

Market Alert

Thursday 10 June 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7173	-0.0005
NZD/AUD	0.9281	-0.0012
NZD/JPY	78.62	-0.17
NZD/EUR	0.5890	-0.0025
NZD/GBP	0.5083	-0.0004
NZD/CNH	4.5813	0.0499
AUD/USD	0.7729	0.0005
AUD/EUR	0.6347	-0.0019
EUR/USD	1.2177	0.0044
USD/CNH	6.3873	0.0740
GBP/USD	1.4111	0.0002
EUR/GBP	0.8630	0.0030

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.32%	0.03%
2 year swap	0.56%	0.16%
10 year Govt	1.76%	1.57%

That league last night ...

There was a fair amount of tier 2 data over the past 24-hours ...

The New Zealand truckometer for May saw the light traffic index rise 2.1% while the heavy traffic index fell 4.8% on the month as domestic and international disruptions continue to impact supply-chains. We also had the Q1 manufacturing sales volumes, which increased 0.4% on the quarter, and the NZ business outlook survey (June preliminary) suggesting a decline in confidence of 0.4% from the previous months 1.8% gain, although the own activity outlook strengthened to 29.1% from 27.1%.

In Australian data, the local consumer confidence index fell 5.2% in the month to June, which followed on from May's 4.8% decline, although the real talking point was the comments from the RBA Assistant Governor, Chris Kent, that *"expectations do not point to inflation rising above targets in a sustainable way."* He then added, we are *"looking carefully at home loan lending standards. There has not been a deterioration in standards up to now"* while further comments from the ex-RBA monetary policy board member, John Edwards, suggested the RBA will look to begin *"dismantling"* its QE program in July.

China's annual inflation rate jumped to 1.3% in May from 0.9% a month earlier, which was below the forecast of 1.6%. We also saw Chinese PPI costs increase by 9.0% in the year to May, a 6.8% increase on the previous month as factory gate prices increased for the 5th consecutive month. Finally, food prices in China also rose by 0.3% on an annualised basis to May, reversing the 0.7% drop in April.

The German trade surplus rose sharply to EUR15.5 billion in April, up from the EUR3.5 billion a year earlier, which saw the German current account surplus widen to EUR21.3 billion.

The Bank of Canada left its overnight cash rate unchanged at 0.25% while its QE programme was maintained at its target pace of CAD3 billion purchases per week.

In other news, BOE's economist, Andy Haldane, stated *"we may need to start turning off the stimulus tap,"* iron ore bounced back to hit a 3-week high, crude eased below USD70 a barrel, and the Federal Reserve continues to purchase Treasuries in the morning and lend them out in the afternoon after its repo facility hit at record high of USD502.9 billion overnight. Equities were flat overnight, the NZD and AUD we amongst the weakest currencies, and the US 10-year yield is at 1.49% after the USD38 billion 10-year auction yielded a modest 1.497%.

... it was a bit one-sided wasn't it?

While I am sure the UK Chancellor Sunak is a supporter of the global minimum tax, he wants those companies that operate in the City of London to be exempt from it.

Finally, in a vain attempt to avert a 'sausage war' and senior UK trade official stated, *"I think there are solutions out there on Irish border."* He then went full Braveheart adding, *"you can take our freedom, but you can never take our sausages!"*



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Daily Rates

Thursday 10 June 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	74.53					CAD	0.8689	0.9363
NZD/USD	0.7173	-0.0001	-0.0002	-0.0005	-0.0014	CHF	0.6426	0.6924
NZD/AUD	0.9281	-0.0002	-0.0006	-0.0012	-0.0027	CNY	4.5846	4.9400
NZD/JPY	78.62	-0.03	-0.08	-0.17	-0.45	DKK	4.3803	4.7199
NZD/EUR	0.5890	-0.0004	-0.0013	-0.0025	-0.0056	FJD	1.4576	1.5706
NZD/GBP	0.5083	-0.0001	-0.0002	-0.0004	-0.0011	HKD	5.5658	5.9973
						KRW	800.90	863.00
AU TWI	63.80					MYR	2.9659	3.1958
AUD/USD	0.7729	0.0001	0.0003	0.0005	0.0008	NOK	5.9403	6.4008
AUD/NZD	1.0775	0.0002	0.0007	0.0014	0.0032	SEK	5.9275	6.3870
AUD/JPY	84.72	-0.01	-0.03	-0.08	-0.24	SGD	0.9502	1.0238
AUD/EUR	0.6347	-0.0003	-0.0009	-0.0019	-0.0041	TWD	19.90	21.44
AUD/GBP	0.5477	0.0000	0.0002	0.0003	0.0004	ZAR	9.8572	10.6214
USD Index	90.16							
EUR/USD	1.2177	0.0007	0.0022	0.0044	0.0092	EQUITIES		
USD/JPY	109.62	-0.03	-0.08	-0.17	-0.41			Index
GBP/USD	1.4111	0.0001	0.0001	0.0002	0.0004	NZX50		12,567
EUR/GBP	0.8630	0.0005	0.0015	0.0030	0.0063	ASX200		7,270
						Dow Jones		34,464
						S&P 500		4,221
						FTSE100		7,081
						DAX 30		15,581
						Nikkei		28,861
						COMMODITIES		
								USD
						Dubai Light		70.12
						Brent Crude		72.02
						Gold		1,889.76
						Silver		27.80
						CRB Index		224.41

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	0.34%	0.30%	0.05%	0.01%
FRA 90d in 3mths	0.35%	0.32%	0.05%	0.02%
FRA 180d in 6mths	0.43%	0.40%	0.11%	0.10%
1 year swap	0.37%	0.35%	0.06%	0.04%
2 year swap	0.57%	0.55%	0.16%	0.15%
3 year swap	0.82%	0.80%	0.32%	0.31%
5 year swap	1.25%	1.23%	0.80%	0.71%
10 year swap	1.91%	1.89%	1.55%	1.55%
10 year Govt bond		1.74%		1.57%

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