

# MARKETS TODAY

*When tomorrow comes*



## Good Morning

It has been a quiet overnight session with markets essentially marking time ahead of key risk events tomorrow and later in the week. 10y US Treasury yields are back above 2.60% with long dated corporate issuance seemingly a key driver and after being on the back foot for most of yesterday the USD has traded in a sideways pattern overnight. That said if the move in UST yields is sustained the USD could well be the performer today. European equity indices have ended the day up between 0.13% -0.33% and US equities look set to end the day mixed with the Dow currently down -0.13%, S&P500 is flat and NASDAQ is +0.11%.

We have had lots of headlines coming from the UK, but market reaction has been rather muted. Scottish First Minister Sturgeon said she'll seek authority from the Scottish Parliament next week for a second referendum to leave the UK, but PM Theresa May has been quick to rule it out telling the BBC that Sturgeon's decision sets Scotland on a course for "more uncertainty and division" at a time when evidence suggests the majority of Scottish people do not want a second vote. GBP hardly moved on the headline as the decision to call a referendum needs to be agreed by the UK government and PM May has made it clear she has no interest in going there ahead of Brexit.

On the Brexit subject, just under an hour ago the House of Commons has rejected amendments to the Brexit bill and now the bill will be reconsidered by the House of Lords. The bill is expected to pass with no objections over the coming hours. This means PM May could trigger article 50 as early as tomorrow, but Downing Street sources have said the PM will wait until the end of the month to officially pull the Brexit trigger. The news has seen GBP slide about 10pips to 1.224.

Bloomberg's currency ranker is showing SEK and GBP as the top G10 performers over the past 24hrs (up 0.74% and 0.54% respectively), but a closer look at the intraday chart shows most of the gains were achieved yesterday followed by sideways price action in the overnight session. EUR and DKK are the underperformers down -0.14% and -0.16% respectively with the dip in the EUR seemingly reflecting a belated reaction to Belgian CB Chief Smets' comments denying the "ECB had taken even a small step toward an exit last week". AUD traded in a 28 pips range overnight and is currently at 0.7575, essentially unchanged relative to Sydney's closing levels.

As for commodities, oil appears to have found support just above the \$48 mark, gold is unchanged but copper, steam coal and iron ore have had a good day, up 1%, 3.0% and 1.8% respectively.

## Coming Up

Author **Rodrigo Catril**, FX Strategist

Australia's weekly consumer confidence reading kicks off the day and then half an hour before midday we get the all-important NAB business survey for February.

As usual we are not privy to what's in today's survey, however it's probably worth reminding readers that the survey strength reported in December continued in January with both business conditions and confidence jumping to much higher levels. In January the conditions index jumped by a solid 6 points to +16 and notably the employment conditions index hit its highest level since 2011. Meanwhile, the business confidence index jumped 4 points to +10, well above the series long-run average.

This afternoon China releases its main activity indicator and in an effort to remove the Lunar New Year effect the data will reflect the aggregate reading for January and February. Bloomberg's consensus shows Industrial Production, Fixed Asset Investment and Retail Sales are all expected to have risen by 0.2% to 6.2%, 8.3% and 10.6% respectively. If so, the data would suggest China has started 2017 on a solid footing.

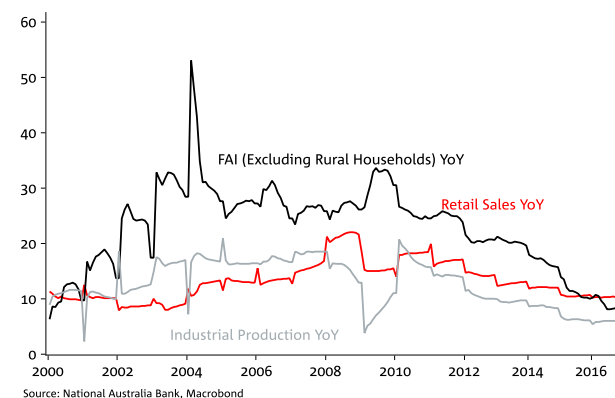
Moving on to Europe, the Zew survey for March is out in Germany. Last month, albeit at still very elevated levels, both the current situation and expectation indices eased up a bit, but now both indices are expected to have rebounded in March.

The NFIB Survey (Feb) is the US data highlight and if the labour market component is any guide the headline index should dip to 105 from 105.9 previously.

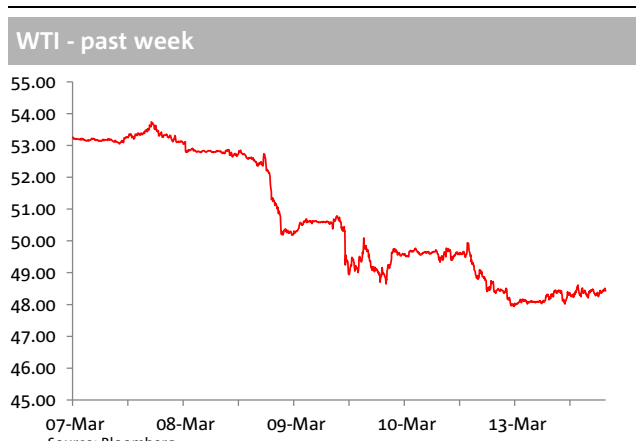
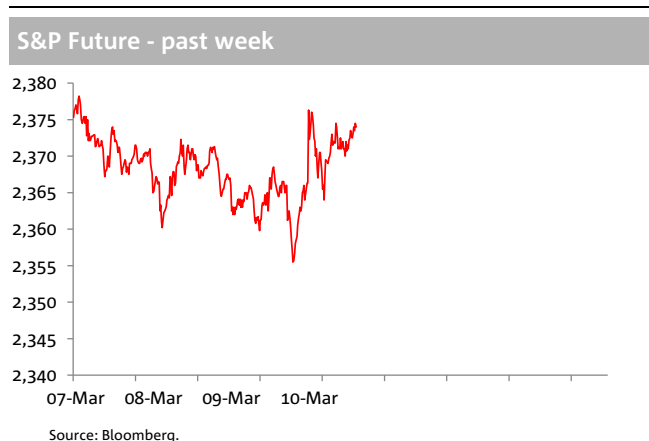
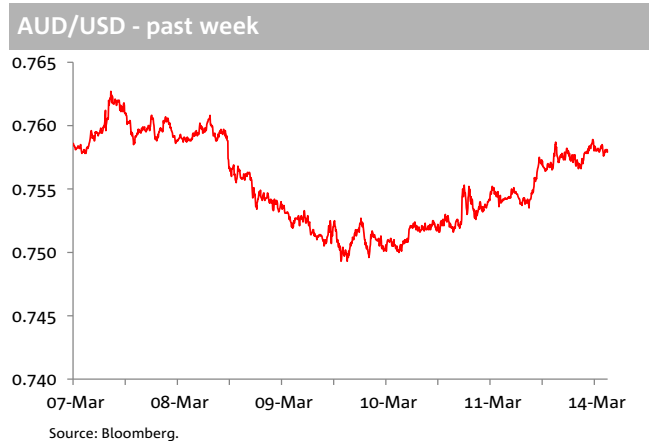
## Overnight

On global stock markets, the S&P 500 was +0.04%. Bond markets saw US 10-years +4.21bp to 2.62%. In commodities, Brent crude oil -0.04% to \$51.35, gold+0.2% to \$1,204, iron ore +1.8% to \$88.26, steam coal +3.0% to \$81.10, met.coal -0.9% to \$159.75. AUD is at 0.7575 and the range since yesterday 5pm Sydney time is 0.7565 to 0.7593.

## Chart of the day: China activity indicators



# Markets



## Foreign Exchange

Indicative 24hr ranges (**)					Other FX		
	Last	% chge	Low	High		Last	% chge
AUD	0.7575	0.4	0.7531	0.7592	HKD	7.7645	0.0
NZD	0.6922	0.0	0.6914	0.6950	CNY	6.9143	0.1
EUR	1.0654	-0.2	1.0653	1.0714	SGD	1.4142	0.1
GBP	1.2225	0.5	1.2147	1.2251	IDR	13,356	-0.1
JPY	114.84	0.0	114.48	114.95	THB	35.32	0.0
CAD	1.3445	-0.2	1.3431	1.3476	KRW	1,144	-1.1
AUD/EUR	0.7109	0.6	0.7049	0.7114	TWD	30.94	-0.4
AUD/JPY	86.99	0.5	86.42	87.04	PHP	50.32	0.1
AUD/GBP	0.6196	0.0	0.6178	0.6222	CHF	1.01	-0.4
AUD/NZD	1.0943	0.4	1.0875	1.0950	SEK	8.94	-0.8
AUD/CNH	5.2458	0.7	5.1895	5.2148			

## Interest Rates

Indicative Swap Rates					Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr		Last	chge	Spread
USD	0.75	1.12	1.71	2.59	USD 10	2.62	4.21	
AUD	1.50	1.80	2.03	3.17	AUD 10	2.94	-4.10	0.32
NZD	1.75	1.96	2.34	3.62	NZD 10	3.38	-1.50	0.77
EUR	0.00	-0.33	-0.09	0.91	CAD 10	1.87	6.10	-0.74
GBP	0.25	0.35	0.61	1.29	EUR 10	0.47	-1.40	-2.15
JPY	-0.05	-0.01	0.05	0.29	GBP 10	1.25	1.60	-1.37
CAD	0.50	0.94	1.20	2.12	JPY 10	0.09	0.10	-2.53

## Equities

Major Indices			
	Last	% day	% y/y
Dow	20,881	-0.10	21.3
S&P 500	2,373	0.04	17.4
Nasdaq	5,876	0.24	23.7
VIX	11	-2.66	-31.2
FTSE	7,367	0.3	20.0
DAX	11,990	0.2	22.0
CAC 40	5,000	0.1	11.3
Nikkei	19,634	0.1	13.9
Shanghai	3,237	0.8	13.2
Hang Seng	23,830	1.1	16.6
ASX 200	5,757	-0.3	11.0

## Commodities\*

	Last	% day
Oil (Brent)	51.35	0.0
Oil (WTI)	48.39	-0.2
Oil (Tapis)	52.41	-2.1
Gold	1203.80	0.2
CRB	183.16	0.3
GS Metals	323.3	0.9
Aluminium	1865.5	-0.1
Copper	5776.5	1.0
Nickel	10113.5	2.8
Zinc	2724.8	1.4
Ch. steel	3596.0	5.6
Iron ore	88.3	1.8
St. Coal	81.1	3.0
Met.coal	159.8	-0.9
Wheat Chic.	430.5	-2.3
Sugar	18.2	-0.2
Cotton	76.9	-0.5
Coffee	142.4	0.7

Prob. of 25bps hike/cut at next meeting		
	bps	%
RBA	-1.0	-4.0%
FED	22	89.6%

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>Tuesday, 14 March 2017</b>								
AU	RBA Bullock (Assistant Governor, Financial System) speaks						22.30	8.30
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Mar 12				113.9	23.30	9.30
AU	NAB Business Conditions/Confidence	Feb		/		16.0/10.0	1.30	11.30
CH	Retail Sales YTD YoY	Feb		10.6		10.4	3.00	13.00
CH	Fixed Assets Ex Rural YTD YoY	Feb		8.3		8.1	3.00	13.00
CH	Industrial Production YTD YoY	Feb		6.2		6.0	3.00	13.00
GE	CPI EU Harmonized MoM/YoY	Feb F		0.7/2.2		0.7/2.2	8.00	18.00
EC	Industrial Production SA MoM/YoY	Jan		1.4/0.9		-1.6/2.0	11.00	21.00
GE	ZEW Survey Current Situation/Expectations	Mar		77.8/13		76.4/10.4	11.00	21.00
EC	ZEW Survey Expectations	Mar				17.1	11.00	21.00
US	NFIB Small Business Optimism	Feb		105.6		105.9	11.00	21.00
US	PPI Final Demand MoM/YoY	Feb		0.1/1.9		0.6/1.6	13.30	23.30
CA	Teranet/National Bank HPI MoM/YoY	Feb		/		0.5/13.0	13.30	23.30
<b>Wednesday, 15 March 2017</b>								
NZ	BoP Current Account Balance NZD/% of GDP YTD	4Q	../-2.7	-2.425/-2.7		-4.9/-2.9	22.45	8.45
AU	Westpac Consumer Conf Index/MoM	Mar		/		99.6/2.3	0.30	10.30
JN	Industrial Production MoM/YoY	Jan F		/		-0.8/3.2	5.30	15.30
UK	Jobless Claims Change/Average Weekly Earnings 3M/YoY	Feb		/2.4		-42.4/2.6	10.30	20.30
UK	Employment Change/ILO Unemployment Rate 3M	Jan		80/4.8		37.0/4.8	10.30	20.30
EC	Employment QoQ/YoY	4Q		/		0.2/1.2	11.00	21.00
US	MBA Mortgage Applications	Mar 10				3.3	12.00	22.00
US	Empire Manufacturing	Mar		15		18.7	13.30	23.30
US	CPI MoM/YoY	Feb		0/2.7		0.6/2.5	13.30	23.30
US	CPI Ex Food and Energy MoM/YoY	Feb		0.2/2.2		0.3/2.3	13.30	23.30
US	Retail Sales Advance MoM	Feb		0.1		0.4	13.30	23.30
US	Retail Sales Ex Auto and Gas/Control Group	Feb		0.2/0.2		0.7/0.4	13.30	23.30
CA	Existing Home Sales MoM	Feb				-1.3	14.00	0.00
US	NAHB Housing Market Index	Mar		65		65.0	15.00	1.00
US	Business Inventories	Jan		0.3		0.4	15.00	1.00
US	FOMC Rate Decision (Lower/Upper Bound)	Mar 15	0.75/1.00	0.75/1		0.5/0.75	19.00	5.00
US	Total Net TIC Flows	Jan				-42.8	21.00	7.00
<b>Thursday, 16 March 2017</b>								
NZ	GDP SA QoQ/YoY	4Q	0.4/2.8	0.7/3.2		1.1/3.5	22.45	8.45
AU	Consumer Inflation Expectation	Mar				4.1	1.00	11.00
AU	Employment Change/Unemployment Rate	Feb	25/5.6	16/5.7		13.5/5.7	1.30	11.30
AU	Participation Rate	Feb	64.6	64.6		64.6	1.30	11.30
AU	RBA FX Transactions Market	Feb				557.0	1.30	11.30
AU	RBA Bulletin						1.30	11.30
JN	BOJ Policy Balance Rate	Mar 16		-0.1		-0.1	4.00	14.00
JN	Machine Tool Orders YoY	Feb F				9.1	7.00	17.00
EC	CPI MoM/YoY	Feb		0.4/2		-0.8/1.1	11.00	21.00
EC	CPI Core YoY	Feb F		0.9		0.9	11.00	21.00
UK	Bank of England Bank Rate	Mar 16		0.25		0.3	13.00	23.00
CA	Int'l Securities Transactions	Jan				10.2	13.30	23.30
US	Housing Starts/MoM	Feb		1260/1.1		1246.0/-2.6	13.30	23.30
US	Building Permits/MoM	Feb		1260/-2.6		1285.0/4.6	13.30	23.30
US	Philadelphia Fed Business Outlook	Mar		28		43.3	13.30	23.30
US	Initial Jobless Claims	Mar 11		240		243	13.30	23.30
US	JOLTS Job Openings	Jan		5562		5501.0	15.00	1.00
<b>Friday, 17 March 2017</b>								
G20	G20 Finance Ministers and Central Bank Governors meet for two days							
NZ	BusinessNZ Manufacturing PMI	Feb				51.6	22.30	8.30
NZ	ANZ Consumer Confidence Index/MoM	Mar		/		127.4/-1.0	1.00	11.00
CH	Property Prices	Feb					2.30	12.30
EC	Trade Balance SA	Jan		22		24.5	11.00	21.00
CA	Manufacturing Sales MoM	Jan		-0.4		2.3	13.30	23.30
US	Industrial Production MoM	Feb		0.2		-0.3	14.15	0.15
US	U. of Mich. Sentiment/5-10 Yr Inflation	Mar P		97		96.3	15.00	1.00
US	Leading Index	Feb		0.4		0.6	15.00	1.00
<b>Monday, 20 March 2017</b>								
NZ	Performance Services Index	Feb				59.5	22.30	8.30
UK	Rightmove House Prices MoM	Mar				2.0	1.10	11.10
UK	Rightmove House Prices YoY	Mar				2.3	1.10	11.10
AU	RBA's Ellis Speech in Canberra						2.30	12.30
GE	PPI MoM	Feb				0.7	8.00	18.00
GE	PPI YoY	Feb				2.4	8.00	18.00
EC	Labour Costs YoY	4Q				1.5	11.00	21.00
CA	Wholesale Trade Sales MoM	Jan				0.7	13.30	23.30
US	Chicago Fed Nat Activity Index	Feb				-0.1	13.30	23.30
NZ	Westpac Consumer Confidence	1Q				113.1		
CA	Bloomberg Nanos Confidence	Mar 10				57.4	15.00	1.00
US	Fed's Evans Speaks on Economy and Policy in New York						18.10	4.10
<b>Upcoming Central Bank Interest Rate Announcements</b>								
US	Federal Reserve	16-Mar	0.75-1.00%	0.75-1.00%		0.5-0.75%		
Japan	BoJ	16-Mar	-0.1%	-0.1%		-0.1%		
UK	BOE	16-Mar	0.25%	0.25%		0.25%		
New Zealand	RBNZ	23-Mar	1.75%	1.75%		1.75%		
Australia	RBA	4-Apr	1.50%	1.50%		1.50%		
Canada	BoC	12-Apr	0.5%	0.5%		0.5%		
Europe	ECB	17-Apr	-0.4%	-0.4%		-0.4%		

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

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