

Market Alert

Tuesday 15 December 2020

CURRENCIES	Spot	6mths
NZD/USD	0.7088	0.0003
NZD/AUD	0.9394	-0.0010
NZD/JPY	73.76	-0.16
NZD/EUR	0.5833	-0.0023
NZD/GBP	0.5318	-0.0005
NZD/CNH	4.6276	0.0541
AUD/USD	0.7545	0.0011
AUD/EUR	0.6208	-0.0018
EUR/USD	1.2153	0.0053
USD/CNH	7.1227	0.0738
GBP/USD	1.3329	0.0017
EUR/GBP	0.9118	0.0028

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.26%	0.02%
2 year swap	0.26%	0.09%
10 year Govt	0.85%	0.96%

Listen, I shall zay thes only once

This is very important for Australia ...

Chinese thermal coal futures were limit down following official requests from The National Development and Reform Commission (NDRC) to cap the price of coal.

The NDRC met with the top 10 state-owned electricity generators advising them not to buy coal above 640 CNY/t, adding that firms could ease any coal import barriers they had in place ... except for Australian coal. However, if the NDRC can limit the price of coal ...

could they do the same to the price of Australian iron ore?

Meanwhile, just to show that China has some of the same issues as the rest of us, November new home prices grew +0.1% on the month and +4.0% on the year. This follows on from October's 0.2% and 4.3% gains.

According to a union official, UK car factories could be shut down early next year, Brexit deal or not, on supply chain issues at Dover. If that wasn't bad enough, Make UK, a trade body for British manufacturers, has cut its 2021 growth forecast to 2.7% from 5.1%.

New Zealand's November services PMI came in at a disappointing 46.7, down 4.1 points from October. This is especially disappointing as the 3 month average was below the 50 breakeven level at 49.2, thereby highlighting a loss in momentum. Hopefully the slack can be taken up by some Australians after New Zealand PM, Jacinda Ardern, announced Cabinet will discuss opening a travel bubble with Australia by Q1 2021.

The ECB is set to ease banking restrictions which will allow dividend payments of up to 15% on 2019-2020 profits. Meanwhile, Eurozone industrial production rose 2.1% in October to record it's sixth consecutive month of growth.

Tech giants risk fines of up to 10% of annual revenue if they don't comply with new EU rules on data usage.

While the EU and UK remain 'far apart,' Brexit deal hopes rose after the two sides agreed to 'go the extra mile' to solve the thorny issues of competition and fish.

This grain of optimism saw the UK 10 year gilt yield jump 5 pips to 0.22%, while the 10 year US yield held steady at 0.90%. US and European indices trade modestly in the green, broadly up 0.0-1.0%, while the NZD/USD remained at 0.7085 and the AUD/USD at 0.7540

I spy ...

The master of the cold war spy novel, John le Carré, has died. RIP George Smiley. But in true spy style, uranium stocks soared after the world's highest-grade uranium mine suspended operations due to COVID, while multiple US federal government agencies, including the US Treasury and Commerce departments, have had their computer systems breached. Russia's foreign intelligence service is suspected of being behind the hacks.

The UK Health Minister announced they have found a new variant of the COVID virus, with over 1,000 cases identified.

BlackRock upgraded their 6 -12 month asset class outlook on equities to overweight, although the Baltic dry index has climbed to its highest level since the start of November as supply chain issues continue to force up shipping costs.



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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	74.32					CAD	0.9044	0.9627
NZD/USD	0.7088	0.0002	0.0003	0.0003	0.0003	CHF	0.6284	0.6689
NZD/AUD	0.9394	-0.0002	-0.0005	-0.0010	-0.0016	CNY	4.6425	4.9420
NZD/JPY	73.76	-0.04	-0.08	-0.16	-0.34	DKK	4.3406	4.6206
NZD/EUR	0.5833	-0.0005	-0.0012	-0.0023	-0.0047	FJD	1.4522	1.5459
NZD/GBP	0.5318	-0.0002	-0.0002	-0.0005	-0.0009	HKD	5.4944	5.8488
						KRW	775.20	825.20
AU TWI	62.40					MYR	2.8799	3.0656
AUD/USD	0.7545	0.0004	0.0007	0.0011	0.0016	NOK	6.1885	6.5877
AUD/NZD	1.0645	0.0003	0.0006	0.0011	0.0018	SEK	5.9555	6.3396
AUD/JPY	78.51	-0.02	-0.04	-0.09	-0.23	SGD	0.9455	1.0065
AUD/EUR	0.6208	-0.0004	-0.0009	-0.0018	-0.0040	TWD	19.94	21.23
AUD/GBP	0.5660	0.0000	0.0000	0.0001	0.0000	ZAR	10.6544	11.3417
USD Index	90.70							
EUR/USD	1.2153	0.0014	0.0028	0.0053	0.0104	EQUITIES		
USD/JPY	104.07	-0.08	-0.15	-0.27	-0.52			Index
GBP/USD	1.3329	0.0007	0.0011	0.0017	0.0028	NZX50		12,835
EUR/GBP	0.9118	0.0005	0.0014	0.0028	0.0059	ASX200		6,660
						Dow Jones		30,032
						S&P 500		3,667
						FTSE100		6,532
						DAX 30		13,223
						Nikkei		26,732
						COMMODITIES		
								USD
						Dubai Light		49.87
						Brent Crude		50.12
						Gold		1,828.35
						Silver		23.90
						CRB Index		171.88

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.28%	0.24%	0.02%	0.02%
90 day bank bills	0.28%	0.24%	0.04%	0.00%
FRA 90d in 3mths	0.31%	0.23%	0.05%	0.00%
FRA 180d in 6mths	0.29%	0.26%	0.08%	0.04%
1 year swap*	0.27%	0.24%	0.04%	0.04%
2 year swap*	0.28%	0.25%	0.09%	0.08%
3 year swap*	0.31%	0.29%	0.16%	0.15%
5 year swap*	0.46%	0.43%	0.38%	0.37%
10 year swap*	0.91%	0.88%	0.96%	0.95%
10 year Govt bond		0.83%		0.96%

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

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