

# Market Alert

Monday 14 June 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7133	-0.0005
NZD/AUD	0.9259	-0.0013
NZD/JPY	78.21	-0.17
NZD/EUR	0.5891	-0.0025
NZD/GBP	0.5057	-0.0004
NZD/CNH	4.5627	0.0516
AUD/USD	0.7704	0.0005
AUD/EUR	0.6364	-0.0019
EUR/USD	1.2107	0.0043
USD/CNH	6.3966	0.0772
GBP/USD	1.4110	0.0001
EUR/GBP	0.8580	0.0030

  

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.32%	0.03%
2 year swap	0.52%	0.15%
10 year Govt	1.64%	1.49%

## Thursday's FOMC meeting the pinnacle of the week.

Ahead of this week's Fed meeting, a weekend poll of 51 economists found that more than 50% of them are forecasting a scaling back of the Fed's QE programme come August or September, with a lifting of US interest rates in 2023 due to faster economic growth and rising inflationary pressures. According to the chosen few, this week's meeting will highlight that the Fed's 'dot plot' graph of interest rate projections will show approximately half of the 18 Fed members will have pencilled in at least one interest rate increase for 2023.

To be fair, while these are just economist forecasts, it would be fair to say most macro economists spent the weekend attempting to understand exactly, "what is transitory" following on from last week's stellar CPI print. Clearly, the pandemic has turned traditional economic theory on its head and no economist can say with a straight face that they predicted that the sharpest contraction since the Great Depression would turn just as quickly into a boom in stock and house prices that accompanied the pandemic. Simply put, in the days ahead we will get a lot of comments like, "While a lot of what we are seeing now is indeed transitory, structural changes are taking place in the global economy that could lead to more sustained high inflation." Simply put, we will probably hear a lot more, "Yes, but," "Maybe, no" rather than the simple, "I don't know!"

Friday night's data saw the University of Michigan's consumer sentiment for the US increase to 86.4 in June from 82.9 in May, beating market forecasts of 84.0. Wholesale prices in Germany increased 9.7% in the year to May. This followed April's 7.2% increase and produced the biggest rise since July 2008. Finally, in New Zealand, manufacturing PMI's in May increased to 58.6 from April's 58.4.

In terms of the markets, the price action into the weeks close was somewhat puzzling. US equities were flat although the European markets rallied 1.0%, while the USD posted a convincing rally against

most currencies with the NZD and AUD winning the titles of 'worst performers'. Slightly perplexing, US bonds were steady with the 10-years at 1.45% although the bund did ease to -0.27%.

If Blackrock wasn't big enough, it just got a damn sight bigger after it received approval from the China Securities Regulatory Commission to launch a wholly-owned onshore mutual fund business in China. That's a mighty kaching with a capital Ka!

Elon Musk let slip that Tesla has sold down about 10% of its Bitcoin holdings ... that wouldn't have been off the back of your tweet inspired rally now would it Elon?

## Best wishes for a speedy recovery Christian Eriksen.

As a prelude to the G7 love in, President Biden and PM Johnson donated 500 million and 100 million doses of the Covid vaccine to third world countries.

The Swiss National Bank and the Bank of France are to set up a trial run of European cross-border payment through their core domestic banks trialling a central bank digital currency.

## Congratulations to the Black Caps!



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# Daily Rates

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FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	74.21					CAD	0.8676	0.9370
NZD/USD	0.7133	-0.0001	-0.0002	-0.0005	-0.0014	CHF	0.6413	0.6927
NZD/AUD	0.9259	-0.0002	-0.0006	-0.0013	-0.0028	CNY	4.5549	4.9197
NZD/JPY	78.21	-0.03	-0.08	-0.17	-0.45	DKK	4.3823	4.7332
NZD/EUR	0.5891	-0.0004	-0.0012	-0.0025	-0.0056	FJD	1.4500	1.5661
NZD/GBP	0.5057	-0.0001	-0.0002	-0.0004	-0.0011	HKD	5.5333	5.9765
						KRW	795.93	859.67
AU TWI	63.80					MYR	2.9578	3.1947
AUD/USD	0.7704	0.0001	0.0003	0.0005	0.0008	NOK	5.9498	6.4263
AUD/NZD	1.0801	0.0003	0.0008	0.0015	0.0033	SEK	5.9375	6.4130
AUD/JPY	84.46	-0.01	-0.03	-0.07	-0.23	SGD	0.9458	1.0215
AUD/EUR	0.6364	-0.0003	-0.0009	-0.0019	-0.0041	TWD	19.68	21.26
AUD/GBP	0.5460	0.0000	0.0002	0.0003	0.0004	ZAR	9.7951	10.5795
USD Index	90.56							
EUR/USD	1.2107	0.0007	0.0022	0.0043	0.0091	<b>EQUITIES</b>		
USD/JPY	109.64	-0.03	-0.08	-0.16	-0.41			<b>Index</b>
GBP/USD	1.4110	0.0001	0.0001	0.0001	0.0003	NZX50		12,550
EUR/GBP	0.8580	0.0005	0.0015	0.0030	0.0062	ASX200		7,312
						Dow Jones		34,480
						S&P 500		4,247
						FTSE100		7,134
						DAX 30		15,693
						Nikkei		28,949
						<b>COMMODITIES</b>		
								<b>USD</b>
						Dubai Light		70.39
						Brent Crude		72.69
						Gold		1,876.78
						Silver		27.89
						CRB Index		225.56

  

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	0.42%	0.39%	0.10%	0.08%
1 year swap	0.37%	0.35%	0.06%	0.04%
2 year swap	0.53%	0.51%	0.16%	0.14%
3 year swap	0.77%	0.75%	0.32%	0.31%
5 year swap	1.18%	1.16%	0.75%	0.74%
10 year swap	1.79%	1.77%	1.56%	1.55%
10 year Govt bond		1.62%		1.49%

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