



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

# MARKET ALERT

Wednesday 15 July 2020 | [www.bancorptreasury.com](http://www.bancorptreasury.com)

CURRENCIES	Spot	6mths
NZD/USD	0.6526	-0.0003
NZD/AUD	0.9361	-0.0008
NZD/JPY	70.01	-0.27
NZD/EUR	0.5728	-0.0028
NZD/GBP	0.5200	-0.0009
NZD/CNH	4.5758	0.0432
AUD/USD	0.6972	0.0002
AUD/EUR	0.6119	-0.0025
EUR/USD	1.1393	0.0051
USD/CNH	7.1227	0.0695
GBP/USD	1.2552	0.0016
EUR/GBP	0.9077	0.0029

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.25%
90 day bills	0.31%	0.11%
2 year swap	0.22%	0.17%
10 year Govt	0.94%	0.91%

## Richer already!

New Zealand house prices rose for a 105th straight month despite economic damage from the pandemic. For the month of June, the median house price rose 9.2% from a year earlier to reach NZD639k.

While economists have predicted a 5% to 10% fall in house prices this year, prices have been supported by the record low interest rate environment, government wage subsidies, mortgage repayment holidays, and rumours of returning kiwis buying up houses.

Just to prove that retail accounts are having a huge directional impact on US

equities, there was one point earlier this week, over a 4 hour period, when Tesla stock was purchased by over 40,000 Robinhood accounts! That is a lot of buying power and you've got to ask the question, as retail investors are often last to the party, where to from here?

Job advertisements in New Zealand continue to grow slowly from the lows. Ads in June were up +46.9% from May but, looking at the yearly comparison, are still weak, being down -39%.

## Aussie businesses positive; not for long

Australian weekly consumer sentiment eased to 91.6 from last week's 92.1, meanwhile NAB's June business confidence survey returned a positive result for the first time since COVID-19, by the slimmest of margins, a reading of 1.0.

It's been a steady return from the -65.0 reading in March and there are now more businesses that have a positive outlook for conditions than those with a negative view.

To be fair, the spike in cases in Victoria only started to get legs at the end of June, so July's survey will surely turn negative. Speaking of which, Victoria has recorded a week straight of triple digit cases, with another 277 yesterday and now 1,800 active cases in total. Queensland has closed its borders to residents of 77 Sydney suburbs after Premier, Annastacia

Palaszczuk, declared them coronavirus hot spots, with the state border between NSW and Victoria already closed.

Hong Kong has implemented its strictest measures to date after detecting 40 new cases on Tuesday, bringing the total to 224 cases in a week in what is being called 'Hong Kong's third wave'. Public gatherings will now be limited and anyone who does not wearing a mask in public will risk a hefty fine. California has rolled back its reopening amid a spike in cases, ordering bars to close, while restaurants, cinemas, and museums must cease any indoor operations.

Singapore's Q2 GDP got crushed, down 41.2% quarter-on-quarter (annualised). The April to June quarter was always going to be a bad one, but this is a much bigger contraction than expected. Year-on-year, it was down 12.6%, against an expected -10.5% contraction.

China posted improved June trade data which showed, in USD terms, exports grew +0.5% exceeding expectations for a -2.0% contraction, while imports grew +2.7% against an expected -9.0% fall. These numbers were better than May's -3.3% export contraction and the -16.7% fall for imports.

Finally, NZD/USD and AUD/USD stabilised around 0.6525 and 0.6970 respectively after falling sharply on Tuesday morning. US equities are up over 1% although tech stocks have had a few wobbles.

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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	72.13					<b>CAD</b>	0.8885 0.9492
NZD/USD	0.6526	0.0000	-0.0001	-0.0003	-0.0008	<b>CHF</b>	0.6137 0.6556
NZD/AUD	0.9361	-0.0001	-0.0004	-0.0008	-0.0010	<b>CNY</b>	4.5720 4.8844
NZD/JPY	70.01	-0.03	-0.09	-0.27	-0.53	<b>DKK</b>	4.2657 4.5571
NZD/EUR	0.5728	-0.0004	-0.0012	-0.0028	-0.0054	<b>FJD</b>	1.4105 1.5068
NZD/GBP	0.5200	-0.0001	-0.0003	-0.0009	-0.0017	<b>HKD</b>	5.0585 5.4041
						<b>KRW</b>	786.76 840.51
AU TWI	60.40					<b>MYR</b>	2.7863 2.9767
AUD/USD	0.6972	0.0001	0.0002	0.0002	-0.0001	<b>NOK</b>	6.1251 6.5436
AUD/NZD	1.0683	0.0002	0.0004	0.0009	0.0012	<b>SEK</b>	5.9415 6.3474
AUD/JPY	74.79	-0.02	-0.07	-0.23	-0.48	<b>SGD</b>	0.9084 0.9705
AUD/EUR	0.6119	-0.0003	-0.0011	-0.0025	-0.0051	<b>TWD</b>	19.26 20.58
AUD/GBP	0.5554	0.0000	-0.0001	-0.0005	-0.0012	<b>ZAR</b>	10.9319 11.6788
USD Index	96.28						
EUR/USD	1.1393	0.0008	0.0023	0.0051	0.0094	<b>EQUITIES</b>	
USD/JPY	107.28	-0.04	-0.13	-0.36	-0.68		<b>Index</b>
GBP/USD	1.2552	0.0003	0.0007	0.0016	0.0025	<b>NZX50</b>	11,494
EUR/GBP	0.9077	0.0004	0.0013	0.0029	0.0057	<b>ASX200</b>	5,941
						<b>Dow Jones</b>	26,643
						<b>S&amp;P 500</b>	3,198
						<b>FTSE100</b>	6,180
						<b>DAX 30</b>	12,697
						<b>Nikkei</b>	22,587
						<b>COMMODITIES</b>	
							<b>USD</b>
						<b>Dubai Light</b>	42.76
						<b>Brent Crude</b>	42.88
						<b>Gold</b>	1,809.15
						<b>Silver</b>	19.24
						<b>CRB Index</b>	148.68
<b>INTEREST RATES</b>		<b>New Zealand</b>		<b>Australia</b>			
		<b>Borrow</b>	<b>Invest</b>	<b>Borrow</b>	<b>Invest</b>		
30 day bank bills		0.29%	0.25%	0.09%	0.09%		
90 day bank bills		0.33%	0.29%	0.13%	0.09%		
FRA 90d in 3mths		0.32%	0.27%	0.17%	0.12%		
FRA 180d in 6mths		0.21%	0.18%	0.22%	0.18%		
1 year swap*		0.26%	0.24%	0.15%	0.13%		
2 year swap*		0.23%	0.21%	0.18%	0.16%		
3 year swap*		0.24%	0.22%	0.23%	0.22%		
5 year swap*		0.36%	0.33%	0.42%	0.41%		
10 year swap*		0.74%	0.72%	0.85%	0.83%		
10 year Govt bond			0.92%		0.91%		

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

SOURCE: Bloomberg

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