

# MARKETS TODAY

## Trumping geopolitics



### Good Morning

Geopolitics took a backseat today with Trump's Wall Street Journal interview dominating market moves. Trump stated the US dollar is too strong and that he likes a low-interest rate policy. That saw the US dollar immediately gap lower along with US bond yields. Equities ended the day down caught between continuing geopolitical concerns and the beginning of the profit reporting season.

Trump in a WSJ interview said: "I think our dollar is getting too strong, and partially that's my fault because people have confidence in me. But that's hurting – that will hurt ultimately," "It's very, very hard to compete when you have a strong dollar and other countries are devaluing their currency." Those comments sent the US dollar into a dive, causing it to gap lower by 0.6% with the Bloomberg DXY now at 100.12 - its lowest level since 30 March 2017. Other currencies correspondingly surged. The Euro hit 1.0666 up 0.6%, the Yen up 0.5% and now sitting at 109.00 – its best since mid-November. The AUD also got into the action, launching to 0.7522 and up 0.3% on the day. For the AUD, whether this level can be sustained will be dependent on today's Employment figures (see Coming Up for details).

Trump has also become a fan of low interest rates: "I do like a low-interest rate policy, I must be honest with you". "As soon as [rates] go up, your stock market is going to go way down, most likely". Those comments saw US Treasury yields gap 4.6bps lower and are now down 5.4bps on the day to 2.24% (lowest since late November). The real yield component bore the brunt of that repricing with the real yield now at 0.32%, while the breakevens rose to 1.92%.

On the next Fed chair, Trump implied Yellen was still a contender stating "I like her, I respect" and that "it's very early". Treasury secretary Mnuchin also said he was "very close" to nominating a vice chair of supervision to the Fed as well as a community banker position though no names were put forward. While Trump was talking down the dollar and interest rates, the Fed's Kaplan (voter, hawk) said earlier in the night that the Fed's plan to start shrinking the balance sheet by the end of the year does not change his view on rates and that he still sees three rate hikes this year as a "baseline".

While geopolitics played a backseat to market moves there were some important developments. On North Korea, Trump and President Xi had a phone hook up with Trump tweeting "Had a very good call last night with the President of China". According to Chinese media, President Xi stressed resolving "problems through peaceful means" and that China was committed to the "denuclearisation of the peninsula". There are some fears that North Korea is preparing to conduct a nuclear or missile test to coincide with the anniversary of Sim Il Sung's birthday or the army's founding day on

April 25. The US also appears to have made a concession to China with Trump also stating China is "not currency manipulators" and that China hasn't manipulated its currency for months. This marks a continuing toning down of anti-trade rhetoric.

On Syria, US Secretary of State Tillerson met Russian officials and Russia said it was ready to restore an accord with the US in Syria. As for commodities, iron ore continues to sharp falls down 8.5% to \$68 a tonne. In contrast coking coal continues to hold at elevated levels down just 0.5% to \$265 a tonne. Oil prices fell 0.8% and are currently at \$52.95 (WTI) and \$55.70 (Brent).

**Coming Up** *Note: there is will be no Markets Today tomorrow with Friday and Monday a public holiday in Australia.*

All domestic focus will be on the Employment numbers today at 11.30am AEST. Today's numbers will take on greater than usual importance with a clear break apparent between the official employment figures and leading indicators such as the NAB business survey and job advertisements. The divergence has led many to doubt the veracity of recent employment prints and how the deviation resolves itself will be important for the outlook for rates. NAB (and the market) are looking for employment growth of +20k in March. For the unemployment rate NAB looks for a decline to 5.8%, while the market expects this will be unchanged at 5.9%. Also out domestically are Inflation Expectations (11.00am AEST) and the RBA semi-annual Financial Stability Review (FSR, 11.30am AEST).

International focus will be on China's Trade Balance where the market looks for US\$12.5bn surplus after last month's surprise deficit of \$9.2bn. The timing of the Lunar New Year Holidays affected last month's numbers so today's print should give a clearer picture of the pace of activity in the Chinese economy. The US also has Weekly Jobless Claims, PPI, and Consumer Sentiment (Uni Michigan). Profit reporting season continues with JPMorgan and Citigroup reporting today.

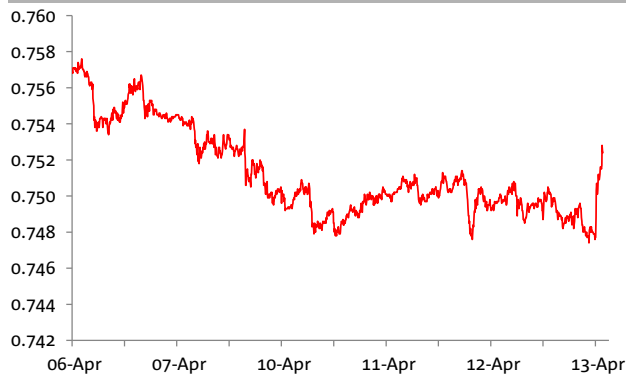
Tomorrow (Friday) is a public holiday in Australia and NZ, as well as the US, Canada, UK, and Germany. The US government is still operating and the US releases Retail Sales and CPI figures on Friday. Japan also has Industrial Production figures while China has Monetary Statistics sometime during the day and is releasing GDP figures on Monday.

### Overnight

On global stock markets, the S&P 500 was -0.38%. Bond markets saw US 10-years -5.35bp to 2.24%. In commodities, Brent crude oil -1.07% to \$55.63, gold+0.3% to \$1,275, iron ore -8.5% to \$68.04, steam coal -0.4% to \$84.55, met.coal -0.5% to \$265.00. AUD is at 0.7524 and the range since yesterday 5pm Sydney time is 0.7473 to 0.7529.

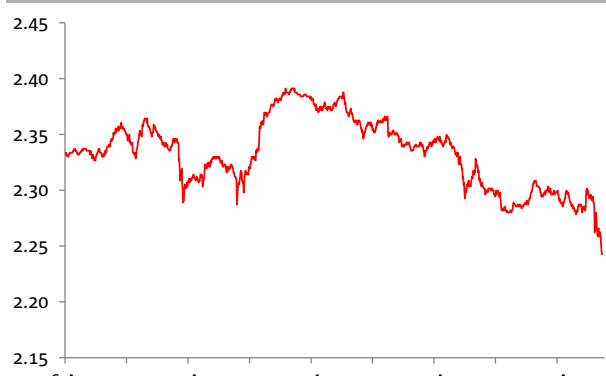
# Markets

AUD/USD - past week



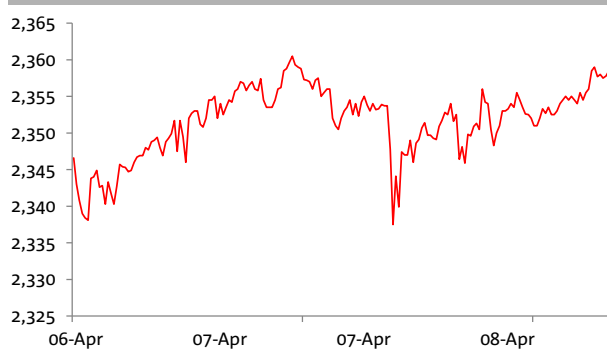
Source: Bloomberg.

US 10yr - past week



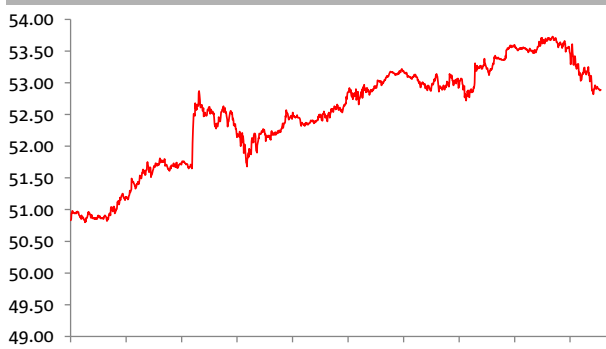
Source: Bloomberg.

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	0.7524	0.3	0.7473	0.7528	HKD	7.7710	0.0
NZD	0.6969	0.1	0.6910	0.6975	CNY	6.8915	0.0
EUR	1.0671	0.6	1.0589	1.0675	SGD	1.3954	-0.6
GBP	1.2544	0.4	1.2480	1.2548	IDR	13,275	0.0
JPY	109.06	-0.5	109.01	109.87	THB	34.40	-0.4
CAD	1.3252	-0.5	1.3239	1.3339	KRW	1,142	-0.4
AUD/EUR	0.7051	-0.3	0.7041	0.7079	TWD	30.53	-0.3
AUD/JPY	82.04	-0.2	81.86	82.37	PHP	49.48	-0.2
AUD/GBP	0.5998	-0.1	0.5980	0.6012	CHF	1.00	-0.5
AUD/NZD	1.0796	0.2	1.0770	1.0828	SEK	8.97	-0.9
AUD/CNH	5.1649	0.0	5.1559	5.1896			

## Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	1.00	1.16	1.52	2.21	USD 10	2.24	-5.35
AUD	1.50	1.77	1.80	2.76	AUD 10	2.50	-2.70 0.26
NZD	1.75	1.96	2.26	3.29	NZD 10	2.99	-6.60 0.75
EUR	0.00	-0.33	-0.15	0.69	CAD 10	1.51	-3.40 -0.73
GBP	0.25	0.34	0.55	1.08	EUR 10	0.20	-0.60 -2.04
JPY	-0.04	0.02	0.04	0.22	GBP 10	1.05	-0.30 -1.19
CAD	0.50	0.94	1.10	1.80	JPY 10	0.03	-0.80 -2.21

## Equities

Major Indices	Last	% day	% y/y
	Dow	20,592	-0.29
S&P 500	2,345	-0.38	13.7
Nasdaq	5,836	-0.52	19.8
VIX	16	4.64	6.2
FTSE	7,349	-0.2	17.7
DAX	12,155	0.1	24.5
CAC 40	5,101	0.0	17.4
Nikkei	18,553	-1.0	13.3
Shanghai	3,274	-0.5	6.8
Hang Seng	24,314	0.9	14.9
ASX 200	5,934	0.1	17.4

## Overnight Futures

	Last	Chge*
<b>Australia</b>		
3 mth bill	98.28	3.00
3 Yr bond	97.8	3.00
10 Yr bond	97.50	8.50
3/10 sprd	0.30	-5.50
SPI	5896.0	22.0

\*Change in bps

## Commodities\*

	Last	% day
Oil (Brent)	55.63	-1.1
Oil (WTI)	52.89	-1.0
Oil (Tapis)	57.25	1.1
Gold	1275.30	0.3
CRB	187.38	-0.3
GS Metals	317.1	-1.3
Aluminium	1884.3	-1.2
Copper	5600.3	-2.4
Nickel	9680.0	-1.1
Zinc	2587.0	1.6
Ch. steel	2906.0	-3.1
Iron ore	68.0	-8.5
St. Coal	84.6	-0.4
Met.coal	265.0	-0.5
Wheat Chic.	446.3	-0.3
Sugar	16.7	-0.1
Cotton	74.7	-0.4
Coffee	140.6	-1.3

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

	bps	%
RBA	-1.1	-4.4%
FED	#N/A	#N/A

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	AEST
<b>Wednesday, 12 April 2017</b>								
NZ	ANZ Truckometer Heavy MoM	Mar				2.3	23.00	8.00
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
UK	BoE's Carney speaks at a Fintech event						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		0.1		#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	Fed's Kaplan (voter) speaks						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		0.2		0.1	13.30	22.30
CA	New Housing Price Index YoY	Feb		3.1		3.1	13.30	22.30
CA	Manufacturing Sales MoM	Feb		-0.7		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		3.8		-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>Friday, 14 April 2017</b>								
<b>Public Holiday Friday Australia and NZ</b>								
JN	Industrial Production YoY	Feb F				4.8	5.30	14.30
JN	Industrial Production MoM	Feb F				2.0	5.30	14.30
JN	Capacity Utilization MoM	Feb				0.1	5.30	14.30
US	CPI MoM	Mar		0		0.1	13.30	22.30
US	CPI Ex Food and Energy MoM	Mar		0.2		0.2	13.30	22.30
US	CPI YoY	Mar		2.6		2.7	13.30	22.30
US	CPI Ex Food and Energy YoY	Mar		2.3		2.2	13.30	22.30
US	CPI Core Index SA	Mar		251.651		251.3	13.30	22.30
US	CPI Index NSA	Mar		244.214		243.6	13.30	22.30
US	Real Avg Weekly Earnings YoY	Mar				-0.3	13.30	22.30
US	Real Avg Hourly Earning YoY	Mar				0.0	13.30	22.30
US	Retail Sales Advance MoM	Mar		-0.2		0.1	13.30	22.30
US	Retail Sales Ex Auto MoM	Mar		0.1		0.2	13.30	22.30
US	Retail Sales Ex Auto and Gas	Mar		0.3		0.2	13.30	22.30
US	Retail Sales Control Group	Mar		0.3		0.1	13.30	22.30
<b>Monday, 17 April 2017</b>								
CH	Foreign Direct Investment YoY CNY	Mar		2		9.2	#VALUE!	#VALUE!
GE	Wholesale Price Index MoM	Mar				0.5	7.00	16.00
GE	Wholesale Price Index YoY	Mar				5.0	7.00	16.00
UK	Rightmove House Prices MoM	Apr				1.3	0.10	9.10
UK	Rightmove House Prices YoY	Apr				2.3	0.10	9.10
CH	Retail Sales YoY	Mar		9.7		10.9	3.00	12.00
CH	Retail Sales YTD YoY	Mar		9.6		9.5	3.00	12.00
CH	Fixed Assets Ex Rural YTD YoY	Mar		8.8		8.9	3.00	12.00
CH	Industrial Production YoY	Mar		6.3		6.0	3.00	12.00
CH	Industrial Production YTD YoY	Mar		6.3		6.3	3.00	12.00
CH	GDP YoY	1Q		6.8		6.8	3.00	12.00
CH	GDP SA QoQ	1Q		1.5		1.7	3.00	12.00
CH	GDP YTD YoY	1Q		6.8		6.7	3.00	12.00
JN	Tokyo Condominium Sales YoY	Mar				3.3	5.00	14.00
JN	BOJ Kuroda speaks to Trust Companies Assoc.	#N/A		#N/A		#N/A	#N/A	#N/A
US	Empire Manufacturing	Apr		15.2		16.4	13.30	22.30
JN	Nationwide Dept Sales YoY	Mar				-1.7	#VALUE!	#VALUE!
JN	Tokyo Dept Store Sales YoY	Mar				-3.1	#VALUE!	#VALUE!
CA	Bloomberg Nanos Confidence	Apr 7				58.9	15.00	0.00
US	NAHB Housing Market Index	Apr		70		71.0	15.00	0.00
US	Total Net TIC Flows	Feb				110.4	21.00	6.00
US	Net Long-term TIC Flows	Feb				6.3	21.00	6.00
<b>Tuesday, 18 April 2017</b>								
CH	China March Property Prices	#N/A		#N/A		#N/A	#N/A	#N/A
AU	RBA April Rate Meeting Minutes	#N/A		#N/A		#N/A	#N/A	#N/A
NZ	Non Resident Bond Holdings	Mar				62.6	4.00	13.00
CA	Int'l Securities Transactions	Feb				6.2	13.30	22.30
US	Housing Starts	Mar		1260		1288.0	13.30	22.30
US	Housing Starts MoM	Mar		-2.2		3.0	13.30	22.30
US	Building Permits	Mar		1258		1213.0	13.30	22.30
US	Building Permits MoM	Mar		3.4		-5.2	13.30	22.30
CA	Existing Home Sales MoM	Mar				5.2	14.00	23.00
US	Fed's George Speaks at Bard College Conference	#N/A		#N/A		#N/A	#N/A	#N/A
US	Industrial Production MoM	Mar		0.5		0.0	14.15	23.15
US	Capacity Utilization	Mar		76.15		75.4	14.15	23.15
US	Manufacturing (SIC) Production	Mar		0.2		0.5	14.15	23.15
EU	ECB Survey of Professional Forecasters	#N/A		#N/A		#N/A	#N/A	#N/A
<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; AEST: Australian Eastern Standard Time

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