

MARKETS TODAY

(Because I'm) Happy



Good Morning

Getting toward the end of the month and the end of the quarter, and given the torpor of risk assets markets of late, the return of some buying could easily have occurred. And that could well be part of the explanation for overnight moves. Stocks were higher in Europe and in the US, as they were for much of Asia yesterday. In FX markets, the USD has steadied, the Bloomberg DXY spot index up 0.47%, the Euro, Sterling, Swiss Franc, and the Japanese yen were all lower. Hard commodities rose (base metals and oil), gold eased, US Treasury yields were higher for the day, with the AUD more than holding its ground at 0.7633 this morning, if off its overnight highs.

But there's no doubt that a super-charged report on the state of US consumer confidence certainly had a material lifting effect on risk markets. Both the main measures of consumer confidence had already lifted since the US elections, but the overnight Conference Board measure shot the lights out, the index up from 116.1 to 125.6. Consumer Confidence was the highest since 2000, with the Jobs Plentiful Index also at the best level since 2001. The monthly rise in the Jobs Plentiful index was the most since April 1974.

While this report is "soft" data as opposed to hard data reports (e.g. consumer spending and payrolls), it's undoubtedly a strong reading on consumer spirits. They may well have been bolstered by hopes for tax cuts and other promised/expected changes, but also as well as what consumers are seeing in the job market. US S&P/CoreLogic house prices also continued rising in February. The 20 cities index was up 5.73% y/y after 5.47% to January. Adding a little more to the strong US data theme, the Goods Trade balance was notched up a smaller than expected deficit, while the Richmond Fed Manufacturing Index was also

Yellen was speaking and there was nothing for market pricing. She was speaking on Community Development Financial Institutions with no Q&A. Fed President George and Kaplan were both speaking, as was Fischer. While tilted a little more toward the hawkish end of the monetary policy spectrum, George said that the Fed is "about there" in meeting its inflation goal, but that she is not seeking tight monetary policy but hike in a gradual and deliberate fashion. Kaplan was also speaking of gradual removal of monetary accommodation. In an interview with CNBC, Fed Vice Chair Stanley Fischer said that two more rate hikes seems "about right" for this year. "That's my forecast as well", also mentioning how the Fed is "watching and waiting" to see how fiscal policy plays out. Again, nothing to upset market pricing, the market seeing the next likely move from the Fed at the 14 June meeting (13.6bps priced) with just over 1½ priced by year end. As you were largely from a market pricing standpoint and the market has not entered into a major new reflation trade.

Author **David de Garis, Director, Economics**

On the commodities front, iron ore had an up day yesterday, up \$0.44 to \$82.01. Met coal was a tad higher with post Cyclone Debbie assessments of coal (and other infrastructure and production) still to come. Most Australian met coal is produced in Queensland.

Coming Up

First up today is a speech from Fed Governor Powell who has tended not to be too much of a monetary policy hawk or dove. He's is speaking as we go to press.

Japan has its February Retail Trade report, the market expecting further 0.3% m/m growth after January's 0.5% rise. The Shoko-Chukin Small Business Confidence index for March is released this afternoon.

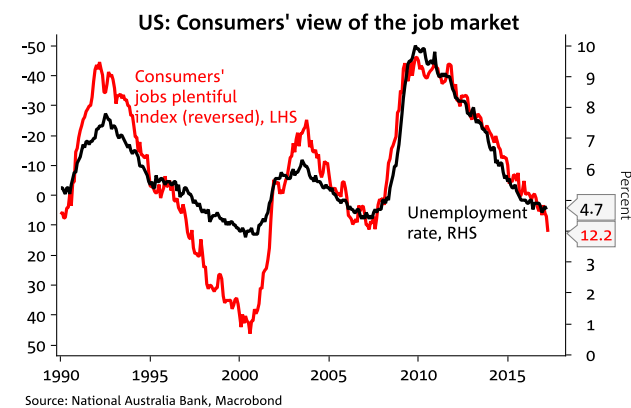
Chicago Fed President Charles Evans continues on his European tour, speaking tonight in Frankfurt (again, the ECB's Peter Praet is on the same speaking card). In the US, Boston Fed President Eric Rosengren is speaking to the Economic Club (in Boston), while SanFran Fed President Williams is speaking to the Forecaster's Club in New York, so the potential there to get something meatier on the outlook for the economy. US Pending Home Sales is released.

And of course Wednesday is D-day for UK PM Theresa May who will be triggering Article 50 notifying the EC of the UK's intention to withdraw from the EU, starting the period of two years of negotiations before exiting.

Overnight

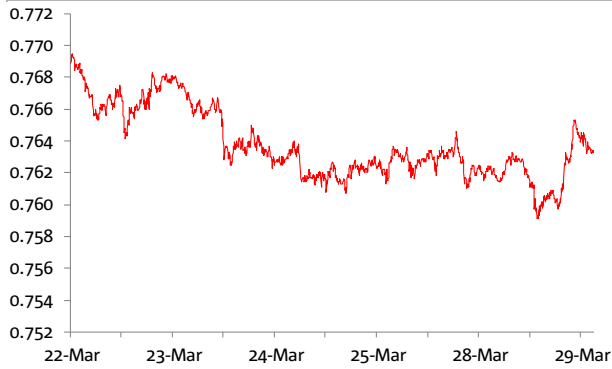
On global stock markets, the S&P 500 was +0.73%. Bond markets saw US 10-years +3.78bp to 2.42%. In commodities, Brent crude oil +1.16% to \$51.34, gold-0.4% to \$1,251, iron ore +0.5% to \$82.01, steam coal -0.2% to \$80.75, met.coal +0.2% to \$157.00. AUD is at 0.7635 and the range since yesterday 5pm Sydney time is 0.7588 to 0.7655.

Chart: US Job opportunities improving, noticeably



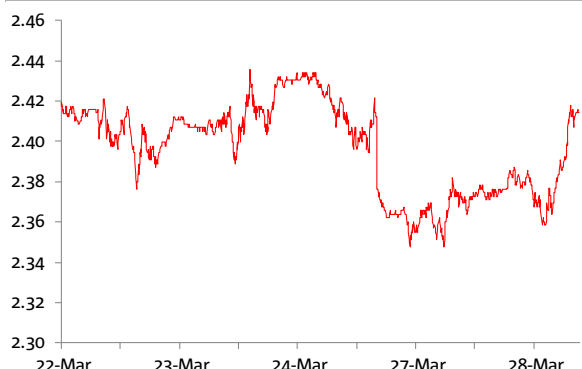
Markets

AUD/USD - past week



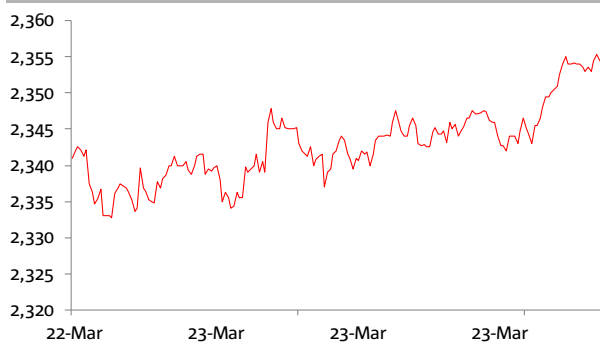
Source: Bloomberg.

US 10yr - past week



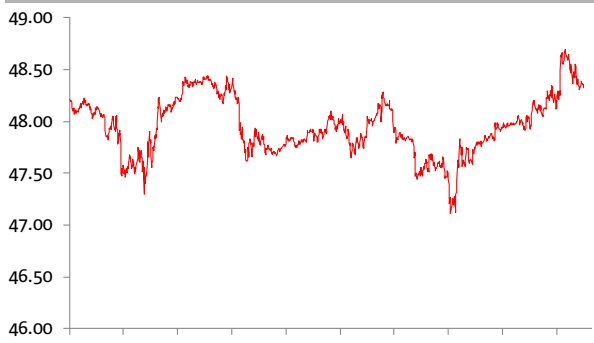
Source: Bloomberg.

S&P Future - past week



Source: Bloomberg.

WTI - past week



Source: Bloomberg.

Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7635	0.2	0.7588	0.7655	HKD	7.7680 0.0
NZD	0.7013	-0.6	0.7007	0.7043	CNY	6.8897 0.2
EUR	1.0814	-0.5	1.0799	1.0874	SGD	1.3977 0.3
GBP	1.2461	-1.0	1.2441	1.2565	IDR	13,309 0.1
JPY	111.11	0.7	110.18	111.21	THB	34.45 0.2
CAD	1.3383	0.3	1.3354	1.3412	KRW	1,116 0.5
AUD/EUR	0.706	0.5	0.6997	0.7074	TWD	30.25 0.3
AUD/JPY	84.83	0.7	83.83	84.93	PHP	50.20 0.2
AUD/GBP	0.6127	1.0	0.6050	0.6141	CHF	0.99 0.7
AUD/NZD	1.0887	0.6	1.0819	1.0899	SEK	8.83 0.5
AUD/CNH	5.2604	0.2	5.2160	5.2416		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	1.00	1.15	1.63	2.39	USD 10	2.42	3.78
AUD	1.50	1.80	1.95	2.98	AUD 10	2.70	-0.90 0.28
NZD	1.75	1.98	2.32	3.43	NZD 10	3.19	1.60 0.77
EUR	0.00	-0.33	-0.11	0.82	CAD 10	1.62	1.60 -0.79
GBP	0.25	0.34	0.65	1.26	EUR 10	0.39	-1.40 -2.03
JPY	-0.04	0.01	0.05	0.25	GBP 10	1.19	2.50 -1.22
CAD	0.50	0.93	1.10	1.89	JPY 10	0.06	0.20 -2.36

Equities

Major Indices			
	Last	% day	% y/y
Dow	20,702	0.73	18.1
S&P 500	2,359	0.73	15.8
Nasdaq	5,875	0.60	23.3
VIX	12	-7.76	-24.3
FTSE	7,343	0.7	20.3
DAX	12,149	1.3	23.3
CAC 40	5,046	0.6	16.5
Nikkei	19,203	1.1	12.3
Shanghai	3,253	-0.4	11.4
Hang Seng	24,346	0.6	19.5
ASX 200	5,821	1.3	16.3

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.21	0.00
3 Yr bond	97.8	3.00
10 Yr bond	97.24	1.50
3/10 sprd	0.56	1.50
SPI	5826.0	-90.0

*Change in bps

Commodities*

	Last	% day
Oil (Brent)	51.34	1.2
Oil (WTI)	48.38	1.4
Oil (Tapis)	52.14	1.0
Gold	1251.00	-0.4
CRB	184.08	0.5
GS Metals	330.0	1.6
Aluminium	1938.5	0.7
Copper	5861.0	2.0
Nickel	9949.0	2.3
Zinc	2813.3	2.3
Ch. steel	3140.0	2.6
Iron ore	82.0	0.5
St. Coal	80.8	-0.2
Met.coal	157.0	0.2
Wheat Chic.	437.5	0.6
Sugar	17.6	-0.8
Cotton	76.9	-0.1
Coffee	138.9	-0.3

Prob. of 25bps hike/cut at next meeting		
	bps	%
RBA	-0.2	-0.8%
FED	-1	-2.8%

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/AEST
Wednesday, 29 March 2017								
US	Fed Governor Powell speaks						21.30	7.30
JN	Retail Sales MoM/YoY	Feb		0.3/0.7		0.5/1.0	0.50	10.50
JN	Small Business Confidence	Mar				47.7	6.00	16.00
UK	Mortgage Approvals	Feb		69.1		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
Thursday, 30 March 2017								
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		0.87		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		0.4/0.9		0.4/1.7	13.30	23.30
US	Initial Jobless Claims	Mar 25		247		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
Friday, 31 March 2017								
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		0.2		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		1.2/3.9		-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		51.6/		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		0.2/0.7		0.2/0.8	9.30	19.30
UK	Total Business Investment QoQ/YoY	4Q F		-1/-0.9		-1.0/-0.9	9.30	19.30
EC	CPI Estimate/Core YoY	Mar		1.8/0.8		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		0.2/1.7		0.3/1.7	13.30	23.30
CA	GDP MoM/YoY	Jan		0.3/1.9		0.3/2.0	13.30	23.30
CA	CFIB Business Barometer	Mar				62.9		
Sunday, 2 April 2017								
AU/NZ	Daylight saving ends in Australia and New Zealand							
Monday, 3 April 2017								
AU	AiG Perf of Mfg Index	Mar				59.3	0.30	9.30
JN	Nikkei Japan PMI Mfg	Mar F				52.6	0.30	9.30
JN	Tankan Large Mfg/Non-Mfg Index	1Q		14/19		10.0/18.0	0.50	9.50
JN	Tankan Large All Industry Capex	1Q		4		5.5	0.50	9.50
AU	CoreLogic House Px MoM	Mar				1.4	1.00	10.00
AU	Melbourne Institute Inflation MoM/YoY	Mar				-0.3	2.00	11.00
AU	Retail Sales MoM	Feb				0.4	2.30	11.30
AU	Building Approvals MoM/YoY	Feb		/		1.8/-12.0	2.30	11.30
AU	ANZ Job Advertisements MoM	Mar				-0.7	2.30	11.30
CH	Caixin China PMI Mfg	Mar		51.3		51.7	2.45	11.45
AU	Commodity Index AUD/SDR YoY	Mar		/		120.9/56.0	7.30	16.30
GE	Markit/BME Germany Manufacturing PMI	Mar F				58.3	8.55	17.55
EC	Markit Eurozone Manufacturing PMI	Mar F				56.2	9.00	18.00
UK	Markit UK PMI Manufacturing SA	Mar				54.6	9.30	18.30
EC	PPI MoM/YoY	Feb		/		0.7/3.5	10.00	19.00
EC	Unemployment Rate	Feb				9.6	10.00	19.00
CA	MLI Leading Indicator MoM	Feb				0.6	12.00	21.00
CA	Markit Canada Manufacturing PMI	Mar				54.7	14.30	23.30
US	Markit US Manufacturing PMI	Mar F				53.4	14.45	23.45
US	Wards Total Vehicle Sales	Mar		17.3		17.5		
CA	Bloomberg Nanos Confidence	Mar 24				58.5	16.00	1.00
US	ISM Manufacturing	Mar		57		57.7	15.00	0.00
US	Construction Spending MoM	Feb		1.3		-1.0	15.00	0.00
CA	Business Outlook Future Sales	1Q				26.0	15.30	0.30
CA	BoC Senior Loan Officer Survey	1Q				-2.6	15.30	0.30
US	Fed's Harker Speaks in Philadelphia on Fintech						20.00	5.00
US	Fed's Lacker Speaks in Lexington, Virginia						22.00	7.00
Upcoming Central Bank Interest Rate Announcements								
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, Bol		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

CONTACT DETAILS

Authors

David de Garis
Director, Economics
+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.