

Market Alert

Monday 16 August 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7042	-0.0019
NZD/AUD	0.9553	-0.0034
NZD/JPY	77.25	-0.36
NZD/EUR	0.5971	-0.0039
NZD/GBP	0.5087	-0.0016
NZD/CNH	4.5628	0.0555
AUD/USD	0.7371	0.0007
AUD/EUR	0.6248	-0.0019
EUR/USD	1.1797	0.0047
USD/CNH	6.4800	0.0963
GBP/USD	1.3854	0.0007
EUR/GBP	0.8515	0.0030

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.67%	0.02%
2 year swap	1.33%	0.24%
10 year Govt	1.84%	1.22%

It's the final countdown!

Please bear in mind, given we have the RBNZ meeting on Wednesday, this week's commentaries should be read while playing a little bit of *Europe: Final Countdown* in the background.

Mind you, this has a real 'Family Fortunes' feel about it ... 28 of 43 economists said the Fed is likely to announce a taper of its asset purchases at its September meeting. In other US news, the University of Michigan's consumer sentiment survey slumped to 70.2 in August, which was considerably lower than July's 81.2 and well below market forecasts of 81.2. It was the lowest reading since December

2011, with widespread losses across income, age, and education sub-groups and across all regions, while the declines covered all aspects of the economy, from personal finances to prospects for the economy, including inflation and unemployment.

Meanwhile China has taken a leaf out of the 'Canberra-book-for-managing-lockdowns' in closing down a major port after just one Covid case! All inbound and outbound container services at the Meishan terminal in the Ningbo-Zhoushan port in China were halted after a Sinovac-vaccinated worker tested positive for Covid. The port is the second busiest in China and the third busiest container port in the world. The news contributed to a 2.0% surge in the Baltic dry shipping index to USD3,566 on Friday, its highest level since mid-2010, as gains were extended for a fourth straight session. And in further news, China's State Council has issued a new set of 'guidelines' on mask wearing, stating that masks are required to be worn in indoor and outdoor spaces ... and in between.

The BusinessNZ manufacturing PMI survey for July was firmly in expansionary territory at 62.6, up from June's 60.7, although the report highlighted some concerns and unease surrounding the local labour market.

Ultimately, the consumer sentiment survey in the US probably reflects what most of us in the 'real' world already know... that the global economic recovery

is stalling as Covid resurges hamper the international trading environment. This weighed on bonds and the US-dollar. The US 10-year Treasury closed at 1.28%, while the EUR, AUD, and NZD all firmed against the USD. Equity and commodity markets closed the week mildly positive, although crude and Brent were down 1.50%, while gold and silver found safe-haven buying to be up 1.50% and 2.50%.

But this week it's all about the central banks, with the Chinese central bank (the PBoC) and the RBNZ, meeting to set interest rates, while the Fed and RBA will be releasing the minutes from their last meetings. We also have US and China announcing retail sales and industrial production numbers, Japanese and Eurozone Q2 GDP updates, and Australian employment numbers.

That went well, didn't it!

As Taliban fighters began entering Kabul, US Secretary of State, Antony Blinken, announced that remaining in Afghanistan "was not in the national interest."

Canadian Prime Minister, Justin Trudeau, has announced a snap election for 20 September.

I don't think the local banks need any help with this, but Fitch has announced that an RBNZ hike may be positive for bank profitability. Yah think so?



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Daily Rates

Monday 16 August 2021

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	74.85					CAD	0.8816
NZD/USD	0.7042	-0.0002	-0.0007	-0.0019	-0.0055	CHF	0.6458
NZD/AUD	0.9553	-0.0003	-0.0013	-0.0034	-0.0086	CNY	4.5611
NZD/JPY	77.25	-0.04	-0.13	-0.36	-0.91	DKK	4.4397
NZD/EUR	0.5971	-0.0005	-0.0016	-0.0039	-0.0093	FJD	1.4735
NZD/GBP	0.5087	-0.0001	-0.0006	-0.0016	-0.0039	HKD	5.4784
						KRW	823.22
AU TWI	61.50					MYR	2.9698
AUD/USD	0.7371	0.0001	0.0003	0.0007	0.0009	NOK	6.1954
AUD/NZD	1.0468	0.0004	0.0015	0.0038	0.0096	SEK	6.0874
AUD/JPY	80.85	-0.01	-0.02	-0.09	-0.22	SGD	0.9542
AUD/EUR	0.6248	-0.0003	-0.0009	-0.0019	-0.0041	TWD	19.60
AUD/GBP	0.5320	0.0000	0.0001	0.0002	0.0007	ZAR	10.3568
							10.8414
USD Index	92.52						
EUR/USD	1.1797	0.0007	0.0021	0.0047	0.0092	EQUITIES	
USD/JPY	109.69	-0.03	-0.08	-0.22	-0.43		Index
GBP/USD	1.3854	0.0001	0.0002	0.0007	-0.0001	NZX50	12,764
EUR/GBP	0.8515	0.0005	0.0014	0.0030	0.0068	ASX200	7,629
						Dow Jones	35,515
						S&P 500	4,468
						FTSE100	7,219
						DAX 30	15,977
						Nikkei	27,977
						COMMODITIES	
							USD
						Dubai Light	69.93
						Brent Crude	70.59
						Gold	1,779.30
						Silver	23.72
						CRB Index	230.59

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