

Market Alert

Tuesday 25 July 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6196	-0.0001
NZD/AUD	0.9196	-0.0054
NZD/JPY	87.71	-2.61
NZD/EUR	0.5595	-0.0055
NZD/GBP	0.4834	-0.0002
NZD/CNH	4.4552	-0.0740
AUD/USD	0.6738	0.0037
AUD/EUR	0.6090	-0.0026
EUR/USD	1.1060	0.0104
USD/CNH	7.1887	-0.1176
GBP/USD	1.2814	0.0000
EUR/GBP	0.8631	0.0080

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.10%
90 day bills	5.70%	4.41%
2 year swap	5.47%	4.43%
10 year Govt	4.69%	4.05%

Manufacturing PMIs flash recessionary warnings while services turn lower!

New Zealand's trade surplus narrowed to NZD9m in June from a revised NZD52m in May, shrinking for the second straight month. Breaking it down, exports fell from a revised NZD6.97bn to NZD6.31bn, while imports fell from a revised NZD6.91bn to NZD6.3bn. On an annual basis, the 12-month trade deficit lifted to -NZD15,980m.

Australian manufacturing PMIs hit a 5-month high, rallying to 49.6 from 48.2, while services fell into contractionary territory, falling to 48.0 from 50.3. "The good news is that this gradual easing in activity will help take pressure off inflation and interest rates, but it will need to be

sustained for the rest of 2023 and into 2024. Results also suggest that the Australian economy remains on the 'narrow path' for a soft landing. The economy is still growing with no signs of impending recession."

The flash/preliminary PMI results from the northern hemisphere were actually quite horrific; German manufacturing PMIs dropped to 38.8 in July from the previous months 40.6, while services fell to from 54.1 to 52.0, which saw the composite plummet to 48.3. It was a similar situation in the wider Euro-zone, which saw manufacturing PMIs fall to 42.7 from June's 43.4, services ease to 51.1 from 52.0, and the composite collapse to 48.9 from 49.9. In the UK, manufacturing PMIs fell from 46.5 to 45.0, services dropped to 51.5 from 53.7, and the composite fell to 50.7.

Japanese manufacturing PMIs dropped to a 4-month low at 49.4, while the services fell to a 6-month low at 53.9. Currently the Japanese government expects CPI to track around 1.5% in fiscal year 2024.

US manufacturing PMIs increased to 49.0 in July from June's 6-month low at 46.3, while services eased to 52.4 from 54.0. This saw the US composite PMI decline to 52.0 from 53.2, but, in comparison to some of the other countries, the US results weren't too bad!

The tsunami of PMI prints saw global bond yields rally and the EUR plunge as the dire PMI data in Europe flashed a recession warning. The US 2 and 10-

year yields gapped 7bp and 4bp higher to yield 4.92% and 3.87%, while EUR/USD was the worst performer falling -0.65%. Against this the USD-index rallied for its 6th consecutive session to be trading above the 101.00 level after the US prints highlighted America is performing better than the other major economies, while US equity markets made further gains ahead of Alphabet's and Microsoft's releases tomorrow. The JPY also strengthened after Bloomberg reported the BoJ may raise its inflation outlook after Goldman and MUFG announced they expect the BoJ to 'tweak' their YCC measures this week. In amongst all of this, the NZD and AUD are unchanged from last nights close.

Come on the ladies!

Good luck to the Football Ferns for tonight's game against the Philippines, with a victory essentially guaranteeing the team a place in the knock-out stages. Also, isn't it great that they will be playing their second game in front of a packed house!

And a massive congratulations to Erika Fairweather for her bronze medal at the World Aquatics Championships!



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Tuesday 25 July 2023

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.90					CAD	0.8160	0.8897
NZD/USD	0.6196	0.0000	-0.0001	-0.0001	-0.0014	CHF	0.5382	0.5854
NZD/AUD	0.9196	-0.0010	-0.0027	-0.0054	-0.0097	CNY	4.4539	4.8419
NZD/JPY	87.71	-0.45	-1.27	-2.61	-5.19	DKK	4.1735	4.5386
NZD/EUR	0.5595	-0.0009	-0.0026	-0.0055	-0.0114	FJD	1.3558	1.4744
NZD/GBP	0.4834	-0.0001	-0.0002	-0.0002	-0.0004	HKD	4.8401	5.2635
						KRW	792.67	862.01
AU TWI	61.90					MYR	2.8316	3.0793
AUD/USD	0.6738	0.0007	0.0019	0.0037	0.0048	NOK	6.2370	6.7793
AUD/NZD	1.0869	0.0011	0.0031	0.0060	0.0091	SEK	6.4577	7.0197
AUD/JPY	95.41	-0.39	-1.11	-2.36	-4.69	SGD	0.8251	0.8973
AUD/EUR	0.6090	-0.0004	-0.0011	-0.0026	-0.0060	TWD	19.41	21.11
AUD/GBP	0.5257	0.0004	0.0013	0.0028	0.0054	ZAR	10.99	11.95
USD Index	101.41					EQUITIES		
EUR/USD	1.1060	0.0018	0.0048	0.0104	0.0186		Index	
USD/JPY	141.52	-0.72	-2.04	-4.17	-7.95	NZX50	12,018	
GBP/USD	1.2814	0.0002	0.0002	0.0000	-0.0039	ASX200	7,306	
EUR/GBP	0.8631	0.0012	0.0036	0.0080	0.0168	Dow Jones	35,393	
						S&P 500	4,549	
INTEREST RATES			New Zealand		Australia	FTSE100	7,679	
			Mid		Mid	DAX 30	16,191	
30 day bank bills			5.65%		4.21%	Nikkei	32,701	
90 day bank bills			5.70%		4.41%	COMMODITIES		
1 year swap			5.79%		4.52%		USD	
2 year swap			5.47%		4.45%	Brent Crude	82.89	
3 year swap			5.11%		4.29%	Gold	1,953.74	
5 year swap			4.71%		4.35%	Silver	24.33	
10 year swap			4.53%		4.47%	Iron Ore	112.47	
3 year Govt bond			5.04%		3.97%	CRB Index	312.63	
5 year Govt bond			4.77%		3.92%		NZD	
10 year Govt bond			4.69%		4.05%	NZ Carbon	45.00	

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.

