

Market Alert

Friday 25 June 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7065	-0.0005
NZD/AUD	0.9316	-0.0013
NZD/JPY	78.31	-0.18
NZD/EUR	0.5921	-0.0026
NZD/GBP	0.5073	-0.0005
NZD/CNH	4.5710	0.0542
AUD/USD	0.7584	0.0005
AUD/EUR	0.6355	-0.0019
EUR/USD	1.1933	0.0044
USD/CNH	6.4703	0.0815
GBP/USD	1.3927	0.0004
EUR/GBP	0.8568	0.0029

INTRATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.33%	0.03%
2 year swap	0.72%	0.25%
10 year Govt	1.79%	1.57%

Seems like housing is an issue everywhere

It sounds like St. Louis President, James Bullard, has been speaking with our own Adrian Orr, announcing “I have become a little bit more worried about the housing market. We did get into trouble with the housing market in the 2000s and it was a major event. We are buying mortgage-backed securities (but) I am not sure we need to be in that market with this kind of pressure on the housing market. So that will be part of the tapering debate here in the next couple of months”.

Meanwhile, Fed member and Bank of Boston President, Eric Rosengren, announced “the economic recovery is robust. Inflation risks are heightened, and the Fed should be attuned to those patterns. The expectation is that most price increases will be reversed going into next year.”

Let the spending begin – again! President Joe Biden announced he has agreed a bipartisan USD1.2 trillion infrastructure bill with a group of Democratic and Republican senators, which includes USD579 billion in new spending with the rest redirected from COVID-19 funds.

In data releases, US initial claims fell to 411,000, new orders of durable goods increased 2.3% and German IFO business indicator rose 2.6% to 101.8.

In leaving interest rates unchanged at 0.10%, and in maintain its QE programme, the BoE pushed back against speculation that the central bank would start to ‘lay the groundwork’ for rate rises emphasising it “does not intend to tighten monetary policy at least until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2.0% percent inflation target sustainably.”

An official from China’s banking and insurance regulator stated that he expects Chinese PPI to hit 10% this month, which would add to consumption pricing pressures. He also added that small and medium sized financial institutions face

risks from default of local government investment arms and property firms.

Stocks climbed 0.50%-1.50% as President Biden’s infrastructure deal added to optimism the economic recovery will keep pushing ahead. Commodity markets were flat, bond markets were steady, and the US dollar eased back a touch which saw the NZD and AUD cement their recent gains.

The Saudi Arabia’s Energy Minister hinted of more supply coming online when he started “we have a role in taming and containing inflation.”

The Mexican central bank hiked rates 25 bps.

You’ve got to laugh ... or cry

Westpac announced “a demerger of the New Zealand business would not be in the best interests of shareholders” as we are just making too much money in New Zealand. Okay, we added that last bit in!

Banks that provided leverage to Archegos Capital are to face a DOJ antitrust probe into its collapse.

Former Mayor of New York and President Trump mouthpiece, Rudy Giuliani, has been suspended from practicing law in New York as, “he put the public at risk by spreading lies about the 2020 presidential election.”



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Daily Rates

Friday 25 June 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	74.34					CAD	0.8707	0.9346
NZD/USD	0.7065	-0.0001	-0.0002	-0.0005	-0.0018	CHF	0.6487	0.6964
NZD/AUD	0.9316	-0.0002	-0.0006	-0.0013	-0.0032	CNY	4.5682	4.9039
NZD/JPY	78.31	-0.03	-0.08	-0.18	-0.52	DKK	4.4026	4.7261
NZD/EUR	0.5921	-0.0004	-0.0013	-0.0026	-0.0061	FJD	1.4602	1.5674
NZD/GBP	0.5073	-0.0001	-0.0002	-0.0005	-0.0016	HKD	5.4841	5.8870
						KRW	801.54	860.44
AU TWI	63.20					MYR	2.9362	3.1519
AUD/USD	0.7584	0.0001	0.0003	0.0005	0.0007	NOK	6.0063	6.4476
AUD/NZD	1.0735	0.0003	0.0007	0.0015	0.0037	SEK	5.9807	6.4202
AUD/JPY	84.07	-0.01	-0.03	-0.08	-0.27	SGD	0.9486	1.0183
AUD/EUR	0.6355	-0.0003	-0.0009	-0.0019	-0.0044	TWD	19.75	21.20
AUD/GBP	0.5445	0.0000	0.0001	0.0002	0.0002	ZAR	10.0377	10.7753
USD Index	91.80							
EUR/USD	1.1933	0.0007	0.0022	0.0044	0.0095	EQUITIES		
USD/JPY	110.86	-0.03	-0.09	-0.18	-0.46			Index
GBP/USD	1.3927	0.0001	0.0002	0.0004	0.0009	NZX50		12,587
EUR/GBP	0.8568	0.0005	0.0014	0.0029	0.0062	ASX200		7,275
						Dow Jones		34,211
						S&P 500		4,265
						FTSE100		7,110
						DAX 30		15,589
						Nikkei		28,875
						COMMODITIES		
								USD
						Dubai Light		72.99
						Brent Crude		75.56
						Gold		1,774.37
						Silver		25.88
						CRB Index		222.66

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.29%	0.25%	0.01%	0.03%
90 day bank bills	0.35%	0.31%	0.05%	0.01%
FRA 90d in 3mths	0.40%	0.37%	0.07%	0.04%
FRA 180d in 6mths	0.56%	0.53%	0.15%	0.14%
1 year swap	0.47%	0.45%	0.09%	0.07%
2 year swap	0.73%	0.71%	0.26%	0.23%
3 year swap	0.98%	0.96%	0.46%	0.45%
5 year swap	1.37%	1.34%	0.88%	0.83%
10 year swap	1.91%	1.89%	1.58%	1.56%
10 year Govt bond		1.77%		1.57%

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