

Market Alert

Monday 31 May 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7252	-0.0005
NZD/AUD	0.9403	-0.0012
NZD/JPY	79.64	-0.17
NZD/EUR	0.5947	-0.0025
NZD/GBP	0.5111	-0.0004
NZD/CNH	4.6140	0.0508
AUD/USD	0.7712	0.0004
AUD/EUR	0.6324	-0.0018
EUR/USD	1.2196	0.0043
USD/CNH	6.3632	0.0745
GBP/USD	1.4187	0.0001
EUR/GBP	0.8596	0.0029

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.33%	0.04%
2 year swap	0.60%	0.17%
10 year Govt	1.85%	1.69%

The PCE deflator does not deflate inflation

Friday evening saw the release of the Fed's favourite inflation indicator, the PCE deflator numbers, which were bang in line with expectations. The headline came in at +0.6% on the month and +3.6% on the year, while the core was at +0.7% and +3.1%, which was slightly higher than the +2.9% forecast.

We also had the release of April's US personal income data, which showed an astonishing -13.1% contraction on the

month, although when one considers that March's +20.9% gain was due to most Americans receiving their USD1,400 COVID-19 cheques from the Government, it's not really surprising.

Meanwhile, on Friday, the White House sent Congress a USD6.0 trillion budget plan that would ramp up spending on infrastructure, education and combating climate change. The plan for fiscal year 2022, calls for USD6.01 trillion in spending and USD4.17 trillion in revenues, to produce a USD1.84 trillion deficit, justifying the deficit with the argument that it makes good fiscal sense to invest now when the cost of borrowing is so cheap! That theory doesn't work with my credit card though!

In New Zealand, the monthly headline consumer confidence index showed confidence eased 1.4 point to 114, while the consumer inflation component saw expectations ease a touch to 4.4% over the month.

Interestingly, the Kansas Federal Reserve announced that their prestigious Jackson Hole annual get-together will take place in Wyoming on the 26-28 August 'in person.'

Tomorrow we have the RBA's June meeting, where most focus will be on their view of the economy and whether it is strong enough for to join the likes

of New Zealand in signalling a move towards possible hikes, or, like Canada and the UK in scaling back QE.

In what will be a busy week, we also have the nonfarm payrolls from the US, GDP releases from Australia and Canada, Euro-zone inflation, and manufacturing and service PMIs from China.

That didn't go as planned

As if the Archegos and Greensill debacles weren't bad enough, Credit Suisse has temporarily barred clients from withdrawing funds from their CS Renaissance Alternative Access Fund.

After raiding a suspected cannabis farm in the UK, Police discovered a massive bitcoin mining operation instead!

RIP "The Love Boat"

The captain of the Love Boat, Gavin MacLeod, passed away last weekend. RIP Captain! There goes the Mary Tyler Moore reunion, as well.



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Daily Rates

Monday 31 May 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	75.32					CAD	0.8754	0.9310
NZD/USD	0.7252	-0.0001	-0.0002	-0.0005	-0.0016	CHF	0.6539	0.6954
NZD/AUD	0.9403	-0.0002	-0.0006	-0.0012	-0.0028	CNY	4.6149	4.9079
NZD/JPY	79.64	-0.02	-0.08	-0.17	-0.46	DKK	4.4229	4.7037
NZD/EUR	0.5947	-0.0004	-0.0012	-0.0025	-0.0056	FJD	1.4684	1.5616
NZD/GBP	0.5111	-0.0001	-0.0002	-0.0004	-0.0012	HKD	5.6239	5.9810
						KRW	807.74	859.02
AU TWI	63.60					MYR	3.0003	3.1908
AUD/USD	0.7712	0.0001	0.0003	0.0004	0.0006	NOK	6.0567	6.4412
AUD/NZD	1.0635	0.0002	0.0007	0.0013	0.0032	SEK	6.0222	6.4046
AUD/JPY	84.69	-0.01	-0.03	-0.07	-0.23	SGD	0.9587	1.0196
AUD/EUR	0.6324	-0.0003	-0.0009	-0.0018	-0.0041	TWD	20.09	21.37
AUD/GBP	0.5436	0.0001	0.0002	0.0003	0.0004	ZAR	9.9747	10.6079
USD Index	90.03							
EUR/USD	1.2196	0.0007	0.0021	0.0043	0.0089	EQUITIES		
USD/JPY	109.81	-0.03	-0.08	-0.16	-0.39		Index	
GBP/USD	1.4187	0.0001	0.0001	0.0001	0.0001	NZX50	12,182	
EUR/GBP	0.8596	0.0005	0.0015	0.0029	0.0062	ASX200	7,180	
						Dow Jones	34,529	
						S&P 500	4,204	
						FTSE100	7,023	
						DAX 30	15,520	
						Nikkei	29,149	
						COMMODITIES		
							USD	
						Dubai Light	67.28	
						Brent Crude	68.72	
						Gold	1,903.14	
						Silver	27.91	
						CRB Index	218.60	

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.29%	0.25%	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	0.46%	0.43%	0.13%	0.12%
1 year swap	0.38%	0.36%	0.08%	0.05%
2 year swap	0.61%	0.59%	0.18%	0.16%
3 year swap	0.89%	0.87%	0.38%	0.34%
5 year swap	1.35%	1.33%	0.87%	0.78%
10 year swap	2.02%	1.99%	1.70%	1.69%
10 year Govt bond		1.83%		1.69%

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