

Market Alert

Wednesday 23 June 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7024	-0.0006
NZD/AUD	0.9299	-0.0013
NZD/JPY	77.72	-0.19
NZD/EUR	0.5883	-0.0026
NZD/GBP	0.5036	-0.0005
NZD/CNH	4.5505	0.0550
AUD/USD	0.7554	0.0005
AUD/EUR	0.6327	-0.0019
EUR/USD	1.1939	0.0044
USD/CNH	6.4794	0.0836
GBP/USD	1.3949	0.0003
EUR/GBP	0.8559	0.0029

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.34%	0.03%
2 year swap	0.75%	0.25%
10 year Govt	1.82%	1.59%

The Fed's greatest hits

Federal Reserve Chair, Jerome Powell, testified before Congress that while price pressures have increased, he repeated his belief that after special factors ease, inflation will drift back to the Fed's longer-term 2.0% target. A selection of his greatest hits included *"the Fed won't raise interest rates preemptively. We think reopening inflation will wane over time. Incoming data is consistent that inflation factors will wane. I have a level of confidence in predicting transitory inflation. We will not hike rates because we think employment is too high. We still have a long way to go on the jobs recovery."*

We also had New York Fed President, John Williams, on the newswires emphasising that while *"we have made progress, since last December, I still don't think it's close to the 'substantial further progress' that we set out (to achieve)."*

Meanwhile, Cleveland Fed President, Loretta Mester, stated she wants to see further progress made, especially in regard to labour force participation, and that she is *"not yet thinking about adjusting monetary policy yet."* While San Fran President, Mary Daly, added that it is *"appropriate to debate taper but 'we're not there yet'. The rate change discussion isn't even on the table. We could reach the taper threshold in late 2021 or early 2022."*

In terms of data releases, US existing home sales hit its lowest level in 11 months, falling to 5.8 million in May, compared to forecasts of 5.72 million, Eurozone consumer confidence improved -3.3 in June as the index reached its highest level since January 2018.

In the UK, British industry's order book reached its second highest ever level increasing 2-pips to 19, while in New Zealand, credit card spending increased +8.5% in May, up from April's +2.7% increase. It's no wonder household consumption is such a large percentage on our GDP!

So, with Fed members broadly aligned in their comments, that the tapering

discussion still has some way to go, that inflation is transitory, and that interest rates are not going up any time soon, means that, yep, you guessed it, equity markets are a sea of green with international bourses up 0.25%-0.75%.

Commodities were mixed, and while Brent hits USD75 for the first time in two years, it wasn't able to hold on to those gains. Treasury had a quiet session, for a change, with the 10 year at 1.47%, while the NZD was the strongest currency with the AUD not far behind, although they are both just below key resistance levels.

The National Development and Reform Commission ("NDRC") in China has come to the party and joined forces with the State Administration for Market Regulation, to launch an investigation into the on-shore iron ore spot market to *"strictly punish"* irregularities such as hyping prices and hoarding. This saw iron ore sell-off 3.2% on the day.

Don't put it on the card, put it on the crypto

Sotheby's has announced that at its auction for an *"exceptional 101.38 carat pear shaped D Flawless diamond,"* cryptocurrency will be acceptable as a form of payment for the successful bidder! A miserly USD10-15 million should do it!



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Wednesday 23 June 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	73.92					CAD	0.8649	0.9302
NZD/USD	0.7024	-0.0001	-0.0002	-0.0006	-0.0018	CHF	0.6450	0.6936
NZD/AUD	0.9299	-0.0002	-0.0006	-0.0013	-0.0033	CNY	4.5455	4.8884
NZD/JPY	77.72	-0.03	-0.09	-0.19	-0.53	DKK	4.3748	4.7048
NZD/EUR	0.5883	-0.0004	-0.0013	-0.0026	-0.0061	FJD	1.4506	1.5600
NZD/GBP	0.5036	-0.0001	-0.0002	-0.0005	-0.0016	HKD	5.4551	5.8666
						KRW	794.93	854.90
AU TWI	62.60					MYR	2.8977	3.1163
AUD/USD	0.7554	0.0001	0.0003	0.0005	0.0007	NOK	5.9954	6.4477
AUD/NZD	1.0754	0.0003	0.0007	0.0015	0.0038	SEK	5.9593	6.4088
AUD/JPY	83.59	-0.01	-0.04	-0.08	-0.28	SGD	0.9441	1.0153
AUD/EUR	0.6327	-0.0003	-0.0009	-0.0019	-0.0044	TWD	19.49	20.97
AUD/GBP	0.5415	0.0000	0.0001	0.0002	0.0002	ZAR	10.0199	10.7758
USD Index	91.70							
EUR/USD	1.1939	0.0008	0.0022	0.0044	0.0094	EQUITIES		
USD/JPY	110.66	-0.03	-0.09	-0.18	-0.47			Index
GBP/USD	1.3949	0.0001	0.0002	0.0003	0.0007	NZX50		12,535
EUR/GBP	0.8559	0.0005	0.0014	0.0029	0.0063	ASX200		7,342
						Dow Jones		33,946
						S&P 500		4,249
						FTSE100		7,090
						DAX 30		15,636
						Nikkei		28,884
						COMMODITIES		
								USD
						Dubai Light		71.89
						Brent Crude		74.85
						Gold		1,775.68
						Silver		25.73
						CRB Index		220.92

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	0.36%	0.32%	0.05%	0.01%
FRA 90d in 3mths	0.40%	0.37%	0.06%	0.03%
FRA 180d in 6mths	0.58%	0.55%	0.16%	0.15%
1 year swap	0.48%	0.46%	0.08%	0.06%
2 year swap	0.76%	0.74%	0.26%	0.23%
3 year swap	1.02%	1.00%	0.47%	0.44%
5 year swap	1.41%	1.39%	0.94%	0.86%
10 year swap	1.95%	1.93%	1.63%	1.61%
10 year Govt bond		1.80%		1.59%

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED