

MARKETS TODAY

Sitting, waiting, wishing



Good Morning

Jack Johnson hit "Sitting, waiting, wishing" has nothing to do with markets but the chorus lines "must I always be waiting, waiting on you?" plays into the overnight price action as markets have been on a wait and see mode ahead of Apple's results after the bell and the FOMC decision early tomorrow morning. US equities ended the day marginally in positive territory with technology share leading the way while the automobile sector underperformed following another disappointing sales update. The latter appears to have been a factor for the move lower in US Treasury yields with the fall in oil prices and Trump's tweeting complains on the US political gridlock also contributing to Treasuries performance. Lower US yields have seen the US dollar underperform most G10 currencies with the New Zealand dollar close to the top of the leader board helped by a better than expected dairy auction overnight.

News on Apple's earning report have hit the screen in the past hour showing revenue and iPhone sales slightly missing expectations, although EPS of \$2.10, beat analyst expectations of \$2.02. Apple shares have fallen over 2% after hours and could set the tone when US markets open again tonight.

Looking at the data releases overnight is probably worth highlighting sales at all six of the biggest automakers in the U.S. dropped again in April, each company's figures printed below analysts' estimates resulting in the fourth consecutive month of falling sales in aggregate. On Monday, March US personal spending figures disappointed (0.0% vs 0.2% exp.) and now the new drop in car sales confirms the view that not all is well with the US consumer. The recent soft US data releases are challenging the view that a rebound in activity should be expected in Q2.

Looking at currencies in more detail, NZD is close to the top of the leader board, up 0.44% against the USD and currently trading at 0.6935. Overnight the GDT dairy auction was stronger than the flat outcome expected by our BNZ colleagues, average prices rose by 3.6% and whole milk powder climbed 5.2%. Our BNZ FX strategist notes that while some global commodity indices are trading close to their lows for the year, the NZ commodity price index such as the CBA version hasn't fallen at all this year and this supports our NZD fair value estimate, which is around 0.7450.

In addition to SEK (0.48%) and CHF (0.44%), GBP has also been one of the outperformers against the USD overnight boosted by stronger than expected manufacturing PMI release. In April the survey jumped to 57.3 vs 54 exp; the 9th consecutive month of expansion and the highest reading in almost 3 years. Cable is currently trading at 1.2941 with momentum and technical indicators suggesting a move above 1.30 should not come as a surprise.

The AUD is little changed after yesterday's RBA decision to leave the cash rate unchanged. The decision was unanimously expected and we now have to wait for the SoMP release on Friday for more details on the Bank's outlook on the economy. After trading to an overnight low of 0.7511, the AUD is currently trading at 0.7538, essentially unchanged over the past 24hrs.

JPY and CAD are the two G10 underperformers against the USD. Of note JPY underperformance comes despite the move lower in UST yields, boosted by the softer tone in gold of late and the performance of Japanese equities. Late yesterday, USD/JPY traded above the ¥112 mark for the first time in more than a month and it has remained above the mark so far. Meanwhile CAD's underperformance (-0.22%) has coincided with the move lower in oil prices. That said as we are about to press the send button oil is staging a bit of a recovery with WTI trading back above \$48.

Coming Up

We have a busy calendar over the next 24 hrs with New Zealand's Q1 labour market report the first cab off the rank this morning. Then later in Europe we get Germany's labour market data for April, the UK releases its construction PMI (April) and the EU prints its advance Q1 GDP reading. Tonight the ISM non-manufacturing (Apr) and ADP report (Apr) are out in the US and early tomorrow morning (4:00 a.m Sydney time) we get the FOMC policy rate decision. Note too that the French presidential debate between Macron and Le Pen is also scheduled to start tomorrow at 4:00 a.m Sydney time (8:00 p.m France time).

Our BNZ colleagues expect New Zealand's unemployment rate to remain steady at 5.2% against market's expectations for a slide to 5.1%. Meanwhile the participation rate is seen unchanged at 70.5% and private wages ex overtime are seen steady at 0.4% (both in line with the market's view).

The market is looking for the euro area to have grown by 0.5% in Q1, Germany's unemployment rate is seen unchanged at 5.8% and the UK construction PMI is expected to print at 52, unchanged from the previous month.

After printing at whopping 263k in March, the ADP employment report is expected to moderate to 175k in April. Last month's the ADP report was a terrible predictor for the 89k private payrolls number. At this stage private payrolls (April) are expected to print at 190k on Friday, but a big deviation on the ADP outcome tonight could still influence expectations for Friday.

Despite of all the debate about soft data turning softer, the market is still looking for the ISM non-manufacturing PMI to modestly rise in April to 55.8 from 55.2 previously. The index was likely depressed in March due to severe

weather and the late Easter, if so the risk is that we get a bigger rebound than expected by consensus.

As for the FOMC, no change is widely expected both in terms of the policy rate and language of the statement, however any comments on the Fed balance sheet will be closely monitored. NAB remains of the view that the Fed will hike in June and again later in the year. The market is currently pricing a 61% chance of a hike in June and 34bps by the end of the year.

Overnight

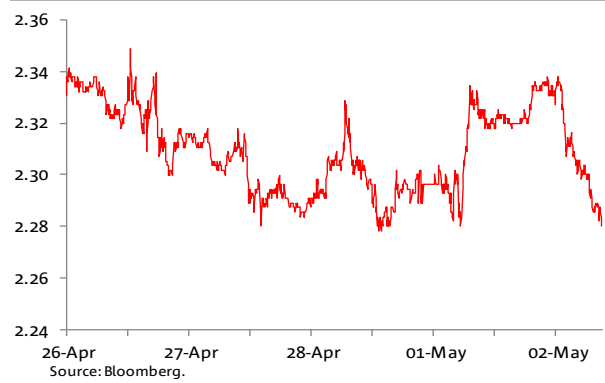
On global stock markets, the S&P 500 was +0.12%. Bond markets saw US 10-years -3.77bp to 2.28%. In commodities, Brent crude oil -0.82% to \$51.1, gold +0.2% to \$1,258, iron ore -0.1% to \$68.72, steam coal -0.5% to \$79.00, met.coal -5.7% to \$190.00. AUD is at 0.7535 and the range since yesterday 5pm Sydney time is 0.7511 to 0.7556.

Markets

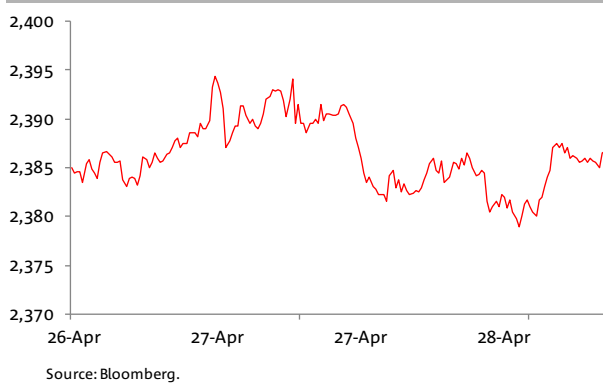
AUD/USD - past week



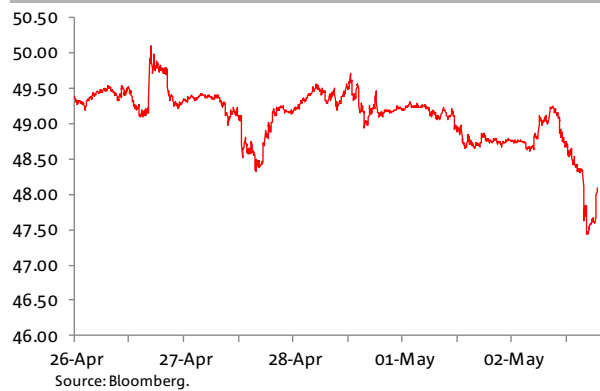
US 10yr - past week



S&P Future - past week



WTI - past week



Foreign Exchange

	Indicative 24hr ranges (**)				Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7535	0.1	0.7511	0.7556	HKD	7.7811 0.0
NZD	0.6935	0.4	0.6903	0.6941	CNY	6.8959 0.0
EUR	1.0930	0.3	1.0888	1.0933	SGD	1.3939 -0.2
GBP	1.2934	0.4	1.2865	1.2941	IDR	13,312 -0.1
JPY	112.01	0.2	111.78	112.31	THB	34.48 -0.3
CAD	1.3712	0.2	1.3650	1.3758	KRW	1,131 -0.6
AUD/EUR	0.6894	-0.2	0.6883	0.6923	TWD	30.03 -0.6
AUD/JPY	84.39	0.3	84.10	84.55	PHP	50.03 -0.1
AUD/GBP	0.5826	-0.2	0.5814	0.5858	CHF	0.99 -0.5
AUD/NZD	1.0865	-0.3	1.0850	1.0914	SEK	8.80 -0.5
AUD/CNH	5.1834	-0.2	5.1765	5.2095		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	1.00	1.17	1.56	2.25	USD 10	2.28	-3.77
AUD	1.50	1.75	1.87	2.85	AUD 10	2.60	2.60 0.32
NZD	1.75	1.99	2.30	3.39	NZD 10	3.00	-1.90 0.72
EUR	0.00	-0.33	-0.15	0.79	CAD 10	1.51	-6.20 -0.77
GBP	0.25	0.33	0.56	1.16	EUR 10	0.33	1.10 -1.95
JPY	-0.06	0.00	0.03	0.22	GBP 10	1.09	0.30 -1.19
CAD	0.50	0.92	1.03	1.77	JPY 10	0.02	0.70 -2.26

Equities

Major Indices			
	Last	% day	% y/y
Dow	20,950	0.17	17.1
S&P 500	2,391	0.12	14.9
Nasdaq	6,095	0.06	26.5
VIX	11	4.75	-27.9
FTSE	7,250	0.6	16.2
DAX	12,508	0.6	24.6
CAC 40	5,304	0.7	19.8
Nikkei	19,446	0.7	20.4
Shanghai	3,144	-0.3	5.0
Hang Seng	24,696	0.3	19.4
ASX 200	5,950	-0.1	11.1

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.25	-3.00
3 Yr bond	97.8	3.00
10 Yr bond	97.40	-1.50
3/10 sprd	0.41	4.50
SPI	5930.0	6.0

*Change in bps

Commodities*

	Last	% day
Oil (Brent)	51.10	-0.8
Oil (WTI)	48.08	-1.6
Oil (Tapis)	52.17	0.3
Gold	1257.80	0.2
CRB	180.34	-0.7
GS Metals	323.1	0.9
Aluminium	1922.8	1.0
Copper	5775.5	1.0
Nickel	9466.0	0.6
Zinc	2645.5	1.2
Ch. steel	3143.0	2.5
Iron ore	68.7	-0.1
St. Coal	79.0	-0.5
Met.coal	190.0	-5.7
Wheat Chic.	454.0	-0.4
Sugar	15.9	-1.9
Cotton	80.8	0.5
Coffee	136.3	0.3

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

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
Tuesday, 2 May 2017								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Apr 30				111.2	0.30	9.30
JN	BOJ Minutes of March 15-16 Meeting						0.50	9.50
JN	BOJ Kuroda speaks at Global Think Tank Summit in Yokohama						1.20	10.20
JN	Nikkei Japan PMI Services/Composite	Apr				52.9	1.30	10.30
CH	Caixin China PMI Mfg	Apr		51.3		51.7	2.45	11.45
AU	RBA Cash Rate Target	May 2		1.5		1.5	5.30	14.30
GE	Markit/BME Germany Manufacturing PMI	Apr F		58.2		58.2	8.55	17.55
EC	Markit Eurozone Manufacturing PMI	Apr F		56.8		56.8	9.00	18.00
UK	Markit UK PMI Manufacturing SA	Apr		54		54.2	9.30	18.30
EC	Unemployment Rate	Mar		9.4		9.5	10.00	19.00
US	Wards Total Vehicle Sales	Apr		17.1		16.5		
EC	ECB's Nowotny Speaks at Vienna University						17.00	2.00
NZ	Global Dairy Auction, GDT-weighted price index (early AM, NZT)			neutral		+3.1		
Wednesday, 3 May 2017								
NZ	QV House Prices YoY	Apr				12.9	18.00	3.00
NZ	Unemployment Rate	1Q	5.2	5.1		5.2	23.45	8.45
NZ	Employment Change QoQ/YoY	1Q	0.8/5.3	0.8/5.3		0.8/5.8	23.45	8.45
NZ	Pvt Wages Ex/Incl Overtime QoQ	1Q	0.4/..	0.4/0.5		0.4/0.4	23.45	8.45
AU	AiG Perf of Services Index	Apr				51.7	0.30	9.30
GE	Unemployment Change (000's)/Claims Rate	Apr		-11/5.8		-30.0/5.8	8.55	17.55
UK	Markit/CIPS UK Construction PMI	Apr		52		52.2	9.30	18.30
EC	GDP SA QoQ/YoY	1Q A		0.5/1.7		0.4/1.7	10.00	19.00
US	ADP Employment Change	Apr		175		263.0	13.15	22.15
US	Markit US Services/Composite PMI	Apr F		52.5/		52.5/52.7	14.45	23.45
US	ISM Non-Manf. Composite	Apr		55.8		55.2	15.00	0.00
US	FOMC Rate Decision (Lower/Upper Bound)	May 3		0.75/1		0.8/1.0	19.00	4.00
Thursday, 4 May 2017								
NZ	ANZ Job Advertisements MoM	Apr				1.6	23.00	8.00
NZ	ANZ Commodity Price	Apr				0.4	2.00	11.00
AU	HIA New Home Sales MoM	Mar				0.2	2.00	11.00
AU	Trade Balance	Mar	3350	3250		3574	2.30	11.30
CH	Caixin China PMI Composite/Services	Apr		/		52.1/52.2	2.45	11.45
AU	RBA Governor Lowe Speech: Household Debt, Housing Prices and Resilience, Economic Society (QLD) Business Lunch						4.10	13.10
GE	Markit Germany Services/Composite PMI	Apr F		54.7/56.3		54.7/56.3	8.55	17.55
EC	Markit Eurozone Services/Composite PMI	Apr F		56.2/56.7		56.2/56.7	9.00	18.00
UK	Markit/CIPS UK Services/Composite PMI	Apr		54.5/54.5		55.0/54.9	9.30	18.30
UK	Mortgage Approvals	Mar		67.2		68.3	9.30	18.30
EC	Retail Sales MoM/YoY	Mar		0.1/2.1		0.7/1.8	10.00	19.00
US	Challenger Job Cuts YoY	Apr		-2.0		-2.0	12.30	21.30
US	Nonfarm Productivity/Unit Labour costs	1Q P		-0.1/2.7		1.3/1.7	13.30	22.30
US	Trade Balance	Mar		-44.5		-43.6	13.30	22.30
CA	Int'l Merchandise Trade	Mar		-1		-1.0	13.30	22.30
US	Initial Jobless Claims	Apr 29		248		257	13.30	22.30
US	Factory Orders/ex transport	Mar		0.4/		1.0/0.4	15.00	0.00
EC	ECB's Draghi Speaks in Lausanne, Switzerland						16.30	1.30
CA	Bank of Canada Governor Stephen Poloz Speech in Mexico						21.25	6.25
Friday, 5 May 2017								
AU	AiG Perf of Construction Index	Apr				51.2	0.30	9.30
AU	RBA Statement on Monetary Policy						2.30	11.30
NZ	RBNZ Survey of Inflation Expectations (2y ahead CPI expectations)					1.92	4.00	13.00
US	Change in Nonfarm Payrolls/Unemployment rate	Apr		190/4.6		98.0/4.5	13.30	22.30
US	Average Hourly Earnings MoM/YoY	Apr		0.3/2.7		0.2/2.7	13.30	22.30
CA	Net Change in Employment/Unemployment rate	Apr		10/6.7		19.4/6.7	13.30	22.30
CA	Ivey Purchasing Managers Index SA	Apr				61.1	15.00	0.00
US	Fed's Fischer Speaks at Hoover Event in Stanford						16.30	1.30
US	Fed's Williams Speaks in Keynote in New York						17.45	2.45
US	Fed's Rosengren, Evans and Bullard on Hoover Institution Panel						18.30	3.30
US	Fed's Yellen Speaks at Brown University						18.30	3.30
US	Consumer Credit	Mar		14		15.2	20.00	5.00
US	Fed's Williams Speaks in Stanford						20.00	5.00
Sunday, 7 May 2017								
FR	French Presidential Election - final round							
Monday, 8 May 2017								
AU	Building Approvals MoM/YoY	Mar		/		8.3/-4.9	2.30	11.30
AU	ANZ Job Advertisements MoM	Apr				0.3	2.30	11.30
AU	NAB Business Conditions/Confidence	Apr				14.0/6.0	2.30	11.30
CH	Trade Balance CNY	Apr		162.9		164.3	4.00	13.00
CH	Exports/Imports YoY CNY	Apr		12.1/26.2		22.3/26.3	4.00	13.00
CH	Trade Balance	Apr		33		23.9	4.00	13.00
CH	Exports/Imports YoY	Apr		10/18		16.4/20.3	4.00	13.00
CH	Foreign Direct Investment YoY CNY	Apr				6.7	4.00	13.00
JN	Consumer Confidence Index	Apr				43.9	6.00	15.00
GE	Factory Orders MoM/YoY	Mar		/		3.4/4.6	7.00	16.00
EC	Bank of Portugal Governor Speaks at Conference in Lisbon						9.30	18.30
CH	BoP Current Account Balance	1Q P				11.8	9.00	18.00
EC	Sentix Investor Confidence	May				23.9	9.30	18.30
US	Fed's Mester Speaks at Chicago Council on Global Affairs						11.45	20.45
CA	Housing Starts	Apr				253.7	13.15	22.15
US	Fed's Bullard Speaks on Panel on Interest Rate Policy						13.35	22.35
CA	Bloomberg Nanos Confidence	May 5				59.4	15.00	0.00
US	Labor Market Conditions Index Change	Apr				0.4	15.00	0.00
Tuesday, 9 May 2017								
UK	BRC Sales Like-For-Like YoY	Apr				-1.0	0.10	9.10
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Apr 30				111.2	0.30	9.30
JN	Labor Cash Earnings YoY	Mar		0.4		0.4	1.00	10.00
JN	Real Cash Earnings YoY	Mar				0.0	1.00	10.00
AU	Retail Sales MoM/Ex Inflation QoQ	Mar		/		-0.1/0.9	2.30	11.30
GE	Industrial Production SA MoM/YoY	Mar		/		2.2/2.5	7.00	16.00
GE	Current Account Balance	Mar				20.4	7.00	16.00
AU	Federal Budget						8.30	17.30
US	NFIB Small Business Optimism	Apr				104.7	11.00	20.00
CA	Building Permits MoM	Mar				-2.5	13.30	22.30
US	JOLTS Job Openings	Mar				5743.0	15.00	0.00
US	Wholesale Trade Sales MoM	Mar				0.6	15.00	0.00
US	Wholesale Inventories MoM	Mar F				-0.1	15.00	0.00
US	Fed's Rosengren Speaks at NYU Conference on Risk Management						18.00	3.00
Upcoming Central Bank Interest Rate Announcements								
Australia, RBA	2-May	1.50%		1.50%		1.50%		
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%		
Canada, BoC	25-May	0.5%		0.5%		0.5%		
Europe ECB	8-Jun	-0.4%		-0.4%		-0.4%		
Japan, BoJ	16-Jun	-0.1%		-0.1%		-0.1%		

GMT: Greenwich Mean Time; AEST: Australian Eastern Standard Time

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