

# Market Alert

Friday 6 August 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7059	-0.0018
NZD/AUD	0.9533	-0.0032
NZD/JPY	77.46	-0.34
NZD/EUR	0.5964	-0.0038
NZD/GBP	0.5067	-0.0015
NZD/CNH	4.5606	0.0521
AUD/USD	0.7404	0.0006
AUD/EUR	0.6255	-0.0019
EUR/USD	1.1837	0.0046
USD/CNH	6.4612	0.0903
GBP/USD	1.3933	0.0006
EUR/GBP	0.8496	0.0029

  

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.65%	0.02%
2 year swap	1.24%	0.23%
10 year Govt	1.71%	1.16%

## BoE steady as she blows

The Bank of England left both its cash rate at 0.1% and its bond-buying program unchanged, which was widely expected despite forecasts of a strong economic recovery in 2021 and a jump in inflation.

Policymakers reiterated that they do not intend to tighten monetary policy until there is clear evidence that significant progress has been made in eliminating spare capacity in the economy and in achieving their 2.0% inflation target sustainably. However, the central bank noted that some modest reduction in its crisis-era stimulus might be necessary over the next two years.

In the US, the number of Americans filing for new unemployment benefits eased to 385,000 which was broadly in line with market expectations of 384,000. And while this is mildly positive, the number of initial claims remains markedly elevated compared to the weekly average of just over 200,000 in 2019.

In other releases, the Atlanta Fed GDP estimate for Q3 growth dipped to 6.1% from 6.3%, while the US trade balance widened to a new record of USD75.7 billion in June.

We also had a couple of quotes from Fed members with Christopher Waller stating *"The US economy has really lost 20 million jobs in terms of people who will come back. My base case is that inflation will pull back (although) the Fed may be able to pull back on the accommodative monetary policy sooner than some think."*

Meanwhile, San Francisco President, Mary Daly, announced the *"rise in house price will resolve as more supply comes online"* while she also added her modelling suggests *"that the Fed will be able to taper later this year, or early next year."*

The worrying rise in Chinese COVID-19 infections has led to China's National Petroleum Corporation warning of a 5.0% decline in short term oil demand.

Meanwhile, for the first time in a decade, China has released some of its strategic metal stocks to try to dampen hard commodity prices. Analysts, using some 'astute' modelling, or guessing as it is

sometimes referred to, estimate China is currently holding 1.5-2 million tonnes of copper, 800,000-900,000 tonnes of aluminum, 250,000-400,000 tonnes of zinc, and 7,000 tonnes of the key battery metal cobalt.

The Brazilian central bank, Banco Central do Brasil, announced its fourth interest rate hike in 2021 and its biggest in almost two decades, hiking its benchmark interest rate by 100 basis points to 5.25%.

As they say, the trend is your friend, and after 42 months of Australian trade surpluses, the trend is definitely in place with June producing an AUD10.496 billion surplus! Exports were up 4.0% while imports rose by 1.0%.

Markets were buoyant overnight with equity and commodity markets a sea of green. The 10 year treasury yield popped above the 1.20% level for the first time in a few sessions, while the NZD was flat, and the AUD firmed.

## Check those card numbers

CNBC is reporting that 1 million global credit cards have been released on the dark web by a Russian organization. Check your card numbers as the released numbers are dated from 2018 and 2019.



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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	74.79					CAD	0.8821	0.9253
NZD/USD	0.7059	-0.0001	-0.0006	-0.0018	-0.0053	CHF	0.6397	0.6710
NZD/AUD	0.9533	-0.0002	-0.0012	-0.0032	-0.0082	CNY	4.5602	4.7836
NZD/JPY	77.46	-0.03	-0.12	-0.34	-0.87	DKK	4.4347	4.6519
NZD/EUR	0.5964	-0.0004	-0.0015	-0.0038	-0.0090	FJD	1.4659	1.5377
NZD/GBP	0.5067	-0.0001	-0.0005	-0.0015	-0.0038	HKD	5.4888	5.7576
						KRW	807.17	846.71
AU TWI	61.70					MYR	2.9763	3.1221
AUD/USD	0.7404	0.0001	0.0003	0.0006	0.0008	NOK	6.2174	6.5220
AUD/NZD	1.0490	0.0003	0.0013	0.0035	0.0091	SEK	6.0793	6.3771
AUD/JPY	81.25	-0.01	-0.02	-0.08	-0.22	SGD	0.9536	1.0003
AUD/EUR	0.6255	-0.0003	-0.0009	-0.0019	-0.0041	TWD	19.61	20.57
AUD/GBP	0.5314	0.0000	0.0001	0.0002	0.0006	ZAR	10.2315	10.7327
USD Index	92.25							
EUR/USD	1.1837	0.0007	0.0021	0.0046	0.0091	<b>EQUITIES</b>		
USD/JPY	109.74	-0.02	-0.08	-0.21	-0.42			<b>Index</b>
GBP/USD	1.3933	0.0001	0.0002	0.0006	-0.0001	NZX50		12,754
EUR/GBP	0.8496	0.0004	0.0014	0.0029	0.0066	ASX200		7,511
						Dow Jones		35,023
						S&P 500		4,423
						FTSE100		7,120
						DAX 30		15,745
						Nikkei		27,728
						<b>COMMODITIES</b>		
								<b>USD</b>
						Dubai Light		69.42
						Brent Crude		71.23
						Gold		1,804.76
						Silver		25.15
						CRB Index		228.66

  

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.48%	0.44%	0.02%	0.02%
90 day bank bills	0.67%	0.63%	0.04%	-0.01%
FRA 90d in 3mths	1.01%	0.98%	0.05%	0.02%
FRA 180d in 6mths	1.03%	1.00%	0.12%	0.11%
1 year swap	1.01%	0.99%	0.07%	0.05%
2 year swap	1.25%	1.23%	0.24%	0.22%
3 year swap	1.38%	1.36%	0.42%	0.40%
5 year swap	1.56%	1.54%	0.74%	0.64%
10 year swap	1.87%	1.85%	1.29%	1.27%
10 year Govt bond		1.69%		1.16%

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