

Market Alert

Tuesday 13 September 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6133	0.0002
NZD/AUD	0.8912	-0.0029
NZD/JPY	87.61	-1.79
NZD/EUR	0.6065	-0.0075
NZD/GBP	0.5252	-0.0017
NZD/CNH	4.2075	-0.0197
AUD/USD	0.6883	0.0024
AUD/EUR	0.6803	-0.0064
EUR/USD	1.0114	0.0129
USD/CNH	6.9194	-0.0342
GBP/USD	1.1677	0.0037
EUR/GBP	0.8660	0.0081

INT RATES	NZ	Australia
OCR/Cash	3.00%	2.35%
90 day bills	3.61%	2.72%
2 year swap	4.17%	3.54%
10 year Govt	4.02%	3.71%

At least consumers are feeling good!

Ahead of tonight's CPI release, US consumers are starting to become optimistic! Consumer inflation expectations for the year ahead are lowering to 5.75% in August from July's 6.2% in what was the survey's lowest level in 10 months. Three-year expectations also fell to a two-year low at 2.80%, while they also saw a lower possibility of losing a job and higher likelihood of finding a job, if needed. Mind you, consumers always tend to view the future through rose-

tinted glasses, whereas economists tend to be a lot more pragmatic!

ECB 'sources' have been busy 'leaking' news into the public domain suggesting policymakers see a growing probability that rates will move into "restrictive territory," suggesting they may raise rates to 2.0% or more to curb inflation. Meanwhile, ECB Vice President, Luis de Guindos, stated "we decided to raise rates by 75bps and have announced that we'll continue to raise. How many times we do so and by how much, will depend fundamentally on data," while Germany's current account surplus narrowed to EUR5 billion in July from June's EUR20.7 billion surplus.

The UK economy expanded 0.2% in July, rebounding from June's 0.6% fall, although it was below market forecasts of a 0.4% rise. The services sector was the main driver of the expansion, while a 0.3% contraction in production was driven by electricity and gas shortages.

The NZIER survey showed economists have downgraded their forecasts for NZ economic growth, and the NZD, as "annual GDP growth is expected to ease to below 3.0% for the years ending March 2024 and March 2025, before increasing to just above 2.0 in the subsequent year. Annual CPI inflation was hiked to 7.3% in the year to June 2022 (although) it is expected to moderate to 4.8% in 2023 and ease to 2.1% in 2026. The NZD TWI has been revised lower through to 2025 (as) most major central banks around the

world have also increased their interest rates reducing the yield attractiveness of NZD-denominated assets."

While JPY traders are "gunning for 147" in USD/JPY, Japan's deputy chief cabinet secretary suggested the Japanese government must take steps to counter excessive declines in the JPY stating, "as for excessive, one-sided currency moves, we will closely watch developments and must take steps as needed."

Goldman Sachs is targeting up to 5.0% of job cuts, making it the first major Wall Street firm to take steps to rein in expenses amid a collapse in deal volumes. Australian billionaire, Mike Cannon-Brookes, is threatening to target more major polluters after he forced a strategy overhaul at AGL Energy.

Lithium carbonate prices have surged 80.0% this year as surging demand for electric vehicles coincided with lower supply while the energy crisis brought upon by the Chinese heat wave led to lithium producers suspending operations.

Equity markets continued their positive trend as consumer optimism implied cooling inflation may lead the Fed to ease their projected pace of monetary tightening later this year. The tepid US 10-year treasury auction saw yields move higher, with the T-bond 5bps higher at 3.35%, while the USD-index eased back to its first major support level, and the NZD and AUD make modest gains.



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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	70.80					CAD	0.7964	0.8939
NZD/USD	0.6133	0.0000	0.0000	0.0002	0.0000	CHF	0.5850	0.6567
NZD/AUD	0.8912	-0.0005	-0.0014	-0.0029	-0.0044	CNY	4.2596	4.7672
NZD/JPY	87.61	-0.24	-0.78	-1.79	-3.77	DKK	4.5082	5.0596
NZD/EUR	0.6065	-0.0012	-0.0037	-0.0075	-0.0137	FJD	1.3429	1.5071
NZD/GBP	0.5252	-0.0004	-0.0010	-0.0017	-0.0017	HKD	4.8135	5.4021
						KRW	842.92	946.00
AU TWI	63.20					MYR	2.7614	3.0991
AUD/USD	0.6813	0.0003	0.0011	0.0024	0.0025	NOK	6.0464	6.7858
AUD/NZD	0.6535	0.0005	0.0016	0.0030	0.0044	SEK	6.4403	7.2269
AUD/JPY	98.30	-0.22	-0.73	-1.71	-3.82	SGD	0.8564	0.9611
AUD/EUR	0.6803	-0.0010	-0.0032	-0.0064	-0.0123	TWD	18.93	21.25
AUD/GBP	0.5894	-0.0001	-0.0002	-0.0001	0.0008	ZAR	10.51	11.79
USD Index	108.33					EQUITIES		
EUR/USD	1.0114	0.0020	0.0062	0.0129	0.0228		Index	
USD/JPY	142.81	-0.39	-1.28	-2.97	-6.19	NZX50	11,813	
GBP/USD	1.1677	0.0007	0.0020	0.0037	0.0031	ASX200	6,965	
EUR/GBP	0.8660	0.0011	0.0037	0.0081	0.0168	Dow Jones	32,371	
						S&P 500	4,107	
INTEREST RATES						FTSE100	7,473	
		New Zealand		Australia		DAX 30	13,402	
		Mid		Mid		Nikkei	28,542	
30 day bank bills		3.24%		2.38%		COMMODITIES		
90 day bank bills		3.61%		2.72%			USD	
1 year swap		4.14%		3.38%		Brent Crude	94.20	
2 year swap		4.17%		3.54%		Gold	1,724.15	
3 year swap		4.13%		3.57%		Silver	19.74	
5 year swap		4.05%		3.64%		Iron Ore	100.21	
10 year swap		4.09%		3.92%		CRB Index	308.38	
3 year Govt bond		3.85%		3.24%			NZD	
5 year Govt bond		3.88%		3.40%		NZ Carbon	85.00	
10 year Govt bond		4.02%		3.71%				

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