



MARKET ALERT

Wednesday 12 August 2020 | www.bancorptreasury.com

CURRENCIES	Spot	6mths
NZD/USD	0.6579	-0.0002
NZD/AUD	0.9216	-0.0006
NZD/JPY	70.07	-0.23
NZD/EUR	0.5608	-0.0025
NZD/GBP	0.5043	-0.0007
NZD/CNH	4.5688	0.0583
AUD/USD	0.7139	0.0002
AUD/EUR	0.6085	-0.0024
EUR/USD	1.1732	0.0049
USD/CNH	7.1227	0.0911
GBP/USD	1.3046	0.0013
EUR/GBP	0.8993	0.0028

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.25%
90 day bills	0.30%	0.10%
2 year swap	0.21%	0.16%
10 year Govt	0.78%	0.87%

Fun while it lasted

By now you probably know that Auckland is going back into a Alert Level 3 lockdown at midday today following the positive COVID-19 test in Auckland and confirmed community transmission. The rest of New Zealand will move to Alert Level 2. Let's hope this is a much shorter lockdown than back in March. Unfortunately for Blues fans, they will unlikely get redemption over the Crusaders this weekend at a sold-out Eden Park.

News of the lockdown led to a selloff in the NZD/USD, from 0.6620 to an

overnight low of 0.6571, before drifting back up to 0.6580 and currently holding at these levels. The NZD/AUD touched a 2 year low of 0.9179 before bouncing back up to 0.9215. Offshore equity markets slightly eased overnight, gold dipped 5.2%, its biggest daily decline in seven years and now trades below USD2000 an ounce, and the US 10 year treasury yield got a push up to 0.62%.

RBNZ to reiterate ongoing headwinds

If the RBNZ's job wasn't hard enough, without this spanner being thrown into the works the night before a highly anticipated *Monetary Policy Statement*. Although it's impossible to quantify the additional economic impacts at this early stage, expectations are that Governor Orr and the rest of the Monetary Policy Committee will be even more dovish.

Quite a bit of data was out for New Zealand yesterday and it showed New Zealand was on track for a solid recovery. However, all of that could change.

New Zealand's total card spending for July was up 1.2% from June, building on June's 19.1% surge following lockdown. Retail card spending rose 1.2% following June's 16.3% jump. Card spending data covers around 68% of core retail sales in New Zealand and is used as the main retail sales indicator.

ANZ's Truckometer for July also showed a lift. Heavy traffic was up 2.7% from June, building on June's strong 15.3% jump. The light traffic index was up 5.6% from a month earlier as kiwis got back on the road. The data highlights how everyday life for most people had quickly returned — until last night's announcement.

Plenty of data was released across the ditch yesterday as well. The key release was NAB's Australian business confidence survey, which fell from 1 in June to -14. Business conditions, which measures a firm's own outlook, improved from -7 in June to 0 in July. The survey was conducted before Melbourne was put in the current Level 4 lockdown. Unsurprisingly, NSW and Victoria were the least confident.

The latest Australian card spending data was also released and showed consumers aren't too bothered by the lockdowns. Although the data is volatile, card spending was up 8.4% from a year ago. Australia weekly consumer confidence dipped from 88.6 to 86.5, as the new lockdown put further downward pressure on sentiment and confidence fell to its lowest level since April.

A glimpse at our future? Singapore's GDP in the June quarter fell at an annualised rate of -42.9% almost bang on expectations of -43.0%. From a year ago, GDP is down a whopping 13.2%.

Kia kaha, New Zealand.

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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	71.70					CAD	0.8760	0.9505
NZD/USD	0.6579	0.0000	-0.0001	-0.0002	-0.0005	CHF	0.6036	0.6549
NZD/AUD	0.9216	-0.0001	-0.0003	-0.0006	-0.0007	CNY	4.5698	4.9585
NZD/JPY	70.07	-0.03	-0.09	-0.23	-0.44	DKK	4.1762	4.5315
NZD/EUR	0.5608	-0.0004	-0.0012	-0.0025	-0.0048	FJD	1.4005	1.5196
NZD/GBP	0.5043	-0.0001	-0.0003	-0.0007	-0.0011	HKD	5.0986	5.5323
						KRW	780.25	846.62
AU TWI	61.70					MYR	2.7782	3.0145
AUD/USD	0.7139	0.0000	0.0001	0.0002	0.0000	NOK	5.9336	6.4384
AUD/NZD	1.0851	0.0001	0.0004	0.0007	0.0008	SEK	5.7693	6.2600
AUD/JPY	76.04	-0.02	-0.07	-0.21	-0.42	SGD	0.9037	0.9805
AUD/EUR	0.6085	-0.0004	-0.0011	-0.0024	-0.0048	TWD	19.38	21.03
AUD/GBP	0.5472	0.0000	-0.0001	-0.0004	-0.0008	ZAR	11.5166	12.4963
USD Index	93.72							
EUR/USD	1.1732	0.0008	0.0022	0.0049	0.0094	EQUITIES		
USD/JPY	106.52	-0.03	-0.12	-0.32	-0.60			Index
GBP/USD	1.3046	0.0002	0.0005	0.0013	0.0020	NZX50		11,645
EUR/GBP	0.8993	0.0005	0.0014	0.0028	0.0058	ASX200		6,139
						Dow Jones		27,683
						S&P 500		3,348
						FTSE100		6,154
						DAX 30		12,947
						Nikkei		22,750
						COMMODITIES		
								USD
						Dubai Light		44.16
						Brent Crude		44.52
						Gold		1,919.55
						Silver		25.12
						CRB Index		155.99

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.29%	0.25%	0.09%	0.09%
90 day bank bills	0.31%	0.29%	0.12%	0.08%
FRA 90d in 3mths	0.29%	0.26%	0.15%	0.10%
FRA 180d in 6mths	0.22%	0.19%	0.19%	0.15%
1 year swap*	0.26%	0.23%	0.13%	0.12%
2 year swap*	0.22%	0.19%	0.17%	0.16%
3 year swap*	0.23%	0.20%	0.21%	0.20%
5 year swap*	0.31%	0.29%	0.39%	0.37%
10 year swap*	0.68%	0.65%	0.82%	0.80%
10 year Govt bond		0.76%		0.87%

* Semi-annual rate resets except AUD 1,2,3 year quarterly

SOURCE: Bloomberg

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