

# MARKETS TODAY

## Exodus



### Good morning

Markets are little changed in the lead up to Jackson Hole, with little in the way of major FX moves to report. The Bloomberg spot USD index has made some net gains overnight, up 0.15%, more from continued a choppy Pound and somewhat lower levels for the Yen and the CHF. The AUD has continued to trade in its recent range, right on 0.79, having tested the 0.7870/75 area late in the Asia session yesterday. Bulk commodity prices were little changed overnight, base metals were stronger (Cu +1.87%, Ni +0.73%), oil fell on near term threats to refinery demand from an approaching Cyclone Harvey. Gold eased. The Euro has been relatively steady.

EUR/GBP continues to garner trend support as the clock keeps ticking on Brexit. Figures released by the UK Office of National Statistics overnight showed that net migration into the UK had fallen by a quarter over the past year with the numbers arriving from the EU down 51K and EU citizens leaving the UK up 35K. A new portmanteau term has been coined to capture how EU citizens are voting with their feet as Brexit looms, this one *Brexodus*.

Also, the second estimate of UK GDP growth for Q2 was left unrevised at 0.3%/1.7% but amid the expenditure detail of the report confirming the slowdown in both personal consumption and business investment. The CBI Retail report for August fell back to post-Brexit poll lows, the Confederation reporting a slump in sales volumes from 22, back down to -10.

In the US, it's been a combination of limited economic news, market positioning ahead of Jackson Hole tonight, and further West Wing-Congress news and sound bites. There's also Cyclone Harvey approaching the Gulf Coast, potentially disrupting oil production and business activity. Oil prices fell on threats to closing refineries with gasoline margins higher. Already workers have left some oil platforms.

Jobless claims were again very low in the week to 19 August (August payrolls survey week) at 234K, still within shooting distance of this year's lows and pointing to still low unemployment. Existing Home Sales fell 1.3% in July, a modest miss against expectations of a 0.5% rise. The Kansas City Fed Manufacturing index for August was though stronger at 16, up from 10 and toward the highs of this year.

The war of words between the West Wing and key Republicans has gone back up another notch. POTUS tweeted why the GOP had not attached raising the debt ceiling to a recently passed Veterans' Bill? It sounds like he has a point on that one. (Conservative Republicans want expenditure cuts enclosed with raising the debt ceiling). Senate majority leader McConnell has been endeavouring to smooth over the relationship referring to work on tax reform and infrastructure, but even he copped another twitter serve for not repealing

Obamacare. POTUS also is still seething over a lack of funding for the wall, something that he made reference to with gusto at this week's Phoenix rally. Added into the mix, Moody's has warned over any prospective debt repayment as having negative ratings implications. Early October might be the "x-date" when funds dry up and with debt obligations coming up in mid-October.

Finally, in the lead up to Jackson Hole, the USD has been steadier with US Treasury yields a little higher. For those with interest to follow the Jackson Hole news over the next 48-72 hours, the Kansas City Fed will be releasing the full Jackson Hole program of speakers at 10am AEDT (6pm US MT [here](#)).

### Coming up

It's a pretty full suite of data and speakers today, tonight and over the weekend with Jackson Hole the main focal point. Yellen speaks tonight on **Financial Stability** at 10am NYT (8am Mountain Daylight (Wyoming) Time) with Draghi speaking five hours later.

Before then, there are some important economy reports out of Japan this morning (CPI), then the second cut of German GDP tonight for the June quarter. While the market is not expecting any revision from the initial 0.6%/2.1% print, it's the expenditure, trade breakdown that might see some interest, the market looking for faster growth in domestic demand offset by faster imports, the mirror opposite of last night's UK report.

Further confirmation of the recovery's momentum will be gleaned from Germany's August Ifo Business Survey, the market again looking for a modest easing in the survey. It has been looking for a pullback for quite some months now and proved to be too bearish. We also note that Wednesday night's preliminary Manufacturing PMI for August that was within a whisker of the June high, reversing the pullback in July. Germany's services PMI was also higher in August and an upside surprise in the Ifo would not be unexpected in that light.

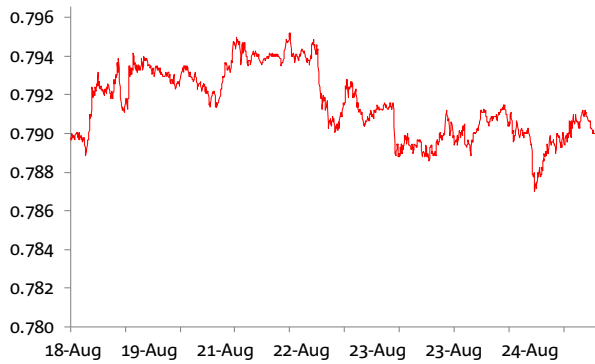
In the US, and 90 mins before the Yellen address hits the wires, there is the July Durable goods orders report for July. The market is looking for a 6% pullback in headline orders, payback after the boost from aircraft orders last month. Core orders are expected to rise 0.4% after being flat in June, the accompanying shipments feedstock into the Atlanta Fed's *GDPNow* estimate currently at 3.8%.

### Overnight

On global stock markets, the S&P 500 was -0.21%. Bond markets saw US 10-years +2.61bp to 2.19%. In commodities, Brent crude oil -0.72% to \$52.19, gold -0.2% to \$1,287, iron ore -0.8% to \$77.16, steam coal -0.1% to \$98.40, met. coal +0.5% to \$196.00. AUD is at 0.7897 and the range since yesterday 5pm Sydney time is 0.7882 to 0.7916.

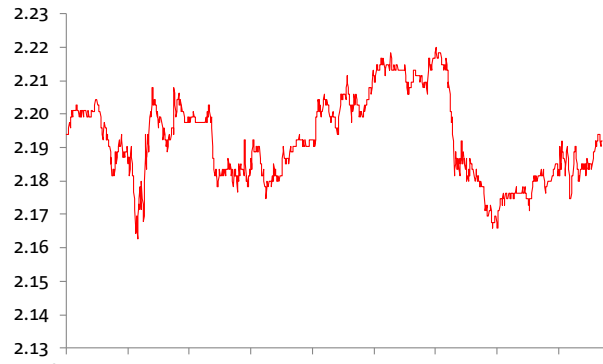
Markets

AUD/USD - past week



Source: Bloomberg.

US 10yr - past week



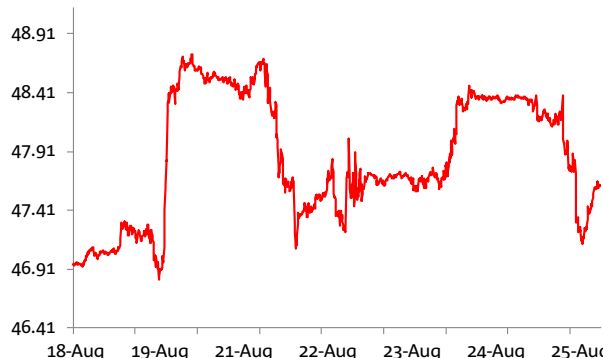
Source: Bloomberg.

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	0.7897	0.0	0.7882	0.7916	HKD	7.8233 0.0
NZD	0.7204	-0.3	0.7198	0.7238	CNY	6.6615 0.0
EUR	1.1800	0.2	1.1782	1.1823	SGD	1.3620 -0.1
GBP	1.2798	-0.1	1.2774	1.2819	IDR	13,346 -0.1
JPY	109.58	0.2	108.85	109.42	THB	33.34 -0.1
CAD	1.2528	-0.4	1.2537	1.2596	KRW	1,128 -0.4
AUD/EUR	0.6693	-0.1	0.6681	0.6708	TWD	30.26 -0.1
AUD/JPY	86.54	0.2	86.02	86.46	PHP	51.04 -0.3
AUD/GBP	0.6171	0.1	0.6162	0.6184	CHF	0.97 -0.4
AUD/NZD	1.0963	0.3	1.0924	1.0959	SEK	8.07 -0.4
AUD/CNH	5.2659	0.1	5.2471	5.2847		

Interest Rates

Indicative Swap Rates				Benchmark 10 Year Bonds			
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	1.25	1.32	1.57	2.13	USD 10	2.19	2.61
AUD	1.50	1.72	1.91	2.80	AUD 10	2.63	-3.90 0.44
NZD	1.75	1.95	2.18	3.14	NZD 10	2.91	-0.20 0.71
EUR	0.00	-0.33	-0.18	0.82	CAD 10	1.89	0.70 -0.31
GBP	0.25	0.28	0.56	1.14	EUR 10	0.38	-0.10 -1.82
JPY	-0.05	-0.03	0.02	0.21	GBP 10	1.05	-0.60 -1.14
CAD	0.75	1.30	1.59	2.15	JPY 10	0.03	-1.10 -2.17

Equities

Major Indices			
	Last	% day	% y/y
Dow	21,783	-0.13	18.0
S&P 500	2,439	-0.21	12.3
Nasdaq	6,271	-0.11	20.3
VIX	12.23	-0.16	-8.9
FTSE	7,407	0.3	8.0
DAX	12,181	0.1	14.6
CAC 40	5,113	0.0	15.3
Nikkei	19,354	-0.4	16.6
Shanghai	3,272	-0.5	6.1
Hang Seng	27,519	0.4	19.7
ASX 200	5,745	0.1	3.3

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.27	0.00
3 Yr bond	97.8	3.00
10 Yr bond	97.36	2.50
3/10 sprd	0.44	0.50
SPI	5708.0	-12.0

\*Change in bps

Commodities\*

	Last	% day
Oil (Brent)	52.19	-0.7
Oil (WTI)	47.62	-1.6
Oil (Tapis)	52.22	1.2
Gold	1286.50	-0.2
CRB	177.80	0.1
GS Metals	365.3	1.0
Aluminium	2093.5	0.4
Copper	6667.8	1.9
Nickel	11702.0	0.7
Zinc	3115.8	0.7
Ch. steel	3945.0	4.0
Iron ore	77.2	-0.8
St. Coal	98.4	-0.1
Met.coal	196.0	0.5
Wheat Chic.	457.3	0.9
Sugar	14.0	2.6
Cotton	70.2	0.8
Coffee	127.9	-0.6

Prob. of 25bps hike/cut at next meeting

	bps	%
RBA	-0.2	-1.0%
FED	-0	-2.0%

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>Friday, 25 August 2017</b>								
JN	Natl CPI YoY	Jul		0.4		0.4	0.30	9.30
JN	Natl CPI Ex-Fresh Food/Ex-Fresh Food & Energy YoY	Jul		0.5/0.1		0.4/0.0	0.30	9.30
JN	Tokyo CPI YoY	Aug		0.3		0.1	0.30	9.30
JN	Tokyo CPI Ex-Fresh Food/Ex-Fresh Food & Energy YoY	Aug		0.3/-0.1		0.2/-0.1	0.30	9.30
JN	PPI Services YoY	Jul		0.8		0.8	0.50	9.50
GE	Ifo Business Climate	Aug		115.5		116.0	9.00	18.00
GE	Ifo Current Assessment/Expectations	Aug		125/106.8		125.4/107.3	9.00	18.00
US	Durable Goods Orders/Core Orders	Jul P		-6		6.4	13.30	22.30
US	Fed Chair Yellen at Jackson Hole on "Financial Stability"						15.00	0.00
US	Baker Hughes U.S. Rig Count	Aug 25				946.0	18.00	3.00
EC	ECB's Draghi Speaks at Jackson Hole							
<b>Saturday, 26 August 2017</b>								
CH	Industrial Profits YoY	Jul				19.1	2.30	11.30
<b>Monday, 28 August 2017</b>								
JN	Cabinet Office Monthly Economic Report for August							
EC	M3 Money Supply YoY	Jul				5.0	9.00	18.00
US	Wholesale Inventories MoM	Jul P				0.7	13.30	22.30
US	Advance Goods Trade Balance	Jul		-64.5		-64	13.30	22.30
CA	Bloomberg Nanos Confidence	Aug 25				61.0	15.00	0.00
US	Dallas Fed Manf. Activity	Aug				16.8	15.30	0.30
<b>Tuesday, 29 August 2017</b>								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Aug 27				109.2	0.30	9.30
JN	Jobless Rate/Jobs to applicants ratio	Jul		/		2.8/1.5	0.30	9.30
JN	Overall Household Spending YoY	Jul				2.3	0.30	9.30
UK	Nationwide House PX MoM/YoY	Aug		/		0.3/2.9	7.00	16.00
GE	GfK Consumer Confidence	Sep				10.8	7.00	16.00
CA	Industrial Product/Raw Materials Prices MoM	Jul		/		-1.0/-3.7	13.30	22.30
US	S&P CoreLogic CS 20-City MoM SA/YoY	Jun				0.1/5.7	14.00	23.00
US	Conf. Board Consumer Confidence	Aug		119		121.1	15.00	0.00
<b>Wednesday, 30 August 2017</b>								
NZ	Building Permits MoM	Jul				-1.0	23.45	8.45
UK	BRC Shop Price Index YoY	Aug				-0.4	0.10	9.10
JN	Retail Sales MoM/YoY	Jul		/		0.2/2.1	0.50	9.50
JN	Dept. Store, Supermarket Sales	Jul				0.2	0.50	9.50
AU	Construction Work Done	2Q				-0.7	2.30	11.30
AU	Building Approvals MoM/YoY	Jul		/		10.9/-2.3	2.30	11.30
JN	Small Business Confidence	Aug				50.0	6.00	15.00
UK	Net Consumer Credit/Net lending secured on dwellings	Jul		/		1.5/4.1	9.30	18.30
UK	Mortgage Approvals	Jul				64.7	9.30	18.30
EC	Business Climate Indicator	Aug				1.1	10.00	19.00
GE	CPI MoM/YoY	Aug P		/		0.4/1.7	13.00	22.00
GE	CPI EU Harmonized MoM/YoY	Aug P		/		0.4/1.5	13.00	22.00
US	ADP Employment Change	Aug		180		178.0	13.15	22.15
US	GDP Annualized QoQ	2Q S		2.7		2.6	13.30	22.30
CA	Current Account Balance	2Q				-14.1	13.30	22.30
<b>Thursday, 31 August 2017</b>								
UK	GfK Consumer Confidence	Aug				-12.0	0.10	9.10
UK	Lloyds Business Barometer	Aug				30.0	0.10	9.10
JN	Industrial Production MoM/YoY	Jul P		/		2.2/5.5	0.50	9.50
NZ	ANZ Business Confidence/Activity Outlook	Aug		/		19.4/40.3	2.00	11.00
AU	HIA New Home Sales MoM	Jul				-6.9	2.00	11.00
CH	Manufacturing/Non-manufacturing PMI	Aug		51.2/		51.4/54.5	2.00	11.00
CH	Swift Global Payments CNY	Jul				2.0	2.00	11.00
AU	Private Sector Credit MoM/YoY	Jul		/		0.6/5.4	2.30	11.30
AU	Private Capital Expenditure	2Q				0.3	2.30	11.30
JN	BOJ Masai speaks in Matsuyama						2.30	11.30
AU	RBA's Harris Panel Participation at Conference						4.00	13.00
GE	Unemployment Claims Rate SA/Change ('000)	Aug		/		5.7/-9.0	8.55	17.55
EC	Unemployment Rate	Jul				9.1	10.00	19.00
EC	CPI Estimate/Core YoY	Aug		/		1.3/1.2	10.00	19.00
US	Challenger Job Cuts YoY	Aug				-37.6	12.30	21.30
GE	Bundesbank's Dombret and Austria's Schelling in Alpbach						13.20	22.20
US	Personal Income/Spending	Jul		0.3/0.4		0.0/0.1	13.30	22.30
US	Real Personal Spending	Jul				0.0	13.30	22.30
US	PCE Deflator MoM/YoY	Jul		0.1/		0.0/1.4	13.30	22.30
US	PCE Core MoM/YoY	Jul		0.1/		0.1/1.5	13.30	22.30
US	Initial Jobless Claims	Aug 19		238		232.0	13.30	22.30
CA	Quarterly GDP Annualized	2Q				3.7	13.30	22.30
CA	GDP MoM/YoY	Jun		/		0.6/4.6	13.30	22.30
US	Chicago Purchasing Manager	Aug		58		58.9	14.45	23.45
US	Bloomberg Consumer Comfort	Aug 20				52.1	14.45	23.45
CA	CFIB Business Barometer	Aug				60.7		
US	Pending Home Sales MoM/YoY	Jul		0.6/		1.5/0.7	15.00	0.00
NZ	QV House Prices YoY	Aug				6.4	18.00	3.00
<b>Friday, 1 September 2017</b>								
NZ	Terms of Trade Index QoQ	2Q				5.1	23.45	8.45
AU	Commonwealth Bank Australia PMI Mfg	Aug				54.4	0.00	9.00
AU	AIG Perf of Mfg Index	Aug				56.0	0.30	9.30
JN	Capital Spending/Ex software YoY	2Q		/		4.5/5.2	0.50	9.50
JN	Company Profits/Sales	2Q		/		26.6/5.6	0.50	9.50
AU	CoreLogic House Px MoM	Aug				1.5	1.00	10.00
JN	Nikkei Japan PMI Mfg	Aug F				52.8	1.30	10.30
CH	Caixin China PMI Mfg	Aug		51		51.1	2.45	11.45
JN	Vehicle Sales YoY	Aug				-1.1	6.00	15.00
JN	Consumer Confidence Index	Aug				43.8	6.00	15.00
AU	Commodity Index AUD/SDR YoY	Aug		/		114.4/17.1	7.30	16.30
EC	ECB's Nowotny in Panel Discussion in Alpbach, Austria						7.30	16.30
GE	Markit/BME Germany Manufacturing PMI	Aug F				59.4	8.55	17.55
EC	Markit Eurozone Manufacturing PMI	Aug F				57.4	9.00	18.00
UK	Markit UK PMI Manufacturing SA	Aug				55.1	9.30	18.30
CA	MLI Leading Indicator MoM	Jul				0.2	12.00	21.00
US	Change in Nonfarm Payrolls/Unemployment rate	Aug		180/4.3		209.0/4.3	13.30	22.30
US	Average Hourly Earnings MoM/YoY	Aug		0.2/2.6		0.3/2.5	13.30	22.30
US	Underemployment Rate/Participation Rate	Aug		/		8.6/62.9	13.30	22.30
CA	Markit Canada Manufacturing PMI	Aug				55.5	14.30	23.30
US	Markit US Manufacturing PMI	Aug F				52.5	14.45	23.45
US	Wards Total Vehicle Sales	Aug		16.6		16.7		
US	ISM Manufacturing	Aug		56.3		56.3	15.00	0.00
US	U. of Mich. Sentiment/5-10 Yr Inflationary Expectations	Aug F				97.6	15.00	0.00
US	Construction Spending MoM	Jul		0.5		-1.3	15.00	0.00
<b>Upcoming Central Bank Interest Rate Announcements</b>								
Australia, RBA		5-Sep	1.50%	1.50%		1.50%		
Canada, BoC		6-Sep				0.75%		
Europe ECB		7-Sep	-0.4%	-0.4%		-0.4%		
UK BOE		14-Sep				0.25%		
US Federal Reserve		21-Sep	1.00-1.25%	1.00-1.25%		1.00-1.25%		
Japan, BoJ		21-Sep	-0.1%	-0.1%		-0.1%		
New Zealand, RBNZ		28-Sep	1.75%	1.75%		1.75%		

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

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