

MARKETS TODAY

15 minutes of fame



Good Morning

A fair bit of news to digest overnight, and some market price action across currencies, bonds and equities to accompany it. The net result, in FX-land, is that the Euro is (slightly) higher, as too are the Australian and New Zealand dollars, despite which the US dollar itself, in index terms, is also marginally higher. It's not often you can say that, especially given that the narrow but widely followed DXY dollar index has a more than 50% weight in the index. Squaring this particular circle is the fact that the Yen is weaker, aided by a combination of higher US Treasury yields and comments from BoJ Governor Kuroda that the BoJ has no intention of lessening its commitment to so called 'Yield Curve Control' and associated bond buying.

Higher US bond yields and higher US equities owe something to remarks from US Treasury Secretary Steve Mnuchin. At an Institute for International Finance event in Washington, Mnuchin spoke optimistically of tax reform coming before the end of the year and not necessarily being tied to first completing reform of the Affordable Care Act (Obamacare). On the latter, President Trump has just said that a new health care overhaul could come as early as next week. Mnuchin also placed heavy emphasis on regulatory relief as well as tax reform as key to securing higher growth. This has helped the financial sector again lead the S&P higher, albeit aided by good earnings from Amex (Visa has also just reported after the US close and has beaten its street EPS estimate).

On tax reform and important for the US dollar, Mnuchin stressed that the objective of tax reform was to make business taxes competitive and 'bring back trillions of dollar' to invest at home. While he again expressed concerns about the efficacy of a so-called border tax, in part because of its potential implications for the dollar, the notion of incentivising US companies to repatriate profits locked up overseas still looks likely to form a major pillar of tax reform.

All this but to say 'seeing is believing', but Mnuchin's remarks have played with the grain of a lift to US yields from data showing still very low levels of weekly US jobless claims (244kj) an okay Philly Fed survey and Dallas Fed President Robert Kaplan saying he still sees the Fed's three rate hike median for 2017 as a good baseline (though he adds the Fed still has time to wait and see on the economy). The net result here is that the dial on June Fed rate hike odds has shifted back to about evens from little more than a third earlier in the week.

Euro gains at the end of our day yesterday came on polls showing Macron pulling ahead of Le Pen in first round polls (see Chart of the Day) but have been undermined by NY day USD gains. The AUD meanwhile is back near 0.7525 and looks to have found some support from higher metals prices (led by aluminium).

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Coming Up

Sunday's first round of voting in the French Presidential elections will be one of the main talking point across global markets today.

The final TV appearance of all 11 candidates – each granted 15 minutes of individual fame rather than it being a debate amongst each other – is due to end about now. Snap polls indicating who was seen to have fared best, bearing in mind that some 40% of the French electorate claim to be undecided who they'd vote for (if anyone) will doubtless be populating the newswires during the day. Going into Sunday and ahead of the TV appearances, The Front National's Marine Le Pen and the lesser known socially liberal, reform minded centrist Emmanuel Macron, are sitting fairly comfortably in the number 1 and 2 spots.

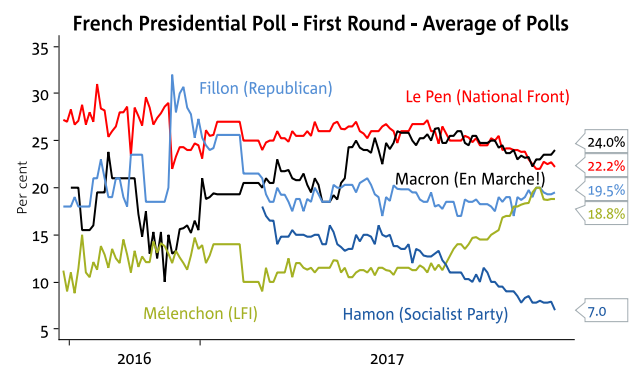
Data wise, nothing of note during the APAC time zone, but in Europe they'll be keen interest in the preliminary ('flash') PMI data covering both services and manufacturing sectors for Germany, France and pan-Eurozone. Expectations are for very minor falls across all these readings (by one to three tenths) but PMI data can usually be relied on to throw up at least small surprises one side or the other of consensus. Reaction to any significant deviations from expectations could well be deferred until after the French election results (expected from 04:00 AEST on Monday).

Elsewhere we have UK retail sales (-0.5% m/m expected) US Existing Home Sales, US Markit manufacturing PMI and Canadian CPI.

Overnight

On global stock markets, the S&P 500 was +0.76%. Bond markets saw US 10-years +1.95bp to 2.23%. In commodities, Brent crude oil +0.02% to \$52.94, gold+0.0% to \$1,282, iron ore +1.2% to \$65.36, steam coal +0.1% to \$84.15, met.coal -1.1% to \$270.00. AUD is at 0.7527 and the range since yesterday 5pm Sydney time is 0.7493 to 0.7547.

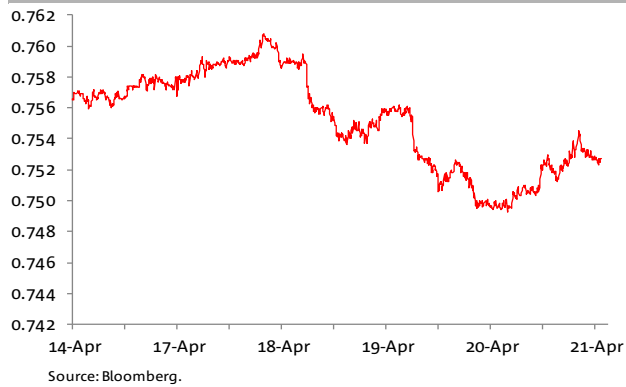
Chart of the Day: French election polls – round 1



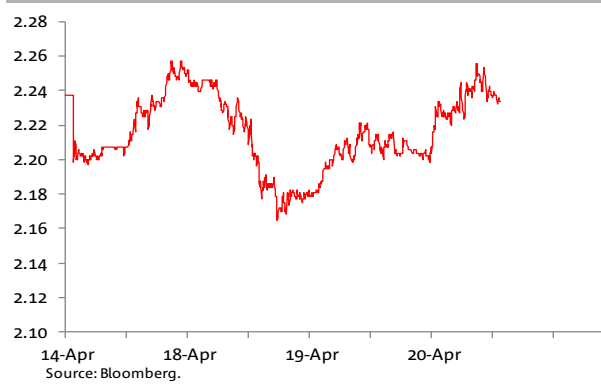
* If there is no first round winner than there is a second round run-off
Source: National Australia Bank, Macrobond

Markets

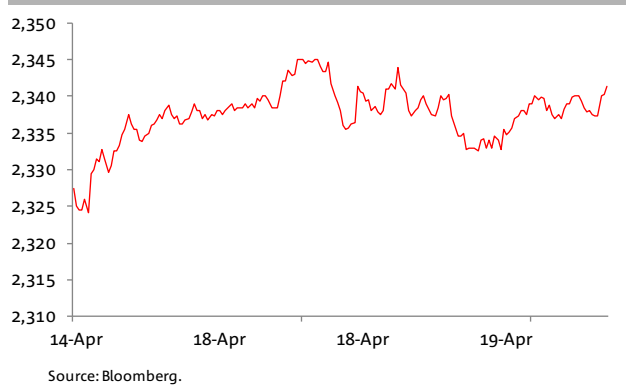
AUD/USD - past week



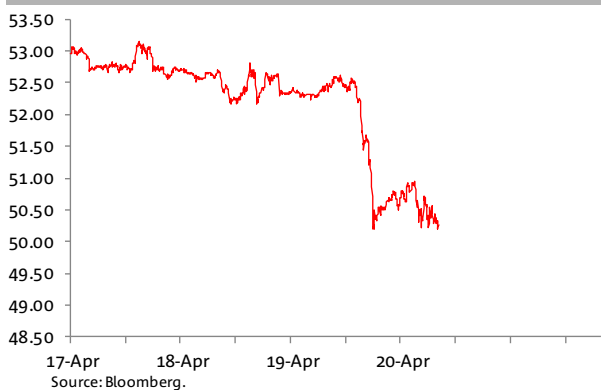
US 10yr - past week



S&P Future - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7527	0.4	0.7493	0.7547	HKD	7.7748 0.0
NZD	0.7010	0.1	0.7000	0.7052	CNY	6.8822 -0.1
EUR	1.0717	0.1	1.0709	1.0778	SGD	1.3976 -0.1
GBP	1.2815	0.3	1.2773	1.2847	IDR	13,323 0.0
JPY	109.29	0.4	108.72	109.49	THB	34.41 0.0
CAD	1.3475	-0.1	1.3457	1.3500	KRW	1,140 0.0
AUD/EUR	0.7023	0.3	0.6975	0.7026	TWD	30.41 0.0
AUD/JPY	82.26	0.8	81.55	82.52	PHP	49.78 0.0
AUD/GBP	0.5873	0.1	0.5853	0.5886	CHF	1.00 0.0
AUD/NZD	1.0736	0.3	1.0643	1.0751	SEK	8.99 0.2
AUD/CNH	5.1934	0.5	5.1589	5.2005		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Spred
USD	1.00	1.16	1.53	2.21	USD 10	2.23	1.95
AUD	1.50	1.75	1.86	2.81	AUD 10	2.50	4.70 0.27
NZD	1.75	1.97	2.33	3.31	NZD 10	2.98	5.80 0.74
EUR	0.00	-0.33	-0.15	0.71	CAD 10	1.48	1.50 -0.75
GBP	0.25	0.34	0.55	1.09	EUR 10	0.24	4.10 -1.99
JPY	-0.04	0.01	0.03	0.21	GBP 10	1.07	0.40 -1.16
CAD	0.50	0.93	1.08	1.76	JPY 10	0.02	0.90 -2.21

Equities

Major Indices			
	Last	% day	% y/y
Dow	20,579	0.85	13.7
S&P 500	2,356	0.76	12.1
Nasdaq	5,917	0.92	19.6
VIX	14	-5.22	6.6
FTSE	7,119	0.1	11.0
DAX	12,027	0.1	15.4
CAC 40	5,078	1.5	10.6
Nikkei	18,430	0.0	6.1
Shanghai	3,172	0.0	7.4
Hang Seng	24,057	1.0	11.3
ASX 200	5,821	0.3	10.4

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.27	0.00
3 Yr bond	97.8	3.00
10 Yr bond	97.44	-9.50
3/10 sprd	0.36	12.50
SPI	5831.0	-34.0

*Change in bps

Commodities*

	Last	% day
Oil (Brent)	52.94	0.0
Oil (WTI)	50.66	-0.4
Oil (Tapis)	53.46	-3.2
Gold	1281.90	0.0
CRB	183.04	-0.5
GS Metals	318.6	1.7
Aluminium	1935.8	2.2
Copper	5606.5	1.3
Nickel	9440.0	1.5
Zinc	2623.5	3.5
Ch. steel	2918.0	2.8
Iron ore	65.4	1.2
St. Coal	84.2	0.1
Met.coal	270.0	-1.1
Wheat Chic.	421.8	-2.9
Sugar	16.3	-0.5
Cotton	80.1	3.1
Coffee	134.3	-4.5

Prob. of 25bps hike/cut at next meeting		
	bps	%
RBA	-1.8	-7.2%
FED	-1	-2.4%

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	AEST
Friday, 21 April 2017								
JN	Nikkei Japan PMI Mfg	Apr P				52.4	1.30	10.30
NZ	ANZ Consumer Confidence Index	Apr				125.2	2.00	11.00
NZ	ANZ Consumer Confidence MoM	Apr				-1.7	2.00	11.00
JN	Tertiary Industry Index MoM	Feb		0.3		0.0	5.30	14.30
GE	Markit/BME Germany Manufacturing PMI	Apr P		58		58.3	8.30	17.30
GE	Markit Germany Services PMI	Apr P		55.5		55.6	8.30	17.30
GE	Markit/BME Germany Composite PMI	Apr P		56.8		57.1	8.30	17.30
EC	Markit Eurozone Manufacturing PMI	Apr P		56		56.2	9.00	18.00
EC	Markit Eurozone Services PMI	Apr P		55.9		56.0	9.00	18.00
EC	Markit Eurozone Composite PMI	Apr P		56.4		56.4	9.00	18.00
EC	ECB Current Account SA	Feb				24.1	9.00	18.00
EC	Current Account NSA	Feb				2.5	9.00	18.00
UK	Retail Sales Ex Auto Fuel MoM	Mar		-0.5		1.3	9.30	18.30
UK	Retail Sales Ex Auto Fuel YoY	Mar		3.8		4.1	9.30	18.30
UK	Retail Sales Inc Auto Fuel MoM	Mar		-0.5		1.4	9.30	18.30
UK	Retail Sales Inc Auto Fuel YoY	Mar		3.3		3.7	9.30	18.30
CA	CPI Core- Trim YoY%	Mar				1.6	13.30	22.30
CA	CPI Core- Median YoY%	Mar				1.9	13.30	22.30
CA	CPI NSA MoM	Mar		0.4		0.2	13.30	22.30
CA	CPI YoY	Mar		1.8		2.0	13.30	22.30
CA	CPI Core- Common YoY%	Mar		1.3		1.3	13.30	22.30
CA	Consumer Price Index	Mar		130.2		129.7	13.30	22.30
US	Markit US Manufacturing PMI	Apr P		53.7		53.3	14.45	23.45
US	Markit US Services PMI	Apr P		53.2		52.8	14.45	23.45
US	Markit US Composite PMI	Apr P				53.0	14.45	23.45
US	Existing Home Sales	Mar		5.6		5.5	15.00	0.00
US	Existing Home Sales MoM	Mar		2.19		-3.7	15.00	0.00
Monday, 24 April 2017								
UK	CBI Trends Total Orders	Apr				8.0	11.00	20.00
UK	CBI Trends Selling Prices	Apr				29.0	11.00	20.00
UK	CBI Business Optimism	Apr				15.0	11.00	20.00
JN	Supermarket Sales YoY	Mar				-3.3	6.00	15.00
JN	Leading Index CI	Feb F				104.4	6.00	15.00
JN	Coincident Index	Feb F				115.5	6.00	15.00
GE	IFO Business Climate	Apr				112.3	9.00	18.00
GE	IFO Expectations	Apr				105.7	9.00	18.00
GE	IFO Current Assessment	Apr				119.3	9.00	18.00
EC	Govt Debt/GDP Ratio	2016					10.00	19.00
CA	Wholesale Trade Sales MoM	Feb				3.3	13.30	22.30
US	Chicago Fed Nat Activity Index	Mar				0.3	13.30	22.30
GE	Import Price Index MoM	Mar				0.7		
GE	Import Price Index YoY	Mar				7.4		
UK	CBI Retailing Reported Sales	Apr				9.0	11.00	20.00
UK	CBI Total Dist. Reported Sales	Apr				32.0	11.00	20.00
JN	Small Business Confidence	Apr				50.5	6.00	15.00
CA	Bloomberg Nanos Confidence	Apr 21				58.6	15.00	0.00
US	Dallas Fed Manf. Activity	Apr		17.5		16.9	15.30	0.30
Tuesday, 25 April 2017								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Apr 23				112.6	0.30	9.30
JN	PPI Services YoY	Mar				0.8	0.50	9.50
UK	Public Finances (PSNCR)	Mar				12.9	9.30	18.30
UK	Central Government NCR	Mar				-4.0	9.30	18.30
UK	Public Sector Net Borrowing	Mar				1.1	9.30	18.30
UK	PSNB ex Banking Groups	Mar				1.8	9.30	18.30
US	FHFA House Price Index MoM	Feb				0.0	14.00	23.00
US	S&P CoreLogic CS 20-City MoM SA	Feb		0.7		0.9	14.00	23.00
US	S&P CoreLogic CS 20-City YoY NSA	Feb				5.7	14.00	23.00
US	S&P CoreLogic CS 20-City NSA Index	Feb				192.8	14.00	23.00
US	S&P CoreLogic CS US HPI YoY NSA	Feb				5.9	14.00	23.00
US	S&P CoreLogic CS US HPI NSA Index	Feb				185.5	14.00	23.00
US	New Home Sales	Mar		590		592.0	15.00	0.00
US	New Home Sales MoM	Mar		-0.3		6.1	15.00	0.00
US	Conf. Board Consumer Confidence	Apr		124		125.6	15.00	0.00
US	Conf. Board Present Situation	Apr				143.1	15.00	0.00
US	Conf. Board Expectations	Apr				113.8	15.00	0.00
US	Richmond Fed Manufact. Index	Apr		16		22.0	15.00	0.00
Wednesday, 26 April 2017								
NZ	Net Migration SA	Mar				6000.0	23.45	8.45
AU	Skilled Vacancies MoM	Mar				0.1	2.00	11.00
AU	CPI QoQ	1Q				0.5	2.30	11.30
AU	CPI YoY	1Q				1.5	2.30	11.30
AU	CPI Trimmed Mean QoQ	1Q				0.4	2.30	11.30
AU	CPI Trimmed Mean YoY	1Q				1.6	2.30	11.30
AU	CPI Weighted Median QoQ	1Q				0.4	2.30	11.30
AU	CPI Weighted Median YoY	1Q				1.5	2.30	11.30
NZ	Credit Card Spending MoM	Mar				-1.4	4.00	13.00
NZ	Credit Card Spending YoY	Mar				5.3	4.00	13.00
JN	All Industry Activity Index MoM	Feb				0.1	5.30	14.30
JN	Machine Tool Orders YoY	Mar F				22.6	7.00	16.00
US	MBA Mortgage Applications	Apr 14				1.5	12.00	21.00
CA	Retail Sales MoM	Feb				2.2	13.30	22.30
CA	Retail Sales Ex Auto MoM	Feb				1.7	13.30	22.30
Upcoming Central Bank Interest Rate Announcements								
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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