

Market Alert

Thursday 26 August 2021

CURRENCIES	Spot	6mths
NZD/USD	0.6980	-0.0013
NZD/AUD	0.9590	-0.0027
NZD/JPY	76.80	-0.30
NZD/EUR	0.5930	-0.0035
NZD/GBP	0.5073	-0.0012
NZD/CNH	4.5161	0.0549
AUD/USD	0.7279	0.0007
AUD/EUR	0.6184	-0.0019
EUR/USD	1.1771	0.0048
USD/CNH	6.4704	0.0904
GBP/USD	1.3761	0.0007
EUR/GBP	0.8554	0.0031

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.46%	0.01%
2 year swap	1.27%	0.23%
10 year Govt	1.75%	1.16%

Treading water ahead of ...

A day out from Jackson Hole, the markets were quiet, and quite frankly, there is nothing else to do but wait and see! While inflation is going to be the 'elephant-in-the-zoom-call' the markets will ultimately be waiting to see if Fed Chair, Jerome Powell, provides any hints or comments as to how and when US officials will start scaling back their bond buying programme.

Bond markets spent the overnight sessions adjusting positions ahead of Friday with the 10-year yield 6 pips higher in Germany at -0.42%, while the US yield rose 5 pips to 1.345%.

Interestingly, while the USD was largely unchanged and the AUD and EUR were modestly higher, the NZD had another strong session jumping up 0.5%. Equity and commodity markets also made modest gains throughout the overnight sessions although iron ore and US gasoline each rallied 5.0%.

Breaking the overnight action down ... New orders for US manufactured durable goods printed at -0.1% for the month of July, after rising 0.8% in June. The fall was less than the -0.3% expected although it is the first decline in 3 months. The German IFO business climate indicator also fell to a 3-month low of 99.4 in August, which was well below market forecasts of 100.4, as "supply bottlenecks for intermediate products in manufacturing and worries about rising infection numbers are putting a strain on the economy."

The New Zealand trade balance for July took a bit of a hit to be the first negative print since January coming in at -NZD402 million after exports fell NZD200 million while imports jumped NZD470 million. Australia Q2 construction work was up 0.8% q/q (vs. expected 2.5% and prior 2.4%)

Reuters has announced that the US has given approval for Huawei to buy "hundreds of millions of dollars" of chips for its growing automobile businesses. And while this could be seen as a positive for US-China relations, the fact is the current semi-conductor shortage is set to worsen

into year-end as European and Japanese car companies close plants and scale back production. Quite simply, the US is authorising the sale of something it doesn't currently have!

Bank of Japan member, Toyooki Nakamura, announced "the economy in a severe state but picking up as a trend."

The best of the rest

Ningbo, the world's third-largest container port, re-opened its closed Meishan terminal today after a 2 week suspension of operations now that they've beaten COVID-19 (again).

In the first, 'get vaccinated or get a new job', situations that we've come across, Delta Air Lines are to impose a US\$200 a month surcharge on unvaccinated staff, while Deutsche Bank will only allow those employees that are fully vaccinated back into its US trading rooms.

Chinese authorities have approved sweeping privacy laws that curb the data collected by technology companies. Do you think the FAANG's are concerned?

This sounds remarkably familiar ... Canadian PM, Justin Trudeau, is proposing 'fixing' his country's housing bubble with further government intervention. Mind you, he has vowed to implement a 3.0% surcharge on Canadian bank profits above CAD3 billion!

Stay safe, keep on smiling, and hey, let's be careful out there!



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	74.35					CAD	0.8790	0.9166
NZD/USD	0.6980	0.0000	-0.0003	-0.0013	-0.0047	CHF	0.6378	0.6651
NZD/AUD	0.9590	-0.0001	-0.0008	-0.0027	-0.0078	CNY	4.5204	4.7139
NZD/JPY	76.80	-0.02	-0.09	-0.30	-0.83	DKK	4.4100	4.5987
NZD/EUR	0.5930	-0.0004	-0.0014	-0.0035	-0.0087	FJD	1.4599	1.5223
NZD/GBP	0.5073	0.0000	-0.0003	-0.0012	-0.0034	HKD	5.4336	5.6662
						KRW	815.00	849.89
AU TWI	60.70					MYR	2.9277	3.0530
AUD/USD	0.7279	0.0001	0.0003	0.0007	0.0010	NOK	6.1447	6.4077
AUD/NZD	1.0428	0.0002	0.0009	0.0029	0.0086	SEK	6.0656	6.3252
AUD/JPY	80.09	-0.01	-0.03	-0.09	-0.21	SGD	0.9443	0.9847
AUD/EUR	0.6184	-0.0003	-0.0009	-0.0019	-0.0041	TWD	19.43	20.26
AUD/GBP	0.5289	0.0000	0.0001	0.0003	0.0008	ZAR	10.4379	10.8847
USD Index	92.86							
EUR/USD	1.1771	0.0007	0.0022	0.0048	0.0094	EQUITIES		
USD/JPY	110.04	-0.02	-0.08	-0.23	-0.45		Index	
GBP/USD	1.3761	0.0001	0.0002	0.0007	0.0000	NZX50	13,173	
EUR/GBP	0.8554	0.0005	0.0014	0.0031	0.0069	ASX200	7,532	
						Dow Jones	35,421	
						S&P 500	4,498	
						FTSE100	7,150	
						DAX 30	15,861	
						Nikkei	27,725	
						COMMODITIES		
							USD	
						Dubai Light	68.31	
						Brent Crude	72.23	
						Gold	1,791.09	
						Silver	23.85	
						CRB Index	230.33	

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.31%	0.27%	0.00%	0.02%
90 day bank bills	0.48%	0.44%	0.03%	-0.01%
FRA 90d in 3mths	0.85%	0.82%	0.04%	0.01%
FRA 180d in 6mths	1.27%	1.22%	0.10%	0.09%
1 year swap	0.95%	0.93%	0.07%	0.03%
2 year swap	1.28%	1.26%	0.24%	0.22%
3 year swap	1.45%	1.42%	0.43%	0.42%
5 year swap	1.63%	1.61%	0.77%	0.68%
10 year swap	1.94%	1.91%	1.34%	1.33%
10 year Govt bond		1.73%		1.16%

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