

Market Alert

Wednesday 26 May 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7226	-0.0005
NZD/AUD	0.9324	-0.0013
NZD/JPY	78.58	-0.18
NZD/EUR	0.5900	-0.0025
NZD/GBP	0.5110	-0.0005
NZD/CNH	4.6314	0.0533
AUD/USD	0.7750	0.0005
AUD/EUR	0.6328	-0.0019
EUR/USD	1.2247	0.0044
USD/CNH	6.4098	0.0784
GBP/USD	1.4144	0.0003
EUR/GBP	0.8659	0.0029

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.33%	0.04%
2 year swap	0.54%	0.15%
10 year Govt	1.79%	1.69%

Hubble bubble toil and trouble

From today there is no travel bubble! Goodbye Melbourne – we'll see you in 72 hours.

These boys aren't giving up! Once again, China's State Planner warned commodity speculators, stating they will "address abnormal fluctuations in commodities such as iron ore, copper, and corn."

Speaking of China, while the PBoC has been remarkably quiet on the recent bout of yuan strength, they may be preparing to limit those gains after 'co-ordinated' State banks bidding was rumoured to have been an intervention effort. And with China also announcing that Bitcoin

mining is contrary to its emission goals, HSBC has 'surprisingly' announced it has no plans for a cryptocurrency trading desk or to offer digital coins as an investment.

The April Australian preliminary trade numbers suggest another surplus of AUD10.1 billion, with exports forecast to increase AUD13 million, while imports are projected to have declined AUD1,896 million. And while Australia does not appear to have been impacted by the 'soft, one-sided' trade war with China, the New Zealand Foreign Minister has warned that it may only be a matter of time before its relationship with China deteriorates given Australia's experiences.

Overnight, the data was a little mixed! House prices in the US rose the most since 2013 as the Case-Shiller 20-city home price index soared 13.3% on the year to March, following on from February's upwardly revised 12% increase. However, while prices are increasing, sales sank 5.9% on the month to an annualised rate of 863,000 in April, well below the forecasts of 970,000.

There were also a couple of confidence indicators out with US consumer confidence slipping to 117.2 in May, down from April's 117.5 and well behind forecasts at 118.8, while in Germany, the IFO Business climate indicator rose to 99.2 in May, well ahead of market expectations at 98.2, and above the previous month's revised figure of 96.6.

The rent-a-quote crew are out and about

Fed members were gossiping again with Vice Chair, Richard Clarida, stating "price pressures would prove to be largely transitory," although he then added, "It may well be that in upcoming meetings, we'll be at the point where we can begin to discuss scaling back the pace of asset purchases (as the) US outlook is very, very positive and could hit 7%." Meanwhile Esther George added, "We are not dismissing the risk of higher inflation." We then had Chuck Evans add the "Recent increase in inflation is not a precursor of undesirable high inflation. The recent rise in inflation expectations is welcome (as there is a) low risk of high persistent inflation in 2022 and beyond."

In Europe, ECB member, Francois Villeroy, stated "Any hypothesis of reduction of QE partly for Q3 is speculative."

With investors increasing wagers against the S&P 500 by shorting the world's biggest exchange-traded fund with short interest in the USD357 billion S&P 500 ETF jumping to the highest this year at almost 5% of its value, it is perhaps no surprise that indices were lower overnight, and the 10 year yield fell to 1.56%. The NZD and the AUD are unchanged.



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Daily Rates

Wednesday 26 May 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	75.07					CAD	0.8720	0.9352
NZD/USD	0.7226	-0.0001	-0.0002	-0.0005	-0.0015	CHF	0.6470	0.6939
NZD/AUD	0.9324	-0.0002	-0.0007	-0.0013	-0.0028	CNY	4.6265	4.9619
NZD/JPY	78.58	-0.02	-0.08	-0.18	-0.46	DKK	4.3874	4.7055
NZD/EUR	0.5900	-0.0004	-0.0012	-0.0025	-0.0056	FJD	1.4681	1.5745
NZD/GBP	0.5110	-0.0001	-0.0002	-0.0005	-0.0013	HKD	5.6088	6.0154
						KRW	810.98	869.77
AU TWI	63.90					MYR	2.9956	3.2127
AUD/USD	0.7750	0.0001	0.0003	0.0005	0.0007	NOK	6.0056	6.4410
AUD/NZD	1.0725	0.0002	0.0008	0.0014	0.0032	SEK	5.9670	6.3996
AUD/JPY	84.27	-0.01	-0.03	-0.08	-0.24	SGD	0.9577	1.0271
AUD/EUR	0.6328	-0.0003	-0.0009	-0.0019	-0.0041	TWD	20.14	21.60
AUD/GBP	0.5479	0.0001	0.0001	0.0002	0.0002	ZAR	10.0222	10.7488
USD Index	89.68							
EUR/USD	1.2247	0.0007	0.0022	0.0044	0.0091	EQUITIES		
USD/JPY	108.75	-0.02	-0.08	-0.17	-0.41		Index	
GBP/USD	1.4144	0.0000	0.0002	0.0003	0.0007	NZX50	12,341	
EUR/GBP	0.8659	0.0005	0.0014	0.0029	0.0060	ASX200	7,115	
						Dow Jones	34,312	
						S&P 500	4,190	
						FTSE100	7,030	
						DAX 30	15,465	
						Nikkei	28,554	
						COMMODITIES		
							USD	
						Dubai Light	66.01	
						Brent Crude	68.42	
						Gold	1,899.86	
						Silver	28.00	
						CRB Index	215.14	

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	0.35%	0.31%	0.06%	0.02%
FRA 90d in 3mths	0.35%	0.32%	0.07%	0.04%
FRA 180d in 6mths	0.44%	0.41%	0.13%	0.11%
1 year swap	0.38%	0.36%	0.07%	0.06%
2 year swap	0.55%	0.53%	0.15%	0.15%
3 year swap	0.77%	0.75%	0.31%	0.30%
5 year swap	1.20%	1.18%	0.80%	0.72%
10 year swap	1.93%	1.91%	1.67%	1.65%
10 year Govt bond		1.78%		1.69%

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