

Market Alert

Tuesday 8 June 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7236	-0.0006
NZD/AUD	0.9327	-0.0013
NZD/JPY	79.04	-0.18
NZD/EUR	0.5934	-0.0026
NZD/GBP	0.5102	-0.0005
NZD/CNH	4.6211	0.0503
AUD/USD	0.7759	0.0005
AUD/EUR	0.6363	-0.0019
EUR/USD	1.2194	0.0043
USD/CNH	6.3863	0.0746
GBP/USD	1.4184	0.0001
EUR/GBP	0.8597	0.0030

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.32%	0.03%
2 year swap	0.58%	0.17%
10 year Govt	1.84%	1.64%

The range remains the same

Last week, the struggle between USD bulls and bears was particularly relevant for the NZD and created a whippy week of trading activity.

This saw the NZD/USD fall from its high of 0.7288 at the start of the week, to hit a low of 0.7126 following release of the ADP labour report, however, bearish bets were soon scaled back completely as the weaker-than-expected US jobs report came out at 559,000, which saw the NZD start to recover back to mid-range levels.

So, to summarise, a choppy week that saw the NZD/USD hit the highs and lows of its range, but ultimately we start this week still within our range!

A lot of this movement has been driven by moves in the US dollar index and the US 10 year treasury yield as fears of rising inflation within the US economy are driving directional flows as expectations ebb and flow that the Federal Reserve will keep interest rates near zero for the foreseeable future despite the concerns surrounding inflation.

Unfortunately, there wasn't any data overnight to support a bias in either direction. In the US, April consumer credit printed at USD18.6 billion against a forecast USD22.0 billion.

Factory orders in Germany unexpectedly fell 0.2% from the month of April, following on from March's upwardly revised 3.9%, while the miss-aligned data from China showed that exports grew at 27.9% to USD263.92 billion in the year to May, and while this may sound great, it was behind April's 32.2% and well below market forecasts of a 32.1% gain.

Meanwhile, Chinese imports increased 51.1% year on year in dollar terms, growing at their fastest rate since January 2011, although it was slower than the forecast 51.5% increase.

In local news, New Zealanders spend extra NZD1.1 billion on domestic tourism after last year's lock downs, although the housing story isn't going away after QV

data showed the average house value increased 8.8% over the three months to May, which compares with the previous 8.9% lift for the three months to April.

This saw equity markets start the week in mixed territory as buyers stood on the sidelines. There were mild sparks of enthusiasm as news of the global minimum corporate tax rate appeared to gain traction on rumours the G7 plans to target Amazon with its new global corporate tax plan, although the lingering inflation story and a lack of market-moving data contributed to the general malaise.

In commodities, copper futures were trading close to 5 week lows on the poor Chinese export data, with the weakness felt across most products, while bond yields are stagnant with the US 10 year Treasury bond at 1.57% and the German 10 year bund at -0.20%. As previously mentioned, the NZD and AUD, after last weeks volatility, remain stable within their ranges.

Up, up and away

Jeff Bezos is booked to fly on Blue Origin's first space flight scheduled for the 20 July, a mere 15 days after he's expected to step down as Amazon CEO. Rumour has it that unless Amazon agrees to the new global corporate rate, the G7 plan to leave him up there!



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Daily Rates

Tuesday 8 June 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	75.06					CAD	0.8744	0.9375
NZD/USD	0.7236	-0.0001	-0.0003	-0.0006	-0.0016	CHF	0.6493	0.6961
NZD/AUD	0.9327	-0.0002	-0.0007	-0.0013	-0.0029	CNY	4.6314	4.9658
NZD/JPY	79.04	-0.03	-0.09	-0.18	-0.47	DKK	4.4130	4.7317
NZD/EUR	0.5934	-0.0004	-0.0013	-0.0026	-0.0057	FJD	1.4736	1.5800
NZD/GBP	0.5102	-0.0001	-0.0002	-0.0005	-0.0012	HKD	5.6147	6.0201
						KRW	803.69	861.73
AU TWI	63.70					MYR	2.9524	3.1655
AUD/USD	0.7759	0.0001	0.0003	0.0005	0.0007	NOK	5.9796	6.4114
AUD/NZD	1.0722	0.0003	0.0008	0.0015	0.0033	SEK	5.9755	6.4070
AUD/JPY	84.75	-0.01	-0.03	-0.07	-0.24	SGD	0.9569	1.0260
AUD/EUR	0.6363	-0.0003	-0.0009	-0.0019	-0.0041	TWD	20.05	21.50
AUD/GBP	0.5470	0.0001	0.0002	0.0003	0.0004	ZAR	9.7942	10.5014
USD Index	89.95							
EUR/USD	1.2194	0.0007	0.0022	0.0043	0.0091	EQUITIES		
USD/JPY	109.24	-0.03	-0.08	-0.16	-0.41		Index	
GBP/USD	1.4184	0.0001	0.0001	0.0001	0.0003	NZX50	12,496	
EUR/GBP	0.8597	0.0005	0.0015	0.0030	0.0062	ASX200	7,282	
						Dow Jones	34,601	
						S&P 500	4,226	
						FTSE100	7,077	
						DAX 30	15,677	
						Nikkei	29,019	
						COMMODITIES		
							USD	
						Dubai Light	69.14	
						Brent Crude	71.44	
						Gold	1,899.68	
						Silver	27.88	
						CRB Index	222.68	

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	0.36%	0.31%	0.05%	0.02%
FRA 180d in 6mths	0.45%	0.42%	0.12%	0.11%
1 year swap	0.38%	0.35%	0.06%	0.05%
2 year swap	0.59%	0.57%	0.17%	0.16%
3 year swap	0.86%	0.83%	0.36%	0.34%
5 year swap	1.31%	1.29%	0.84%	0.78%
10 year swap	2.01%	1.99%	1.68%	1.66%
10 year Govt bond		1.84%		1.64%

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