

Market Alert

Monday 26 June 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6173	-0.0006
NZD/AUD	0.9139	-0.0049
NZD/JPY	88.40	-2.64
NZD/EUR	0.5635	-0.0055
NZD/GBP	0.4842	-0.0002
NZD/CNH	4.4432	-0.0711
AUD/USD	0.6755	0.0029
AUD/EUR	0.6164	-0.0029
EUR/USD	1.0955	0.0097
USD/CNH	7.1964	-0.1082
GBP/USD	1.2745	-0.0011
EUR/GBP	0.8595	0.0081

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.10%
90 day bills	5.71%	4.33%
2 year swap	5.41%	4.47%
10 year Govt	4.58%	4.04%

Another fantastic Glastonbury weekend ...

... which highlighted the fact the Foo Fighters are brilliant, Guns and Roses are far too old, and that I don't understand 'young people's' music! And what about Lewis Capaldi ... bless him! Once again, the Crusaders peaked at the right time of the year ... for the Super Pacific final, but let's hope those players are able to carry that momentum through until 29 October! And it must be said, there were a few good tries in the league over the weekend as well!

If I could, I would make a few comments on the geo-political landscape, but with what's going on in Russia, I have absolutely no idea. The last I knew the

Wagner troops stopped their advance, allegedly within 125 miles of Moscow, but since then, all of the 'leaders' have adopted a low profile.

A return to 'risk-off'

Friday saw a concentrated bout of 'risk-off' pressures as recessionary fears reasserted themselves as poor data, Thursday's surprise rate hikes, and Fed Chair Jerome Powell's testimony all weighed. Global equity markets all closed -0.5% to -1.5% lower with the three US bourses snapping a 6-week winning streak. Commodity markets were stable, while global bond yields declined sharply with the US 2 and 10-year yields -5 and -6bps lower generating yields at 4.75% and 3.74%. The US Dollar-index continued its recovery from its 1-month lows, which saw its close below the 1.0900 level against the EUR, well below the 0.6700 level against the AUD, and the NZD/USD reach a low of 0.6117 before the pair firmed into the close.

Breaking Friday's data down, the US S&P composite PMI dropped to 53.0 in June, from May's 54.3, as factory production fell at its steepest rate since January while service sector activity expansion cooled from May's 13-month high. It was a similar situation with the Eurozone's composite PMIs, which fell from 52.8 to 50.3 in June, a 5-month low, as momentum in the services sector slowed while manufacturing continued

to contract, which was highlighted by the ongoing contraction of Germany's manufacturing PMIs which sank from 43.2 to 41.0 in June to record its eleventh consecutive month of contraction!

At least US Treasury Secretary Janet Yellen is feeling a tad more optimistic seeing a diminishing risk of a US recession and suggested that a slowdown in consumer spending may be the price to pay to contain inflation. While ECB VP Luis de Guindos suggested the central bank is "entering the final stretch" of its tightening cycle as their policies "will help" decelerate core inflation.

The week ahead.

Volatility will likely remain elevated this week as we await the release of the latest US 'Bank Stress Test' results. We also have the ECB's 'Forum on Central Banking' in Portugal where Jerome Powell and Christine Lagarde will speak. Other US releases include PCE inflation, durable goods orders, the final GDP print, Michigan consumer confidence, home sales, and personal income and spending. We have inflation releases from Canada, the Eurozone, Germany, and France, German business and consumer confidence releases, Chinese manufacturing and non-manufacturing PMIs, Australian inflation and retail sales, and, finally, from New Zealand June's business confidence.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Monday 26 June 2023

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	71.60					CAD	0.8118	0.8885
NZD/USD	0.6173	-0.0001	-0.0003	-0.0006	-0.0015	CHF	0.5526	0.6047
NZD/AUD	0.9139	-0.0009	-0.0026	-0.0049	-0.0087	CNY	4.4295	4.8471
NZD/JPY	88.40	-0.42	-1.30	-2.64	-5.25	DKK	4.1960	4.5916
NZD/EUR	0.5635	-0.0010	-0.0029	-0.0055	-0.0110	FJD	1.3484	1.4755
NZD/GBP	0.4842	-0.0002	-0.0005	-0.0002	0.0005	HKD	4.8336	5.2893
						KRW	802.22	877.86
AU TWI	62.30					MYR	2.8692	3.1397
AUD/USD	0.6755	0.0005	0.0016	0.0029	0.0042	NOK	6.5685	7.1878
AUD/NZD	1.0938	0.0010	0.0030	0.0057	0.0093	SEK	6.6000	7.2223
AUD/JPY	96.71	-0.37	-1.16	-2.38	-4.86	SGD	0.8302	0.9085
AUD/EUR	0.6164	-0.0005	-0.0015	-0.0029	-0.0066	TWD	19.14	20.94
AUD/GBP	0.5298	0.0003	0.0010	0.0026	0.0055	ZAR	11.43	12.51
USD Index	102.42					EQUITIES		
EUR/USD	1.0955	0.0016	0.0050	0.0097	0.0184		Index	
USD/JPY	143.18	-0.65	-2.04	-4.10	-8.09	NZX50	11,739	
GBP/USD	1.2745	0.0003	0.0001	-0.0011	-0.0054	ASX200	7,196	
EUR/GBP	0.8595	0.0011	0.0034	0.0081	0.0180	Dow Jones	33,926	
						S&P 500	4,372	
INTEREST RATES			New Zealand		Australia	FTSE100	7,502	
			Mid		Mid	DAX 30	15,988	
30 day bank bills			5.63%		4.14%	Nikkei	33,265	
90 day bank bills			5.71%		4.33%	COMMODITIES		
1 year swap			5.78%		4.58%		USD	
2 year swap			5.41%		4.47%	Brent Crude	73.93	
3 year swap			5.04%		4.30%	Gold	1,914.29	
5 year swap			4.64%		4.11%	Silver	22.39	
10 year swap			4.46%		4.25%	Iron Ore	112.85	
3 year Govt bond			4.80%		4.01%	CRB Index	295.16	
5 year Govt bond			4.58%		3.94%		NZD	
10 year Govt bond			4.58%		4.04%	NZ Carbon	47.50	

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED