

MARKETS TODAY

Blame Canada



Good morning

The late great Robin Williams sang this [theme song](#) to the 1999 South Park movie at the Academy Awards, penned by Matt Stone and Trey Parker, in which Sheila blames Canada for the kids' bad language (and more besides) after watching the expletive-ridden Canadian movie *Terrence and Phillip: (expletive deleted) of Fire*.

Canada was also to blame for what little price action there was on Friday, in FX at least, in which the Canadian dollar was the only currency to end the day down against a generally falling US dollar, following much weaker than expected Canadian CPI. Headline inflation fell to 1.3% from 1.6% and 1.5% expected, in doing so putting the kybosh on thoughts of an imminent policy tightening by the Bank of Canada (and just as market were starting to wonder if the RBA might be the next central bank cab off the rank in signalling that emergency policy settings might no longer be required).

Last week was billed as a likely to be a nothing week given the sparse economic and events calendar, unless something came along out of left field, and so it proved. On a Friday NY close-to-close basis, the US dollar is 0.1-0.2% higher, US stocks are virtually unchanged and Treasury yields are very narrowly mixed.

US data was of little consequence, New Home Sales coming in stronger than expected after accounting for a big upwards revision to the prior month but for what is a highly volatile series, while the little watched Markit US PMIs came in a bit below expectations and down on May (see Economics/data below).

Earlier, Eurozone French, German and EZ PMIs showed manufacturing readings up and a bit better than expected but service sector readings a fair bit weaker, to leave composite PMIs down on May and a bit softer than expected but still at very strong absolute (i.e. expansionary) levels.

We heard from both extremes of the current FOMC hawk/dove spectrum courtesy of Loretta Mester and James Bullard, but of little market consequence. Mester wants to push on with rates rises (though not necessarily straight away, while Bullard is insistent the Fed should now pause

On the fate of the Health Care reform bill being discussed by the Senate, indications Friday were that 5 republican Senators won't support it in current form (more than two dissents and it can't pass).

In US stocks, the S&P finished Friday 0.16% higher and is 0.2% up on the week. The Dow lost just 0.01% to be unchanged on the week and the NASDAQ gained 0.46% and is 1.8% up on the week, so recouping a good chunk of the prior week's losses. The VIX finished the day 0.46 lower at 10.03 and 0.36 down on the week.

In FX, the dollar was weaker across the board bar USD/CAD, the narrow DXY index -0.34% to be 0.1% up on the week and the broader BBDXY index -0.24% Friday and +0.2% on the week. With the exception of the 0.26% rise in USD/CAD post CPI (to 1.3267) and a virtually unchanged USD/JPY at Y111.28, there wasn't much to choose between other G10 currencies, most of them 0.3-0.4% up (EUR/USD to 1.1194, AUD/USD to 0.7568, NZD/USD to 0.7285, GBP/USD to 1.2718). AUD has restarted the week little changed,

In rates 2 year Treasuries were unchanged at 1.342% (+2.5bps on the week); 10s were -0.6bp to 2.149% 0.9bp down on the week.

Commodities were stronger across the board. Gold added \$8.6 to 1,256 but is only \$2 up on the week. Oil came back 30 cents but WTI crude is still \$1.73 lower on the week at \$43.10 and Brent \$1.83 down at \$45.54. Friday's Baker Hughes U.S. oil rig count rose by another 11 rigs to 758, now the 23rd straight weekly rise. The LME index gained 0.56% while iron ore added 20 cents to \$56.75 and is up \$1 on the week.

Coming Up

It's another quiet week for data, before things hot up next week when we start to get June US economic data, including the ISM surveys and payrolls. This week's highlights, such as they are, come in the US from Friday's PCE inflation data (before that durable goods orders are tonight); Friday also brings the latest official China PMI readings covering both manufacturing and services and where the manufacturing reading is expected to be down 2/10% and services up by a similar amount. Locally, the RBA's May credit data is the only release of note, though is rarely a market mover.

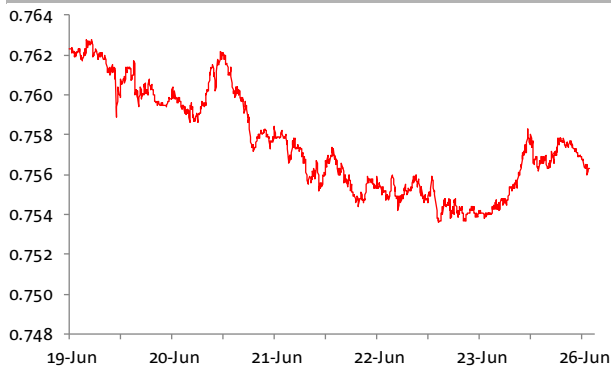
Much more interesting than the data calendar this week is the number of central bank on the speaking roster. In particular, at the ECB forum in Sintra, Portugal starting today and ending Wednesday (the new (global) version of Jackson Hole?) ECB President Mario Draghi and former Fed chair Ben Bernanke kick off the proceedings with dinner speeches tonight (Bernanke's provocatively titled "*When growth is not enough*"). Over the coming three days, as well as a bunch of academic luminaries (Stamford, MIT and Harvard feature prominently) there is a panel on Wednesday featuring no less than Mark Carney, Mario Draghi, Haruhiko Kuroda and Stephen Poloz. Elsewhere, Janet Yellen speaks Wednesday.

Overnight

On global stock markets, the S&P 500 was +0.16%. Bond markets saw US 10-years -0.54bp to 2.14%. In commodities, Brent crude oil +0.71% to \$45.54, gold+0.7% to \$1,256, iron ore +0.4% to \$56.75, steam coal +0.1% to \$80.65, met. coal +0.2% to \$145.25. AUD is at 0.7563 and the range since Friday 5pm Sydney time is 0.7538 to 0.7588.

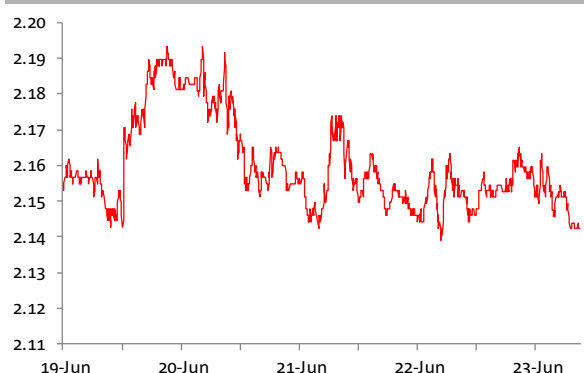
Markets

AUD/USD - past week



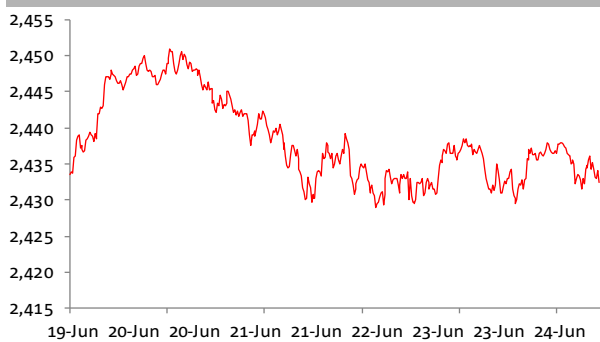
Source: Bloomberg.

US 10yr - past week



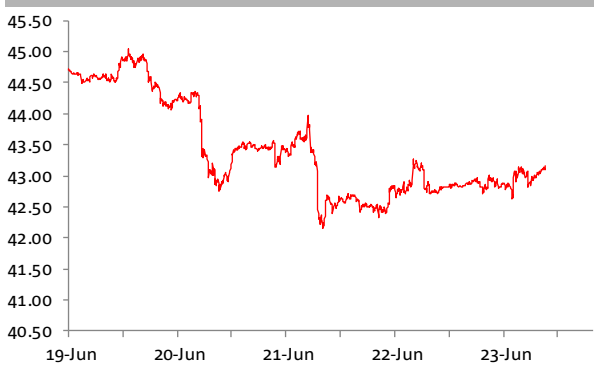
Source: Bloomberg.

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	0.7563	0.3	0.7538	0.7588	HKD	7.8000 0.0
NZD	0.7283	0.3	0.7250	0.7297	CNY	6.8366 0.0
EUR	1.1197	0.4	1.1145	1.1209	SGD	1.3866 -0.3
GBP	1.2742	0.5	1.2676	1.2744	IDR	13,307 -0.1
JPY	111.20	-0.1	111.13	111.43	THB	33.93 -0.2
CAD	1.3265	0.2	1.3211	1.3308	KRW	1,139 -0.2
AUD/EUR	0.6754	-0.1	0.6739	0.6786	TWD	30.36 -0.2
AUD/JPY	84.09	0.2	83.88	84.34	PHP	50.18 -0.4
AUD/GBP	0.5926	-0.4	0.5925	0.5958	CHF	0.97 -0.2
AUD/NZD	1.0384	0.0	1.0362	1.0406	SEK	8.72 -0.4
AUD/CNH	5.1797	0.4	5.1542	5.1850		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Spnd
USD	1.25	1.29	1.54	2.12	USD 10	2.14	-0.54
AUD	1.50	1.72	1.82	2.65	AUD 10	2.37	-0.50 0.23
NZD	1.75	1.96	2.21	3.14	NZD 10	2.72	-3.20 0.58
EUR	0.00	-0.33	-0.18	0.72	CAD 10	1.48	-2.50 -0.67
GBP	0.25	0.30	0.60	1.13	EUR 10	0.26	0.30 -1.89
JPY	-0.05	0.00	0.04	0.24	GBP 10	1.03	1.60 -1.11
CAD	0.50	0.96	1.23	1.81	JPY 10	0.06	-0.10 -2.09

Equities

Major Indices	Last	% day	% y/y
	Dow	21,395	-0.01
S&P 500	2,438	0.16	19.7
Nasdaq	6,265	0.46	33.1
VIX	10.02	-4.39	-61.1
FTSE	7,424	-0.2	20.9
DAX	12,733	-0.5	33.2
CAC 40	5,266	-0.3	28.2
Nikkei	20,133	0.1	34.6
Shanghai	3,158	0.3	10.6
Hang Seng	25,670	0.0	26.7
ASX 200	5,716	0.2	11.8

Commodities*

	Last	% day
Oil (Brent)	45.54	0.7
Oil (WTI)	43.01	0.6
Oil (Tapis)	45.53	0.3
Gold	1256.20	0.7
CRB	167.74	0.7
GS Metals	319.3	0.5
Aluminium	1857.3	-0.2
Copper	5785.5	1.0
Nickel	9044.0	0.7
Zinc	2706.0	0.2
Ch. steel	3113.0	0.8
Iron ore	56.8	0.4
St. Coal	80.7	0.1
Met.coal	145.3	0.2
Wheat Chic.	473.5	-0.4
Sugar	13.0	1.0
Cotton	72.7	2.1
Coffee	123.0	5.6

Prob. of 25bps hike/cut at next meeting	
bps	%
RBA	-1.0 -4.0%
FED	-1 -2.4%

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.27	1.00
3 Yr bond	97.8	0.00
10 Yr bond	97.60	4.00
3/10 sprd	0.20	-4.00
SPI	5662.0	-19.0

*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

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEST
Monday, 26 June 2017								
JN	BOJ Summary of Opinions at June 15-16 Meeting						0.50	9.50
AU/US	Fed's Williams Speaks at UTS in Sydney on "Speed Limits and Stall Speeds: Fostering Sustainable Growth in the United States"						5.20	14.20
JN	Leading Index CI	Apr F				104.5	6.00	15.00
GE	IFO Business Climate	Jun		114.4		114.6	9.00	18.00
UK	BBA Loans for House Purchase	May				40750	9.30	18.30
EC/UK/JN	Annual ECB Forum in Sintra With Draghi, Carney, Kuroda, through 28 June; Draghi and Bernanke give opening speeches						26-28 June	
US	Durable Goods Orders/Core Orders	May P		-0.7/0.3		-0.8/0.1	13.30	22.30
US	Chicago Fed Nat Activity Index	May				0.5	13.30	22.30
JN	Small Business Confidence	Jun		49		48.9	26-30 Jun release	
US	Dallas Fed Manf. Activity	Jun				17.2	15.30	0.30
EC	ECB Youth Dialogue With Mario Draghi in Lisbon						16.00	1.00
US	US EIA 2017 Energy Conference, though June 27							
Tuesday, 27 June 2017								
NZ	RBNZ's Mike Hannah speaks on "Engaging with our stakeholders to promote understanding, accountability and dialogue"						23.30	8.30
NZ	Trade Balance NZD/12m YTD	May	721	418.5		578	23.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jun 25				112.4	0.30	9.30
AU	Demographic Statistics	Q4					2.30	11.30
AU	Census 2016, initial data sets						2.30	11.30
CH	Industrial Profits YoY	May				14.0	2.30	11.30
NZ	New Residential Lending YoY	May				-29.9	4.00	13.00
AU/US	Fed's Williams speaks at Macquarie University in Sydney on "The Global Growth Slump: Causes and Consequences"						8.30	17.30
CH	Annual meeting of World Economic Forum's "New Champions". Chinese Premier Li Keqiang & Russian Economy Minister Oreshkin attend. In Dalian, China, through June 29							
UK	BoE releases Financial Stability Report with Governor Mark Carney press conference (time tbc)						9.00	18.00
UK	CBI Retailing/Distributive Reported Sales	Jun		/		2.0/18.0	11.00	20.00
US	S&P CoreLogic CS 20-City MoM SA/YoY	Apr		0.6/		0.9/5.9	14.00	23.00
US	Conf. Board Consumer Confidence	Jun		115		117.9	15.00	0.00
US	Richmond Fed Manufact. Index	Jun				1.0	15.00	0.00
UK/US	Fed's Harker Speaks on thn economic outlook and international trade at a conference in London						16.00	1.00
US	Fed's Yellen Speaks on Global Economic Issues in London						18.00	3.00
US	Fed's Kashkari Speaks at Townhall Event in Houghton, Michigan						22.30	7.30
Wednesday, 28 June 2017								
AU/US	Fed's Williams Speaks at ANU in Canberra; reprise of June 27 speech						8.30	17.30
EC	ECB's Lautenschlaeger speaks in Bonn						9.45	18.45
US	Advance Goods Trade Balance	May		-65.5		-67.1	13.30	22.30
US	Wholesale Inventories MoM	May P		0.2		-0.5	13.30	22.30
CA	Bank of Canada's Poloz at ECB Panel						14.30	23.30
US	Pending Home Sales MoM/YoY	May		1.05/		-1.3/-5.4	15.00	0.00
CA	Bank of Canada Deputy Governor Lynn Patterson Speaks in Calgary						19.15	4.15
US	Fed releases Part II of its annual bank stress tests: Comprehensive Capital Analysis and Review (CCAR)						21.30	6.30
Thursday, 29 June 2017								
JN	Retail Sales MoM/YoY	May		-1/2.8		1.4/3.2	0.50	9.50
NZ	ANZ Activity Outlook/Business Confidence	Jun		/		38.3/14.9	2.00	11.00
AU	HIA New Home Sales MoM	May				0.8	2.00	11.00
AU	Job vacancies	May				1.8	2.30	11.30
GE	GfK Consumer Confidence	Jul		10.5		10.4	7.00	16.00
CH	BoP Current Account Balance	1Q F				19.0	7.15	16.15
JN	BOJ Harada speaks in Tokyo						7.30	16.30
UK	Mortgage Approvals	May		64		64.6	9.30	18.30
AU	RBA's Debelle Gives Speech on Global FX Code						9.30	18.30
EC	Business Climate Indicator	Jun		1		0.9	10.00	19.00
EC	ECB's Lautenschlaeger speaks in Berlin						10.30	19.30
GE	CPI EU Harmonized MoM/YoY	Jun P		0/1.3		-0.2/1.4	13.00	22.00
US	GDP Annualized QoQ	1Q T		1.2		1.2	13.30	22.30
US	Initial Jobless Claims	Jun 24				241.0	13.30	22.30
EC	ECB's Coeure speaks in Brussels						14.00	23.00
US	Fed's Bullard Speaks on the US Economy and Monetary Policy in London						18.00	3.00
Friday, 30 June 2017								
NZ	Building Permits MoM	May				-7.6	23.45	8.45
UK	GfK Consumer Confidence	Jun		-8		-5.0	0.10	9.10
UK	Lloyds Business Barometer	Jun				27.0	0.10	9.10
JN	Jobless Rate/Jobs-to-Applicants Ratio	May		2.8/1.48		2.8/1.5	0.30	9.30
JN	Overall Household Spending YoY	May		-0.5		-1.4	0.30	9.30
JN	Natl CPI YoY	May		0.5		0.4	0.30	9.30
JN	Industrial Production MoM/YoY	May P		-3/6.8		4.0/5.7	0.50	9.50
CH	Manufacturing/Non-manufacturing PMI	Jun		51/		51.2/54.5	2.00	11.00
AU	Private Sector Credit MoM/YoY	May	0.4/4.9	0.4/5		0.4/4.9	2.30	11.30
GE	Unemployment Change (000's)/Rate	Jun		-10/5.7		-9.0/5.7	8.55	17.55
UK	GDP QoQ/YoY	1Q F		0.2/2		0.2/2.0	9.30	18.30
UK	Total Business Investment QoQ/YoY	1Q F		/		0.6/0.8	9.30	18.30
UK	Current Account Balance	1Q		-17		-12.1	9.30	18.30
EC	CPI Estimate/Core YoY	Jun		1.3/1		1.4/0.9	10.00	19.00
US	Personal Income/Spending	May		0.3/0.1		0.4/0.4	13.30	22.30
US	PCE Deflator MoM/YoY	May		-0.1/1.5		0.2/1.7	13.30	22.30
US	PCE Core MoM/YoY	May		0.03/1.4		0.2/1.5	13.30	22.30
CA	GDP MoM/YoY	Apr		/		0.5/3.2	13.30	22.30
CA	Industrial Product/Raw Materials Price MoM	May		/		0.6/1.6	13.30	22.30
US	Chicago Purchasing Manager	Jun		58		59.4	14.45	23.45
CA	BoC Senior Loan Officer Survey	2Q				-1.9	15.30	0.30
EC	ECB Executive Board Member Mersch speaks in Germany						16.30	1.30
US	Baker Hughes US Rig Count/Oil Rigs	Jun 23				933	18.00	3.00
Upcoming Central Bank Interest Rate Announcements								
Australia, RBA		4-Jul	1.50%	1.50%		1.50%		
Canada, BoC		13-Jul				0.5%		
Japan, BoJ		20-Jul	-0.1%	-0.1%		-0.1%		
Europe ECB		20-Jul	-0.4%	-0.4%		-0.4%		
US Federal Reserve		27-Jul				1.00-1.25%		
UK BOE		3-Aug				0.25%		
New Zealand, RBNZ		10-Aug	1.75%	1.75%		1.75%		

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

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