



BANCORP

BANCORP TREASURY SERVICES LIMITED

MARKET ALERT

Thursday 9 July 2020 | www.bancorptreasury.com

CURRENCIES	Spot	6mths
NZD/USD	0.6573	-0.0003
NZD/AUD	0.9416	-0.0007
NZD/JPY	70.48	-0.27
NZD/EUR	0.5801	-0.0029
NZD/GBP	0.5211	-0.0009
NZD/CNH	4.6003	0.0421
AUD/USD	0.6981	0.0002
AUD/EUR	0.6161	-0.0026
EUR/USD	1.1330	0.0051
USD/CNH	7.1227	0.0672
GBP/USD	1.2612	0.0016
EUR/GBP	0.8983	0.0029

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.25%
90 day bills	0.31%	0.11%
2 year swap	0.22%	0.16%
10 year Govt	0.97%	0.87%

Time to go green?

In an interview with the *Financial Times*, ECB President, Christine Lagarde, put 'green policy' at the top of the agenda, possibly as part of the ECB's bond buying programme, as the President wants the central bank to 'explore every avenue' in its fight against climate change.

Meanwhile, UK Chancellor, Rishi Sunak, has unveiled plans for a GBP3 billion "green investment package" that will attempt to boost the energy efficiency of buildings and help create jobs.

But wait a minute, what about the economy? Oh yes, Ms. Lagarde signalled

the ECB may keep monetary policy unchanged for some time while Mr Sunak is set to announce GBP2 billion of funding for hundreds of thousands of jobs that included a back-to-work bonus scheme, restaurant discounts for all citizens for the hospitality sector, and a suspension of stamp duty for properties worth up to GBP500,000 to support the property sector.

Not to be out done, President Trump threatened to cut off funding to US schools that do not open in the fall. D'uh!

This morning it was Fed member Rosengren's turn in front of the press announcing he, "expects the US economy to remain weaker than many had hoped through the summer and fall. Over time the Fed will see a reasonable volume of Main Street program loans as the economy struggles with coronavirus."

Meanwhile, Fed member, James Bullard, remains optimistic despite COVID-19's resurgence, believing fatalities will reduce as they will ultimately get the disease under control and, "by the end of the year the US will get unemployment to 8% and most people will get recalled to jobs within 90 days."

I don't think United Airlines got the memo though, as they warned they may cut half of their workforce, telling 36,000 employees that they could be furloughed from 1 October.

Ms Lagarde's interest rate comments kept a lid on European equities, with

indices down slightly, although US equities maintained their 'green' momentum (boom boom) driven, once again, by tech stocks with the likes of Apple, Tesla and Amazon all hitting new record highs.

Meanwhile, not to be outdone, gold also surged past the USD1,800 level for the first time since 2011 as COVID-19 and economic concerns remain. In amongst this, the NZD has continued its steady climb, currently at 0.6575 against the USD, while the AUD is keeping pace at 0.6980.

China has 'officially' opened a new national security agency office in Hong Kong. In more tit-for-tat measures, the US administration is reportedly in talks to undermine the Hong Kong-US dollar peg.

After speaking with German Chancellor, Angela Merkel, UK Prime Minister, Boris Johnson, announced the "UK ready to exit without an EU trade deal."

Australian Treasurer, Josh Frydenberg says Australia will provide further income support with the existing programme to be extended beyond September.

BoE Chief Economist, Andy Haldane, has stated that the UK's recovery so far had been faster than the BoE, or any other mainstream economic forecaster projected, but said, "how big will be the second and third and fourth wave peaks? They surely will come."

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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	72.56					CAD	0.8881 0.9432
NZD/USD	0.6573	0.0000	-0.0001	-0.0003	-0.0008	CHF	0.6167 0.6550
NZD/AUD	0.9416	-0.0001	-0.0004	-0.0007	-0.0010	CNY	4.6036 4.8893
NZD/JPY	70.48	-0.03	-0.10	-0.27	-0.54	DKK	4.3212 4.5894
NZD/EUR	0.5801	-0.0004	-0.0013	-0.0029	-0.0056	FJD	1.4165 1.5045
NZD/GBP	0.5211	-0.0001	-0.0003	-0.0009	-0.0016	HKD	5.0936 5.4098
						KRW	783.97 832.63
AU TWI	60.40					MYR	2.7951 2.9686
AUD/USD	0.6981	0.0001	0.0002	0.0002	-0.0001	NOK	6.1703 6.5533
AUD/NZD	1.0621	0.0001	0.0004	0.0008	0.0012	SEK	6.0339 6.4084
AUD/JPY	74.86	-0.02	-0.07	-0.23	-0.49	SGD	0.9147 0.9715
AUD/EUR	0.6161	-0.0003	-0.0011	-0.0026	-0.0053	TWD	19.35 20.56
AUD/GBP	0.5535	0.0000	-0.0001	-0.0005	-0.0011	ZAR	11.1372 11.8285
USD Index	96.49						
EUR/USD	1.1330	0.0008	0.0024	0.0051	0.0097	EQUITIES	
USD/JPY	107.24	-0.04	-0.14	-0.37	-0.69		Index
GBP/USD	1.2612	0.0002	0.0007	0.0016	0.0024	NZX50	11,707
EUR/GBP	0.8983	0.0004	0.0014	0.0029	0.0059	ASX200	5,920
						Dow Jones	26,062
						S&P 500	3,165
						FTSE100	6,156
						DAX 30	12,495
						Nikkei	22,439
						COMMODITIES	
							USD
						Dubai Light	42.92
						Brent Crude	43.24
						Gold	1,809.32
						Silver	18.73
						CRB Index	150.76
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		0.33%	0.29%	0.13%	0.09%		
FRA 90d in 3mths		0.30%	0.27%	0.15%	0.10%		
FRA 180d in 6mths		0.22%	0.19%	0.20%	0.16%		
1 year swap*		0.28%	0.24%	0.14%	0.12%		
2 year swap*		0.24%	0.21%	0.17%	0.15%		
3 year swap*		0.26%	0.23%	0.21%	0.20%		
5 year swap*		0.38%	0.35%	0.40%	0.38%		
10 year swap*		0.78%	0.75%	0.83%	0.82%		
10 year Govt bond			0.95%		0.87%		

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

SOURCE: Bloomberg

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