Daily Briefing

Daily analysis of the previous day's price action, movement and press releases from all major global markets, indices, commodities, equities and currencies.

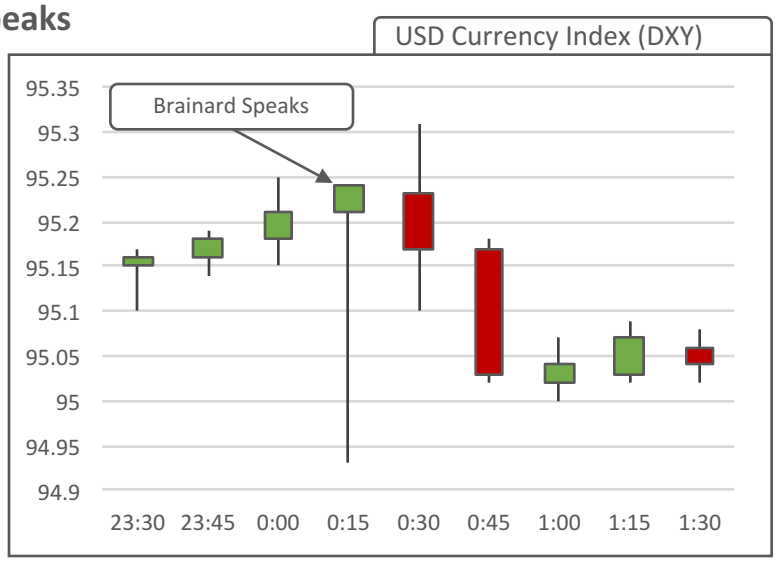
Global Macro Capital

US FOMC Member Brainard Speaks

FOMC Member Lael Brainard spoke at the Council of Global Affairs in Chicago yesterday.

Brainard spoke about "the new normal" and what it meant for monetary policy. Brainard made it clear that the FOMC will continue to assess the policy path to attain their goals.

The US Dollar Currency Index initially saw a large range of price action then went onto consolidate.

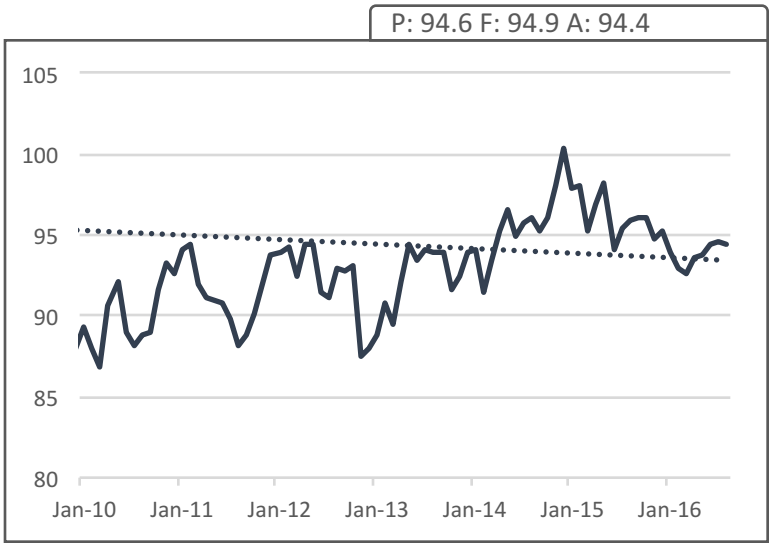


US NFIB Small Business Index

Small Business outlook declined slightly between July and August.

July was previously released at 94.6, and forecasted August at 94.9. However, August was actually released at 94.4.

The decrease in the small business index was due to General Business outlook decreasing by 7 basis points, from -5 to -12.

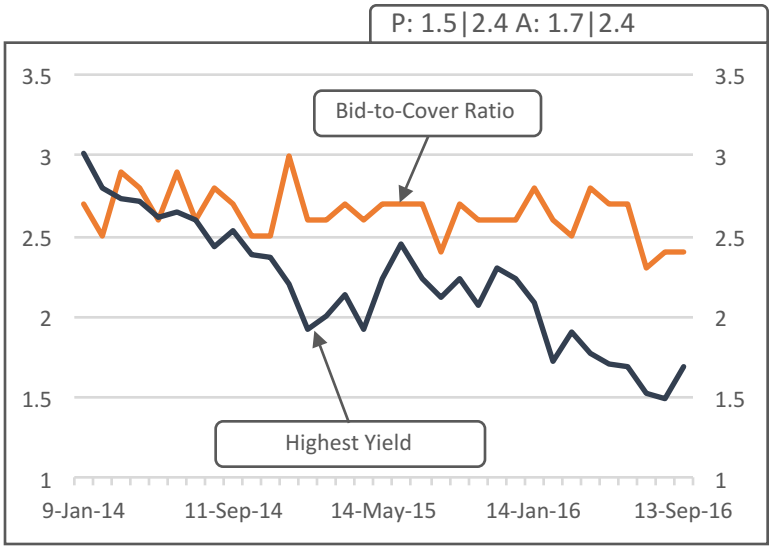


US 10-Y Bond Auction

A 10-Y Bond Auction was held yesterday, which saw an increase in the highest yield.

The highest interest rate for the previous auction was 1.5%, while yesterday's yielded 1.7%.

The Bid-to-Cover Ratio remained the consistent for both auctions, with a ratio of 2.4.



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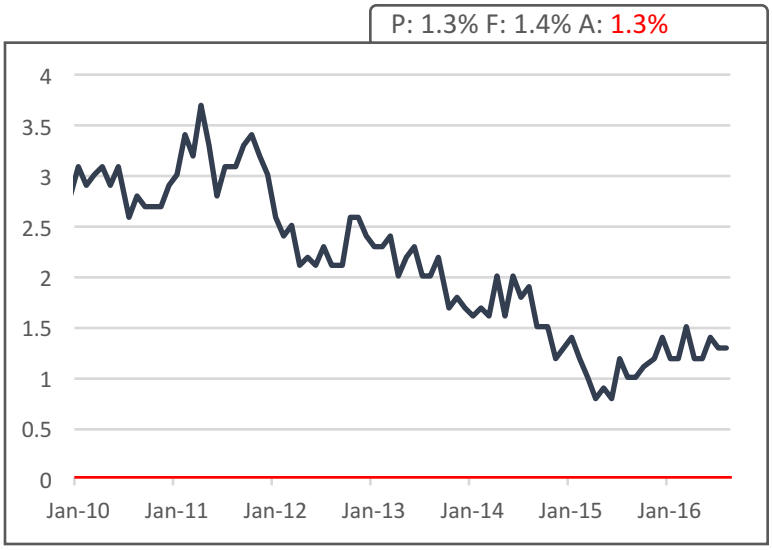
UK Core CPI YoY

The price of goods and services, excluding volatile food, energy, alcohol and tobacco, increased by 1.3% YoY.

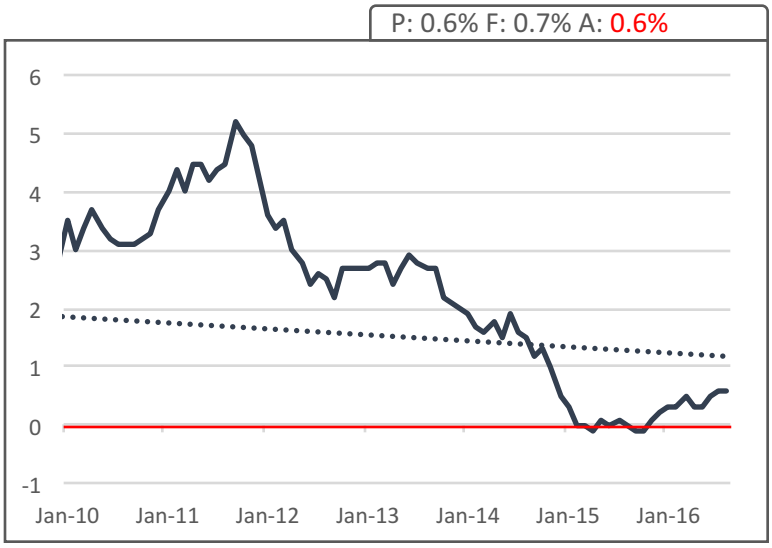
August was forecasted at a 1.4% increase, following July's increase of 1.3%.



UK CPI YoY

Compared to August of 2015, English Consumers paid more for Food and Airfares. However, this was offset by falling Hotel Accommodation Prices.

As a result, the Consumer Price Index remained at 0.6%, failing to reach the forecast of 0.7%.

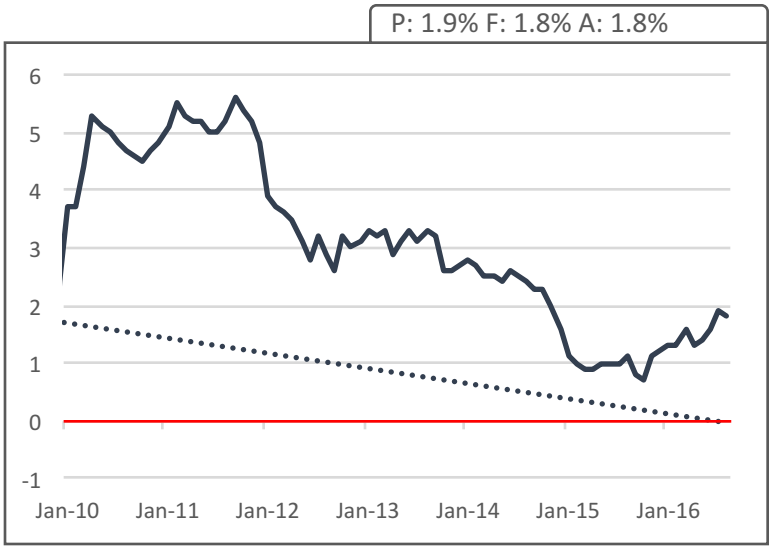


UK RPI YoY

Goods purchased for the purpose of consumption increased exactly as forecasted in August, by 1.8% YoY.

July saw an increase of 1.9% compared to July of 2015.

The UK RPI YoY has consistently remained well above the long term trend since early 2010, and the RPI is one of the UK's oldest inflation gauges.



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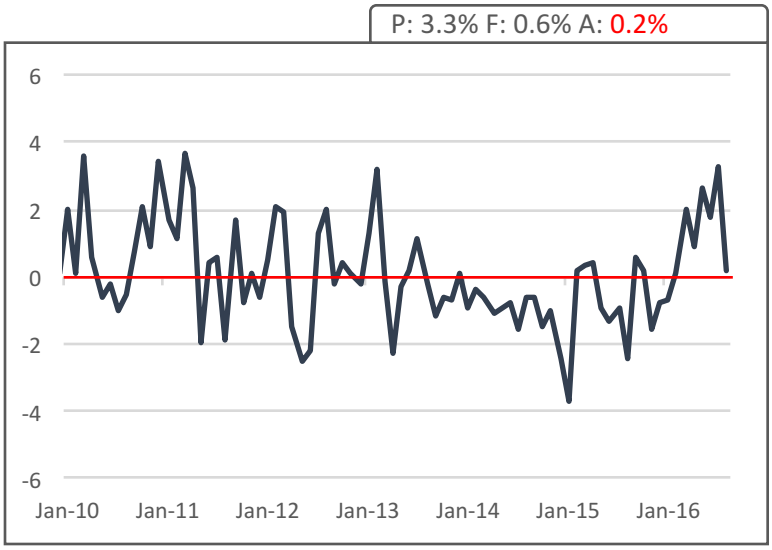
UK PPI Input MoM

August saw the price of goods and raw materials increase by a mere 0.2%, following July's increase of 3.3%.

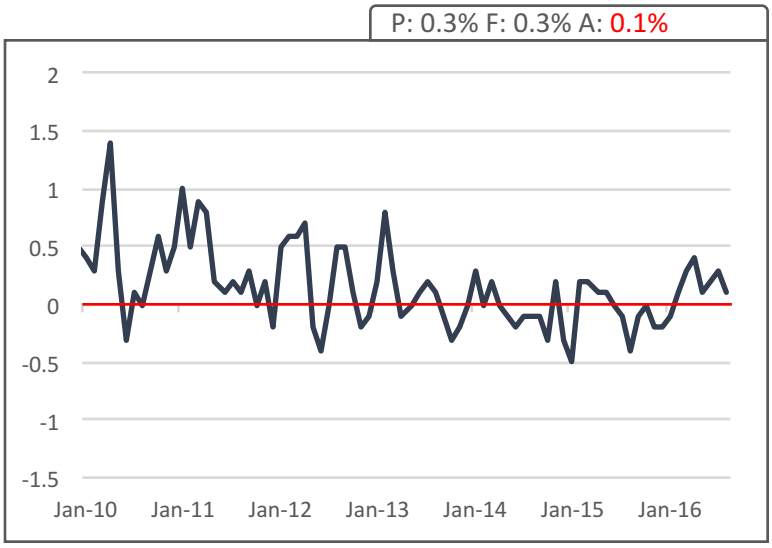
Producer inflation is a leading indicator of consumer inflation, as when producers pay higher costs, they usually are passed onto the consumer.



UK PPI Output MoM

The change in the price of goods sold by manufacturers failed to meet the forecast, and was released at 0.1%.

This follows July's increase of 0.3%, and the forecast for August was the same.

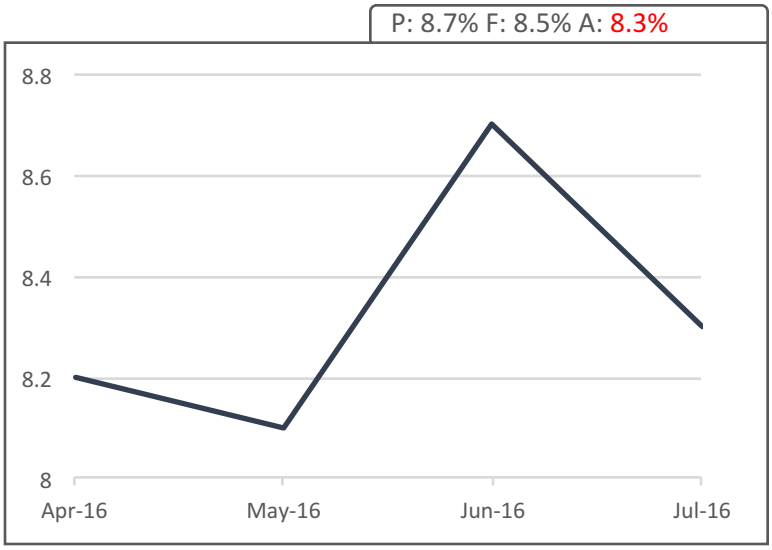


UK HPI YoY

July saw house prices increase by 8.3% YoY, despite lending approvals falling by -5.1%.

As a result of the decline in lending approvals, home sales also followed, suffering a -0.9% loss compared to the previous month.

The average price of a property in the UK is currently £216,750.



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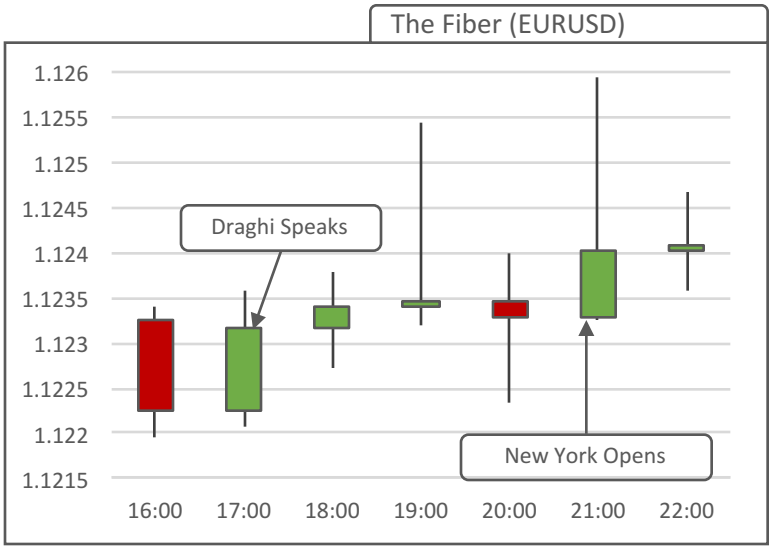
ECB President Draghi Speaks

ECB President Mario Draghi delivered a speech at the Alcide De Gasperi Award Ceremony in Trento.

After the speech was shifted 105 minutes later, Draghi elaborated on the need to work together for an effective and inclusive Union.

As a result, the large range of price action can be seen on the Fiber, which increased as soon as New York Opened.

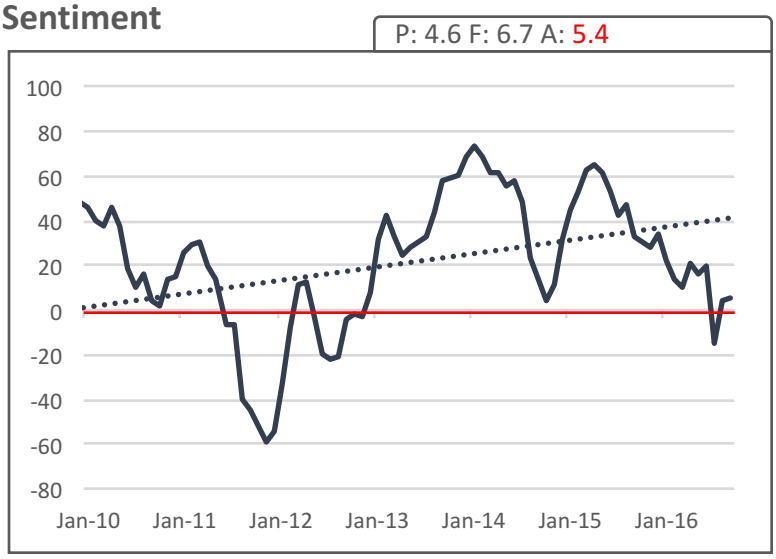


European Area ZEW Economic Sentiment

Despite the European Area ZEW Economic Sentiment still indicating optimism, it failed to meet the forecast.

August was previously released at 4.6, and optimism was forecasted to increase to 6.7.

However, optimism only increased to 5.4.

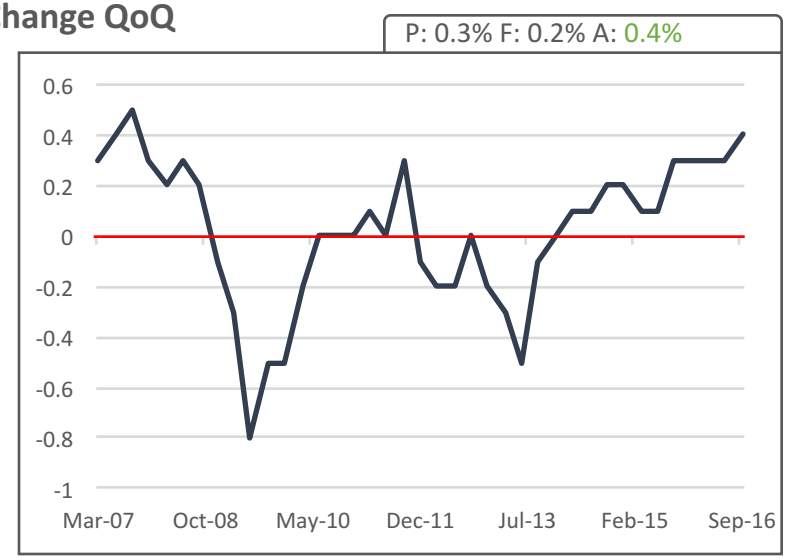


European Area Employment Change QoQ

Increasing Employment in Estonia, Ireland and Lithuania caused the overall European Area's Employment to increase by 0.4%.

Estonia, Ireland and Lithuania increased by 1.7%, 1.1% and 1.0% respectively, which completely offset Croatia's decreasing of -0.4%.

Compared to Q2 of 2015, the European Employment Change increased by 1.4%.



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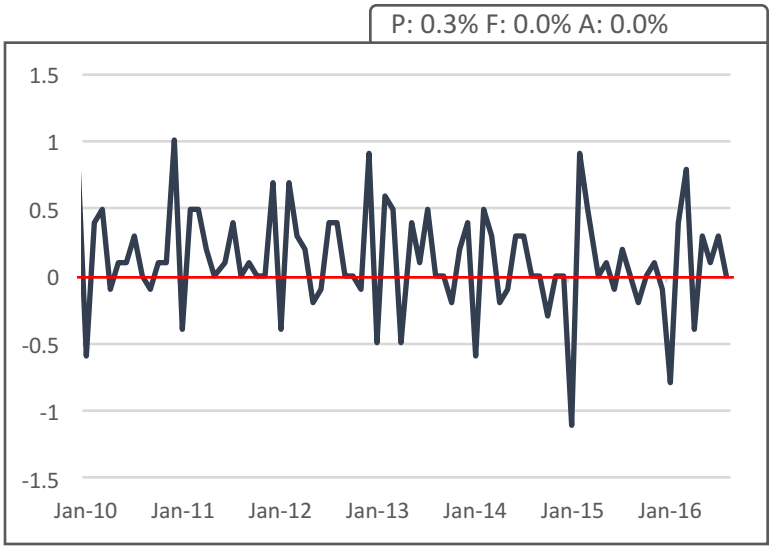
German Final CPI MoM

The Change in the price of goods and services purchased by German consumers did not change between July and August.

While German inflation remains at a low level, Year on Year, the German CPI actually increased by 0.4%.

Food Prices were 0.9% higher than August of last year, while Energy Prices fell -5.9%.

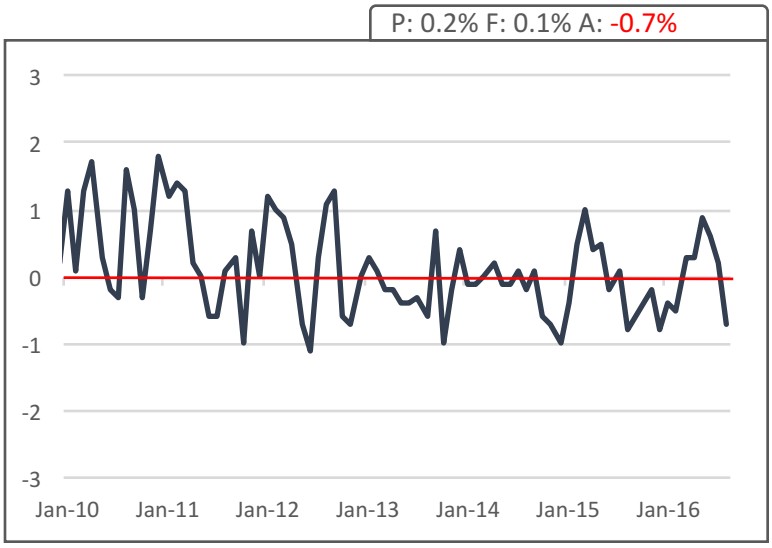


German WPI MoM

German Wholesalers decreased their prices of goods a further -0.7% throughout August, following July's increase of 0.1%.

Grain and Unmanufactured Tobacco fell by -1.0%, while Flowers and Plants decreased by -4.5%.

However, the wholesale of live animals actually increased by 0.5%, and dairy increased by 1.1%.

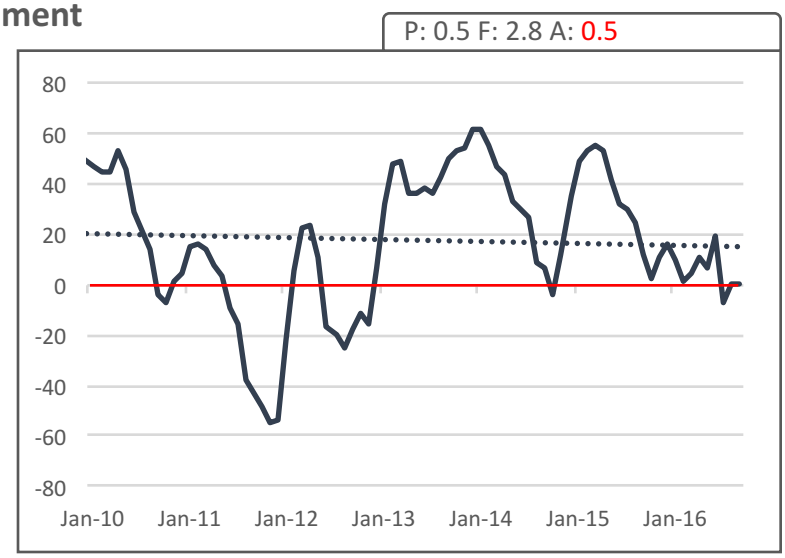


Germany ZEW Economic Sentiment

Uncertainty abroad caused the German ZEW Economic Sentiment to remain at 0.5.

German exports, particularly to non-EU countries, as well as industrial production figures have disappointed.

Overall, the ZEW Economic Sentiment indicates conditions within Germany will be favourable in the coming six months.



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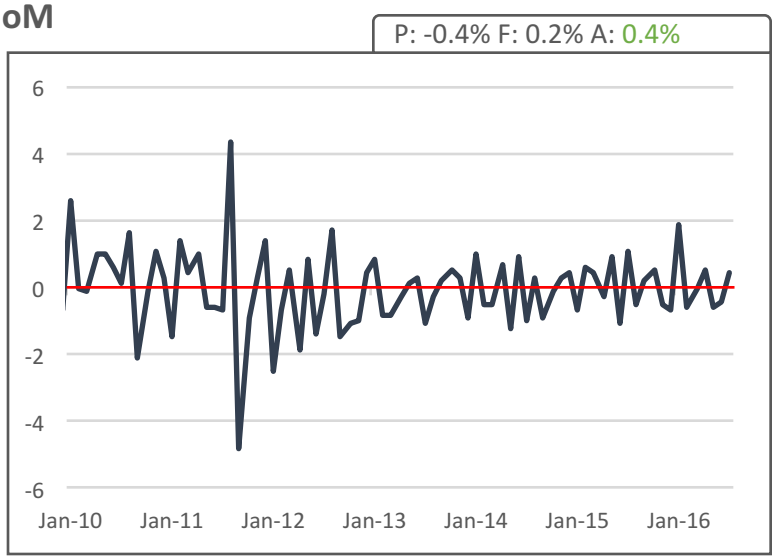
Italian Industrial Production MoM

Output in Italy's Industrial Sector increased by 0.4% between June and July.

However, Year on Year, Italian Industrial Production actually decreased by -0.3%.

Between January and July of 2016, Industrial Production increased by 0.6% compared with the same period of 2015.

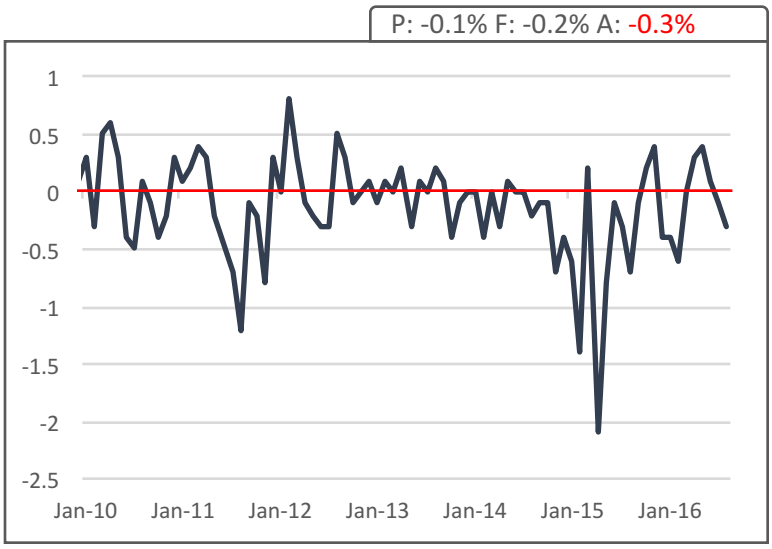


Swiss PPI MoM

August saw the price of goods and raw materials purchased by manufacturers decline a further -0.3%.

Crude Oil caused the decline, with Fuel Prices and Mineral Oil Products decreasing by -28.5% and -26.1% respectively.

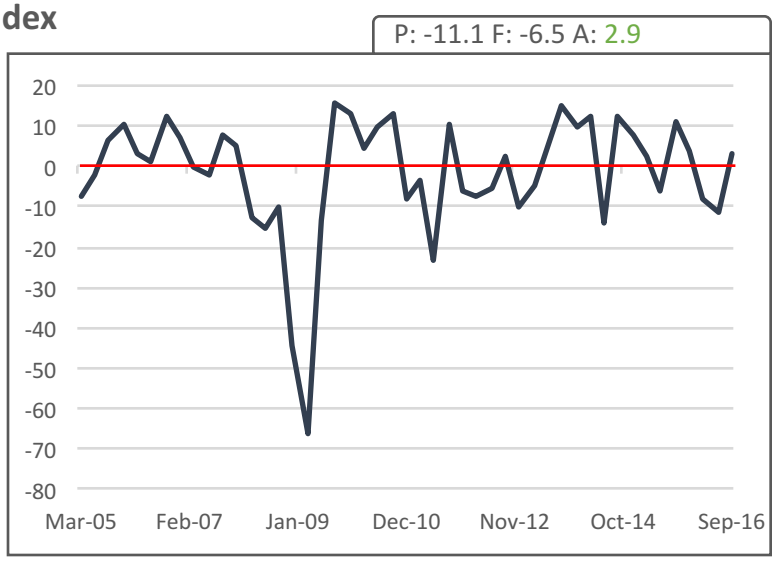
Citrus fruit prices increase by 19.2%, while the remaining constituents saw minor changes.



Japanese BSI Manufacturing Index

Japan's survey of larger manufacturers surpassed expectations, and leaped from severe pessimism into optimism.

Q1 was previously released at -11.1, and Q2 was forecasted at -6.5. However, Q2 was actually released at 2.9, with conditions improving in all industries, not solely manufacturing.



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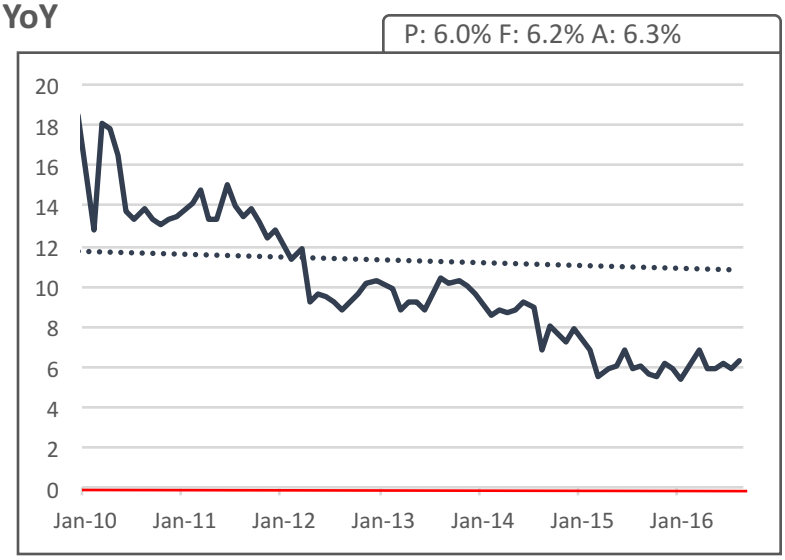
Chinese Industrial Production YoY

The change in the total value of output produced by China's Industrial Sector increased by 6.3% compared to August of last year.

Despite being below the long term trend, Chinese Industrial Production has seen consistent growth in the 5% to 7% range since the start of 2015.

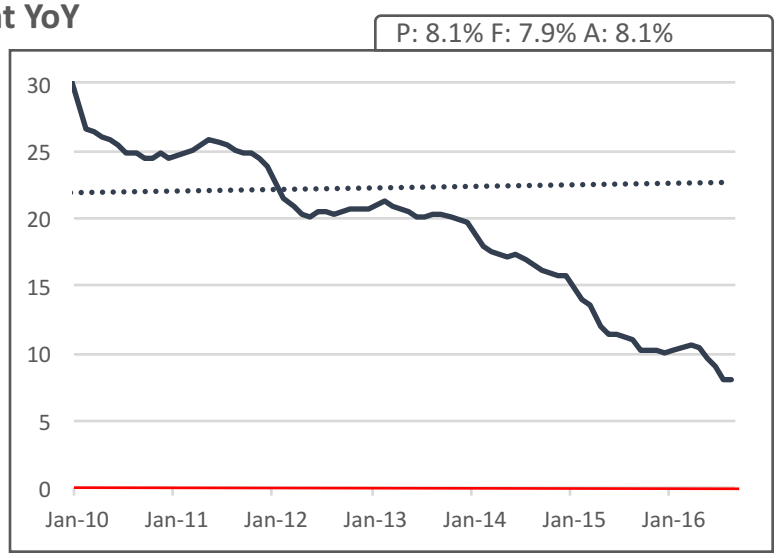
Unfortunately, detailed reports of which subsectors benefitted the most is not available.



Chinese Fixed Asset Investment YoY

Non-rural capital investments such as factories and power grids increased by 8.1% compared to August of 2015.

July also increased by 8.1% YoY, and August was forecasted at 7.9% YoY.

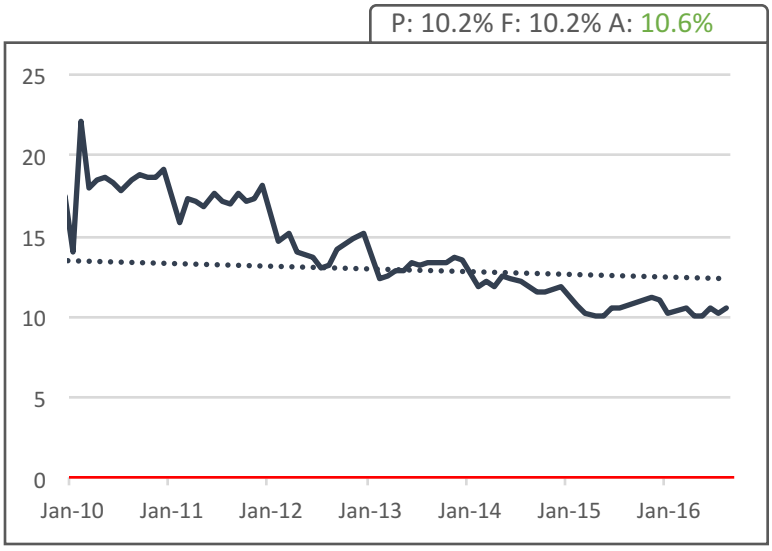


Chinese Retail Sales YoY

Chinese Retail Sales YoY surpassed the previous and forecast significantly, being released at 10.6%.

July saw an increase of 10.2% YoY, as did the forecast for August.

Retail Sales YoY continues to travel near the long term trend, albeit it slightly below it.



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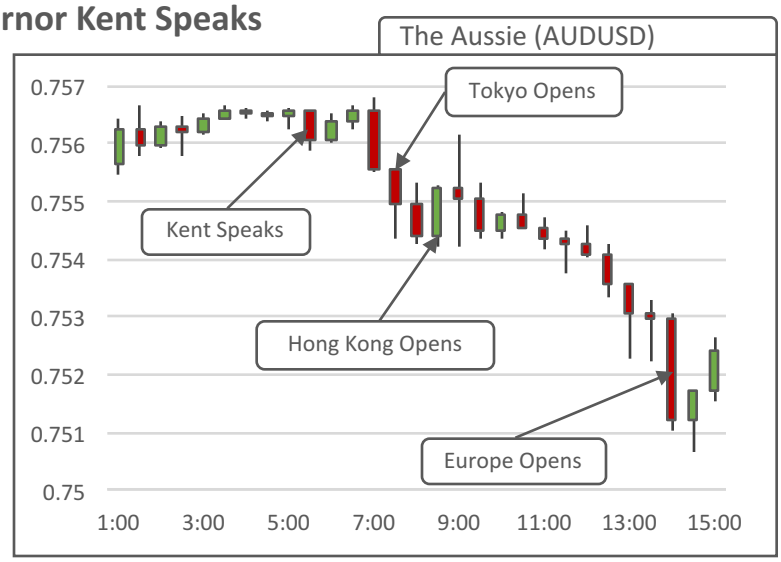
Australian RBA Assistant Governor Kent Speaks

RBA Assistant Governor, Christopher Kent, spoke at the Bloomberg Breakfast in Sydney.

Kent spoke heavily about Australia Trade as well as commodity prices. Kent concluded by stating that the RBA's forecasts are subject to uncertainty.

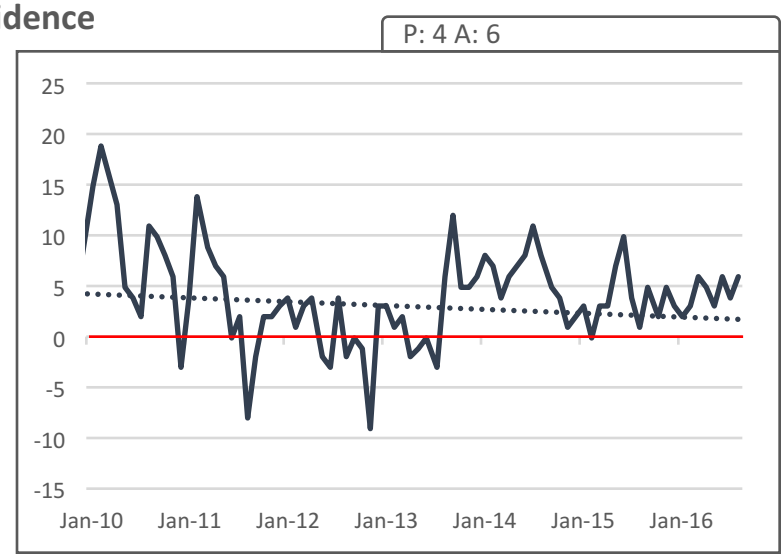
The Aussie initially barely reacted, that is until Tokyo and Hong Kong opened, which caused the Aussie to plummet for several hours.



Australian NAB Business Confidence

Australian Business Confidence improved throughout August, with the NAB Business Confidence Survey climbing from 4 to 6.

A positive figure indicates improving conditions, and in fact, the confidence gauge has been in positive territory since February of 2015.

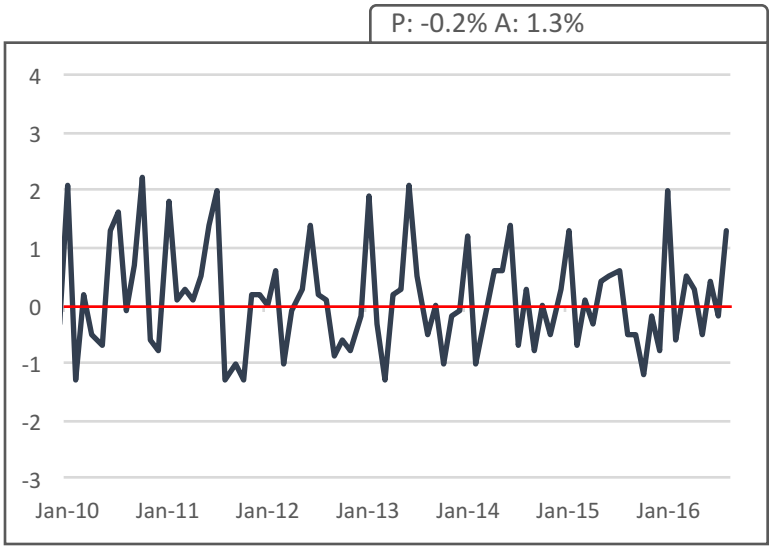


New Zealand FPI MoM

Record high banana prices caused New Zealand's Food Price Index to increase by 1.3%. Banana's soared 22% since July to $3.51 per kilo, the previous high was $3.23.

This was due to a supply shortage in Ecuador, New Zealand's largest banana supplier.

Despite the massive increase in bananas, it was slightly offset by the -25% decrease in avocado prices.



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Upcoming Data Releases

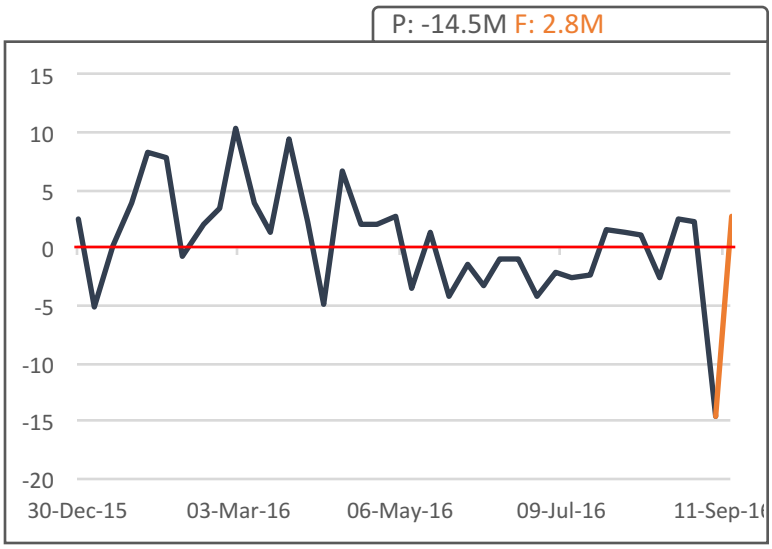
Wednesday is another large day, once again with every major economy releasing high impact data, holding bond auctions, and releasing inflation figures.

The UK Unemployment Rate is forecasted to remain unchanged at 4.9%, while the Average Earnings is forecasted to increase by 2.1%.

US Crude Oil Inventories

Following last weeks record drawdown of -14.5M Barrels of Crude, a build of 2.8M is forecasted for this week.

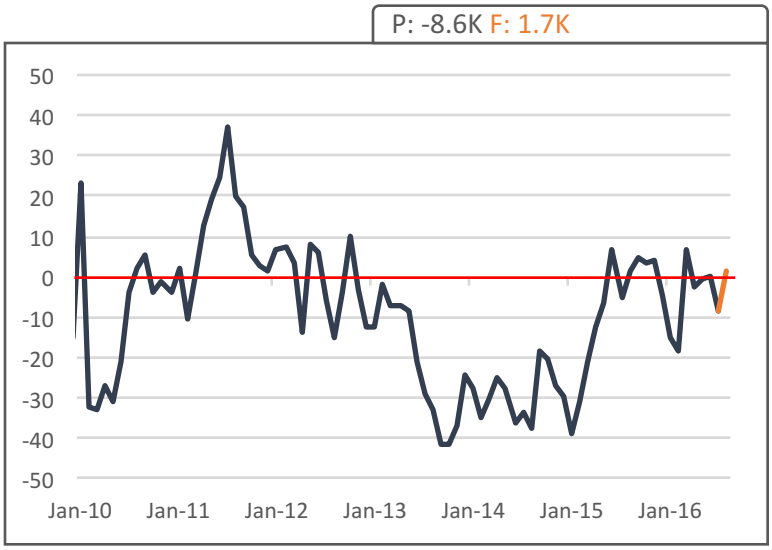
Last weeks drawdown was caused by extreme weather conditions in the Gulf of Mexico, which resulted in production being crippled.



UK Claimant Count Change

1.7K additional individuals are forecasted to seek unemployment related benefits over the last month.

This follows July's figure of -8.6K less individuals claiming unemployment related benefits.



Time	Data Title	Currency	Previous	Forecast
5:45	New Zealand Current Account	NZD	1.31B	-0.30B
15:30	UK Average Earnings Index 3MoY	GBP	2.4%	2.1%
	UK Unemployment Rate	GBP	4.9%	4.9%
17:30	Canadian Council Member Wilkins Speaks	CAD		
19:30	US Import Prices MoM	USD	0.1%	-0.1%

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Glossary

FOMC	Federal Open Market Committee
NFIB	National Federation of Independent Business
Bid-to-Cover Ratio	Bids Received VS Bids Accepted
MoM	Change compared to previous month
QoQ	Change compared to previous quarter
YoY	Change compared to same month one year prior
CPI	Consumer Price Index
RPI	Retail Price Index
PPI	Producer Price Index
HPI	Housing Price Index
WPI	Wholesaler Price Index
BSI	Business Survey Index
RBA	Reserve Bank of Australia
NAB	National Australian Bank
FPI	Food Price Index
ECB	European Central Bank

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