

Market Alert

Tuesday 27 June 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6166	-0.0006
NZD/AUD	0.9233	-0.0051
NZD/JPY	88.22	-2.61
NZD/EUR	0.5654	-0.0056
NZD/GBP	0.4849	-0.0001
NZD/CNH	4.4662	-0.0716
AUD/USD	0.6677	0.0029
AUD/EUR	0.6122	-0.0028
EUR/USD	1.0903	0.0095
USD/CNH	7.2455	-0.1093
GBP/USD	1.2713	-0.0012
EUR/GBP	0.8574	0.0081

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.10%
90 day bills	5.72%	4.37%
2 year swap	5.40%	4.38%
10 year Govt	4.56%	4.02%

The trend is your friend!

With last night's data predominately second tier, most markets reverted to trend which saw JPY selling continue. The NZD/JPY firmed to 88.50, and the AUD/JPY breached the 96.00 level, as both pairs approached 8-year highs. Interestingly, USD/JPY is lagging at the 143.50 level having peaked at 151.95 last year, which suggests there is the potential for further antipodean appreciation. Against the USD, the NZD and AUD cemented in yesterday's modest gains, while the NZD/AUD appears to content to consolidate above the 0.9200 level. Equity and commodity markets were mixed, although the NASDAQ shed -1.0% while oil firmed following the failed 'coup',

while bond yields eased lower with the US 2 and 10-years 2bp lower at 4.73% and 3.72% respectively.

In terms of the actual releases, Dallas' Feds general manufacturing index continued its worsening trend falling to -23.2 in June as contractions in production, new orders, and shipments weighed as did capacity utilisation. German IFO business confidence index fell for a second consecutive month from 91.7 to 88.5 in June. On a positive note, the German central bank, the Bundesbank, announced, "German inflation rate to slow further in coming months, and price pressure is to remain very high. The German economy is to bottom out, and slight GDP growth is expected in Q2. Industry continues to largely weather the decline in demand." Japan's PPI services index rose 1.6% in the 12-months to May, marking the 27th straight rise as severe shortages in the labour market and wage increases continued to impact. Lastly, the Pakistani central bank raised its key interest rate by 100bps to 22.0% in an emergency meeting to anchor inflation expectations.

In a summary from last week's BoJ meeting, one policymaker called for an early revision to its yield curve control, while there is a strong chance consumer inflation will moderate, it won't ease back below the 2.0% level before the middle of the current fiscal year. Meanwhile, Kanda San, Japan's Vice Finance Minister for International Affairs, warned, "we

will respond to FX moves if moves become excessive. FX should move stably reflecting fundamentals. We will not rule out any options and are focusing on FX moves rather than levels."

ECB Council member Gediminas Simkus announced, "at least one more rate hike is needed."

S&P cuts its China GDP forecast for 2023 from 5.5% to 5.2% and while the recovery should continue, it will be at an uneven pace.

UK Finance Minister, Jeremy Hunt, met with banks and building societies over the month to discuss the deepening British mortgage crisis after research think tank, NIESR, estimated that last week's UK 50bps rate hike will see 1.2 million households (4.0% of households nationwide) run out of savings by the end of the year.

You know when someone says "I promise" a little too much ...

President Putin has just given a speech announcing, "the organisers of the rebellion must know they will be brought to justice. The organisers of the rebellion, having betrayed the country, betrayed those who were with them. The Wagner military can conclude a contract with the Ministry of Defense, return home or go to Belarus. The choice is yours. I will keep my promise. I promise those of Wagner who want to go to Belarus, I will keep my promise."



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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	71.50					CAD	0.8107 0.8785
NZD/USD	0.6166	-0.0001	-0.0003	-0.0006	-0.0010	CHF	0.5521 0.5979
NZD/AUD	0.9233	-0.0009	-0.0027	-0.0051	-0.0092	CNY	4.4625 4.8323
NZD/JPY	88.22	-0.42	-1.30	-2.61	-5.22	DKK	4.2101 4.5589
NZD/EUR	0.5654	-0.0009	-0.0029	-0.0056	-0.0113	FJD	1.3525 1.4646
NZD/GBP	0.4849	-0.0002	-0.0004	-0.0001	0.0009	HKD	4.8282 5.2283
						KRW	804.86 871.56
AU TWI	61.80					MYR	2.8795 3.1182
AUD/USD	0.6677	0.0005	0.0016	0.0029	0.0042	NOK	6.6182 7.1667
AUD/NZD	1.0828	0.0010	0.0030	0.0057	0.0096	SEK	6.6175 7.1660
AUD/JPY	95.55	-0.36	-1.14	-2.32	-4.76	SGD	0.8344 0.9035
AUD/EUR	0.6122	-0.0004	-0.0014	-0.0028	-0.0064	TWD	19.12 20.71
AUD/GBP	0.5250	0.0003	0.0011	0.0028	0.0061	ZAR	11.50 12.46
USD Index	102.76					EQUITIES	
EUR/USD	1.0903	0.0016	0.0050	0.0095	0.0186		Index
USD/JPY	143.51	-0.65	-2.04	-4.09	-8.08	NZX50	11,639
GBP/USD	1.2713	0.0003	0.0002	-0.0012	-0.0063	ASX200	7,079
EUR/GBP	0.8574	0.0011	0.0036	0.0081	0.0188	Dow Jones	33,738
						S&P 500	4,343
INTEREST RATES			New Zealand		Australia	FTSE100	7,454
			Mid		Mid	DAX 30	15,813
30 day bank bills			5.63%		4.17%	Nikkei	32,699
90 day bank bills			5.72%		4.37%	COMMODITIES	
1 year swap			5.78%		4.52%		USD
2 year swap			5.40%		4.38%	Brent Crude	74.31
3 year swap			5.04%		4.18%	Gold	1,922.34
5 year swap			4.65%		4.06%	Silver	22.78
10 year swap			4.46%		4.20%	Iron Ore	112.65
3 year Govt bond			4.79%		3.98%	CRB Index	292.80
5 year Govt bond			4.57%		3.91%		NZD
10 year Govt bond			4.56%		4.02%	NZ Carbon	41.00

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