

Market Alert

Wednesday 16 August 2023

CURRENCIES	Spot	6mths
NZD/USD	0.5954	0.0001
NZD/AUD	0.9220	-0.0058
NZD/JPY	86.70	-2.60
NZD/EUR	0.5462	-0.0051
NZD/GBP	0.4688	0.0001
NZD/CNH	4.3610	-0.0659
AUD/USD	0.6457	0.0041
AUD/EUR	0.5922	-0.0020
EUR/USD	1.0899	0.0101
USD/CNH	7.3240	-0.1114
GBP/USD	1.2697	-0.0005
EUR/GBP	0.8582	0.0082

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.10%
90 day bills	5.68%	4.22%
2 year swap	5.51%	4.24%
10 year Govt	5.04%	4.33%

US economy remaining resilient

US imports, exports, and retail sales all beat forecasts. Exports came in at -7.9% against forecasts of -14.1%, imports were at -4.4% against forecasts of -6.5%, and year-on-year retail sales came in at +3.2%, beating forecasts of +1.5%. Monthly retail sales for July increased by 0.7% against expectations of a 0.4% increase. There were increases in a variety of categories, including sporting goods, clothing, and spending in restaurants & bars. The US 10-year Treasury yield rose to 4.22% while the 2-year fell to 4.94%.

In New Zealand, the median weekly income from all sources for the year to

June increased by NZD73 to NZD921, an 8.6% increase. The median weekly income from wages and salaries increased by NZD84 up to NZD1,273, with hourly earnings increasing by NZD1.95 to NZD31.61. The RBNZ's policy decision comes out today, with forecasts expecting no change ahead of the election, however, the statement will be scrutinised for hints as to when the first cuts may come.

The overnight GDT auction saw the headline index fall -7.4%, with whole milk powder down -10.9%, skim milk powder down -5.2%, milk fat down -5.3%, butter down -3.0%, however, cheddar was up 5.8%.

The Reserve Bank of Australia ("RBA") released the minutes for its August meeting, revealing that the board considered raising the cash rate by 25bp up to 4.35% before ultimately deciding to pause once again. The Wage Price Index for Q2 came out slightly lower than expected, up 0.8% on the quarter and 3.6% on the year.

China's slowing economy leads to cuts

The PBoC cut its medium-term lending facility, the 1-year loan rate, by 15bp to 2.50% and the 7-day reverse repo rate by 10bp to 1.80%. This was followed with data releases that showcased weaker than expected year-on-year consumer

spending growth at 2.5%, decreasing investment expenditure currently at 3.4%, and increasing unemployment at 5.3%. Industrial output showed sluggish growth at 3.4% year-on-year.

Japan's GDP grew by an annualised 6.0% in the June quarter, far exceeding forecasts of 2.9%. The International Monetary Fund ("IMF") recently bumped Japan's growth outlook for 2023 to 1.4%. The figure masked the drop in domestic consumption, with business spending and private consumption weaker than expected, and much of the GDP growth being driven by exports, which increased by 3.2% in the quarter and led by car exports and inbound tourism, aided by a weak Japanese yen.

Canada's CPI came out at 3.3% year-on-year, slightly higher than expectations of 3.0%.

From Russia with love

The Russian central bank delivered a 350bp hike, leaping from 8.50% to 12.0% in an extraordinary meeting. The rouble has lost around a quarter of its value since February 2022, following Russia's invasion of Ukraine and subsequent global sanctions.



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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	70.10					CAD	0.8037	0.8715
NZD/USD	0.5954	0.0000	0.0000	0.0001	-0.0005	CHF	0.5231	0.5674
NZD/AUD	0.9220	-0.0011	-0.0029	-0.0058	-0.0104	CNY	4.3382	4.7055
NZD/JPY	86.70	-0.45	-1.25	-2.60	-5.00	DKK	4.0699	4.4137
NZD/EUR	0.5462	-0.0009	-0.0024	-0.0051	-0.0101	FJD	1.3281	1.4403
NZD/GBP	0.4688	-0.0001	0.0000	0.0001	0.0009	HKD	4.6582	5.0518
						KRW	796.53	863.82
AU TWI	60.80					MYR	2.7585	2.9915
AUD/USD	0.6457	0.0007	0.0020	0.0041	0.0068	NOK	6.2740	6.8041
AUD/NZD	1.0842	0.0011	0.0033	0.0065	0.0125	SEK	6.4695	7.0160
AUD/JPY	94.02	-0.38	-1.07	-2.25	-4.43	SGD	0.8087	0.8771
AUD/EUR	0.5922	-0.0003	-0.0007	-0.0020	-0.0045	TWD	19.00	20.61
AUD/GBP	0.5084	0.0004	0.0015	0.0033	0.0066	ZAR	11.40	12.36
USD Index	103.23					EQUITIES		
EUR/USD	1.0899	0.0016	0.0047	0.0101	0.0199		Index	
USD/JPY	145.60	-0.75	-2.10	-4.38	-8.42	NZX50	11,821	
GBP/USD	1.2697	0.0002	0.0000	-0.0005	-0.0029	ASX200	7,305	
EUR/GBP	0.8582	0.0011	0.0036	0.0082	0.0177	Dow Jones	34,937	
						S&P 500	4,448	
INTEREST RATES			New Zealand		Australia	FTSE100	7,390	
			Mid		Mid	DAX 30	15,767	
30 day bank bills			5.65%		4.11%	Nikkei	32,239	
90 day bank bills			5.68%		4.22%	COMMODITIES		
1 year swap			5.76%		4.34%		USD	
2 year swap			5.51%		4.26%	Brent Crude	84.87	
3 year swap			5.22%		4.18%	Gold	1,902.77	
5 year swap			4.92%		4.33%	Silver	22.53	
10 year swap			4.83%		4.61%	Iron Ore	104.63	
3 year Govt bond			5.19%		4.00%	CRB Index	307.12	
5 year Govt bond			5.00%		4.05%		NZD	
10 year Govt bond			5.04%		4.33%	NZ Carbon	61.25	

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