

# MARKETS TODAY

## *No way Jose*

### Good Morning

The USD (BBDX) was little changed on Friday while US equities and US Treasury yields ended the week a little bit lower reflecting a mild risk off tone. After all of last week saga, the US has no phenomenal health care plan as Republicans tell Trump that it ain't going to happen. House Speaker Ryan pulls the Republican Health Care Bill from the House minutes before a planned vote amid mounting opposition from his own party. This was the first major attempt by the administration to reform the government and its miserable failure exposes the limits of President Trump's negotiating skills as well as divisions within his own Party. US political focus now shifts towards tax reform, arguably a more important legislative piece for markets.

US equities started the day on a positive note, but as it became evident that the Health Care bill was unlikely to pass, equities turned south with a small recovery in the last trading hour easing some of the losses. The S&P500 closed down 0.08% and the Dow -0.28% while the NASDAQ buck the trend closing the week up 0.2%. The S&P500 lost 1.4% on the week, its biggest weekly loss since November 4, the week before the US election.

After starting the day on a solid footing the USD (BBDXY) lost ground through out the day following the move lower in US equities. The index recovered a bit of ground in the last hour of trading, but still ended the day down 0.08% and the week -0.63%. European currencies were the performers against the USD as preliminary PMI readings for March beat expectations (SEK was 0.24%, CHF 0.20% and EUR 0.14%). EUR spent most of the US session above the 1.08 mark, but it succumbed in the last hour of trading to close the week at 1.0798. The AUD and NZD essentially treaded water for most of Friday night and ended the NY session little changed from Sydney's closing levels. AUD closed the week at 0.7623 and NZD at 0.7028. GBP underperformed on the day (-0.38%), but it still managed to end the week 0.7% higher against the USD.

10y UST yields drifted from 2.43% to 2.39% as the Health Care bill prospects diminished during the day, but the small recovery in equities at the end of the session lifted yields helping 10y UST end the week at 2.41%. The 2y10y UST curve flattened 1.2bps to 115.5bps and the 5y30y curve flattened 1bps to 106.8bps. So in general there has been no change to the curve-flattening theme established from around the FOMC meeting in mid March.

As for commodities, it was again another session of mixed outcomes. Oil prices ended the week stronger, up between 0.5% and 0.6%, gold continued its ascendancy up another 0.1%, but iron ore lost 1.5% to end the week at \$85.1.

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Copper was down 0.4% following news that the world largest copper mine, BHP Billiton's Escondida in Chile, have ended a lengthy strike. Many analysts expect the metal to come under pressure now the dispute has been effectively postponed for another 18 months.

Core logic weekend market update reported another solid week of auctions across capital cities with the number of auctions held surging to the second highest weekly level over the year to date.

CFTC data from the week ending March 21 shows USD speculative longs against G10 currencies rose by 29.2k to 198.5k with the CAD showing the biggest move 21k longs turned into 24k shorts. Meanwhile in rates 2y, 5y and 10y shorts were reduced by 5k, 41k and 94k respectively.

The Euro area manufacturing PMI rose to 56.2 in March from 55.4 in February while the services reading climbed to 56.5 from 55.5. Both are at the highest in 71 months and suggest the broadening recovery in the euro area is still very buoyant supporting prospects of faster job creation and stronger inflationary pressures. Germany and France manufacturing and services PMIs also had a solid outcome.

Fed Dudley said that Fed hikes are aimed at achieving a soft landing and the U.S. economy will cope "just fine" with a gradual policy tightening approach. In contrast, Fed Bullard said "It's not necessary to raise rates that quickly if the goal is to keep inflation near target and keep unemployment between 4.5 and 5%".

### Coming Up

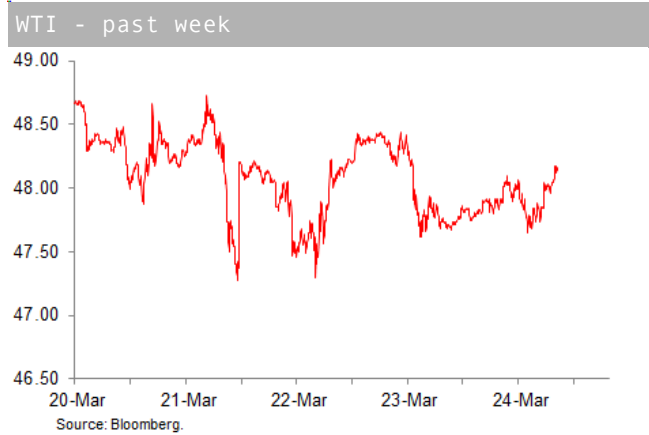
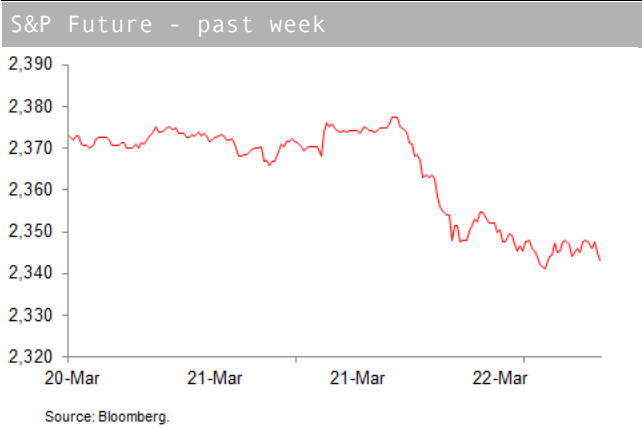
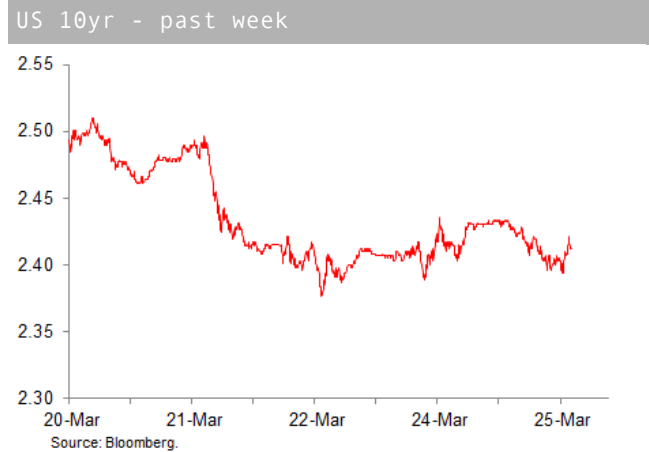
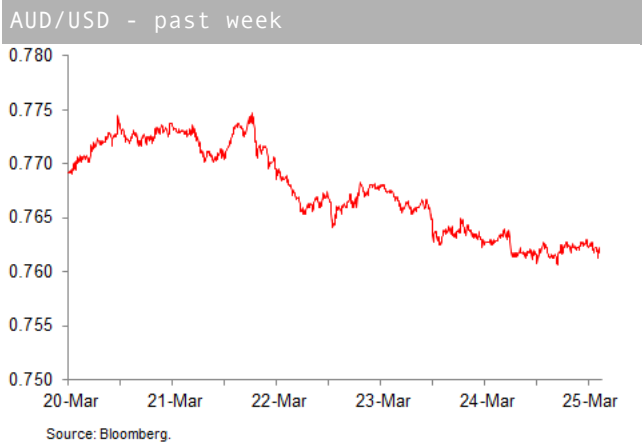
Markets are likely to start the week in a cautious mode amid lack of direction from the US. A shift in focus by the Trump's administration towards Tax reform will no doubt fill a lot of headlines at the start of the week, however as the week progresses focus is likely to shift towards Europe with the UK set to enact the official Brexit process on Wednesday while a European response is expected within 48 hours thereafter.

China PMIs and US PCE deflators are the data highlights and there are a few Fed speakers on the roster. See our what to watch publications for more details

### Overnight

On global stock markets, the S&P 500 was -0.08%. Bond markets saw US 10-years -0.71bp to 2.41%. In commodities, Brent crude oil +0.47% to \$50.8, gold+0.1% to \$1,249, iron ore -1.5% to \$85.06, steam coal +0.0% to \$80.95, met.coal +0.0% to \$156.75. AUD is at 0.7619 and the range since Friday 5pm Sydney time is 0.7604 to 0.7641.

Markets



Foreign Exchange						
Indicative 24hr ranges (**)				Other FX		
	Last	% chge	Low	High	Last	% chge
AUD	0.7619	-0.1	0.7604	0.7641	HKD	7.7672 0.0
NZD	0.7008	-0.3	0.6995	0.7043	CNY	6.8837 0.0
EUR	1.0843	0.6	1.0760	1.0848	SGD	1.3985 -0.1
GBP	1.2484	-0.3	1.2469	1.2522	IDR	13,327 0.0
JPY	110.78	-0.1	110.63	111.48	THB	34.57 -0.1
CAD	1.3362	0.1	1.3347	1.3386	KRW	1,123 0.0
AUD/EUR	0.7025	-0.7	0.7021	0.7092	TWD	30.48 0.0
AUD/JPY	84.40	-0.3	84.35	85.09	PHP	50.25 -0.4
AUD/GBP	0.6102	0.2	0.6078	0.6116	CHF	0.99 -0.5
AUD/NZD	1.0870	0.2	1.0807	1.0889	SEK	8.77 -0.6
AUD/CNH	5.2484	-0.2	5.2285	5.2529		

Interest Rates							
Indicative Swap Rates				Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr	Last	chge	Spnd
USD	1.00	1.15	1.62	2.40	USD 10	2.41	-0.71
AUD	1.50	1.80	1.95	2.99	AUD 10	2.75	-0.50 0.34
NZD	1.75	1.98	2.32	3.45	NZD 10	3.21	0.40 0.80
EUR	0.00	-0.33	-0.09	0.83	CAD 10	1.64	-4.60 -0.77
GBP	0.25	0.34	0.65	1.26	EUR 10	0.40	-2.80 -2.01
JPY	-0.03	0.02	0.05	0.26	GBP 10	1.20	-3.30 -1.22
CAD	0.50	0.93	1.11	1.90	JPY 10	0.07	0.80 -2.35

Equities				Commodities*	
Major Indices				Last	% day
	Last	% day	% y/y		
Dow	20,597	-0.29	17.6	Oil (Brent)	50.80 0.5
S&P 500	2,344	-0.08	15.1	Oil (WTI)	47.97 0.6
Nasdaq	5,829	0.19	22.1	Oil (Tapis)	52.06 -0.2
VIX	13	-1.22	-12.1	Gold	1248.50 0.1
FTSE	7,337	-0.1	20.1	CRB	183.47 -0.1
DAX	12,064	0.2	22.5	GS Metals	328.3 -0.1
CAC 40	5,021	-0.2	16.0	Aluminium	1934.8 0.3
Nikkei	19,263	0.9	13.3	Copper	5791.0 -0.4
Shanghai	3,269	0.6	9.7	Nickel	9828.5 -1.6
Hang Seng	24,358	0.1	19.7	Zinc	2820.3 0.6
ASX 200	5,754	0.8	13.2	Ch. steel	3116.0 -1.1
				Iron ore	85.1 -1.5
				St. Coal	81.0 0.0
				Met.coal	156.8 0.0
				Wheat Chic.	439.5 0.8
				Sugar	17.7 0.6
				Cotton	77.5 0.3
				Coffee	137.6 -2.1

Overnight Futures		
	Last	Chge*
Australia		
3 mth bill	98.21	1.00
3 Yr bond	97.8	0.00
10 Yr bond	97.22	0.00
3/10 sprd	0.58	0.00
SPI	5748.0	-41.0

Prob. of 25bps hike/cut at next meeting		
	bps	%
RBA	-0.2	-0.8%
FED	-0	-0.4%

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, 27 March 2017</b>								
JN	BOJ Summary of Opinions at March 15-16 Meeting						0.50	10.50
JN	PPI Services YoY	Feb		0.5		0.5	0.50	10.50
CH	Industrial Profits YoY	Mar				2.3	1.30	11.30
GE	IFO Business Climate	Mar		110.8		111.0	9.00	19.00
GE	IFO Current Assessment/Expectations	Mar		117.9/104.3		118.4/104.0	9.00	19.00
CA	Bloomberg Nanos Confidence	Mar 24				59.2	15.00	1.00
US	Dallas Fed Manf. Activity	Mar		21		24.5	15.30	1.30
US	Fed's Evans Speaks on Economy and Policy in Madrid						18.15	4.15
<b>Tuesday, 28 March 2017</b>								
AU	RBA's Debelle Speech in Sydney						23.00	9.00
US	Fed's Kaplan speaks in Texas						23.30	9.30
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Mar 26				112.0	23.30	9.30
US	Advance Goods Trade Balance	Feb		-67		-68.8	13.30	23.30
US	Wholesale/Retail Inventories MoM	Feb P		0.2/		-0.2/0.8	13.30	23.30
US	S&P CoreLogic CS 20-City MoM/YoY	Jan		0.7/5.55		0.9/5.6	14.00	0.00
US	Markit US Services/Composite PMI	Mar P		54/		53.8/54.1	14.45	0.45
US	Conf. Board Consumer Confidence	Mar		113.4		114.8	15.00	1.00
US	Richmond Fed Manufact. Index	Mar		14		17.0	15.00	1.00
CA	Bank of Canada Governor Stephen Poloz Speech in Oshawa						15.10	1.10
CA	Bank of Canada Governor Stephen Poloz Press Conference						16.10	2.10
US	Fed's George Speaks in Midwest City, OK						17.45	3.45
US	Fed's Yellen speaks						17.50	3.50
US	Fed's Kaplan speaks in Dallas						18.00	4.00
<b>Wednesday, 29 March 2017</b>								
US	Fed Governor Powell speaks						21.30	7.30
JN	Retail Sales MoM/YoY	Feb		0.4/0.7		0.5/1.0	0.50	10.50
JN	Small Business Confidence	Mar				47.7	6.00	16.00
UK	Mortgage Approvals	Feb		70		69.9	9.30	19.30
US	Fed's Evans Speaks on Economy and Policy in Frankfurt						14.20	0.20
US	Pending Home Sales MoM/YoY	Feb		2.5/		-2.8/2.7	15.00	1.00
US	Fed's Rosengren Speaks at Economic Club of Boston						16.30	2.30
US	Fed's Williams speaks at Forecaster's Club in New York						18.15	4.15
<b>Thursday, 30 March 2017</b>								
NZ	Regional GDP, year ended March	2016					22.45	8.45
AU	HIA New Home Sales MoM	Feb				-2.2	1.00	11.00
AU	Job vacancies	Feb				2.2	1.30	11.30
CH	Swift Global Payments CNY	Feb				1.7	2.00	12.00
CH	BoP Current Account Balance	4Q F				37.6	8.15	18.15
EC	Business Climate Indicator	Mar		0.82		0.8	10.00	20.00
GE	CPI MoM/YoY	Mar P		0.4/1.8		0.6/2.2	13.00	23.00
GE	CPI EU Harmonized MoM/YoY	Mar P		0.5/1.9		0.7/2.2	13.00	23.00
US	GDP Annualized QoQ	4Q T		2		1.9	13.30	23.30
CA	Industrial Product/Raw Materials Price MoM	Feb		/		0.4/1.7	13.30	23.30
US	Initial Jobless Claims	Mar 25				258.0	13.30	23.30
US	Fed's Mester speaks on Payment System Improvement						14.45	0.45
US	Bloomberg Consumer Comfort	Mar 26				51.3	14.45	0.45
US	Fed's Kaplan speaks in Washington						16.00	2.00
US	Fed's Williams speaks at Learning Community Event in New York						16.15	2.15
<b>Friday, 31 March 2017</b>								
NZ	Building Permits MoM	Feb				0.8	22.45	8.45
NZ	Annual Balance Sheets	07-15					22.45	8.45
UK	GfK Consumer Confidence	Mar		-7		-6.0	0.10	10.10
UK	Lloyds Business Barometer	Mar				40.0	0.10	10.10
JN	Jobless Rate/Jobs-to-Applicants Ratio	Feb		3/1.44		3.0/1.4	0.30	10.30
JN	Overall Household Spending YoY	Feb		-1.7		-1.2	0.30	10.30
JN	Natl CPI YoY	Feb		0.3		0.4	0.30	10.30
JN	Natl CPI Ex Fresh Food/Ex FF & EnergyYoY	Feb		0.2/0.1		0.1/0.2	0.30	10.30
JN	Tokyo CPI/Ex FF YoY	Mar		-0.2/-0.2		-0.3/-0.3	0.30	10.30
JN	Loans & Discounts Corp YoY	Feb				2.7	0.50	10.50
JN	Industrial Production MoM/YoY	Feb P		1.5/4		-0.4/3.7	0.50	10.50
NZ	ANZ Activity Outlook/Business Confidence	Mar		/		37.2/16.6	1.00	11.00
AU	Private Sector Credit MoM/YoY	Feb	0.4/5.2	0.5/5.3		0.2/5.4	1.30	11.30
AU	NAB Online Retail Sales Index	Feb				-0.5/11.7	1.30	11.30
CH	Manufacturing/Non-manufacturing PMI	Mar		51.7/		51.6/54.2	2.00	12.00
GE	Unemployment Change (000's)/Claims Rate	Mar		-10/5.9		-14.0/5.9	8.55	18.55
UK	Current Account Balance	4Q		-16		-25.5	9.30	19.30
UK	GDP QoQ/YoY	4Q F		0.7/2		0.7/2.0	9.30	19.30
UK	Index of Services MoM/3M/3M	Jan		0.25/0.7		0.2/0.8	9.30	19.30
UK	Total Business Investment QoQ/YoY	4Q F		/		-1.0/-0.9	9.30	19.30
EC	CPI Estimate/Core YoY	Mar		1.8/0.9		2.0/0.9	10.00	20.00
US	Personal Income	Feb		0.4		0.4	13.30	23.30
US	Personal Spending/Real Personal Spending	Feb		0.2/0.1		0.2/-0.3	13.30	23.30
US	PCE Deflator MoM/YoY	Feb		0.1/2.1		0.4/1.9	13.30	23.30
US	PCE Core MoM/YoY	Feb		0.2/1.705		0.3/1.7	13.30	23.30
CA	GDP MoM/YoY	Jan		0.3/		0.3/2.0	13.30	23.30
CA	CFIB Business Barometer	Mar				62.9		
<b>Upcoming Central Bank Interest Rate Announcements</b>								
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%		
Japan, BoJ		27-Apr	-0.1%	-0.1%		-0.1%		
US Federal Reserve		4-May				0.75-1.00%		
New Zealand, RBNZ		11-May	1.75%	1.75%		1.75%		
UK BOE		11-May	0.25%	0.25%		0.25%		

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

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