

Market Alert

Tuesday 6 July 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7023	-0.0006
NZD/AUD	0.9321	-0.0016
NZD/JPY	77.92	-0.22
NZD/EUR	0.5919	-0.0029
NZD/GBP	0.5071	-0.0007
NZD/CNH	4.5387	0.0552
AUD/USD	0.7533	0.0007
AUD/EUR	0.6349	-0.0020
EUR/USD	1.1865	0.0048
USD/CNH	6.4612	0.0839
GBP/USD	1.3850	0.0009
EUR/GBP	0.8567	0.0029

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.34%	0.03%
2 year swap	0.81%	0.24%
10 year Govt	1.78%	1.43%

Hooray for Independence Day

And in celebration, President Biden gave a speech on COVID-19.

"We are fighting for our right to live. To exist. And should we win the day, the Fourth of July will no longer be known as an American holiday, but as the day the world declared in one voice, we will not go quietly into the night! We will not vanish without a fight! We're going to live on! We're going to survive! Today we celebrate our Independence Day!"

Ooops, sorry, wrong person. God bless Will Smith!

With the US holiday, last night was all about services PMIs. The Chinese Caixin Services PMI fell to a 14 month low of 50.3 in June 2021 from 55.1 in the prior month as service firms cut prices for the first time in 11 months, and as inflationary pressures eased amid the Delta COVID-19 outbreak in Guangdong and the subsequent imposition of anti-virus measures.

The IHS Markit Eurozone Services PMI was revised slightly higher to 58.3 in June 2021, from a preliminary estimate of 58.0, signalling the steepest pace of expansion in the service sector since July 2007 due to the easing of COVID-19 related measures across the various Eurozone states. Germany's June final services PMI eased to 57.5 against the 58.1 preliminary, while France's services PMI firmed to 57.8 compared to 57.4 as did Italy's with 56.7 vs the 56.3 expected.

Speaking of the Eurozone, the July Sentix investor confidence index increased to 29.8 from the previous 28.1, while ECB Vice President, Luis De Guindos, is monitoring the potential second-round inflationary effects on prices announcing that *"the rise in Euro-area inflation is transitory. We must make sure the inflation spike isn't permanent."*

Hold on to your gold hats, the word on the street is that the global central banks are returning to buying gold and cutting out of their USD holdings. According to

Bloomberg, *"central banks from Serbia to Thailand have been adding to gold holdings and even Ghana recently announced plans for purchases, as the spectre of accelerating inflation looms and a recovery in global trade provides the firepower to make purchases."*

The OPEC+ crisis talks were abandoned as Saudi Arabia and the UAE remain at loggerheads over plans to increase production by 2 million barrels a day. This saw oil rally further with crude at USD76.31 and Brent at USD77.13. Copper also rallied 1.4% on the back of the weaker than expected Chinese PMIs. Given the holiday, Asian and European equity markets were flat, while the 10 year US treasury was unchanged at 1.42%, as was the NZD and the AUD.

Antipodean corner

Australia retail sales increased +0.4% in the month of May, while job advertisements rose 3.0% in June, although building approvals slumped 7.1%. In NZ, the commodity price index increased 0.8% in June following on from May's +1.3% gain.

Furthermore, the report also highlighted that shipping delays have exacerbated supply chain bottlenecks and been a major contributor to inflation. Unfortunately, the congestion in the shipping industry is not expected to abate until well into next year.



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Daily Rates

Tuesday 6 July 2021

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	74.11					CAD	0.8661 0.9292
NZD/USD	0.7023	-0.0001	-0.0002	-0.0006	-0.0022	CHF	0.6478 0.6950
NZD/AUD	0.9321	-0.0002	-0.0007	-0.0016	-0.0039	CNY	4.5418 4.8729
NZD/JPY	77.92	-0.03	-0.08	-0.22	-0.56	DKK	4.4004 4.7212
NZD/EUR	0.5919	-0.0004	-0.0013	-0.0029	-0.0064	FJD	1.4522 1.5581
NZD/GBP	0.5071	-0.0001	-0.0002	-0.0007	-0.0019	HKD	5.4544 5.8520
						KRW	794.50 852.43
AU TWI	62.80					MYR	2.9203 3.1331
AUD/USD	0.7533	0.0001	0.0003	0.0007	0.0008	NOK	6.0143 6.4528
AUD/NZD	1.0729	0.0002	0.0008	0.0018	0.0045	SEK	6.0052 6.4430
AUD/JPY	83.58	-0.01	-0.03	-0.10	-0.25	SGD	0.9445 1.0134
AUD/EUR	0.6349	-0.0003	-0.0009	-0.0020	-0.0043	TWD	19.61 21.04
AUD/GBP	0.5439	0.0000	0.0001	0.0001	0.0002	ZAR	10.0123 10.7422
USD Index	92.23						
EUR/USD	1.1865	0.0008	0.0022	0.0048	0.0093	EQUITIES	
USD/JPY	110.96	-0.03	-0.08	-0.23	-0.45		Index
GBP/USD	1.3850	0.0001	0.0003	0.0009	0.0010	NZX50	12,812
EUR/GBP	0.8567	0.0005	0.0014	0.0029	0.0061	ASX200	7,315
						Dow Jones	34,786
						S&P 500	4,352
						FTSE100	7,165
						DAX 30	15,662
						Nikkei	28,598
						COMMODITIES	
							USD
						Dubai Light	74.80
						Brent Crude	77.16
						Gold	1,791.41
						Silver	26.46
						CRB Index	228.44

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