

Market Alert

Friday 14 May 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7189	-0.0005
NZD/AUD	0.9298	-0.0013
NZD/JPY	78.66	-0.18
NZD/EUR	0.5948	-0.0026
NZD/GBP	0.5115	-0.0005
NZD/CNH	4.6334	0.0544
AUD/USD	0.7731	0.0005
AUD/EUR	0.6397	-0.0019
EUR/USD	1.2085	0.0044
USD/CNH	6.4463	0.0805
GBP/USD	1.4054	0.0004
EUR/GBP	0.8599	0.0029

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.37%	0.04%
2 year swap	0.56%	0.15%
10 year Govt	1.87%	1.81%

Hubble bubble, toil and trouble

In a sign of further inflationary pressures US PPI came in at 0.6% on the month and 6.2% on the year. Both prints were above their respective forecasts of 0.3% and 5.8%. The core prints also exceeded their forecasts coming in at 0.7% against 0.4% on-the-month, while the annual prints were at 4.1% versus the 3.8% expected.

US initial claims were also positive dropped by 34,000 to 473,000 reaching the lowest level since the pandemic hit and below the 490,000 forecast. This saw continuing claims come in at 3,655,000.

BoE Chief Economist, Andy Haldane, foresees that the UK's economic performance will surpass other nations in the G7 by announcing "UK inflation is likely to be above 2% by the end of 2021. In a year from now, it's realistic to expect UK GDP growth in the double-digits." He then added, and I believe this is an economic term "The housing market is going gang busters." Following on, BoE Governor, Andrew Bailey, added, "I don't believe the scenario with low interest rates can improve dramatically in the near future."

Fed member, Christopher Waller, doesn't want to "move too fast" chasing inflationary ghosts as the "US economy is going 'gang busters,' but now is the time to be patient. The Fed won't respond to inflation as much as we would have in the past. We won't respond until the Fed sees inflation and deems it a problem."

BoC Governor, Tiff Macklem, also joined the party indicating he won't be in any rush to hike interest rates as "We're still quite comfortable with our projections. Canada is about 700,000 jobs shy of where it should be." Although, he did warn "QE can widen wealth inequality by increasing asset values."

While European bourses struggled for traction overnight, the US markets staged a bounce back to halt their 3 day decline. Commodities were steady, although oil was down 3.5%, while yields were mixed with the 10 year US yield down to 1.65%,

although the bund flatlined at -0.12%. The NZD, AUD and Euro all firmed a touched from yesterday's lows.

Bridgewater says more inflation than the Fed expects is on the way, given the savings build-up by households during the pandemic.

While NZ house sales were down, the price index rose 1.7% on the month and 26.8% on the year.

Supplementary incomes

With production due to resume to BAU any day now, it has been revealed that Colonial Pipeline paid nearly USD5 million to Eastern European hackers.

Former British Prime Minister, David Cameron, has been facing lawmakers over the collapse of Greensill Capital after releasing phone and email messages showing his intensive lobbying efforts on behalf of the firm, although he has refused to say how much he was paid.

In a classic case of talking one's own position, and no-doubt making a fortune while he's at it, Elon Musk has announced that Tesla has suspended taking Bitcoin for vehicle purchases as he is "concerned about the environmental impact of bitcoin given the increasing use of fossil fuels for mining and transactions."



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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	75.02					CAD	0.8743	0.9403
NZD/USD	0.7189	-0.0001	-0.0003	-0.0005	-0.0014	CHF	0.6510	0.7002
NZD/AUD	0.9298	-0.0002	-0.0007	-0.0013	-0.0027	CNY	4.6303	4.9801
NZD/JPY	78.66	-0.02	-0.09	-0.18	-0.48	DKK	4.4230	4.7572
NZD/EUR	0.5948	-0.0004	-0.0013	-0.0026	-0.0057	FJD	1.4664	1.5772
NZD/GBP	0.5248	-0.0001	-0.0003	-0.0005	-0.0013	HKD	5.5835	6.0053
						KRW	810.75	872.01
AU TWI	63.90					MYR	2.9509	3.1739
AUD/USD	0.7731	0.0001	0.0003	0.0005	0.0008	NOK	6.0020	6.4554
AUD/NZD	1.0756	0.0002	0.0008	0.0015	0.0032	SEK	6.0397	6.4960
AUD/JPY	84.60	-0.01	-0.03	-0.08	-0.27	SGD	0.9581	1.0305
AUD/EUR	0.6397	-0.0003	-0.0009	-0.0019	-0.0043	TWD	20.11	21.63
AUD/GBP	0.5501	0.0000	0.0001	0.0002	0.0002	ZAR	10.1553	10.9226
USD Index	90.70							
EUR/USD	1.2085	0.0007	0.0022	0.0044	0.0094	EQUITIES		
USD/JPY	109.44	-0.02	-0.08	-0.17	-0.45			Index
GBP/USD	1.4054	0.0000	0.0002	0.0004	0.0009	NZX50		12,428
EUR/GBP	0.8599	0.0005	0.0014	0.0029	0.0061	ASX200		6,983
						Dow Jones		34,021
INTEREST RATES						S&P 500		4,130
		New Zealand		Australia		FTSE100		6,963
		Borrow	Invest	Borrow	Invest	DAX 30		15,200
30 day bank bills		0.30%	0.26%	0.02%	0.02%	Nikkei		27,448
90 day bank bills		0.39%	0.35%	0.06%	0.02%	COMMODITIES		
FRA 90d in 3mths		0.37%	0.34%	0.07%	0.04%			USD
FRA 180d in 6mths		0.45%	0.42%	0.13%	0.12%	Dubai Light		66.65
1 year swap		0.40%	0.37%	0.08%	0.06%	Brent Crude		66.97
2 year swap		0.58%	0.55%	0.15%	0.15%	Gold		1,827.21
3 year swap		0.79%	0.76%	0.34%	0.32%	Silver		27.11
5 year swap		1.25%	1.23%	0.84%	0.82%	CRB Index		215.68
10 year swap		2.03%	2.01%	1.80%	1.79%			
10 year Govt bond			1.86%		1.81%			

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