

Market Alert

Monday 24 May 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7174	-0.0005
NZD/AUD	0.9280	-0.0013
NZD/JPY	78.14	-0.18
NZD/EUR	0.5894	-0.0026
NZD/GBP	0.5067	-0.0005
NZD/CNH	4.6175	0.0519
AUD/USD	0.7731	0.0005
AUD/EUR	0.6349	-0.0019
EUR/USD	1.2178	0.0044
USD/CNH	6.4367	0.0772
GBP/USD	1.4159	0.0003
EUR/GBP	0.8601	0.0029

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.32%	0.04%
2 year swap	0.53%	0.16%
10 year Govt	1.83%	1.73%

PMIs to the rescue

US PMIs helped markets end the week in positive territory after the releases signalled rapid growth in both the services and factory sectors, although cost pressures mounted.

Breaking the numbers down, the monthly numbers to May highlighted the rapid re-opening of the US economy after the services index surged to 70.1, from an expected 64.3, while the manufacturing index also jumped, to 61.5 from the forecast 60.2. The composite came in at 68.1, up from April's 63.5.

It was a similar story in the Eurozone where the services index headlined at 55.1, against the forecast 52.5. Manufacturing came in at 62.8 against 62.5, and the composite was at 56.9 against last month's 53.8.

Overall, markets liked the news with bourses across Europe and the US predominately closing modestly higher. Interestingly, while conversations in the US are turning to when the Fed may start the tapering discussion, the idea was 'shot-down' in the Eurozone after ECB President, Christine Lagarde, reiterated the ECB is committed to preserving favourable financing conditions via their PEPP programme, and they expect to do so until at least March 2022. In saying that, Ms Lagarde declined to comment on the rising bond yields, saying the central bank was "closely monitoring" borrowing costs.

So, with equities a touch firmer, the crypto-currencies taking another bath, and commodities generally flat, currencies saw most of the action, with the USD making minor gains. This saw the NZD and AUD both ease back to the bottom of their recent ranges, although they have recovered some of those losses already this morning. Interestingly, the euro has found some support recently as talk of a Eurozone recovery starts to gain momentum, although we really need to see some firm evidence of a robust

recovery for the euro to start making new highs.

A certain Mr Biden spent the weekend attempting to force through his latest infrastructure plan, with the most recent plan being scaled back to USD1.7 trillion, from the original USD2.25 trillion, with a 'global minimum corporate tax' high on the agenda to help pay for it.

This week the US is releasing its second estimate of Q1 GDP, alongside some tier two data, while President Biden's FY22 budget is also highly anticipated. In New Zealand, we have Q1 retail sales today and the RBNZ on Wednesday.

Divert, divert

A Ryanair plane bound for Vilnius was forced to divert and land in Minsk as officials sought to detain political activist Roman Protasevich. The aircraft was flying over Belarus from Athens to Vilnius, and had almost reached Lithuania, when it was forced by a fighter jet to change direction before being escorted to the capital.

The pandemic has the global wig business hanging by a thread as supply disruptions and shortages are driving up costs!



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Daily Rates

Monday 24 May 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	74.66					CAD	0.8656	0.9328
NZD/USD	0.7174	-0.0001	-0.0003	-0.0005	-0.0015	CHF	0.6444	0.6944
NZD/AUD	0.9280	-0.0002	-0.0007	-0.0013	-0.0028	CNY	4.6141	4.9724
NZD/JPY	78.14	-0.03	-0.09	-0.18	-0.47	DKK	4.3806	4.7207
NZD/EUR	0.5894	-0.0004	-0.0013	-0.0026	-0.0056	FJD	1.4548	1.5677
NZD/GBP	0.5067	-0.0001	-0.0002	-0.0005	-0.0013	HKD	5.5664	5.9986
						KRW	808.96	871.78
AU TWI	64.00					MYR	2.9760	3.2070
AUD/USD	0.7731	0.0001	0.0003	0.0005	0.0008	NOK	6.0183	6.4856
AUD/NZD	1.0776	0.0003	0.0008	0.0015	0.0033	SEK	5.9741	6.4379
AUD/JPY	84.21	-0.01	-0.03	-0.08	-0.25	SGD	0.9559	1.0301
AUD/EUR	0.6349	-0.0003	-0.0009	-0.0019	-0.0041	TWD	20.04	21.60
AUD/GBP	0.5460	0.0001	0.0001	0.0002	0.0002	ZAR	10.0120	10.7893
USD Index	90.02							
EUR/USD	1.2178	0.0007	0.0022	0.0044	0.0092	EQUITIES		
USD/JPY	108.92	-0.02	-0.08	-0.17	-0.43			Index
GBP/USD	1.4159	0.0000	0.0002	0.0003	0.0008	NZX50		12,460
EUR/GBP	0.8601	0.0005	0.0014	0.0029	0.0060	ASX200		7,030
						Dow Jones		34,208
						S&P 500		4,156
						FTSE100		7,018
						DAX 30		15,438
						Nikkei		28,318
						COMMODITIES		
								USD
						Dubai Light		63.31
						Brent Crude		66.44
						Gold		1,880.64
						Silver		27.54
						CRB Index		213.47

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.30%	0.26%	0.02%	0.02%
90 day bank bills	0.34%	0.30%	0.06%	0.02%
FRA 90d in 3mths	0.36%	0.31%	0.07%	0.04%
FRA 180d in 6mths	0.43%	0.40%	0.13%	0.11%
1 year swap	0.37%	0.34%	0.08%	0.05%
2 year swap	0.54%	0.51%	0.16%	0.15%
3 year swap	0.76%	0.73%	0.33%	0.31%
5 year swap	1.20%	1.17%	0.82%	0.77%
10 year swap	1.94%	1.91%	1.73%	1.73%
10 year Govt bond		1.81%		1.73%

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