

MARKETS TODAY

Ain't that lonely yet



Good morning

It's been a mix of events in the UK (better data), Europe (no immediate declared Catalan independence from Puigdemont) and the US (Trump tax politics and a softer NFIB report) that have provided the background for limited currency moves overnight. The Euro and Sterling have been the better performers, the Euro up a net 0.25% since late yesterday, Sterling up 0.14%, while the DXY has eased 0.44%.

AUD and NZD have been relatively unchanged, the AUD having had a little shot in the arm yesterday after another strong NAB Business Survey and the Kiwi now waiting for Winston Peters to declare his coalition partner. On that front, it now seems that Peters will not be declaring his hand by tomorrow night for logistical reasons. On the local political front, the High Court case is now underway over whether the seven MPs who declared dual citizenship can remain in Parliament, a decision possibly as early as later this week. Barnaby Joyce's case is one of those, sitting as he does in the Lower House where the Government holds a one seat majority.

Bonds have not broken new ground overnight, a modest risk-off tone evident given events in Spain and some uncertainties over the Trump tax plan. Among commodities, oil was higher (supply cut half promises?, positioning?), iron ore fell further, while LME most base metals rose.

The markets were waiting to hear from Catalan President Puigdemont on whether he would declare independence from Spain. He did not declare independence in his speech, but accepted that the referendum is a mandate to push for independence. For now however, he's suspending the referendum for "weeks", calling for a dialogue. The initial response of the Spanish Government has understandably been firm saying that Catalonia has declared "deferred independence" and that Puigdemont's irresponsibility is at an absolute extreme. The Euro has been little moved, stronger overnight and holding on to those modest gains. Spanish stocks under-performed.

Sterling has risen a quarter of a cent or so, currently trading just above 1.32 after better data. Industrial production rose 0.2% in line with expectations but upward revisions saw annual growth at 1.6%, 0.7% above expectations. Manufacturing was stronger too, as was Construction output, that report also helped by revisions. It was revision city at the ONS, the August trade deficit much wider than expected, as much from revisions. Sterling OIS pushed a little higher the priced-in probability of the BoE hiking at the Nov 2 meeting to 79% from 78% and by the Dec 14 meeting from 92% to 97%.

The 2017 IMF released upgraded global growth forecasts overnight, increasing growth this year and next by 0.1%

David de Garis, Director, Economics

to 3.6% and 3.7% on the back of upgrades to the US, China and Europe. Australia's growth forecast for this year was set at 2.2%, a forecast that looks a little low to us (NAB 2.5%) the IMF though seeing growth picking up to 2.9% for 2018 as Cyclone Debbie average year growth effects dissipate. No market impact.

Finally, the politics of the Trump tax plan continues to get murkier, this time the President and senior GoP Senator Corker having swapped barbs over recent days. The NFIB Small Business Optimism Survey for September was weaker than expected at 103, down from 105.2, six of the nine survey districts (beyond hurricane areas) reporting weaker job creation. This survey might have missed or only caught the tail at most of the Trump tax plan released 27 September. We'll be watching next month's to see if there's any kick to confidence or investment plans.

Coming up

There are two events in our time zone today that bear some watching. First is the monthly reading on consumer sentiment from the Westpac-Melbourne Institute survey. It was 97.9 in August, a level to be frank that's not too far (-3.4%) from its long term average of 101.4. The corresponding weekly ANZ-Roy Morgan Consumer Confidence Survey is 1.0% below its average back to the survey's start in July 2010, the WMI survey lower by a modest 1.8% on the same time scale basis.

Consumer confidence is a little on the "unders" side relative to an more upbeat NAB Business Survey though to describe consumers as anxious or super-cautious would be a stretch. It's more the lack of income growth. Let's see if another month of a steady RBA, a flat-to-lower \$A and better labour market headlines have had any material spill-over into consumer spirits.

The other event worth watching by simple virtue of the speaker's vote on the FOMC is Robert Kaplan's speech at the Stanford Institute, speaking at 11.00 AEDT. Japan has Core machine and Machine tool orders data reports today too.

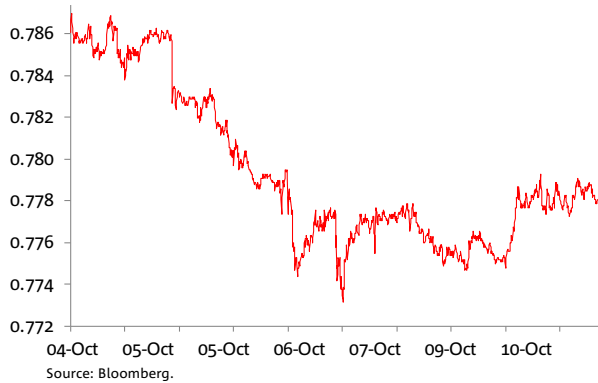
There's more Fed interest tonight with the Fed's Evans and Williams both speaking as well as the FOMC Minutes, as well as the US JOLTS Job Openings report, this one for August. But to be frank, the market is really waiting on Friday's CPI as the next key watch point (along with retail sales), including whether they were affected by the hurricanes.

Overnight

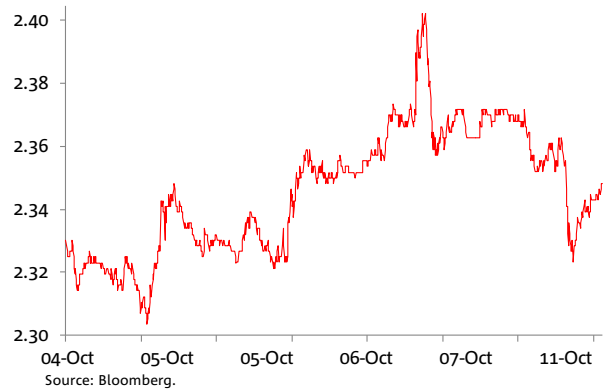
On global stock markets, the S&P 500 was +0.23%. Bond markets saw US 10-years -0.72bp to 2.35%. In commodities, Brent crude oil +1.33% to \$56.53, gold+0.7% to \$1,291, iron ore -2.6% to \$61.01, steam coal -1.3% to \$95.35, met. coal +0.3% to \$179.50. AUD is at 0.7781 and the range since yesterday 5pm Sydney time is 0.7774 to 0.7795.

Markets

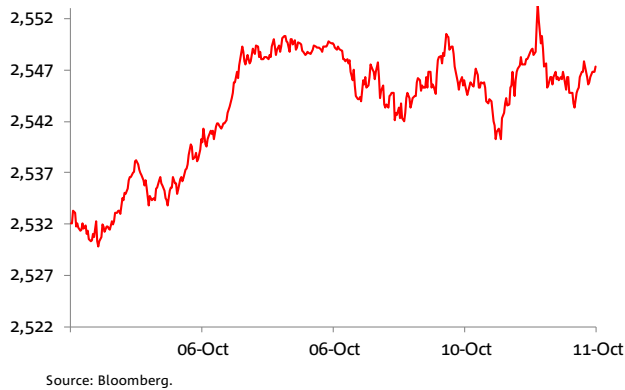
AUD/USD - past week



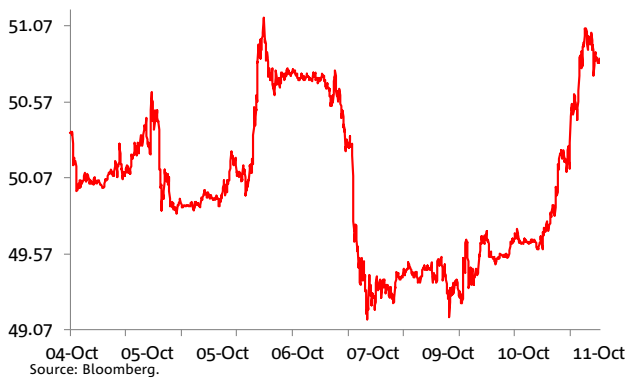
US 10yr - past week



S&P Future - past week



WTI - past week



Foreign Exchange

Indicative 24hr ranges (**)					Other FX	
	Last	% chge	Low	High	Last	% chge
AUD	0.7781	0.3	0.7774	0.7795	HKD	7.8040 0.0
NZD	0.7072	-0.2	0.7057	0.7087	CNY	6.5743 -0.8
EUR	1.1813	0.6	1.1774	1.1825	SGD	1.3560 -0.5
GBP	1.3206	0.4	1.3176	1.3226	IDR	13,512 0.0
JPY	112.44	-0.2	111.99	112.48	THB	33.23 -0.5
CAD	1.2514	-0.2	1.2484	1.2519	KRW	1,136 -0.6
AUD/EUR	0.6587	-0.3	0.6584	0.6607	TWD	30.34 -0.2
AUD/JPY	87.48	0.1	87.25	87.52	PHP	51.47 0.4
AUD/GBP	0.5892	-0.1	0.5890	0.5908	CHF	0.98 -0.3
AUD/NZD	1.1002	0.4	1.0998	1.1022	SEK	8.07 -0.5
AUD/CNH	5.1205	-0.4	5.1072	5.1431		

Interest Rates

Indicative Swap Rates					Benchmark 10 Year Bonds		
	Cash	3mth	2Yr	10Yr	Last	chge	Sprd
USD	1.25	1.36	1.77	2.31	USD 10	2.35	-0.72
AUD	1.50	1.71	2.01	2.98	AUD 10	2.83	1.00 0.48
NZD	1.75	1.93	2.21	3.27	NZD 10	3.01	1.80 0.66
EUR	0.00	-0.33	-0.17	0.89	CAD 10	2.12	-0.30 -0.23
GBP	0.25	0.35	0.81	1.39	EUR 10	0.44	-0.20 -1.91
JPY	-0.03	-0.05	0.03	0.26	GBP 10	1.36	0.60 -0.99
CAD	1.00	1.42	1.91	2.39	JPY 10	0.06	-0.10 -2.30

Equities

Major Indices			
	Last	% day	% y/y
Dow	22,831	0.31	24.6
S&P 500	2,551	0.23	17.9
Nasdaq	6,587	0.11	23.6
VIX	10.08	-2.42	-25.2
FTSE	7,538	0.4	6.2
DAX	12,949	-0.2	21.9
CAC 40	5,364	0.0	19.3
Nikkei	20,824	0.6	22.3
Shanghai	3,383	0.3	10.4
Hang Seng	28,491	0.6	21.0
ASX 200	5,738	0.0	4.7

Overnight Futures

	Last	Chge*
Australia		
3 mth bill	98.25	2.00
3 Yr bond	97.8	3.00
10 Yr bond	97.15	0.50
3/10 sprd	0.66	2.50
SPI	5733.0	-14.0

Commodities*

	Last	% day
Oil (Brent)	56.53	1.3
Oil (WTI)	50.90	2.7
Oil (Tapis)	57.50	1.2
Gold	1290.60	0.7
CRB	183.20	1.2
GS Metals	373.6	0.8
Aluminium	2140.8	-0.6
Copper	6712.3	1.3
Nickel	10987.0	0.5
Zinc	3337.0	1.7
Ch. steel	3578.0	-4.2
Iron ore	61.0	-2.6
St. Coal	95.4	-1.3
Met.coal	179.5	0.3
Wheat Chic.	455.3	-0.2
Sugar	14.2	1.2
Cotton	69.0	-0.9
Coffee	131.0	0.0

Prob. of 25bps hike/cut at next meeting

	bps	%
RBA	0.2	1.0%
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	AEDT
Wednesday, 11 October 2017								
NZ	ANZ Truckometer Heavy MoM	Sep				6.2	22.00	8.00
AU	Westpac Consumer Conf SA MoM/Index	Oct		/		2.5/97.9	0.30	10.30
JN	Core Machine Orders MoM/YoY	Aug		1/0.7		8.0/-7.5	0.50	10.50
US	Fed's Kaplan Speaks at Stanford Institute						1.00	11.00
US	Fed's Evans Speaks on Economy and Monetary Policy						12.15	22.15
JN	Machine Tool Orders YoY	Sep P				36.2	7.00	17.00
US	JOLTS Job Openings	Aug		6150		6170.0	15.00	1.00
US	FOMC Meeting Minutes						19.00	5.00
US	Fed's Williams Gives Community Leaders Speech						19.40	5.40
EC	ECB's Praet Speaks in New York						19.50	5.50
Thursday, 12 October 2017								
NZ	Food Prices MoM	Sep	-0.4			0.6	22.45	8.45
UK	RICS House Price Balance	Sep		4		6.0	0.10	10.10
JN	PPI YoY	Sep		3		2.9	0.50	10.50
NZ	ANZ Consumer Confidence Index	Oct				129.9	1.00	11.00
AU	Consumer Inflation Expectation	Oct				3.8	1.00	11.00
AU	Home Loans/Investment Lending MoM	Aug	0.0	0.5/		2.9/-3.9	1.30	11.30
JN	Tertiary Industry Index MoM	Aug		0.1		0.1	5.30	15.30
UK	Bank of England Credit Conditions & Bank Liabilities Surveys						9.30	19.30
EC	Industrial Production SA MoM	Aug		0.6		0.1	10.00	20.00
CA	New Housing Price Index MoM	Aug		0.2		0.4	13.30	23.30
CA	Teranet/National Bank HPI MoM	Sep				0.6	13.30	23.30
US	PPI Final Demand MoM	Sep		0.4		0.2	13.30	23.30
US	Initial Jobless Claims	Oct 7		250		260.0	13.30	23.30
US	Bloomberg Consumer Comfort	Oct 8				49.9	14.45	0.45
EC/US	ECB's Draghi, Fed's Brainard Speak on Monetary Policy Panel						15.15	1.15
US	Fed's Powell Speaks at IIF Conference in Washington						15.30	1.30
CA	BOC's Wilkins speaks at IIF Panel						20.15	6.15
Friday, 13 October 2017								
NZ	BusinessNZ Manufacturing PMI	Sep				57.9	22.30	8.30
AU	RBA Financial Stability Review						1.30	11.30
CH	Trade Balance CNY	Sep		266		286.5	3.00	13.00
CH	Exports/Imports YoY CNY	Sep		11.5/16.7		6.9/14.4	3.00	13.00
CH	Trade Balance	Sep		38.05		42.0	3.10	13.10
CH	Exports/Imports YoY	Sep		9.8/15.2		5.5/13.3	3.10	13.10
GE	CPI EU Harmonized MoM/YoY	Sep F		0/1.8		0.0/1.8	7.00	17.00
US	CPI MoM/YoY	Sep		0.6/2.3		0.4/1.9	13.30	23.30
US	CPI Ex Food and Energy MoM/YoY	Sep		0.2/1.8		0.2/1.7	13.30	23.30
US	Retail Sales Advance MoM	Sep		1.6		-0.2	13.30	23.30
US	Retail Sales Ex Auto and Gas/Control Group	Sep		0.4/0.4		-0.1/-0.2	13.30	23.30
US	Monthly Budget Statement	Sep		10		-107.7	14.00	
US	U. of Mich. Sentiment/5-10Y Inflation expectations	Oct P		95/		95.1/2.5	15.00	1.00
US	Business Inventories	Aug		0.6		0.2	15.00	1.00
US	Fed's Evans Speaks on Economy and Monetary Policy						15.25	1.25
US	Fed's Kaplan Speaks in Boston						16.30	2.30
US	Baker Hughes U.S. Rig Count/Oil Rigs	Oct 13		/		936.0/748.0	18.00	4.00
US	Fed's Powell Speaks at Boston Fed Economic Conference						18.00	4.00
Sunday, 15 October 2017								
US	Fed's Yellen Speaks on Economy and Monetary Policy						14.00	0.00
Monday, 16 October 2017								
CH	New Yuan Loans/Aggregate Financing CNY	Sep		1230		1090.0	-18 Oct release	
CH	Foreign Direct Investment YoY CNY	Sep				9.1	-18 Oct release	
NZ	REINZ House Sales YoY	Sep				-20.0	-16 Oct release	
US	Monthly Budget Statement	Sep		10		-107.7	#VALUE!	#VALUE!
NZ	Performance Services Index	Sep				57.3	22.30	8.30
UK	Rightmove House Prices MoM/YoY	Oct		/		-1.2/1.1	0.10	10.10
CH	CPI/PPI YoY	Sep		1.6/6.5		1.8/6.3	2.30	12.30
JN	Industrial Production MoM/YoY	Aug F		/		2.1/5.4	5.30	15.30
EC	Trade Balance SA	Aug				18.6	10.00	20.00
CA	Int'l Securities Transactions	Aug				24.0	13.30	23.30
US	Empire Manufacturing	Oct		20		24.4	13.30	23.30
CA	Existing Home Sales MoM	Sep				1.3	14.00	0.00
CA	Bloomberg Nanos Confidence	Oct 6				58.3	15.00	1.00
CA	Business Outlook Future Sales	3Q				31.0	15.30	1.30
CA	BoC Senior Loan Officer Survey	3Q				2.1	15.30	1.30
Upcoming Central Bank Interest Rate Announcements								
Europe ECB		26-Oct	-0.4%	-0.4%		-0.4%		
Canada, BoC		26-Oct				1.00%		
Japan, BoJ		31-Oct	-0.1%	-0.1%		-0.1%		
US Federal Reserve		2-Nov	1.00-1.25%	1.00-1.25%		1.00-1.25%		
UK BOE		2-Nov				0.25%		
Australia, RBA		7-Nov	1.50%	1.50%		1.50%		
New Zealand, RBNZ		9-Nov				1.75%		

GMT: Greenwich Mean Time; AEDT: Australian Eastern Daylight Savings Time

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