

Market Alert

Tuesday 24 August 2021

CURRENCIES	Spot	6mths
NZD/USD	0.6895	-0.0010
NZD/AUD	0.9557	-0.0024
NZD/JPY	75.61	-0.27
NZD/EUR	0.5871	-0.0032
NZD/GBP	0.5023	-0.0010
NZD/CNH	4.4658	0.0566
AUD/USD	0.7215	0.0007
AUD/EUR	0.6143	-0.0019
EUR/USD	1.1745	0.0048
USD/CNH	6.4760	0.0915
GBP/USD	1.3729	0.0007
EUR/GBP	0.8555	0.0030

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.39%	0.02%
2 year swap	1.18%	0.20%
10 year Govt	1.69%	1.10%

And we're off to the races!

Last night was all about the PMIs, and they all told a pretty similar story ... manufacturing PMIs are in expansionary mode, but they are slowing more than expected, while services PMIs are struggling to recover amid a surge in lockdowns. The Markit readings are all preliminary prints, and we're off and racing this time ...

First out of the gate was the Australian August Markit manufacturing report, which was a big miss slumping to 51.7 from an expected 56.7, while services were a devastating 43.3 as the lockdowns

had an outsized impact on the service side of the economy. This was against June's prior 44.2 while the composite was down to 43.5 from 45.2.

Keeping a tight rein in behind was the exotic Japanese Jibun/Markit flash PMIs for August, which maintained the wilting trend from July with manufacturing dropping to 52.4 from 53.4, while services were crushed against the barrier at 43.5, down on July's 47.4, which meant the composite printed at 45.9 against the previous months 48.8.

In the middle of the pack, in more ways than one, was the Euro-area's Markit report that saw manufacturing ease slightly to 59.2 from July's 61.1, although the services index was sneaking up quietly on the outside with a very impressive 59.7 that exceeded the 59.5 expectation and was just behind its last finish in July at 59.8. This saw the composite ease from 60.2 to 59.5.

Bringing up the rear was the US Markit manufacturing PMIs which fell to 61.2 in August from 63.4 in July, to be — yes, you guessed it — below market forecasts at 62.5. The reading pointed to the slowest growth in factory activity in 4 months amid reports of material shortages and pressure on capacity. Services PMI dropped to 55.2 in August, a third straight month of decline from May's all-time high of 70.4 and well below market expectations of 59.5.

So much for the land of the free

The US FDA have finally given 'full approval' to the Pfizer and BioNTech COVID-19 vaccines, which President Biden hopes will clear the way for companies to impose vaccine requirements on employees, or, in other words, tell workers to get the vaccine or to get a new job!

If you want to believe the hype, stocks were boosted by the FDA full approval, although I'm not too sure it's going to change the minds of that many anti-vaxxers!

Stocks and commodity markets were a sea of green with oil the standout performer up over 5.0%, as the 'risk-on' approach followed through to commodity currencies with the NZD and AUD a percent higher at 0.6895 and 0.7215 as the US-dollar eased back from its 9 month high. The T-bond is unchanged at 1.25% while the NZ futures market has reduced the possibility of an October hike to 48%.

BoA has cut its Q3 US GDP forecast to 4.5% from 7.0%.

PayPal will allow customers in the UK to buy, sell and hold bitcoin, other cryptocurrencies, starting this week

Stay safe, keep on smiling, and hey, let's be careful out there!



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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	73.64					CAD	0.8725
NZD/USD	0.6895	0.0000	-0.0002	-0.0010	-0.0041	CHF	0.6291
NZD/AUD	0.9557	-0.0002	-0.0007	-0.0024	-0.0071	CNY	4.4697
NZD/JPY	75.61	-0.02	-0.08	-0.27	-0.75	DKK	4.3664
NZD/EUR	0.5871	-0.0004	-0.0013	-0.0032	-0.0081	FJD	1.4564
NZD/GBP	0.5023	0.0000	-0.0002	-0.0010	-0.0030	HKD	5.3741
						KRW	809.48
AU TWI	60.20					MYR	2.8978
AUD/USD	0.7215	0.0001	0.0003	0.0007	0.0011	NOK	6.1477
AUD/NZD	1.0464	0.0002	0.0008	0.0026	0.0078	SEK	6.0079
AUD/JPY	79.12	-0.01	-0.03	-0.08	-0.21	SGD	0.9351
AUD/EUR	0.6143	-0.0003	-0.0008	-0.0019	-0.0040	TWD	19.18
AUD/GBP	0.5255	0.0000	0.0001	0.0003	0.0007	ZAR	10.4274
							10.9107
USD Index	92.97						
EUR/USD	1.1745	0.0007	0.0021	0.0048	0.0094	EQUITIES	
USD/JPY	109.67	-0.03	-0.08	-0.23	-0.44		Index
GBP/USD	1.3729	0.0001	0.0002	0.0007	0.0001	NZX50	13,064
EUR/GBP	0.8555	0.0005	0.0014	0.0030	0.0068	ASX200	7,490
						Dow Jones	35,371
						S&P 500	4,486
						FTSE100	7,109
						DAX 30	15,853
						Nikkei	27,494
						COMMODITIES	
							USD
						Dubai Light	65.50
						Brent Crude	68.67
						Gold	1,803.31
						Silver	23.60
						CRB Index	225.23

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.30%	0.26%	-0.01%	0.02%
90 day bank bills	0.41%	0.37%	0.04%	0.00%
FRA 90d in 3mths	0.72%	0.69%	0.04%	0.01%
FRA 180d in 6mths	1.16%	1.13%	0.09%	0.07%
1 year swap	0.85%	0.82%	0.05%	0.04%
2 year swap	1.19%	1.16%	0.21%	0.19%
3 year swap	1.38%	1.35%	0.38%	0.37%
5 year swap	1.57%	1.55%	0.71%	0.63%
10 year swap	1.88%	1.86%	1.25%	1.23%
10 year Govt bond		1.67%		1.10%

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