

Big Jet Plane

The song by Angus and Julia Stone (my absolute favourite Sydney band) made number 1 on Triple J's Hottest 100 songs of 2010 and was responsible for propelling them on to the international stage.

Big jet planes were also responsible for the 4.8% jump in US October durable goods orders reported last night and which together with a jump in the final reading of the University of Michigan's November Consumer Sentiment Index is responsible for the latest uptick in US bond yields and refresh to the US dollar uptrend following an early-week consolidation phase.

Looking though the Boeing-related surge in headline durable goods orders, encouragement was drawn from the better than expected ex-transport number of +1.0% against 0.2% expected and with a small upwards revision to September also reported. As for the consumer sentiment data, the significance is that the final readings of 93.8 will have been based on survey responses received after news of Donald Trump's election victory. So being up on the 91.6 preliminary reading, it signifies either that U.S. consumers collectively view Trump's election as good news for them, or perhaps it just means that the removal of uncertainty about the election outcome has seen confidence pick-up. Either way it looks to be good news for personal consumption in the rest of Q4 and into early 2017.

FOMC minutes from the November 1-2 meeting have also just been released but at first glance contain nothing that should surprise anyone. Indeed, they have left near-certain expectations for a December 14 rate rise firmly intact. In fact, the implied probability of December move has risen to 104% (the literal meaning of which is that market now ascribe a 4% change to the FOMC raising rates by 50bps rather than 25bps next month. That's not going to happen).

Other U.S. data saw New Home Sales disappoint expectations at -1.9%, the Markit US manufacturing PMI lift slightly to 53.9 from 53.4 and weekly jobless claims rose to 251k from the exceptionally low 233k previously (much as expected).

In Europe, 'Flash' Eurozone PMI data came in a bit stronger than expected (54.1 for the Composite reading up from 53.3) while the UK Autumn Statement revealed a much bigger than expected jump in expected borrowing needs over the next 5 years of £122bn, £58bn of which are 'Brexit' related. So much for that £350mn extra per week that UKIP claimed could be funnelled into the NHS. UK gilt yields have jumped on this news. The British pound is as touch firmer but this look more related to ongoing weakness in the Euro and

which has seen an extension of EUR/GBP weakness. On the Euro, we'd note that incoming opinion polls continue to point a defeat for Italian PM Renzi's constitutional reform agenda in the 4th December referendum.

Elsewhere it is the JPY that remain the whipping boy for US dollar strength, as it should be with US yield rising while the BoJ continues to anchor JGB yields at zero or below out to 10 years. Also to note is a lurch higher in the renminbi last night, with the onshore USD/CNH rate pushing 6.95 and the onshore USD/CNY almost kissing 6.92. This is still consistent with USD strength but this morning's PBoC fix will be interesting nevertheless.

The AUD/USD meanwhile hasn't done too badly, just 0.24% lower at 0.7389 and so generally firmer on the crosses. In this regard, following a jump in Dalian iron ore futures yesterday, the China 62% fines average import price has risen 97 cents to \$75.87, bucking the trend of (mostly) weaker commodity prices elsewhere as the dollar continues its march higher. Gold is off another \$25 while oil prices are a touch weaker with no new news on prospects or otherwise for an OPEC production agreement next week.

Yesterday Australian Q3 construction work done printed at -4.9% q/q in the September quarter, against expectations of a 1.6% decline (see Chart of the Day). The detail reveals the expected decline in engineering investment (-3.8% q/q) associated with the mining investment unwind. What the details also show are surprisingly sharp declines for residential building (3.1% q/q) and non-residential building (-10.9%). This presents downside risks to our preliminary Q3 GDP expectation of 0.1% q/q (data due 7th December).

Coming Up

US Thanksgiving promises to make for a limp into the weekend, with little on the scheduled calendar in the rest of the world (or here in Australia) to get anyone's pulses racing. The German IFO survey of business condition and confidence is pretty much the only data point of interest.

Oil prices will remain a point of focus as we head toward next Wednesday's OPEC meeting. So too will USD/JPY with Tokyo returning from holiday, and in China this morning's PBoC CNY fix will make headlines one way or the other.

Overnight

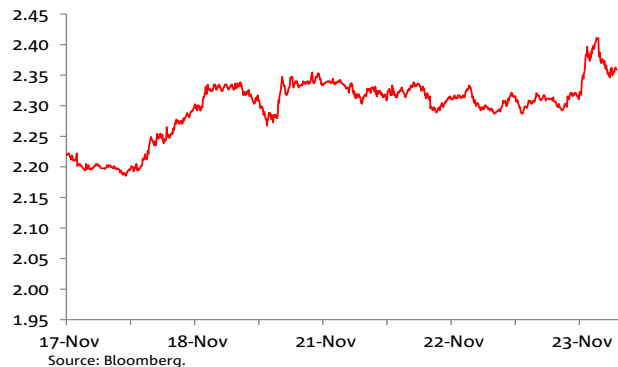
On global stock markets, the S&P 500 is -0.06%. 10-year US bond yields +4.69bp to 2.36%. In commodities, Brent crude oil -0.33% to \$48.96, gold -1.9% to \$1,188, iron ore +1.3% to \$75.87. The AUD is at 0.7389 and the range since yesterday 5pm Sydney time is 0.7380 to 0.7444.

Markets

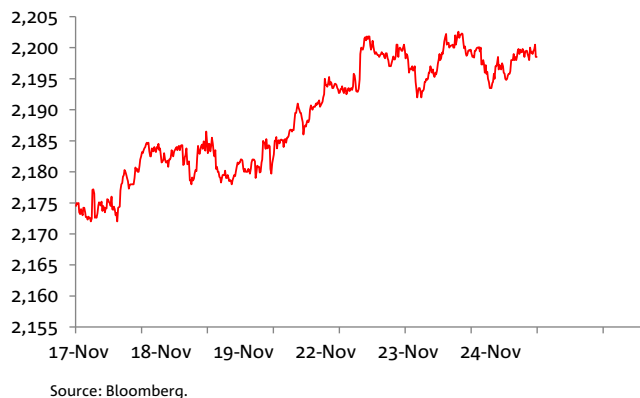
AUD/USD - past week



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	0.7391	-0.1	0.7373	0.7445	HKD	7.7568 0.0
NZD	0.7009	-0.8	0.6994	0.7080	CNY	6.9190 0.4
EUR	1.0552	-0.7	1.0526	1.0644	SGD	1.4316 0.6
GBP	1.2448	0.2	1.2361	1.2469	IDR	13,490 0.3
JPY	112.56	1.3	110.86	112.97	THB	35.69 0.5
CAD	1.3488	0.3	1.3424	1.3517	KRW	1,176 0.0
AUD/EUR	0.7005	0.6	0.6961	0.7024	TWD	31.87 -0.1
AUD/JPY	83.19	1.1	82.16	83.48	PHP	49.86 -0.1
AUD/GBP	0.5938	-0.3	0.5927	0.6007	CHF	1.02 0.6
AUD/NZD	1.0545	0.6	1.0471	1.0562	SEK	9.28 0.7
AUD/CNH	5.1154	0.6	5.1142	5.1225		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.92	1.32	2.18	USD 10	2.36	4.69
AUD	1.50	1.76	1.91	2.86	AUD 10	2.71	3.30 0.35
NZD	1.75	2.04	2.28	3.30	NZD 10	3.13	7.00 0.77
EUR	0.00	-0.31	-0.15	0.64	CAD 10	1.58	4.00 -0.78
GBP	0.25	0.40	0.66	1.39	EUR 10	0.26	4.10 -2.10
JPY	-0.05	-0.06	0.03	0.19	GBP 10	1.45	8.70 -0.91
CAD	0.50	0.90	1.01	1.83	JPY 10	0.03	0.00 -2.33

Equities

Major Indices

	Last	% day	% y/y
Dow	19,060	0.19	7.1
S&P 500	2,202	-0.06	5.5
Nasdaq	5,369	-0.31	5.2
VIX	13	2.82	-18.3
FTSE	6,818	0.0	8.1
DAX	10,662	-0.5	-3.9
CAC 40	4,529	-0.4	-7.4
Nikkei	18,163	0.0	-8.6
Shanghai	3,241	-0.2	-10.4
Hang Seng	22,677	0.0	0.4
ASX 200	5,484	1.3	4.9

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.21	-1.00
3 Yr bond	97.8	3.00
10 Yr bond	97.30	-7.00
3/10 sprd	0.50	10.00
SPI	5487.0	-66.0

*Change in bps

Commodities*

	Last	% day
Oil (Brent)	48.96	-0.3
Oil (WTI)	47.96	-0.1
Oil (Tapis)	50.13	-0.4
Gold	1188.00	-1.9
CRB	187.69	0.1
GS Metals	311.6	0.0
Aluminium	1778.5	0.8
Copper	5731.5	2.3
Nickel	11566.5	2.0
Zinc	2661.8	2.7
Ch. steel	2907.0	2.9
Iron ore	75.9	1.3
St. Coal	103.3	-2.8
Met.coal	299.0	-0.2
Wheat Chic.	423.8	-0.8
Sugar	19.6	-0.9
Cotton	73.1	-0.9
Coffee	157.7	-2.6

CO₂ Emissions - Euros

	Last	% day
Dec-2016	5.39	-2.4
Jun-2017	5.41	-2.2

* 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	AEDT
Thursday, 24 November 2016								
JN	Nikkei Japan PMI Mfg	Nov P				51.4	1.30	11.30
CH	Swift Global Payments CNY	Oct				2.0	2.00	12.00
JN	Leading Index CI	Sep F				100.5	6.00	16.00
GE	GDP SA QoQ/YoY	3Q F		0.2/1.7		0.2/1.7	8.00	18.00
GE	IFO Business Climate	Nov		110.5		110.5	10.00	20.00
GE	IFO Current Assessment/Expectations	Nov		115/106		115.0/106.1	10.00	20.00
UK	BBA Loans for House Purchase	Oct		38975		38252.0	10.30	20.30
GE	GfK Consumer Confidence	Dec		9.7		9.7	13.00	23.00
US	Thanksgiving Day holiday							
Friday, 25 November 2016								
NZ	Trade Balance NZD/12m YTD	Oct		-971/-3393		-1436.0/-3404.0	22.45	8.45
JN	Natl CPI/Ex fresh food YoY	Oct		0/-0.4		-0.5/-0.5	0.30	10.30
JN	Natl CPI Ex Food, Energy YoY	Oct		0.1		0.0	0.30	10.30
JN	PPI Services YoY	Oct		0.3		0.3	0.50	10.50
JN	Natl CPI Ex Fresh Food, Energy YoY	Oct		0.3		0.2	6.00	16.00
UK	GDP QoQ/YoY	3Q P		0.5/2.3		0.5/2.3	10.30	20.30
UK	Index of Services MoM/ 3m/3m	Sep		0.2/0.8		0.2/0.8	10.30	20.30
UK	Total Business Investment QoQ/YoY	3Q P		-1/-2.5		1.0/-0.8	10.30	20.30
UK	CBI Retailing Reported Sales	Nov		12		21.0	12.00	22.00
UK	CBI Total Dist. Reported Sales	Nov		11		26.0	12.00	22.00
US	Advance Goods Trade Balance	Oct		-59		-56.5	14.30	0.30
US	Wholesale Inventories MoM	Oct P		0.2		0.1	14.30	0.30
US	Markit US Services/Composite PMI	Nov P		54.8/		54.8/54.9	15.45	1.45
Sunday, 27 November 2016								
CH	Industrial Profits YoY	Oct				7.7	2.30	12.30
Monday, 28 November 2016								
JN	Small Business Confidence	Nov				48.3	25-30 Nov release	
EC	M3 Money Supply YoY	Oct				5.0	10.00	20.00
EC	OECD Economic Outlook						11.00	21.00
UK	Nationwide House PX MoM/YoY	Nov		/		0.0/4.6	28 Nov - 4 Dec release	
CA	Bloomberg Nanos Confidence	Nov 25				55.6	16.00	2.00
US	Dallas Fed Manf. Activity	Nov		2		-1.5	16.30	2.30
Tuesday, 29 November 2016								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Nov 27				115.5	23.30	9.30
JN	Jobless Rate/job-to-applicant ratio	Oct				3.0/1.4	0.30	10.30
JN	Overall Household Spending YoY	Oct				-2.1	0.30	10.30
JN	Retail Sales MoM/YoY	Oct				0.0/-1.9	0.50	10.50
UK	Mortgage Approvals	Oct				62.9	10.30	20.30
EC	Business Climate Indicator	Nov				0.6	11.00	21.00
GE	CPI MoM/YoY	Nov P		/		0.2/0.8	14.00	0.00
CA	Current Account Balance	3Q				-19.9	14.30	0.30
US	GDP Annualized QoQ	3Q S		3.1		2.9	14.30	0.30
US	S&P CoreLogic CS 20-City MoM/YoY	Sep		/		0.2/5.1	15.00	1.00
US	Fed's Dudley Speaks on Puerto Rico Economy						15.15	1.15
US	Consumer Confidence Index	Nov		100		98.6	16.00	2.00
Wednesday, 30 November 2016								
NZ	Building Permits MoM	Oct				0.2	#VALUE!	#VALUE!
JN	Industrial Production MoM/YoY	Oct P		/		0.6/1.5	0.50	10.50
AU	HIA New Home Sales MoM	Oct				2.7	1.00	11.00
NZ	ANZ Activity Outlook/Business Confidence	Nov		/		38.4/24.5	1.00	11.00
UK	GfK Consumer Confidence	Nov				-3.0	1.10	11.10
UK	Lloyds Business Barometer	Nov				37.0	1.10	11.10
AU	Building Approvals MoM/YoY	Oct		/		-8.7/-6.4	1.30	11.30
AU	Private Sector Credit MoM/YoY	Oct		/		0.4/5.4	1.30	11.30
CH	Westpac-MNI Consumer Sentiment	Nov				117.1	2.45	12.45
NZ	Money Supply M3 YoY	Oct				4.8	3.00	13.00
GE	Unemployment Claims Rate SA	Nov				6.0	9.55	19.55
GE	Unemployment Change (000's)	Nov				-13.0	9.55	19.55
EC	CPI Estimate/Core YoY	Nov		/		0.5/0.8	11.00	21.00
US	ADP Employment Change	Nov		160		147.0	14.15	0.15
US	Personal Income/Spending	Oct		0.4/0.5		0.3/0.5	14.30	0.30
US	Real Personal Spending	Oct				0.3	14.30	0.30
US	PCE Deflator MoM/YoY	Oct		0.3/		0.2/1.2	14.30	0.30
US	PCE Core MoM/YoY	Oct		0.1/		0.1/1.7	14.30	0.30
CA	GDP MoM/YoY	Sep		/		0.2/1.3	14.30	0.30
CA	Quarterly GDP Annualized	3Q				-1.6	14.30	0.30
CA	Industrial Product Price MoM	Oct				0.4	14.30	0.30
CA	Raw Materials Price Index MoM	Oct				-0.1	14.30	0.30
US	Chicago Purchasing Manager	Nov		52		50.6	15.45	1.45
US	Pending Home Sales MoM/YoY	Oct		0.3/		1.5/2.0	16.00	2.00
US	U.S. Federal Reserve Releases Beige Book						20.00	6.00
Upcoming Central Bank Interest Rate Announcements								
Australia, RBA		6-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

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.