

Market Alert

Tuesday 29 June 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7042	-0.0006
NZD/AUD	0.9308	-0.0013
NZD/JPY	77.88	-0.19
NZD/EUR	0.5905	-0.0027
NZD/GBP	0.5076	-0.0006
NZD/CNH	4.5495	0.0539
AUD/USD	0.7566	0.0005
AUD/EUR	0.6344	-0.0020
EUR/USD	1.1925	0.0045
USD/CNH	6.4610	0.0818
GBP/USD	1.3873	0.0005
EUR/GBP	0.8596	0.0029

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.34%	0.03%
2 year swap	0.79%	0.27%
10 year Govt	1.83%	1.58%

Is it time for a few headlines, Mr Orr?

He's been quiet for a while, so today may be the day for a few headlines with RBNZ Governor, Adrian Orr, due to release the RBNZ's *Statement of Intent* ("SOI") at 2:00pm, followed by a speech at the Mindful Money Awards at 4:10pm.

According to the RBNZ, the SOI will "set out our strategic priorities for the next three years and outline how we will continue our role as kaitiaki of New Zealand's financial ecosystem."

Overnight we also had a few remarks from Fed members covering the housing market, employment, inflation, and even the cryptos, so there wasn't a lot left for the other members to talk about! First up was Boston Fed President, Eric Rosengren, with "you don't want too much exuberance in the housing market. The US can't afford a boom and bust cycle in housing market. Not saying that there will be a bust, (but) such cycles have occurred multiple times, and are a source of financial stability concern."

Eric was then followed by Randal Quarles who "doesn't think we need to see participation return to pre-covid levels because of baby boomer retirements. The Fed looks at a variety of labour measures (and the Fed has not identified a specific target for maximum employment." Randal then had a little pop at the cryptos with, "it seems unlikely that the US dollar's status would be threatened by a foreign central bank digital currency."

Finally, Fed member, Tom Barkin, chimed in saying "I expect inflation to moderate over time to normal levels. The TIPS market is showing inflation at about 2%. I don't know how long supply chain shortages will last (although we) should see the workforce expand in September."

In Europe, Jens Weidmann, head of the Bundesbank has called on the ECB to scale back bond purchases as "inflation is

not dead" amid warnings of rising energy prices. Meanwhile, Angela Merkel, the German Chancellor, wants to ban all travellers from the UK from entering the EU. To be fair, can you really blame her?

The Baltic Dry shipping index advanced 2.1% to its highest since June of 2010, with the 2 main coal and iron ore indexes; the panamax index, which tracks cargoes of 60,000 to 70,000 tonnes, surging 5.1%, while the capesize index, measuring cargos of 150,000-tonnes, was up 0.9%.

Markets-wise, the Nasdaq hit a fresh record high, although indexes were generally off 0.25%-0.75%, while bond yields were lower with the T-bond at 1.48%. Oil, the NZD, AUD, and EUR were all marginally weaker as well.

The news in brief

Singapore and the UK have launched talks on a digital trade agreement. Chinese authorities have ordered Tesla to recall more than 280,000 cars in order to fix an issue with the vehicle autopilot systems. Facebook has won two antitrust monopoly lawsuits. A new study has found China's online capabilities have been 'exaggerated' and is at least a decade behind the US. And finally, a second Deutsche Bank precious metals trader has been convicted of "spoofing" and sentenced to a year in jail.



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Daily Rates

Tuesday 29 June 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	74.13					CAD	0.8692	0.9338
NZD/USD	0.7042	0.0000	-0.0002	-0.0006	-0.0021	CHF	0.6475	0.6957
NZD/AUD	0.9308	-0.0002	-0.0006	-0.0013	-0.0035	CNY	4.5475	4.8858
NZD/JPY	77.88	-0.03	-0.08	-0.19	-0.55	DKK	4.3909	4.7175
NZD/EUR	0.5905	-0.0004	-0.0013	-0.0027	-0.0064	FJD	1.4492	1.5570
NZD/GBP	0.5076	-0.0001	-0.0002	-0.0006	-0.0018	HKD	5.4654	5.8720
						KRW	795.58	854.77
AU TWI	63.30					MYR	2.9275	3.1453
AUD/USD	0.7566	0.0001	0.0003	0.0005	0.0006	NOK	6.0045	6.4512
AUD/NZD	1.0744	0.0002	0.0007	0.0015	0.0041	SEK	5.9953	6.4413
AUD/JPY	83.68	-0.01	-0.04	-0.08	-0.27	SGD	0.9457	1.0160
AUD/EUR	0.6344	-0.0003	-0.0010	-0.0020	-0.0045	TWD	19.71	21.18
AUD/GBP	0.5454	0.0000	0.0001	0.0002	0.0001	ZAR	10.0362	10.7829
USD Index	91.89							
EUR/USD	1.1925	0.0008	0.0022	0.0045	0.0095	EQUITIES		
USD/JPY	110.61	-0.03	-0.09	-0.18	-0.46			Index
GBP/USD	1.3873	0.0002	0.0003	0.0005	0.0009	NZX50		12,604
EUR/GBP	0.8596	0.0005	0.0014	0.0029	0.0063	ASX200		7,307
						Dow Jones		34,282
						S&P 500		4,288
						FTSE100		7,073
						DAX 30		15,554
						Nikkei		29,048
						COMMODITIES		
								USD
						Dubai Light		73.29
						Brent Crude		74.67
						Gold		1,779.32
						Silver		26.10
						CRB Index		224.18

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	0.36%	0.32%	0.05%	0.01%
FRA 90d in 3mths	0.43%	0.40%	0.08%	0.05%
FRA 180d in 6mths	0.65%	0.62%	0.17%	0.15%
1 year swap	0.51%	0.49%	0.10%	0.08%
2 year swap	0.80%	0.78%	0.28%	0.26%
3 year swap	1.05%	1.02%	0.49%	0.47%
5 year swap	1.42%	1.39%	0.91%	0.83%
10 year swap	1.95%	1.93%	1.59%	1.58%
10 year Govt bond		1.81%		1.58%

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