

Market Alert

Thursday 6 May 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7216	-0.0005
NZD/AUD	0.9314	-0.0013
NZD/JPY	78.79	-0.19
NZD/EUR	0.6012	-0.0027
NZD/GBP	0.5188	-0.0006
NZD/CNH	4.6822	0.0587
AUD/USD	0.7748	0.0005
AUD/EUR	0.6454	-0.0020
EUR/USD	1.2004	0.0046
USD/CNH	6.4881	0.0864
GBP/USD	1.3910	0.0006
EUR/GBP	0.8630	0.0029

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.36%	0.04%
2 year swap	0.50%	0.16%
10 year Govt	1.73%	1.74%

The worst headline, ever!

President Biden has announced, *"I would not want to go into a deficit spending!"*

Mind you, last night was a night for the 'rent-a-quote' crowd, with various Fed members out in full force. First up was Neel Kashkari with, *"the Federal Reserve has powerful tools if inflation surprises higher,"* followed by Charles Evans with, *"the risk of an upward inflation spiral is remote."*

We also had Eric Rosengren state, *"significant slack remains in the economy,"* Loretta Mester added, *"in the absence of inflationary pressures, Fed will not react to*

strong jobs market. (We're) not too concerned that inflation will get out of hand," before Vice Chair, Richard Clarida, rounded it off with, *"I don't think it's time to talk about tapering."* So, to summarise, a lot of talk that rates are going to stay at these levels for a very long-time!

The New Zealand Q1 employment report made for some excellent reading. The headline unemployment number came in at 4.7% with a good lift in the participation rate to 70.4% while private wages were up 0.4% as well. High-fives all round! Meanwhile, the RBNZ's fiscal stability report highlighted that the long-term drivers of house prices are softening, while, in terms of the 'usual-stuff' the financial system is sound, but vulnerabilities remain.

In terms of actual data, the US ISM non-manufacturing PMI dropped to 62.7 in April, down from March's all time high of 63.7 and below forecasts of 64.3, while US private businesses hired 742,000 workers in April 2021 with the March numbers revised upwards as well.

In Australia, the April construction PMI fell to 59.1 from 61.8, while the Markit services and composite PMIs both increased to 58.8 and 58.9.

Interestingly, the US dollar, as a share of central bank reserves fell to 59%, its lowest level in 25 years, during Q4 2020. And while it's been stabilising into a

range recently, last night it ticked down which saw the NZD reclaim the 0.7200 level and the AUD hit 0.7750.

Meanwhile, the Baltic Dry shipping index rose 3.5% to a near 11 year high of 3,266 driven by rising demand for commodities such as iron ore and grains and the ongoing disruptions in global supply chains.

Meanwhile, the Chicago lumber futures hit a new record high of USD1,600, while oil gave back all of its gains as bulls got jitters ahead of the USD70 level.

The Nasdaq has suspended the Berkshire Hathaway class A shares as their share price is too high. Yes, you read that correctly! With the share price trading at more than USD421,000, the biggest number the Nasdaq can handle is \$429,496.73! It's a nice problem to have!

Goodbye, to a generation of champagne swilling, raw meat eating traders

The CME (Chicago Mercantile Exchange) announced that it will not reopen its physical trading pits that were closed last March due to the outbreak of the pandemic. RIP the CME ... but how will we ever explain the movie *Trading Places* to the next generation? Come to think of it, maybe we shouldn't!



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Daily Rates

Thursday 6 May 2021

FX	Spot	FECs (mid)				C		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	75.43					CAD	0.8854	0.9506
NZD/USD	0.7216	-0.0001	-0.0002	-0.0005	-0.0014	CHF	0.6589	0.7074
NZD/AUD	0.9314	-0.0002	-0.0007	-0.0013	-0.0028	CNY	4.6365	4.9779
NZD/JPY	78.79	-0.03	-0.09	-0.19	-0.51	DKK	4.4699	4.7991
NZD/EUR	0.6012	-0.0004	-0.0013	-0.0027	-0.0060	FJD	1.4713	1.5797
NZD/GBP	0.5248	-0.0001	-0.0003	-0.0006	-0.0016	HKD	5.6070	6.0199
						KRW	811.71	871.49
AU TWI	64.20					MYR	2.9542	3.1717
AUD/USD	0.7748	0.0001	0.0003	0.0005	0.0008	NOK	6.0293	6.4734
AUD/NZD	1.0737	0.0003	0.0008	0.0015	0.0033	SEK	6.1239	6.5749
AUD/JPY	84.60	-0.01	-0.03	-0.08	-0.29	SGD	0.9641	1.0351
AUD/EUR	0.6454	-0.0003	-0.0010	-0.0020	-0.0045	TWD	20.18	21.67
AUD/GBP	0.5570	0.0000	0.0001	0.0001	0.0000	ZAR	10.3633	11.1266
USD Index	91.28							
EUR/USD	1.2004	0.0007	0.0023	0.0046	0.0097	EQUITIES		
USD/JPY	109.20	-0.02	-0.08	-0.18	-0.49		Index	
GBP/USD	1.3910	0.0001	0.0003	0.0006	0.0014	NZX50	12,848	
EUR/GBP	0.8630	0.0005	0.0015	0.0029	0.0061	ASX200	7,096	
						Dow Jones	34,231	
						S&P 500	4,171	
						FTSE100	7,039	
						DAX 30	15,171	
						Nikkei	28,813	
						COMMODITIES		
							USD	
						Dubai Light	67.20	
						Brent Crude	68.68	
						Gold	1,786.02	
						Silver	26.47	
						CRB Index	216.94	

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	0.38%	0.34%	0.06%	0.02%
FRA 90d in 3mths	0.36%	0.33%	0.07%	0.04%
FRA 180d in 6mths	0.40%	0.37%	0.14%	0.13%
1 year swap	0.38%	0.36%	0.07%	0.07%
2 year swap	0.52%	0.49%	0.16%	0.16%
3 year swap	0.71%	0.68%	0.34%	0.32%
5 year swap	1.16%	1.13%	0.82%	0.80%
10 year swap	1.91%	1.88%	1.73%	1.72%
10 year Govt bond		1.71%		1.74%

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