

# Market Alert

Tuesday 10 August 2021

CURRENCIES	Spot	6mths
NZD/USD	0.6992	-0.0019
NZD/AUD	0.9539	-0.0035
NZD/JPY	77.14	-0.36
NZD/EUR	0.5958	-0.0040
NZD/GBP	0.5050	-0.0016
NZD/CNH	4.5342	0.0534
AUD/USD	0.7330	0.0006
AUD/EUR	0.6246	-0.0019
EUR/USD	1.1735	0.0047
USD/CNH	6.4853	0.0946
GBP/USD	1.3847	0.0006
EUR/GBP	0.8475	0.0030

  

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.65%	0.02%
2 year swap	1.27%	0.25%
10 year Govt	1.80%	1.21%

## There are still openings for those that want to work!

Even though Friday's non-farm numbers exceeded expectations, the number of job openings in the US rose by 590,000 from a month earlier to a series high of 10.073 million in June, and well above market expectations of 9.281 million, adding to labour supply constraints as the US seeks to consolidate its recovery. And, as we're seeing in New Zealand, the median year-ahead inflation expectations consolidated at a series high of 4.8% in July, while expectations for inflation over the next 3-years rose to 3.7%, from last month's 3.6%, to reach the index's highest level since August 2013.

The Richmond Fed president, Tom Barkin, was on the newswires announcing the "demand for labour continues to outpace the supply of people willing to work. Current pressure on wages is intense at the lower levels of the pay scale. The inflation expectations near target, supporting the idea that recent inflation rates are temporary. The Fed has made substantial further progress toward taper benchmark." Mind you, the Atlanta Fed President, Raphael Bostic, was even more hawkish stating, "The US needs to be 'well beyond the crisis' before raising interest rates, (although I) suspect rates could rise in late 2022 as substantial further progress on inflation has effectively been met. Would be in favour of completing the taper in a shorter period (as the) Fed could start taper between Oct and Dec but I open to moving it forward."

China's July CPI printed at +1.0% on the year, against an expected 0.8%, while factory gate inflation, or PPI, jumped +9.0% over the same period against a forecast of +8.8%. But while this is mildly positive, Goldman Sachs has cut its forecast for China Q3 GDP "by 3.5% to 2.3% for the quarter (vs. 5.8% previously). For the full year it's been lowered to 8.3% (from 8.6%)." In saying this, Goldman's sees a bounce in Q4 to 8.5% on the quarter from 5.8%.

So, while financial markets took last night's data releases and Fed member comments at face value, which saw equity markets consolidate at record highs, overnight it was all about commodities. It started in our time zone

when gold sold-off -4.4%, while oil was under the pump off -1.9%. And while gold clawed back some of its early losses to be off just -1.9% around the USD1,725.00 level, oil remains off -2.0% with crude at USD66.82 and Brent at USD69.25. The US dollar was mixed on the US open, but as Treasury yields turned positive, the greenback edged higher which saw the NZD crack below the 0.7000 level while the AUD remains stuck at 0.7335. The 10-year treasury yield firmed to its highest level since mid-July at 1.32%.

## If you keep buying your own shares, of course the price will go up!

Berkshire Hathaway re-purchased USD6 billion of its Berkshire stock, which was its fourth-biggest quarterly buy-back since 2018. In saying that, Berkshire was a net seller of other stocks on their portfolio for the third quarter in a row, selling USD1.1 billion.

Finally, the US Senate is set to pass its USD1trillion infrastructure package in a bipartisan vote.



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# Daily Rates

Tuesday 10 August 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	74.47					CAD	0.8795	0.9220
NZD/USD	0.6992	-0.0001	-0.0007	-0.0019	-0.0055	CHF	0.6435	0.6746
NZD/AUD	0.9539	-0.0003	-0.0013	-0.0035	-0.0086	CNY	4.5357	4.7548
NZD/JPY	77.14	-0.03	-0.13	-0.36	-0.91	DKK	4.4312	4.6454
NZD/EUR	0.5958	-0.0005	-0.0017	-0.0040	-0.0093	FJD	1.4626	1.5333
NZD/GBP	0.5050	-0.0001	-0.0006	-0.0016	-0.0039	HKD	5.4419	5.7048
						KRW	800.16	838.83
AU TWI	61.60					MYR	2.9630	3.1062
AUD/USD	0.7330	0.0001	0.0003	0.0006	0.0008	NOK	6.2539	6.5561
AUD/NZD	1.0483	0.0004	0.0015	0.0038	0.0095	SEK	6.0888	6.3830
AUD/JPY	80.87	-0.01	-0.02	-0.09	-0.23	SGD	0.9492	0.9950
AUD/EUR	0.6246	-0.0003	-0.0009	-0.0019	-0.0042	TWD	19.54	20.49
AUD/GBP	0.5293	0.0000	0.0001	0.0002	0.0006	ZAR	10.3351	10.8346
USD Index	92.97							
EUR/USD	1.1735	0.0007	0.0021	0.0047	0.0092	<b>EQUITIES</b>		
USD/JPY	110.34	-0.03	-0.08	-0.21	-0.43		<b>Index</b>	
GBP/USD	1.3847	0.0001	0.0002	0.0006	-0.0002	NZX50	12,701	
EUR/GBP	0.8475	0.0005	0.0014	0.0030	0.0067	ASX200	7,538	
						Dow Jones	35,100	
						S&P 500	4,434	
						FTSE100	7,132	
						DAX 30	15,745	
						Nikkei	27,820	
						<b>COMMODITIES</b>		
							<b>USD</b>	
						Dubai Light	70.20	
						Brent Crude	69.25	
						Gold	1,728.86	
						Silver	23.47	
						CRB Index	224.98	

  

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.50%	0.46%	-0.01%	0.02%
90 day bank bills	0.67%	0.63%	0.04%	-0.01%
FRA 90d in 3mths	1.02%	0.98%	0.05%	0.02%
FRA 180d in 6mths	1.31%	1.28%	0.12%	0.11%
1 year swap	1.07%	1.04%	0.07%	0.05%
2 year swap	1.28%	1.25%	0.26%	0.24%
3 year swap	1.42%	1.40%	0.45%	0.44%
5 year swap	1.62%	1.60%	0.76%	0.74%
10 year swap	1.95%	1.92%	1.34%	1.33%
10 year Govt bond		1.78%		1.21%

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