



BANCORP

BANCORP TREASURY SERVICES LIMITED

# MARKET ALERT

Monday 15 June 2020 | [www.bancorptreasury.com](http://www.bancorptreasury.com)

CURRENCIES	Spot	6mths
NZD/USD	0.6428	-0.0007
NZD/AUD	0.9401	-0.0010
NZD/JPY	68.99	-0.30
NZD/EUR	0.5719	-0.0031
NZD/GBP	0.5134	-0.0011
NZD/CNH	4.5545	0.0358
AUD/USD	0.6838	0.0000
AUD/EUR	0.6083	-0.0026
EUR/USD	1.1241	0.0048
USD/CNH	7.1227	0.0640
GBP/USD	1.2522	0.0012
EUR/GBP	0.8977	0.0029

  

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.25%
90 day bills	0.27%	0.10%
2 year swap	0.25%	0.22%
10 year Govt	0.81%	0.91%

## If they want cake

After another weekend of civil disobedience, rioting, rising extremism, looting and further deaths, it's actually nice to have a sense of 'normality' as we discuss financial markets.

Following Thursday's meltdown, Friday witnessed a stable session as markets posted small gains. Most of Friday's data was second tier, but the markets were intent on a small recovery, and that is what we got.

Michigan consumer sentiment for the US rose to 78.9, outperforming market expectations at 75.0. June's increase was

also up on the previous month's 72.3 on improvement in personal finances and the prospects of the economy reopening.

But while the rebuilding of household balance sheets is a positive, the Trump administration has announced it will stop the income support programme and cease the USD600 a week payment from July, as the White House says jobless benefits are a "disincentive" for those seeking work.

Fed member, Thomas Barkin, spoke on Friday, highlighting that he "does not see negative rates happening in the United States," adding that he "doesn't see any imminent threat of inflation." He also added that the Fed will launch its Main Street lending programme in the next week or so.

In Europe, we continue to see political manoeuvrings and self-interests play out as Finance Ministers seek to finalise a EUR750 billion fiscal package, although European Commissioner, Paolo Gentiloni, said he is "confident" that member states will bridge their differences as he hasn't seen "any door slamming, only serious criticism."

Industrial production in the Eurozone plunged 17.1% in the month of April, following an upwardly revised 11.9% fall in March. Market forecasts were for a 20% drop.

In a move mirroring New Zealand's infrastructure spend, Australian Prime Minister, Scott Morrison, is rumoured

to announce an AUD1.5 billion infrastructure programme as he seeks to kick start the Australian economy. By all accounts, the funding will be used "to immediately start work on small priority projects identified by the states and territories," with the majority of funds allocated to 'shovel-ready' projects.

Beijing has confirmed a fresh outbreak of 51 new COVID-19 cases. Authorities have responded by closing a local food market over concerns of a second wave.

## Let them eat cake

We are not quite sure how this works, but Hertz has obtained legal approval to sell USD1 billion of shares from bankruptcy.

This week markets will undoubtedly focus of any indications of COVID-related second waves. We also have Fed Chairman, Jerome Powell's testimony to Congress and a European Council meeting.

Data-wise we have US and China retail trade and industrial output; UK jobs report, retail sales and inflation data; German investor morale; Japanese trade and inflation; and Australian employment figures. We also have central bank statements in the UK and Japan, with minutes published from Japan and Australia.

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# DAILY RATES

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FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	71.54					CAD	0.8747 0.9304
NZD/USD	0.6428	-0.0001	-0.0003	-0.0007	-0.0014	CHF	0.6120 0.6510
NZD/AUD	0.9401	-0.0002	-0.0005	-0.0010	-0.0014	CNY	4.5672 4.8584
NZD/JPY	68.99	-0.04	-0.14	-0.30	-0.66	DKK	4.2631 4.5349
NZD/EUR	0.5719	-0.0005	-0.0015	-0.0031	-0.0063	FJD	1.4049 1.4945
NZD/GBP	0.5134	-0.0001	-0.0005	-0.0011	-0.0021	HKD	4.9820 5.2997
						KRW	775.77 825.24
AU TWI	59.90					MYR	2.7561 2.9318
AUD/USD	0.6838	0.0000	0.0000	0.0000	-0.0005	NOK	6.2168 6.6132
AUD/NZD	1.0638	0.0002	0.0006	0.0012	0.0016	SEK	6.0094 6.3926
AUD/JPY	73.39	-0.03	-0.11	-0.24	-0.59	SGD	0.8955 0.9526
AUD/EUR	0.6083	-0.0004	-0.0013	-0.0026	-0.0057	TWD	19.11 20.33
AUD/GBP	0.5461	-0.0001	-0.0002	-0.0006	-0.0014	ZAR	10.9778 11.6778
USD Index	97.32						
EUR/USD	1.1241	0.0008	0.0024	0.0048	0.0099	<b>EQUITIES</b>	
USD/JPY	107.33	-0.06	-0.17	-0.34	-0.79		<b>Index</b>
GBP/USD	1.2522	0.0002	0.0006	0.0012	0.0024	NZX50	10,906
EUR/GBP	0.8977	0.0005	0.0015	0.0029	0.0062	ASX200	5,848
						Dow Jones	25,606
						S&P 500	3,041
						FTSE100	6,105
						DAX 30	11,949
						Nikkei	22,305
						<b>COMMODITIES</b>	
							<b>USD</b>
						Dubai Light	38.98
						Brent Crude	38.73
						Gold	1,729.70
						Silver	17.47
						CRB Index	142.64

  

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.29%	0.25%	0.09%	0.09%
90 day bank bills	0.29%	0.25%	0.12%	0.08%
FRA 90d in 3mths	0.31%	0.28%	0.19%	0.14%
FRA 180d in 6mths	0.25%	0.22%	0.28%	0.24%
1 year swap*	0.28%	0.25%	0.18%	0.16%
2 year swap*	0.26%	0.23%	0.23%	0.20%
3 year swap*	0.28%	0.25%	0.28%	0.26%
5 year swap*	0.39%	0.37%	0.48%	0.47%
10 year swap*	0.78%	0.75%	0.91%	0.89%
10 year Govt bond		0.79%		0.91%

\* Semi-annual rate resets except AUD 1,2,3 year quarterly

SOURCE: Bloomberg

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