

MARKETS TODAY

Do you want to know a secret



Good Morning

After some mis-communication in March, ECB President Mario Draghi chose his words especially carefully and stuck to his script at his post ECB press conference overnight. He retained his easy rhetoric but eyed some improvement in the balance of growth risks. In his careful choice of words, he spoke of “moving to a more balanced growth configuration”, noting though that risks are still tilted to the downside. The ECB left policy rates and QE asset purchases unchanged, pledging to maintain rates at present or lower levels. The Euro briefly popped above 1.09 but relented, seemingly taking Draghi outlook at face value.

We expect that the rhetoric will change at the June 8 meeting to more decidedly signal the improvement that is underway, especially in the Eurozone. By then also the French Presidential election will be out of the way.

Draghi noted that the risks predominantly emanate from global factors, growth dispersion between the EZ economies at the lowest for two decades. On that score, overnight April confidence surveys for the Eurozone were stronger than expected, the key Business Climate component the highest for six years. German and Spanish CPIs released overnight pointed to slight upside rise for tonight's EZ CPI, Germany's up from 1.5% to 2% and Spain's from 2.3% to 2.6%, last month skewed lower by shifting Easter timing.

It's been a lacklustre session overnight, European stocks down 0.24% (Eurostoxx 600), and US markets closing square. The USD has barely budged, while US Treasury bond yields have eased ever so slightly, 10y yields teetering just below 2.30%. The VIX is lower and gold steady. Oil has eased while AU bulk commodities are little changed.

The March US Advanced goods trade balance was pretty much in line with expectations, while March durable goods orders were a touch softer than expected, even with a slight upward revision. The Atlanta Fed downgraded its contemporaneous *GDPNow* estimate for tonight's US Q1 GDP from 0.5% to 0.2%. Even allowing for a clear evident residual seasonality in US Q1 GDP in recent years to the tune of 0.8%, such an estimate implies an underlying read of ~1%, still low. The Bloomberg consensus finalised last week was 1.0%.

The AUD has been still range bound, trading this morning at around 0.7465/70, continuing the downtrend evident this week. RBA Governor Lowe was speaking at a dinner last night at the “Renminbi Global Cities Dialogue”, restricting his remarks to the internationalisation of the Chinese Renminbi. He did note at one point in his speech that housing prices in some Australian cities had been affected by the inflow of Chinese money. That's as close as he delved into the Australian domestic scene, days away from Tuesday's RBA Board meeting.

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Coming Up

There's a fair smattering of data calendar events over the next 24 hours. Sterling watchers will be casting an eye over this morning's UK GfK Consumer confidence and the Lloyds Business Barometer releases. After falling sharply after last year's referendum they've recovered and have been at average-to-above average levels.

After yesterday's slight downgrading of its FY17 and FY18 BoJ inflation forecasts, this morning's March CPI report (and April for Tokyo) will be watched for any surprises. Japan also releases its March industrial production, retail sales/overall household spending and its month labour market reports. Continuing QE for a long time yet seems to have been the takeaway from yesterday's BoJ meeting that came with the downward tweaks to its inflation forecasts.

RBA credit for March is out this morning. In the months ahead, housing credit will be watched closely after recent APRA policy changes. Business credit has contracted for the past two months.

Tonight, it'll likely be the advance/first releases of first UK and the later US GDP that will get a lot of wire coverage. For the UK, growth of 0.4% is the consensus for the quarter, growth that would see year-to growth rick up from 1.9% to 2.2%. Should the *GDPNow* estimate prove to be too gloomy, consensus growth of 1% would be viewed as really closer to 2%, around trend. Also tonight there is the later-month update of the April UoM Consumer Sentiment as well as speeches from Fed's Governor Brainard and President Harker, both current voters on the FOMC.

CAD watchers might like to cast a glance to monthly GDP for February and March industrial and Raw Material product prices.

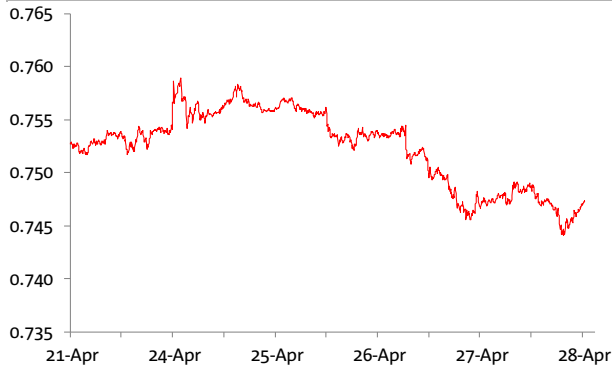
In the unlikely event that there is any marked miss or overshoot from tomorrow's China's official Manufacturing PMI, that'd be a factor for the opening of the AUD on Monday morning, depending on what else happens between now and then, including anything on the US Budget/debt limit front and the Korean Peninsula.

Overnight

On global stock markets, the S&P 500 was +0.06%. Bond markets saw US 10-years -0.89bp to 2.29%. In commodities, Brent crude oil -0.54% to \$51.54, gold+0.3% to \$1,265, iron ore -0.3% to \$66.42, steam coal +1.2% to \$84.80, met. coal +0.2% to \$261.00. AUD is at 0.7469 and the range since yesterday 5pm Sydney time is 0.744 to 0.7492.

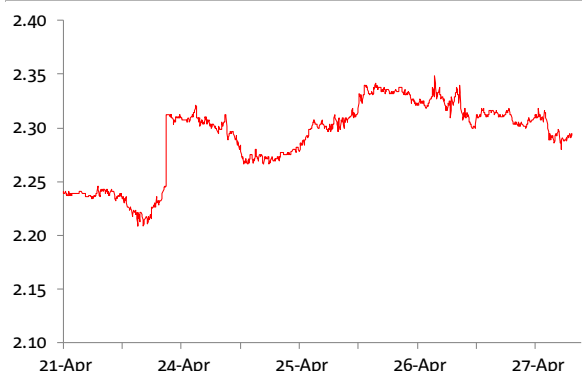
Markets

AUD/USD - past week



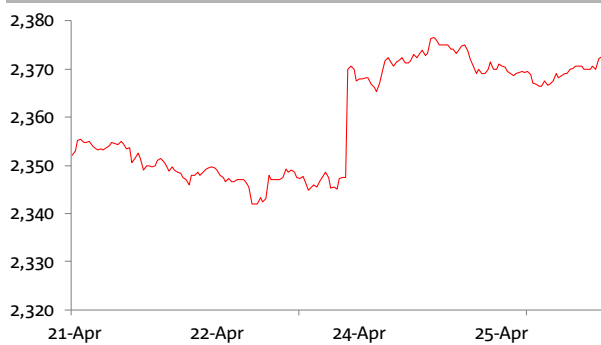
Source: Bloomberg.

US 10yr - past week



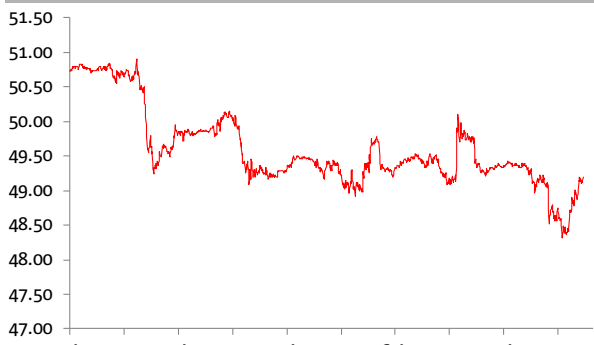
Source: Bloomberg.

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	0.7469	-0.1	0.7440	0.7492	HKD	7.7810	0.0
NZD	0.6878	-0.4	0.6848	0.6921	CNY	6.8923	0.0
EUR	1.0873	-0.2	1.0852	1.0934	SGD	1.3974	0.1
GBP	1.2904	0.6	1.2808	1.2923	IDR	13,305	0.0
JPY	111.27	0.1	110.87	111.78	THB	34.59	0.4
CAD	1.3631	0.4	1.3529	1.3671	KRW	1,132	0.1
AUD/EUR	0.6869	-0.1	0.6830	0.6883	TWD	30.17	0.2
AUD/JPY	83.11	-0.2	82.74	83.56	PHP	50.03	0.5
AUD/GBP	0.5788	-0.9	0.5768	0.5849	CHF	0.99	-0.1
AUD/NZD	1.0857	0.0	1.0820	1.0877	SEK	8.83	0.7
AUD/CNH	5.1480	-0.3	5.1346	5.1724			

Interest Rates

Indicative Swap Rates				Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr	Last	chge	Spnd
USD	1.00	1.17	1.56	2.27	USD 10	2.29	-0.89
AUD	1.50	1.75	1.87	2.86	AUD 10	2.61	-1.60
NZD	1.75	1.97	2.31	3.39	NZD 10	3.06	-1.60
EUR	0.00	-0.33	-0.15	0.77	CAD 10	1.58	9.80
GBP	0.25	0.32	0.55	1.13	EUR 10	0.30	-5.60
JPY	-0.07	0.00	0.03	0.22	GBP 10	1.06	-1.90
CAD	0.50	0.92	1.08	1.79	JPY 10	0.02	0.70

Equities

Major Indices			
	Last	% day	% y/y
Dow	20,981	0.03	16.3
S&P 500	2,389	0.06	14.0
Nasdaq	6,049	0.39	24.4
VIX	10	-4.52	-24.8
FTSE	7,237	-0.7	14.5
DAX	12,444	-0.2	20.8
CAC 40	5,272	-0.3	15.6
Nikkei	19,252	-0.2	15.5
Shanghai	3,152	0.4	7.0
Hang Seng	24,698	0.5	15.5
ASX 200	5,921	0.2	13.3

Commodities*

	Last	% day
Oil (Brent)	51.54	-0.5
Oil (WTI)	49.24	-0.8
Oil (Tapis)	51.86	-1.4
Gold	1265.30	0.3
CRB	180.49	-0.7
GS Metals	318.7	-0.9
Aluminium	1916.3	-2.1
Copper	5674.8	-0.4
Nickel	9291.5	1.2
Zinc	2588.3	-1.1
Ch. steel	3052.0	2.4
Iron ore	66.4	-0.3
St. Coal	84.8	1.2
Met.coal	261.0	0.2
Wheat Chic.	444.5	1.2
Sugar	15.2	-1.3
Cotton	79.3	-1.7
Coffee	129.5	-0.9

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

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.27	0.00
3 Yr bond	97.8	3.00
10 Yr bond	97.39	4.50
3/10 sprd	0.41	-1.50
SPI	5905.0	-7.0

*Change in bps

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

Sunday 23 April 2017						
FR	French Presidential Election - first round					
Monday, 24 April 2017						
UK	CBI Trends Total Orders	Apr	6	8.0	11.00	20.00
UK	CBI Trends Selling Prices	Apr	26.5	29.0	11.00	20.00
UK	CBI Business Optimism	Apr	12	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	112.4	112.3	9.00	18.00
GE	IFO Expectations	Apr	105.9	105.7	9.00	18.00
GE	IFO Current Assessment	Apr	119.2	119.3	9.00	18.00
EC	Govt Debt/GDP Ratio	2016			10.00	19.00
CA	Wholesale Trade Sales MoM	Feb	-1	3.3	13.30	22.30
US	Chicago Fed Nat Activity Index	Mar	0.5	0.3	13.30	22.30
UK	CBI Retailing Reported Sales	Apr	6	9.0	11.00	20.00
JN	Small Business Confidence	Apr	49.4	50.5	6.00	15.00
US	Dallas Fed Manf. Activity	Apr	17	16.9	15.30	0.30
Tuesday, 25 April 2017						
AU	Australia and NZ Public Holiday - ANZAC Day					
JN	PPI Services YoY	Mar	0.8	0.8	0.50	9.50
UK	Public Finances (PSNCR)	Mar		12.9	9.30	18.30
US	S&P CoreLogic CS 20-City MoM SA	Feb	0.65	0.9	14.00	23.00
US	S&P CoreLogic CS 20-City YoY NSA	Feb	5.73	5.7	14.00	23.00
US	New Home Sales	Mar	584	592.0	15.00	0.00
US	New Home Sales MoM	Mar	-1.4	6.1	15.00	0.00
US	Conf. Board Consumer Confidence	Apr	123	125.6	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	ANZ Roy Morgan Weekly Consumer Confidence Index	Apr 23		112.6	0.30	9.30
AU	Skilled Vacancies MoM	Mar		0.1	2.00	11.00
AU	CPI QoQ	1Q	0.7%	0.6	0.5	2.30
AU	CPI Trimmed Mean QoQ	1Q	0.5%	0.5	0.4	2.30
AU	CPI Weighted Median QoQ	1Q	0.5%	0.5	0.4	2.30
NZ	Credit Card Spending MoM	Mar		-1.4	4.00	13.00
JN	All Industry Activity Index MoM	Feb	0.6	0.1	5.30	14.30
JN	Machine Tool Orders YoY	Mar F		22.6	7.00	16.00
US	MBA Mortgage Applications	Apr 21		-1.8	12.00	21.00
CA	Retail Sales MoM	Feb	0	2.2	13.30	22.30
CA	Retail Sales Ex Auto MoM	Feb	-0.3	1.7	13.30	22.30
Thursday, 27 April 2017						
AU	Import Price Index QoQ	1Q	-0.5	0.2	2.30	11.30
AU	Export Price Index QoQ	1Q	8	12.4	2.30	11.30
CH	Industrial Profits YoY	Mar		2.3	2.30	11.30
JN	Bank of Japan Meeting afternoon sometime					
GE	GfK Consumer Confidence	May	9.9	9.8	7.00	16.00
EC	Economic Confidence	Apr	108.1	107.9	10.00	19.00
EC	Business Climate Indicator	Apr	0.82	0.8	10.00	19.00
EC	Consumer Confidence	Apr F	-3.6	-3.6	10.00	19.00
EC	ECB Main Refinancing Rate	Apr 27	0	0.0	12.45	21.45
GE	CPI MoM	Apr P	-0.1	0.2	13.00	22.00
GE	CPI YoY	Apr P	1.9	1.6	13.00	22.00
US	Advance Goods Trade Balance	Mar	-65.4		13.30	22.30
US	Wholesale Inventories MoM	Mar P	0.3	0.4	13.30	22.30
US	Durable Goods Orders	Mar P	1.3	1.8	13.30	22.30
US	Durables Ex Transportation	Mar P	0.4	0.5	13.30	22.30
US	Cap Goods Orders Nondef Ex Air	Mar P	0.5	-0.1	13.30	22.30
US	Cap Goods Ship Nondef Ex Air	Mar P		1.0	13.30	22.30
US	Initial Jobless Claims	Apr 22	243	244.0	13.30	22.30
AU	RBA Governor Lowe Gives Speech Not available yet					
JN	BOJ Policy Balance Rate	Apr 27	-0.1	-0.1		
JN	BOJ 10-Yr Yield Target	Apr 27	0	0.0		
GE	Retail Sales MoM	Mar	0	1.8		
GE	Retail Sales YoY	Mar	2.2	-2.1		
US	Pending Home Sales MoM	Mar	-1	5.5	15.00	0.00
US	Pending Home Sales NSA YoY	Mar		-2.4	15.00	0.00
US	Kansas City Fed Manf. Activity	Apr	16	20.0	16.00	1.00
Friday, 28 April 2017						
NZ	Building Permits MoM	Mar		14.0	23.45	8.45
NZ	Trade Balance NZD	Mar		-18.0	23.45	8.45
NZ	Exports NZD	Mar	4.66	4.0	23.45	8.45
NZ	Imports NZD	Mar	4.3	4.0	23.45	8.45
NZ	Trade Balance 12 Mth YTD NZD	Mar	-3606.5	-3794.0	23.45	8.45
UK	GfK Consumer Confidence	Apr	-7	-6.0	0.10	9.10
UK	Lloyds Business Barometer	Apr		35.0	0.10	9.10
JN	Jobless Rate	Mar	2.9	2.8	0.30	9.30
JN	Natl CPI YoY	Mar	0.3	0.3	0.30	9.30
JN	Natl CPI Ex Fresh Food YoY	Mar	0.2	0.2	0.30	9.30
JN	Tokyo CPI YoY	Apr	-0.2	-0.4	0.30	9.30
JN	Tokyo CPI Ex-Fresh Food YoY	Apr	-0.2	-0.4	0.30	9.30
JN	Industrial Production YoY	Mar P	4	4.7	0.50	9.50
JN	Retail Sales MoM	Mar	-0.3	0.2	0.50	9.50
JN	Dept. Store, Supermarket Sales	Mar	-1	-2.7	0.50	9.50
NZ	ANZ Activity Outlook	Apr		38.8	2.00	11.00
NZ	ANZ Business Confidence	Apr		11.3	2.00	11.00
AU	Private Sector Credit MoM	Mar	0.5	0.3	2.30	11.30
UK	BBA Loans for House Purchase	Mar	42000	42613.0	9.30	18.30
UK	GDP QoQ	1Q A	0.4	0.7	9.30	18.30
UK	GDP YoY	1Q A	2.3	1.9	9.30	18.30
UK	Index of Services MoM	Feb	0.3	-0.1	9.30	18.30
EC	CPI Estimate YoY	Apr	1.8	1.5	10.00	19.00
EC	CPI Core YoY	Apr A	1	0.7	10.00	19.00
US	Employment Cost Index	1Q	0.6	0.5	13.30	22.30
CA	GDP YoY	Feb	2.6	2.3	13.30	22.30
CA	GDP MoM	Feb	0.1	0.6	13.30	22.30
US	GDP Annualized QoQ	1Q A	1.1	2.1	13.30	22.30
US	Personal Consumption	1Q A	0.9	3.5	13.30	22.30
US	GDP Price Index	1Q A	2	2.1	13.30	22.30
US	Core PCE QoQ	1Q A	2	1.3	13.30	22.30
US	Chicago Purchasing Manager	Apr	56.5	57.7	14.45	23.45
US	U. of Mich. Sentiment	Apr F	98	98.0	15.00	0.00
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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