

## Panic in Detroit

Modest dollar strength and higher Treasury yields was the initial response to the US payrolls data but proved fleeting. After 44k of upwards revision to September and August the 161k October NFP headline was a bit better than the 173k consensus. Unemployment fell to 4.9% from 5.0% as expected. The standout feature of the report was the rise in annual average earnings to 2.8% - a new cycle high.

Pre-election 'risk-off' sentiment and flows dominated the remainder of Friday's US session, albeit there was no specific election related headlines to steer markets. RealClear Politics poll-of-polls as of Friday night had Clinton 46.6/Trump 44.9 (meaning too close to call) and as of now, its 46.6/44.8 after three weekend polls, one of which (LA Times) has Trump 5 point ahead and one (NBC/WSJ) Clinton ahead by the same margin. Hillary was last seen heading to Michigan for an impromptu stop-over in an effort to shore up her get poll standing (she leads there by 4-5 points in latest state polling)

Friday's markets encompassed a 9th successive down day for the S&P – for the first time since 1980. After grinding out a 12 point gain in the post-payrolls morning session, the S&P gave it all back in the afternoon to finish 0.17% lower at 2085.18. The VIX added another 0.43 to 22.51, also its ninth successive rise and to the highest since the day of the 'Brexit' vote.

In US rates, mild bull flattening proved to be the order of the day after an initial +/-2bps jump in yields on the payrolls headlines. 2yr Treasuries ended 2.3bps lower at 0.785% and the 10-year -3.5bps at 1.777%

In FX, most pairs moved in accordance with the US political risk playbook, the US dollar softer overall with the DXY -0.27% and the broader BBDXY -0.21%. USD/JPY was – a little surprisingly - also up (Y103.12, +0.14%). EUR/USD was +0.32% to 1.1141 and USD/CHF -0.56% to 0.9684, confirming themselves as likely beneficiaries in the event of a Trump victory, though USD/JPY will doubtless would be a big part of the reaction as well. Sterling continued to benefit from short covering in the wake of Thursday's judicial ruling re triggering Article 50, GBP/USD +0.45% to 1.2517.

AUD/USD was largely sidelined Friday, -0.12% to 0.7673, as too NZD (-0.15% to 0.7326).

In commodities, oil was lower with WTI down another 60 cents to \$44.07 and Brent -80 cents to \$45.60. Gold gained another 41.20 to 1304.50 while iron ore was down 50 cents to \$65.00. Coal continues to do no wrong, steaming coal

+\$2.15 to \$108.65 and coking coal up another \$3.50 to a new cycle high of \$257.00.

Commenting after the US data, Fed vice chair Stanley Fischer said the economy could "to some extent exceed our employment and inflation targets," in remarks that could be viewed as implying some tolerance for overshooting its goals to coax out more investment and hiring (and in keeping with Fed chair Yellen's 'high pressure economy' remarks of a few weeks ago). At the same time he noted – seemingly with approval - that markets put the probability of a December hike at above 70%.

Dallas Fed President Robert Kaplan re-iterated a view that the Fed can afford to be patient in removing accommodation but that the Fed is making good progress towards its dual mandate, that the case for removing accommodation is strengthening and that some removal of accommodation would be appropriate.

Atlanta Fed President Dennis Lockhart told reporters on Friday that 'There's a relatively high bar, at least in pure economic terms, a relatively high bar to not moving in December,' but added that "There are other things that go on in the world that could give pause and I don't completely rule them out," he said, without providing specifics. We can all think of at least one thing he has in mind.

Locally, CoreLogic's weekend market summary shows the capital city weighted average clearance rate at 77.5% up from last week's final 74.4%, on auction volume of 2,490 up from 2,253. Sydney cleared a preliminary 82.1% versus last weekend's final 80.5% on volumes of 1,063 down from 1,100 and Melbourne 80.5%.

## Coming Up

The election is Tuesday, with polls on the east coast closing at 6:00pm. If the 2008 and 2012 elections re any guide the result could be called as early as 3pm AEDST.

This really is the only game in town this week, though locally the spotlight will be the RBNZ rate announcement on Thursday, where a cut is still expected despite a spate of strong economic reports. Australia has a quiet week with the major data points being the NAB Business Survey on Tuesday and Consumer Sentiment Wednesday.

## Overnight

On global stock markets, the S&P 500 was -0.17%. Bond markets saw US 10-years -3.53bp to 1.78%. In commodities, Brent crude oil -2.73% to \$45.58, gold-0.3% to \$1,305, iron ore -0.5% to \$65.00. AUD is at 0.7675 and the range since Friday 5pm Sydney time is 0.7656 to 0.7689.

## Author:

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## 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	0.7675	-0.1	0.7652	0.7713	HKD	7.7561 0.0
NZD	0.7323	-0.2	0.7299	0.7339	CNY	6.7565 0.0
EUR	1.1115	0.1	1.1080	1.1176	SGD	1.3835 0.0
GBP	1.2517	0.4	1.2449	1.2688	IDR	13,068 0.1
JPY	103.42	0.4	102.83	103.46	THB	35.01 0.1
CAD	1.3401	0.0	1.3350	1.3465	KRW	1,144 -0.5
AUD/EUR	0.6889	-0.2	0.6871	0.6934	TWD	31.45 -0.2
AUD/JPY	79.14	0.0	78.86	79.40	PHP	48.45 0.2
AUD/GBP	0.6130	-1.6	0.6105	0.6171	CHF	0.97 -0.3
AUD/NZD	1.0475	-0.3	1.0433	1.0534	SEK	8.96 -0.1
AUD/CNH	5.1815	0.0	5.1801	5.2124		

### Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	0.50	0.88	1.03	1.64	USD 10	1.78	-2.63
AUD	1.50	1.76	1.75	2.42	AUD 10	2.33	-1.50 0.55
NZD	2.00	2.12	2.21	2.88	NZD 10	2.77	1.50 0.99
EUR	0.00	-0.31	-0.15	0.51	CAD 10	1.16	-2.50 -0.62
GBP	0.25	0.41	0.60	1.09	EUR 10	0.14	0.40 -1.64
JPY	-0.04	-0.05	-0.03	0.07	GBP 10	1.13	-4.00 -0.65
CAD	0.50	0.89	0.87	1.41	JPY 10	-0.06	0.10 -1.84

### Equities

#### Major Indices

	Last	% day	% y/y
Dow	17,888	-0.2	-0.1
S&P 500	2,085	-0.2	-0.7
Nasdaq	5,046	-0.2	-2.0
VIX	23	6.2	57.1
FTSE	6,693	-1.4	5.3
DAX	10,259	-0.7	-6.6
CAC 40	4,377	-0.8	-12.2
Nikkei	16,905	-1.3	-12.3
Shanghai	3,125	0.7	-12.9
Hang Seng	22,643	-0.7	-1.0
ASX 200	5,181	-0.9	-0.7

### Overnight Futures

	Last	Chge*
<b>Australia</b>		
3 mth bill	98.23	1.00
3 Yr bond	97.8	1.00
10 Yr bond	97.74	7.00
3/10 sprd	0.06	-6.00
SPI	5124.0	60.0

\*Change in bps

### Commodities\*

	Last	% day
Oil (Brent)	45.58	-2.7
Oil (WTI)	44.07	-2.8
Oil (Tapis)	48.09	-2.1
Gold	1304.50	-0.3
CRB	182.50	-1.0
GS Metals	290.0	0.8
Aluminium	1717.3	-0.4
Copper	4980.8	1.4
Nickel	10420.5	1.4
Zinc	2436.0	0.9
Ch. steel	2770.0	5.4
Iron ore	65.0	-0.5
St. Coal	108.7	2.0
Met.coal	257.0	1.4
Wheat Chic.	432.0	-0.6
Sugar	21.7	0.1
Cotton	68.5	-0.1
Coffee	171.4	5.2

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

	Last	% day
Dec-2016	6.42	2.6
Jun-2017	6.43	2.4

\* 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
<b>Monday, 7 November 2016</b>								
AU	AiG Perf of Construction Index	Oct				51.4	23.30	9.30
JN	Labor Cash/Real Earnings YoY	Sep		0.2		-0.1/0.5	1.00	11.00
AU	ANZ Job Advertisements MoM	Oct				-0.3	1.30	11.30
CH	Foreign Reserves	Oct		3130		3166.4	1.30	11.30
GE	Factory Orders MoM/YoY	Sep		0.2		1.0/2.1	8.00	18.00
UK	Halifax House Prices MoM/3m YoY	Oct				0.1/5.8	9.30	19.30
FALSE	ECB's Constancio on Panel at EU Macro-Prudential Hearing						10.15	20.15
EC	Sentix Investor Confidence	Nov		8.85		8.5	10.30	20.30
EC	Retail Sales MoM/YoY	Sep		-0.5		-0.1/0.6	11.00	21.00
CA	Bloomberg Nanos Confidence	Nov 4				56.2	16.00	2.00
US	Labor Market Conditions Index Change	Oct				-2.2	16.00	2.00
US	Consumer Credit	Sep		17.5		25.9	21.00	7.00
<b>Tuesday, 8 November 2016</b>								
NZ	ANZ Truckometer Heavy MoM	Oct				-1.4	22.00	8.00
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Nov 6				114.1	23.30	9.30
UK	BRC Sales Like-For-Like YoY	Oct				0.4	1.10	11.10
AU	NAB Business Conditions/Confidence	Oct				8/6	1.30	11.30
CH	Trade Balance	Oct		51.75		42.0	2.00	12.00
CH	Exports/Imports YoY	Oct		-6/-1.1		-10.0/-1.9	2.00	12.00
JN	Leading Index CI	Sep P		100.4		100.9	6.00	16.00
AU	RBA's Chris Ryan, Head of International Department speaks at Asian Regulatory Summit in Hong Kong						7.15	17.15
GE	Industrial Production SA MoM/YoY	Sep		-0.2/2		2.5/1.9	8.00	18.00
GE	Current Account Balance	Sep		24		17.9	8.00	18.00
UK	Industrial Production MoM/YoY	Sep		/		-0.4/0.7	10.30	20.30
UK	Manufacturing Production MoM/YoY	Sep		/		0.2/0.5	10.30	20.30
CH	Foreign Direct Investment YoY CNY	Oct		2.5		1.2	10.25	20.25
US	NFIB Small Business Optimism	Oct		94.5		94.1	12.00	22.00
US	Fed's Evans Speaks on Economy and Policy in New York						13.45	23.45
CA	Housing Starts/Building Permits MoM	Oct		195/		220.6/10.4	14.15	0.15
UK	NIESR GDP Estimate	Oct				0.4	16.00	2.00
US	JOLTS Job Openings	Sep				5443	16.00	2.00
US	Fed's Evans Speaks on Economy and Policy in New York						18.20	4.20
US	<b>Presidential and Congressional elections (result expected through Wednesday Asia time)</b>							
<b>Wednesday, 9 November 2016</b>								
NZ	Card Spending Total MoM	Oct	flat	0.4		2.0	22.45	8.45
AU	Westpac Consumer Conf Index/MoM	Nov				102.4/1.1	0.30	10.30
JN	BoP Current Account Adjusted	Sep		1630		1975.7	0.50	10.50
AU	NAB Commerical Property Survey	Q3					1.30	11.30
CH	CPI/PPI YoY	Oct		2.1/0.9		1.9/0.1	2.30	12.30
JN	Bankruptcies YoY	Oct				-3.4	5.30	15.30
JN	Eco Watchers Survey Current/Outlook	Oct		44.3		44.8/48.5	6.00	16.00
UK	Trade Balance	Sep				-4733.0	10.30	20.30
EC	European Commission Economic Forecasts						11.00	21.00
JN	Machine Tool Orders YoY	Oct P				-6.3	0-14 Nov release	
US	Wholesale Inventories/Sales MoM	Sep F		0.2/0.6		0.2/0.7	16.00	2.00
US	Fed's Kashkari Speaks in Eau Claire, Wisconsin						19.30	5.30
<b>Thursday, 10 November 2016</b>								
NZ	RBNZ Official Cash Rate	Nov 10	1.75	1.75		2.0	21.00	7.00
JN	Machine Orders MoM/YoY	Sep		-2/3.7		-2.2/11.6	0.50	10.50
AU	Consumer Inflation Expectation	Nov				3.7	1.00	11.00
UK	RICS House Price Balance	Oct				17.0	1.10	11.10
AU	Home Loans/Investment Loans MoM	Sep	-0.6	-1.6		-3.0/0.1	1.30	11.30
US	Fed's Williams Speaks on Economic Outlook in San Francisco						3.00	13.00
NZ	REINZ House Sales YoY	Oct				-9.5		
CH	New Yuan Loans CNY	Oct		655		1220.0	10-15 Nov release	
CH	Aggregate Financing CNY	Oct		1000		1720.0	10-15 Nov release	
CA	New Housing Price Index MoM/YoY	Sep				0.2/2.7	14.30	0.30
US	Initial Jobless Claims	Nov 5				265.0	14.30	0.30
US	Fed's Bullard Speaks on U.S. Economic Outlook in St. Louis						15.15	1.15
US	Bloomberg Consumer Comfort	Nov 6				44.6	15.45	1.45
EC	Schaeuble, Weidmann Attend VOeB Public Bank Lobby Event						18.00	4.00
US	Monthly Budget Statement	Oct		-81.85		33.4	20.00	6.00
<b>Friday, 11 November 2016</b>								
NZ	BusinessNZ Manufacturing PMI	Oct				57.7	22.30	8.30
NZ	Food Prices MoM	Oct	-0.9			-0.9	22.45	8.45
JN	PPI MoM/YoY	Oct		0/-2.6		0.0/-3.2	0.50	10.50
AU	RBA's DeBelle Panel Participation at FINSIA Regulators Panel in Melbourne						2.00	12.00
JN	Tertiary Industry Index MoM	Sep		-0.2		0.0	5.30	15.30
GE	CPI MoM/YoY	Oct F		0.2/0.8		0.2/0.8	8.00	18.00
GE	CPI EU Harmonized MoM/YoY	Oct F		0.2/0.7		0.2/0.7	8.00	18.00
UK	Construction Output SA MoM/YoY	Sep		/		-1.5/0.2	10.30	20.30
JN	Machine Tool Orders YoY	Oct P				-6.3	11-14 Nov release	
US	U. of Mich. Sentiment/5-10 Yr Inflation	Nov P		87.3/		87.2/2.4	16.00	2.00
<b>Monday, 14 November 2016</b>								
NZ	Performance Services Index	Oct				54.1	22.30	8.30
JN	GDP SA QoQ	3Q P		0.2		0.2	0.50	10.50
CH	Industrial Production YoY/YTD	Oct		6.2/6.1		6.1/6.0	3.00	13.00
CH	Retail Sales YoY/YTD	Oct		10.7/10.4		10.7/10.4	3.00	13.00
CH	Fixed Assets Ex Rural YTD YoY	Oct		8.2/		8.2/0.0	3.00	13.00
JN	Industrial Production MoM/YoY	Sep F		/		0.0/0.9	5.30	15.30
EC	ECB's Constancio Speaks at Euro Finance Week in Frankfurt						9.30	19.30
EC	Industrial Production SA MoM/YoY	Sep		/		1.6/1.8	11.00	21.00
CA	Bloomberg Nanos Confidence	Nov 4				56.2	16.00	2.00
<b>Upcoming Central Bank Interest Rate Announcements</b>								
New Zealand, RBNZ		10-Nov	1.75%	1.75%		2.00%		
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%		

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

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