

# MARKETS TODAY

*Rebel without a pause*



## Good Morning

Who'd have guessed that on a day when geopolitical stress was once more to rear its head via the bombing of a Syrian air-base by the United States, and US non-farm payrolls rose by less than 100,000 (98k and with the 38k worth of downward revision), that the dollar and US bond yields would end the day higher and equities virtually unchanged?

That's the reality of Friday's markets, with all of the APAC session 'risk-off' moves unwound during the offshore sessions. The US strikes were seen for what they probably are - a one-off warning at this stage to Syria's President Assad to desist from using chemical weapons in the ongoing civil war, while the sharp fall in the US unemployment rate to yet another new cycle low (4.5%) carried the day as far as the US labour market data was concerned. Hourly earnings at 2.7% down from 2.8% y/y were in line with expectations and not a market moving part of the report.

Following the report, and also taking into account other US data released since earlier in the week, the Atlanta Fed lowered its Q1 'GDPNow' estimate to just 0.6% from an already meagre 1.2% previously. However NY Fed President Bill Dudley was on the wires noting that in recent years Q1 data has come in unusually weak, that and something that looks like 1% might actually be more like 2%. More interesting for markets, Dudley said people had misunderstood his remarks earlier in the week about talking a pause from raising rates when the Fed starting trolls shrink its balance sheet, saying he meant only a 'little pause', and that 'a pause is pretty short already, and I think a little pause is even shorter than that'. And remember Dudley is regarded as a dove (hence today's title, from the little known 1987 song from Public Enemy).

Other important news Friday was agreement between the US and China to engage in a 100-day examination of trade issues, which Commerce secretary Wilbur Ross described as a 'sea change' in the pace of discussions. Treasury Secretary Steve Mnuchin meanwhile said that the Treasury's latest report on currencies would be reeled very soon (Reuters suggests this Friday) but which looks unlikely to label anyone a 'currency manipulator' at this stage at least.

FX saw the BBDXY index +0.3% on the day and 0.6% higher on the week. The worse performing G10 currency was Sterling and following some very poor industrial production and trade figures, the former -0.7% against +0.2% expected and the visible trade deficit blowing out to £12.5bn in February. GBP/USD fell 0.8% to \$1.2371. Next worse was AUD/USD, down 0.6% to close the week at exactly 0.7500. The intra-day low of 0.7494 was a smidge above the March 9 low of 0.7491 but the lowest close since January 16.

In rates 2yr Treasuries gained 4.9bps to 1.289% (+3.3bps on the week) and 10s +4.1bp to 2.383% to be 0.5bps down on the week but, importantly, now back more comfortably in the 2.30-2.60% range having briefly traded below 2.3% Friday on news of the US air strikes.

In commodities gold added \$4.0 to \$1,254.30 (up \$7 on the week). WTI crude gained 50 cents to \$52.24 (+\$1.64 on the week) and Brent 40 cents to \$55.24. Iron ore dropped a cool \$5.5 to \$75.45, catching up with Friday's sharp fall in the Dalian futures market. Coking coal held at \$260 and steaming coal lost \$1.45 to \$88.20.

CoreLogic's weekend market update reported yet another very strong week of auction clearances, a preliminary 77.6% nationwide, up from 75.9% last weekend and on the highest auction volume year to date of 3,424 in what is the weekend before aster. Melbourne cleared a preliminary clearance rate of 81.0% up from a final 79.6% last week while Sydney cleared a preliminary 81.5% up from 78.0%.

## Coming Up

While Syria-related geopolitical tensions remain high, nothing has occurred as yet over the weekend to suggest these will be the main early-week market driver. The US-China agreement to a 100-day assessment of trade issues following the Trump-Xi meetings goes some way to - for now - diffusing fears of a near term outbreak of protectionist actions from the US, while the Treasury report on currencies likely at the end of the week looks as though it won't name anyone a currency manipulator. A Reuters report suggest 'misalignment' may soon become the preferred currency buzz-word, but which may not - yet feature in the Treasury report.

Having now hit 0.7500, we rather expect consolidation of last week's losses than an extension, with exporters in particular likely to be in evidence below the figure. March labour market data on Thursday is likely to be the main domestic swing factor this week. NAB's latest business survey in on Tuesday and monthly consumer confidence on Wednesday. Today sees housing finance approval and where the investor lending component will be in for close scrutiny, albeit it pre-dates APRA's latest tightening of macro-prudential guidance.

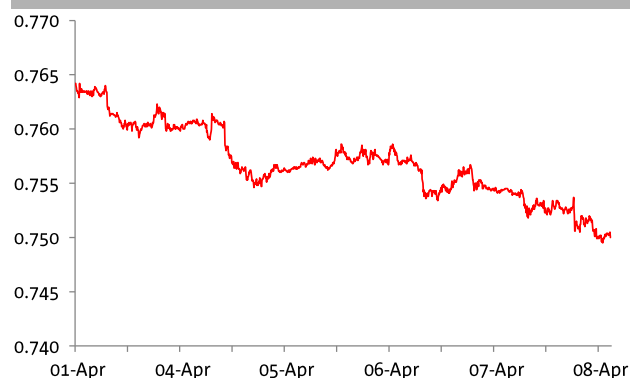
Internationally, Fed chair Yellen speaks tonight. Retail sales and CPI are the key US data releases. China has CPI (Wed) and trade (Thu).

## Overnight

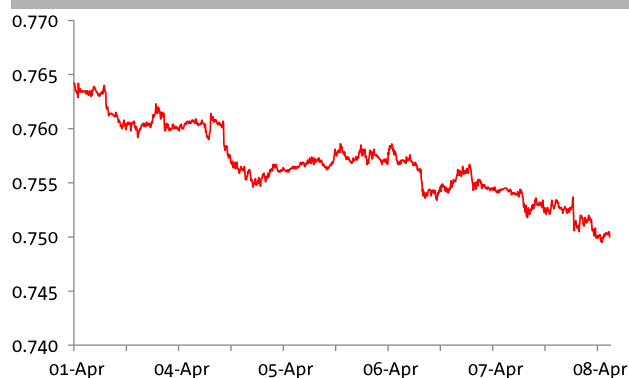
On global stock markets, the S&P 500 was -0.08%. Bond markets saw US 10-years +4.14bp to 2.38%. In commodities, Brent crude oil +0.64% to \$55.24, gold +0.3% to \$1,254, iron ore -6.8% to \$75.45, steam coal -1.6% to \$88.20, met.coal +0.0% to \$260.00. AUD ended NY at 0.7500 and the range since 5pm Sydney time on Friday was 0.7494 to 0.7544.

## Markets

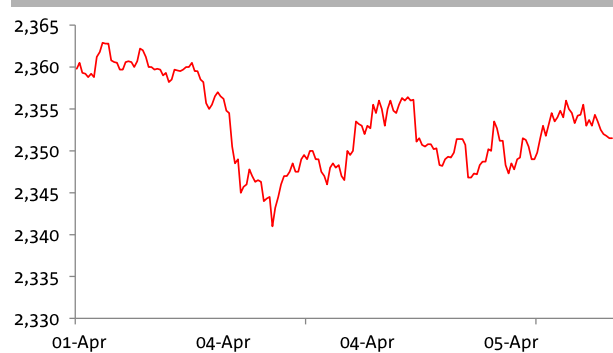
AUD/USD - past week



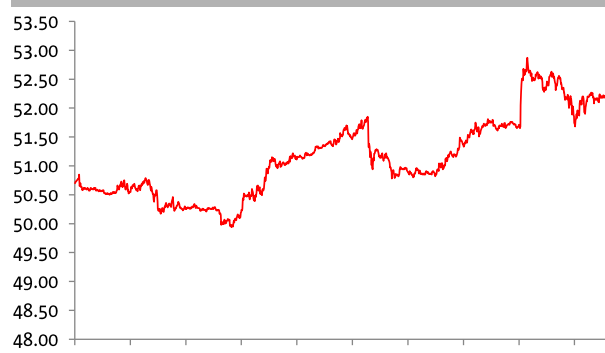
US 10yr - past week



S&amp;P Future - past week



WTI - past week



## Foreign Exchange

Indicative 24hr ranges (**)					Other FX		
	Last	% chge	Low	High		Last	% chge
AUD	0.7500	-0.6	0.7494	0.7546	HKD	7.7688	0.0
NZD	0.6941	-0.4	0.6931	0.6944	CNY	6.9005	0.0
EUR	1.0591	-0.5	1.0581	1.0666	SGD	1.4051	0.2
GBP	1.2371	-0.8	1.2366	1.2478	IDR	13,321	-0.1
JPY	111.09	0.3	110.13	111.37	THB	34.61	0.1
CAD	1.3398	-0.1	1.3342	1.3431	KRW	1,134	0.1
AUD/EUR	0.7086	0.0	0.7051	0.7090	TWD	30.60	0.2
AUD/JPY	83.30	-0.4	82.80	83.71	PHP	49.89	-0.5
AUD/GBP	0.6062	0.2	0.6029	0.6069	CHF	1.01	0.4
AUD/NZD	1.0799	-0.2	1.0763	1.0837	SEK	9.07	0.5
AUD/CNH	5.1852	-0.4	5.1704	5.2021			

## Interest Rates

Indicative Swap Rates					Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr		Last	chge
USD	1.00	1.16	1.62	2.36	USD 10	2.38	4.14
AUD	1.50	1.79	1.87	2.89	AUD 10	2.55	-3.00
NZD	1.75	1.99	2.26	3.31	NZD 10	3.06	-2.90
EUR	0.00	-0.33	-0.15	0.74	CAD 10	1.60	4.60
GBP	0.25	0.34	0.57	1.12	EUR 10	0.23	-3.50
JPY	-0.04	0.03	0.05	0.24	GBP 10	1.08	-2.40
CAD	0.50	0.94	1.13	1.89	JPY 10	0.06	0.10

## Equities

## Major Indices

	Last	% day	% y/y
Dow	20,656	-0.03	17.5
S&P 500	2,356	-0.08	15.0
Nasdaq	5,878	-0.02	21.2
VIX	13	3.87	-16.2
FTSE	7,349	0.6	18.5
DAX	12,225	0.0	27.0
CAC 40	5,135	0.3	19.3
Nikkei	18,665	0.4	18.0
Shanghai	3,287	0.2	10.1
Hang Seng	24,267	0.0	19.1
ASX 200	5,862	0.1	18.7

## Overnight Futures

	Last	Chge*
<b>Australia</b>		
3 mth bill	98.23	0.00
3 Yr bond	97.8	3.00
10 Yr bond	97.39	0.00
3/10 sprd	0.41	3.00
SPI	5852.0	-4.0

\*Change in bps

## Commodities\*

	Last	% day
Oil (Brent)	55.24	0.6
Oil (WTI)	52.24	1.0
Oil (Tapis)	56.36	1.8
Gold	1254.30	0.3
CRB	187.11	0.2
GS Metals	327.1	-0.3
Aluminium	1948.5	0.4
Copper	5805.3	-0.5
Nickel	10129.0	1.0
Zinc	2665.5	-1.5
Ch. steel	3058.0	-4.3
Iron ore	75.5	-6.8
St. Coal	88.2	-1.6
Met.coal	260.0	0.0
Wheat Chic.	436.3	0.1
Sugar	16.8	1.9
Cotton	73.5	-1.4
Coffee	140.1	1.7

## Prob. of 25bps hike/cut at next meeting

	bps	%
RBA	-1.2	-4.8%
FED	-0	-1.2%

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
<b>Monday, 10 April 2017</b>								
JN	BoP Current Account Balance	Feb		2512.9		65.5	0.50	9.50
JN	Trade Balance BoP Basis	Feb		981.7		-853.4	0.50	9.50
AU	Home Loans MoM	Feb	-1.4%	0		0.5	2.30	11.30
US	Fed's Bullard speaks in Australia						2.30	11.30
JN	Bankruptcies YoY	Mar				-4.8	5.30	14.30
EC	Sentix Investor Confidence	Apr		21		20.7	9.30	18.30
CA	Housing Starts	Mar		215.5		210.2	13.15	22.15
JN	Eco Watchers Survey Current SA	Mar		49.8		48.6	6.00	15.00
JN	Eco Watchers Survey Outlook SA	Mar		50.7		50.6	6.00	15.00
CH	Money Supply M2 YoY	Mar		11.1		11.1	between 10/4 to 15/4	
CH	Aggregate Financing CNY	Mar		1500		1150.0	between 10/4 to 15/4	
NZ	REINZ House Sales YoY	Mar				-14.2	unknown date	
CA	Bloomberg Nanos Confidence	Apr 7				58.7	15.00	0.00
US	Labor Market Conditions Index Change	Mar				1.3	15.00	0.00
US	Fed's Yellen in live Q&A						21.00	6.00
<b>Tuesday, 11 April 2017</b>								
NZ	Card Spending Retail MoM	Mar		0.5		-0.6	23.45	8.45
UK	BRC Sales Like-For-Like YoY	Mar		-0.45		-0.4	0.10	9.10
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Apr 9				111.1	0.30	9.30
AU	NAB Business Conditions	Mar				9.0	2.30	11.30
AU	NAB Business Confidence	Mar				7.0	2.30	11.30
JN	Machine Tool Orders YoY	Mar P				9.1	7.00	16.00
UK	CPIH YoY	Mar		2.3		2.3	9.30	18.30
UK	CPI MoM	Mar		0.3		0.7	9.30	18.30
UK	CPI YoY	Mar		2.3		2.3	9.30	18.30
UK	CPI Core YoY	Mar		1.9		2.0	9.30	18.30
UK	Retail Price Index	Mar		269.5		268.4	9.30	18.30
UK	RPI MoM	Mar		0.4		1.1	9.30	18.30
UK	RPI YoY	Mar		3.2		3.2	9.30	18.30
UK	RPI Ex Mort Int.Payments (YoY)	Mar		3.5		3.5	9.30	18.30
UK	PPI Output Core NSA MoM	Mar		0.2		0.0	9.30	18.30
UK	PPI Output Core NSA YoY	Mar		2.5		2.4	9.30	18.30
UK	House Price Index YoY	Feb		6.1		6.2	9.30	18.30
EC	Industrial Production SA MoM	Feb		0.1		0.9	10.00	19.00
EC	Industrial Production WDA YoY	Feb		1.9		0.6	10.00	19.00
GE	ZEW Survey Current Situation	Apr		77.5		77.3	10.00	19.00
EC	ZEW Survey Expectations	Apr				25.6	10.00	19.00
GE	ZEW Survey Expectations	Apr		14.5		12.8	10.00	19.00
US	NFIB Small Business Optimism	Mar		104.9		105.3	11.00	20.00
US	JOLTS Job Openings	Feb				5626.0	15.00	0.00
US	Fed's Kashkari speaks in Minneapolis in Q&A						18.45	3.45
<b>Wednesday, 12 April 2017</b>								
NZ	ANZ Truckometer Heavy MoM	Mar				2.3	23.00	8.00
JN	Machine Orders MoM	Feb		3.7		-3.2	0.50	9.50
JN	PPI MoM	Mar		0.3		0.2	0.50	9.50
AU	Westpac Consumer Conf Index	Apr				99.7	1.30	10.30
AU	Westpac Consumer Conf SA MoM	Apr				0.1	1.30	10.30
CH	CPI YoY	Mar		1		0.8	2.30	11.30
CH	PPI YoY	Mar		7.5		7.8	2.30	11.30
UK	Average Weekly Earnings 3M/YoY	Feb		2.2		2.2	9.30	18.30
UK	ILO Unemployment Rate 3Mths	Feb		4.7		4.7	9.30	18.30
UK	Employment Change 3M/3M	Feb		70		92.0	9.30	18.30
US	MBA Mortgage Applications	Apr 7				-1.6	12.00	21.00
US	Import Price Index MoM	Mar		-0.2		0.2	13.30	22.30
CA	Teranet/National Bank HPI MoM	Mar				1.0	13.30	22.30
US	Export Price Index MoM	Mar				#N/A N/A	13.30	22.30
US	Export Price Index YoY	Mar				#N/A N/A	13.30	22.30
CA	Bank of Canada Rate Decision	Apr 12		0.5		0.5	15.00	0.00
US	Monthly Budget Statement	Mar		-167		-192.0	19.00	4.00
<b>Thursday, 13 April 2017</b>								
NZ	BusinessNZ Manufacturing PMI	Mar				55.2	23.30	8.30
NZ	Food Prices MoM	Mar				0.2	23.45	8.45
UK	RICS House Price Balance	Mar		22		24.0	0.10	9.10
JN	Money Stock M2 YoY	Mar		4.2		4.2	0.50	9.50
AU	Consumer Inflation Expectation	Apr				4.0	2.00	11.00
AU	RBA Financial Stability Review							
AU	Employment Change	Mar	20	20		-6.4	2.30	11.30
AU	Unemployment Rate	Mar	5.8%	5.9		5.9	2.30	11.30
JN	Tokyo Avg Office Vacancies	Mar				3.7	3.00	12.00
GE	CPI MoM	Mar F		0.2		0.2	7.00	16.00
GE	CPI YoY	Mar F		1.6		1.6	7.00	16.00
CA	New Housing Price Index MoM	Feb				0.1	13.30	22.30
CA	New Housing Price Index YoY	Feb				3.1	13.30	22.30
CA	Manufacturing Sales MoM	Feb				0.6	13.30	22.30
US	PPI Final Demand MoM	Mar		0		0.3	13.30	22.30
US	PPI Ex Food and Energy MoM	Mar		0.2		0.3	13.30	22.30
US	PPI Ex Food and Energy YoY	Mar		1.8		1.5	13.30	22.30
US	Initial Jobless Claims	Apr 8		245		234.0	13.30	22.30
US	Continuing Claims	Apr 1		2024		2028.0	13.30	22.30
US	Bloomberg Consumer Comfort	Apr 9				50.2	14.45	23.45
CH	Trade Balance CNY	Mar		75.8		-60.4	unknown	unknown
CH	Imports YoY CNY	Mar		15		44.7	unknown	unknown
CH	Exports YoY CNY	Mar		8		4.2	unknown	unknown
CH	Imports YoY	Mar		15.5		38.1	unknown	unknown
CH	Exports YoY	Mar		3.4		-1.3	unknown	unknown
CH	Trade Balance	Mar		12.5		-9.2	unknown	unknown
GE	Wholesale Price Index MoM	Mar				0.5	unknown	unknown
GE	Wholesale Price Index YoY	Mar				5.0	unknown	unknown
US	U. of Mich. Sentiment	Apr P		96.5		96.9	15.00	0.00
US	U. of Mich. Current Conditions	Apr P				113.2	15.00	0.00
US	U. of Mich. 5-10 Yr Inflation	Apr P				2.4	15.00	0.00
<b>Upcoming Central Bank Interest Rate Announcements</b>								
Australia, RBA		2-May	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%	0.75-1.00%		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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