

MARKETS TODAY

Rain



Good morning

With Jackson Hole out of the way, markets and related news have been more focussed on Hurricane Harvey, some more news stories out of the West Wing and the resumption of UK-EU Brexit talks. It was a bank holiday in the UK.

Just in the last few minutes, there's new reports of another North Korean missile toward Japan, USD/JPY dipping slightly, Japanese PM Abe saying it's passed over Japan.

In currency markets, the post-Jackson Hole softening up further of the USD continued a little further, the Bloomberg spot dollar index down 0.06% and the Euro-heavy DXY index off 0.53%. The AUD (+0.32%), EUR (+0.34%), GBP (+0.26%), and the NZD (+0.0.24%) have all continued to make some progress against the big dollar. The US data set was light with only the July Advanced Goods Trade balance and Wholesale inventories. The trade deficit, at -\$65bn, was a little larger than expected, inventories slightly faster.

Net net, perhaps a small downward shaving of prospective Q3 US economic growth might have resulted. The Atlanta Fed's *GDPNow* estimate, currently 3.4% will be updated again after Thursday's personal spending/PCE deflators report. Whether the trade figures had anything to do with a news story out of the West Wing with President Trump demanding from Chief of Staff John Kelly some tariffs ("get me some tariffs") is not known.

Meanwhile, the rain has continued in Houston in the aftermath of Cyclone Harvey with current weather maps showing forecasts of another 175mm of rain over the next 24 hours or so (7" for those thinking in inches) on top of as much as 50 inches rain hitting Houston so far. Some very early estimates are doing the rounds, but refining capacity has been closed, Texas refining capacity supplying around one third of the US's requirements. Near term gasoline prices surged (September by 5.87%) refineries closed for preventative shutdowns. A hiatus in local refinery crude demand has seen WTI down, the October contract by \$1.13/bbl, currently trading at \$46.81/bbl. The impact on refineries will still take time to be assessed and how quickly they can re-start. President Trump is scheduled to go to Texas Tuesday to get first hand knowledge as local and Federal authorities come to grips with the scale of devastation.

As the Brexit countdown clock ticks (1 year and 212 days to go) talks are formally resuming again this week. The testy war of words continued. There are four days of talks ahead discussing the Irish border, EU citizens' rights and the Brexit bill. Europeans are saying that only when progress is made on these will they move on to discuss a future trading deal. The divorce cost continues to be a major hurdle for both sides with big numbers being bandied around on the European side. To state the

obvious, it's all very unhelpful for consumer and business confidence in the UK, now with the clock ticking and the EU holding most of the cards. Though down marginally from late trade in APAC yesterday, EUR/GBP has over recent days continued on a path higher. It's back to the highest levels seen since the 2009 pre-European debt crisis peaks.

Coming up

Though we rarely write on the weekly ANZ-Roy Morgan Consumer Confidence index, the divergence between business and consumer confidence has been evident for a while now, and widening.

If anything, the weekly measure – due this morning at 9.30 – had been holding up better than the monthly WMI counterpart. But it's taken a turn for the worse again through the middle of August to its lowest point since late 2015. Rising utility prices, low wage rises, and housing affordability may well be dogging sentiment despite still positive news on the labour market after another solid report this month. Though a very noisy series, it's again testing low levels and we'll be taking a glance at the latest weekly reading this morning.

The monthly Japanese labour market and overall household spending reports will likely again garner little market attention. Despite what is expected to be a still low unemployment rate of 2.8% and a rising jobs-to-applicants ratio at its highest level of net labour demand since the early 1990s, labour cash earnings in June were only rising by 0.4% y/y. Labour cash earnings have averaged 0.1% y/y since 1990, still not apparently getting any renewed push from another spring "shunto" wage round.

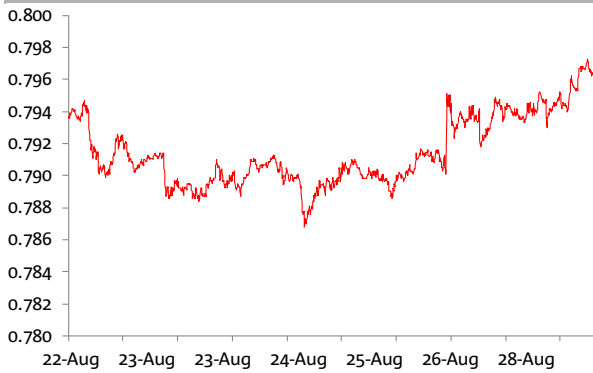
In the APAC time zone (16.00 AEDT), the latest monthly UK Nationwide House price monthly report is due, this one for August (L: 0.3%/2.9%) with growth slowing and steady prices expected this month. In the US tonight, the Conference Board's measure of Consumer Confidence will come in for attention, not only headline Confidence but the Jobs Plentiful/Hard to Get Index that to July had continued to improve signifying the improvement in the labour market. In the weeks to come the market will begin to calibrate the financial, economic and market fallout from Harvey, aside from the heavy personal and business dislocations.

Overnight

On global stock markets, the S&P 500 was +0.05%. Bond markets saw US 10-years -0.88bp to 2.16%. In commodities, Brent crude oil -0.67% to \$52.06, gold +1.3% to \$1,310, iron ore -1.6% to \$77.15, steam coal +0.3% to \$97.75, met. coal +0.0% to \$196.00. AUD is at 0.7959 and the range since yesterday 5pm Sydney time is 0.7914 to 0.7973.

Markets

AUD/USD - past week



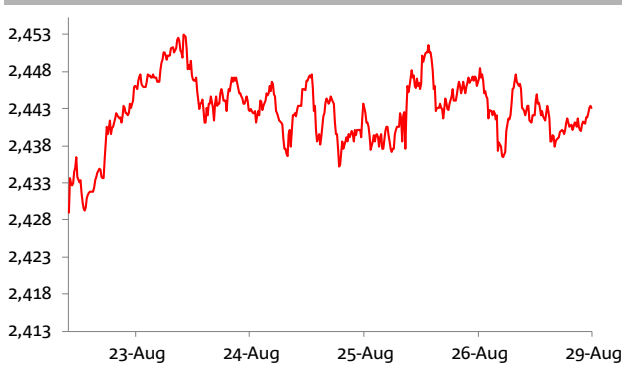
Source: Bloomberg.

US 10yr - past week



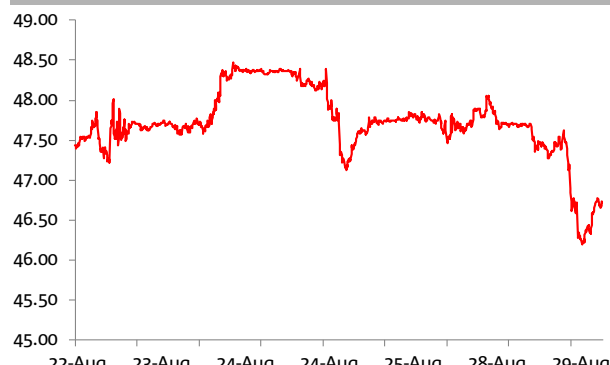
Source: Bloomberg.

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	0.7959	0.3	0.7914	0.7973	HKD	7.8236 0.1
NZD	0.7253	0.2	0.7231	0.7263	CNY	6.6144 -0.5
EUR	1.1979	0.5	1.1917	1.1984	SGD	1.3535 -0.2
GBP	1.2934	0.4	1.2874	1.2947	IDR	13,340 0.0
JPY	109.09	-0.2	108.93	109.41	THB	33.19 -0.2
CAD	1.2512	0.2	1.2444	1.2517	KRW	1,120 -0.7
AUD/EUR	0.6646	-0.1	0.6610	0.6667	TWD	30.13 -0.3
AUD/JPY	86.83	0.1	86.44	87.12	PHP	51.05 -0.1
AUD/GBP	0.6154	-0.1	0.6105	0.6167	CHF	0.95 -0.3
AUD/NZD	1.0973	0.1	1.0931	1.0985	SEK	7.96 -0.1
AUD/CNH	5.2663	-0.1	5.2508	5.2800		

Interest Rates

	Indicative Swap Rates				Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	1.25	1.32	1.56	2.06	USD 10	2.16	-0.88
AUD	1.50	1.71	1.96	2.82	AUD 10	2.66	1.90 0.51
NZD	questing	1.97	2.19	3.13	NZD 10	2.89	0.70 0.73
EUR	0.00	-0.33	-0.18	0.82	CAD 10	1.87	-0.60 -0.29
GBP	0.25	0.28	0.56	1.14	EUR 10	0.38	-0.40 -1.78
JPY	-0.05	-0.03	0.02	0.21	GBP 10	1.05	0.00 -1.10
CAD	0.75	1.31	1.60	2.15	JPY 10	0.01	-0.80 -2.15

Equities

Major Indices			
	Last	% day	% y/y
Dow	21,808	-0.02	18.6
S&P 500	2,444	0.05	12.7
Nasdaq	6,283	0.28	20.4
VIX	11.32	0.35	-17.1
FTSE	7,401	0.0	8.2
DAX	12,123	-0.4	14.5
CAC 40	5,080	-0.5	14.4
Nikkei	19,450	0.0	16.2
Shanghai	3,363	0.9	9.5
Hang Seng	27,863	0.1	22.1
ASX 200	5,710	-0.6	4.4

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.25	-2.00
3 Yr bond	97.8	0.00
10 Yr bond	97.35	-1.50
3/10 sprd	0.45	1.50
SPI	5679.0	31.0

*Change in bps

Commodities*

	Last	% day
Oil (Brent)	52.06	-0.7
Oil (WTI)	46.81	-2.2
Oil (Tapis)	52.17	-0.2
Gold	1309.70	1.3
CRB	178.01	0.1
GS Metals	361.1	0.0
Aluminium	2057.3	0.0
Copper	6647.5	0.0
Nickel	11441.0	0.0
Zinc	3059.5	0.0
Ch. steel	3918.0	-0.2
Iron ore	77.2	-1.6
St. Coal	97.8	0.3
Met.coal	196.0	0.0
Wheat Chic.	451.5	-1.5
Sugar	14.3	2.0
Cotton	70.3	2.5
Coffee	131.4	0.0

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
Tuesday, 29 August 2017								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Aug 27				109.2	0.30	9:30
JN	Jobless Rate/Jobs to applicants ratio	Jul		2.8/1.52		2.8/1.5	0.30	9:30
JN	Overall Household Spending YoY	Jul		0.7		2.3	0.30	9:30
UK	Nationwide House Px MoM/YoY	Aug		0/2.5		0.3/2.9	7:00	16:00
GE	GfK Consumer Confidence	Sep		10.8		10.8	7:00	16:00
CA	Industrial Product/Raw Materials Prices MoM	Jul		-0.5/-0.3		-1.0/-3.7	13:30	22:30
US	S&P CoreLogic CS 20-City MoM SA/YoY	Jun		0.1/5.6		0.1/5.7	14:00	23:00
US	Conf. Board Consumer Confidence	Aug		120.4		121.1	15:00	0:00
Wednesday, 30 August 2017								
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		0.3/1		0.2/2.1	0:50	9:50
AU	Construction Work Done	2Q	1.0	1		-0.7	2:30	11:30
AU	Building Approvals MoM/YoY	Jul	-4.0	-5/-16.6		10.9/-2.3	2:30	11:30
NZ	RBNZ Governor Wheeler speaks: Reflections on the stewardship of the Reserve Bank						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		1.45/3.8		1.5/4.1	9:30	18:30
EC	Business Climate Indicator	Aug		1.05		1.1	10:00	19:00
GE	CPI EU Harmonized MoM/YoY	Aug P		0.1/1.7		0.4/1.5	13:00	22:00
US	ADP Employment Change	Aug		187.5		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		-17.6		-14.1	13:30	22:30
US	Fed's Powell Speaks at Large-Bank Directors' Conference						14:15	23:15
Thursday, 31 August 2017								
UK	GfK Consumer Confidence	Aug		-13		-12.0	0:10	9:10
UK	Lloyds Business Barometer	Aug				30.0	0:10	9:10
JN	Industrial Production MoM/YoY	Jul P		-0.3/5.2		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		51.3/		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	0.5	0.5/5.4		0.6/5.4	2:30	11:30
AU	Private Capital Expenditure	2Q	-1.0	0.2		0.3	2:30	11:30
AU	Capex expectations, 17-18, \$Abn		95	95.9		85.4	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
NZ	Credit Aggregates, Household YoY	Jul				7.7	4:00	13:00
GE	Unemployment Claims Rate SA/Change ('000)	Aug		5.7/-6		5.7/-9.0	8:55	17:55
EC	Unemployment Rate	Jul		9.1		9.1	10:00	19:00
EC	CPI Estimate/Core YoY	Aug		1.4/1.2		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	PCE Deflator MoM/YoY	Jul		0.1/1.4		0.0/1.4	13:30	22:30
US	PCE Core MoM/YoY	Jul		0.1/1.4		0.1/1.5	13:30	22:30
US	Initial Jobless Claims	Aug 26		236.5		234.0	13:30	22:30
CA	Quarterly GDP Annualized	2Q		3.7		3.7	13:30	22:30
CA	GDP MoM/YoY	Jun		0.1/4.1		0.6/4.6	13:30	22:30
US	Chicago Purchasing Manager	Aug		59.2		58.9	14:45	23:45
US	Pending Home Sales MoM/YoY	Jul		0.5/		1.5/0.7	15:00	0:00
NZ	QV House Prices YoY	Aug				6.4	18:00	3:00
Friday, 1 September 2017								
NZ	Terms of Trade Index QoQ	2Q	2.4	3		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		7.9/8.2		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	Consumer Confidence Index	Aug		43.5		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		59.4	8:55	17:55
EC	Markit Eurozone Manufacturing PMI	Aug F		57.4		57.4	9:00	18:00
UK	Markit UK PMI Manufacturing SA	Aug		55		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
CA	Markit Canada Manufacturing PMI	Aug				55.5	14:30	23:30
US	Markit US Manufacturing PMI	Aug F		52.6		52.5	14:45	23:45
US	Wards Total Vehicle Sales	Aug		16.6		16.7		
US	ISM Manufacturing	Aug		56.5		56.3	15:00	0:00
US	U. of Mich. Sentiment/5-10 Yr Inflationary Expectations	Aug F		97.3		97.6	15:00	0:00
US	Construction Spending MoM	Jul		0.5		-1.3	15:00	0:00
Upcoming Central Bank Interest Rate Announcements								
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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