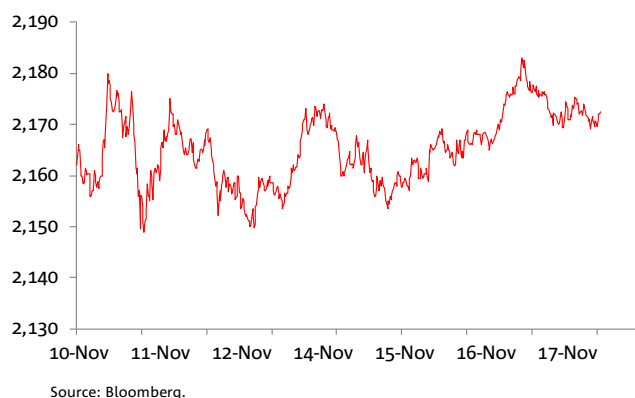
AUD/USD - past week



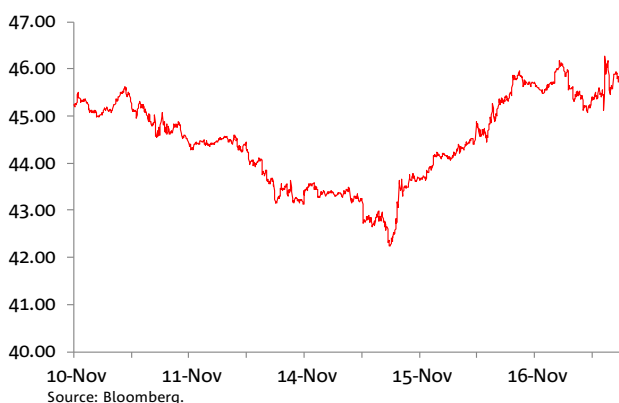
US 10 yr - past week



S&P Futures - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7480	-1.0	0.7460	0.7571	HKD	7.7579 0.0
NZD	0.7070	-0.6	0.7036	0.7088	CNY	6.8719 0.2
EUR	1.0681	-0.9	1.0666	1.0723	SGD	1.4149 0.2
GBP	1.2438	0.3	1.2410	1.2473	IDR	13,423 0.3
JPY	109.15	0.8	109.05	109.76	THB	35.49 0.3
CAD	1.3435	-0.7	1.3405	1.3506	KRW	1,171 0.2
AUD/EUR	0.7003	-0.1	0.6967	0.7012	TWD	31.85 0.0
AUD/JPY	81.65	-0.2	81.58	82.17	PHP	49.36 0.5
AUD/GBP	0.6015	-1.2	0.5996	0.6031	CHF	1.00 0.6
AUD/NZD	1.0579	-0.4	1.0567	1.0616	SEK	9.20 0.5
AUD/CNH	5.1395	-0.8	5.1400	5.2083		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Spred
USD	0.50	0.91	1.24	2.08	USD 10	2.22	0.18
AUD	1.50	1.76	1.85	2.78	AUD 10	2.64	-1.70 0.42
NZD	1.75	2.08	2.24	3.23	NZD 10	3.08	-1.20 0.86
EUR	0.00	-0.31	-0.13	0.68	CAD 10	1.51	-2.30 -0.71
GBP	0.25	0.40	0.67	1.33	EUR 10	0.30	-1.10 -1.92
JPY	-0.05	-0.06	0.04	0.20	GBP 10	1.38	0.40 -0.84
CAD	0.50	0.90	1.01	1.76	JPY 10	0.03	1.80 -2.19

Equities

Major Indices	Last	% day	% y/y
	Dow	18,881	-0.22
S&P 500	2,177	-0.16	6.0
Nasdaq	5,295	0.36	6.2
VIX	14	2.47	-24.6
FTSE	6,750	-0.6	9.8
DAX	10,664	-0.7	-0.5
CAC 40	4,501	-0.8	-6.3
Nikkei	17,862	1.1	-9.0
Shanghai	3,205	-0.1	-11.1
Hang Seng	22,281	-0.2	0.1
ASX 200	5,328	0.0	4.1

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.21	0.00
3 Yr bond	97.8	3.00
10 Yr bond	97.41	6.50
3/10 sprd	0.39	-3.50
SPI	5305.0	19.0

*Change in bps

Commodities*

	Last	% day
Oil (Brent)	46.45	-1.1
Oil (WTI)	45.46	-0.8
Oil (Tapis)	47.47	3.3
Gold	1225.10	0.0
CRB	182.34	-0.4
GS Metals	308.4	0.0
Aluminium	1694.3	-2.2
Copper	5428.5	-1.7
Nickel	11300.0	0.3
Zinc	2515.8	-3.4
Ch. steel	2788.0	-4.8
Iron ore	72.4	-0.4
St. Coal	104.9	-1.5
Met.coal	297.3	0.0
Wheat Chic.	428.0	-1.0
Sugar	20.4	-3.7
Cotton	72.1	2.0
Coffee	164.4	-0.5

CO₂ Emissions - Euros

	Last	% day
Dec-2016	5.55	-3.1
Jun-2017	5.57	-3.0

* cisd = 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	AEDT
Thursday, 17 November 2016								
US	Total/Net Long term Net TIC Flows	Sep		/		73.8/48.3	22.00	8.00
NZ	ANZ Job Advertisements MoM	Oct				0.3	22.00	8.00
NZ	PPI Output YoY	3Q	-0.7			0.5	22.45	8.45
US	Fed's Harker Speaks in Philadelphia on Purpose of Federal Reserve						23:30	9:30
NZ	ANZ Consumer Confidence Index/MoM	Nov		/		122.9/1.6	1.00	11.00
AU	Employment Change/Unemployment rate	Oct	20/5.6	15/5.7		-9.8/5.6	1.30	11.30
AU	Participation Rate	Oct	64.6	64.6		64.5	1.30	11.30
AU	RBA FX Transactions Market	Oct				673.0	1.30	11.30
EC	ECB's Mersch Speaks at Euro Finance Week in Frankfurt						9.10	19.10
UK	Retail Sales Ex Auto Fuel MoM/YoY	Oct		0.4/5.4		0.0/4.0	10.30	20.30
UK	Retail Sales Inc Auto Fuel MoM/YoY	Oct		0.5/5.3		0.0/4.1	10.30	20.30
EC	Construction Output MoM/YoY	Sep		/		-0.9/0.9	11.00	21.00
EC	CPI MoM/YoY	Oct		0.3/0.5		0.4/0.4	11.00	21.00
EC	CPI Core YoY	Oct F		0.8		0.8	11.00	21.00
US	Initial Jobless Claims	Nov 12		257		254.0	14.30	0.30
CA	Int'l Securities Transactions	Sep				12.7	14.30	0.30
US	Housing Starts/MoM	Oct		1160/10.8		1047.0/-9.0	14.30	0.30
US	Building Permits/MoM	Oct		1195/-2.5		1225.0/6.3	14.30	0.30
US	CPI MoM/YoY	Oct		0.4/1.6		0.3/1.5	14.30	0.30
US	CPI Ex Food and Energy MoM/YoY	Oct		0.2/2.2		0.1/2.2	14.30	0.30
US	Philadelphia Fed Business Outlook	Nov		7.8		9.7	14.30	0.30
US	Fed's Dudley (NY Fed and voter) welcome remarks to conference on International Macroeconomics						14.50	0.50
US	Fed Chair Yellen testifies to Joint Economic Committee on "The Economic Outlook"						16.00	2.00
US	Fed's Brainard (Fed Governor and voter) speaks on Evolution of Work and the Increase in Alternative Work Arrangements						18.30	4.30
MX	Banco de Mexico official overnight rate announcement					4.75%	20.00	6.00
Friday, 18 November 2016								
EC/US	ECB's Praet speaks in New York						22.45	8.45
NZ	National Accounts, year to	Mar					22.45	8.45
CH	Property Prices, # cities rising/falling new apt prices, y/y	Oct				64/6	2.30	12.30
GE	PPI MoM	Oct		0.2		-0.2	8.00	18.00
GE	PPI YoY	Oct		-0.9		-1.4	8.00	18.00
EC	ECB's Draghi Speaks at Euro Finance Week in Frankfurt						9.00	19.00
EC	ECB Current Account SA	Sep				29.7	10.00	20.00
EC	Current Account NSA	Sep				23.6	10.00	20.00
EC	Bundesbank's Weidmann Speaks at Euro Finance Week in Frankfurt						11.30	21.30
US/EC	Fed's Bullard, SNB's Maechler Speak on Panel in Frankfurt						11.30	21.30
CA	CPI NSA MoM/YoY	Oct		0.3/1.5		0.1/1.3	14.30	0.30
CA	CPI Core MoM/YoY	Oct		0.3/1.8		0.2/1.8	14.30	0.30
US	Leading Index	Oct		0.1		0.2	16.00	2.00
US	Kansas City Fed Manf. Activity	Nov				6.0	17.00	3.00
Monday, 21 November 2016								
JN	Machine Tool Orders YoY	Oct F				-8.9	11-21 Nov release	
JN	Trade Balance Adjusted	Oct				349.0	0.50	10.50
JN	Exports/Imports YoY	Oct		/		-6.9/-16.3	0.50	10.50
UK	Rightmove House Prices MoM/YoY	Dec		/		-1.1/4.5	1.10	11.10
NZ	Credit Card Spending MoM/YoY	Oct		/		2.6/8.2	3.00	13.00
JN	All Industry Activity Index MoM	Sep				0.2	5.30	15.30
JN	Convenience Store Sales YoY	Oct				0.0	8.00	18.00
UK	CBI Trends Total Orders/Selling Prices	Nov		/		-17.0/8.0	11-27 Nov release	
US	Chicago Fed Nat Activity Index	Oct				-0.1	14.30	0.30
CA	Wholesale Trade Sales MoM	Sep				0.8	14.30	0.30
CH	Conference Board Leading Economic Index	Oct					15.00	1.00
CA	Bloomberg Nanos Confidence	Nov 18				55.6	16.00	2.00
Tuesday, 22 November 2016								
NZ	Net Migration SA	Oct				6340.0	22.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Nov 13				117.8	23.30	9.30
AU	RBA's Aylmer Speech in Sydney						0.25	10.25
AU	RBA's Kent, Assistant Governor (Economic) speaks at ABE Event in Sydney						8.45	18.45
UK	Public Finances (PSNCR)/Public Sector Net Borrowing	Oct		/		13.3/10.1	10.30	20.30
UK	PSNB ex Banking Groups	Oct				10.6	10.30	20.30
CA	Retail Sales/Ex autos MoM	Sep		/		-0.1/0.0	14.30	0.30
US	Richmond Fed Manufact. Index	Nov		0		-4.0	16.00	2.00
EC	Consumer Confidence	Nov A				-8.0	16.00	2.00
US	Existing Home Sales/MoM	Oct		5.45/-0.37		5.5/3.2	16.00	2.00
US	Existing Home Sales MoM	Oct		-0.37		3.2	16.00	2.00
Wednesday, 23 November 2016								
AU	Skilled Vacancies MoM	Oct				-1.2	1.00	11.00
AU	Construction Work Done	3Q				-3.7	1.30	11.30
CH	MNI Business Indicator	Nov					2.45	12.45
GE	Markit/BME Germany Manufacturing/Services PMI	Nov P		/		55.0/54.2	9.30	19.30
GE	Markit Germany Services PMI	Nov P				54.2	9.30	19.30
GE	Markit/BME Germany Composite PMI	Nov P				55.1	9.30	19.30
EC	Markit Eurozone Manufacturing/Services PMI	Nov P		/		53.5/52.8	10.00	20.00
EC	Markit Eurozone Services PMI	Nov P				52.8	10.00	20.00
EC	Markit Eurozone Composite PMI	Nov P				53.3	10.00	20.00
US	Durable Goods Orders	Oct P		1/0.4		-0.3/-1.3	14.30	0.30
US	Cap Goods Orders Nondef Ex Air	Oct P		0.4		-1.3	14.30	0.30
US	Initial Jobless Claims	Nov 12		257		254.0	14.30	0.30
US	House Price Purchase Index QoQ	3Q				1.2	15.00	1.00
US	FHFA House Price Index MoM	Sep		0.5		0.7	15.00	1.00
US	Bloomberg Consumer Comfort	Nov 13				45.1	15.45	1.45
US	Markit US Manufacturing PMI	Nov P				53.4	15.45	1.45
US	New Home Sales/MoM	Oct		587.5/-0.9		593.0/3.1	16.00	2.00
US	New Home Sales MoM	Oct		-0.9		3.1	16.00	2.00
US	U. of Mich. Sentiment/5-10 Yr Inflation Expectations	Nov F		/		91.6/2.7	16.00	2.00
US	U. of Mich. 5-10 Yr Inflation	Nov F				2.7	16.00	2.00
US	U.S. Fed Releases Minutes from November 1-2 FOMC Meeting						20.00	6.00
Upcoming Central Bank Interest Rate Announcements								
Australia, RBA		1-Dec	1.50%	1.50%		1.50%		
Canada, BoC		7-Dec				0.50%		
Europe ECB		8-Dec				0.00%		
US Federal Reserve		15-Dec	0.25-0.50%	0.25-0.50%		0.25-0.50%		
UK BOE		15-Dec				0.25%		
Japan, BoJ		20-Dec				-0.1% to +0.1%		
New Zealand, RBNZ		9-Feb	1.75%	1.75%		1.75%		

GMT: Greenwich Mean Time; AEDT: Australian Daylight Savings Time

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