

# Market Alert

Wednesday 1 September 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7047	-0.0013
NZD/AUD	0.9633	-0.0028
NZD/JPY	77.52	-0.30
NZD/EUR	0.5968	-0.0035
NZD/GBP	0.5124	-0.0012
NZD/CNH	4.5481	0.0548
AUD/USD	0.7315	0.0007
AUD/EUR	0.6195	-0.0018
EUR/USD	1.1808	0.0047
USD/CNH	6.4543	0.0902
GBP/USD	1.3754	0.0006
EUR/GBP	0.8585	0.0030

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.46%	0.01%
2 year swap	1.29%	0.22%
10 year Govt	1.82%	1.16%

## Let the cracks start to appear

Are we about to start seeing a few dissenting ECB voices vent their hawkish views in the public domain like various Fed members did? Well, I'm not so sure about that but ECB Governing Council member, Robert Holzmann, was pretty explicit stating the "ECB is in position to think about reducing pandemic aid. I expect inflation to fall this year and the next (with) a marginal impact from the fourth wave of COVID-19 on the economy," while his colleague Klaas Knot added, "Practically all the incoming news has been a surprise on the upside."

While I suspect a certain Mr Knot may be getting a little carried away, the bund yield firmed 6 pips to -0.38% on the possibility of an ECB tapering.

In what is the largest annual increase in the history of the index dating back to 1987, US home prices rose 18.6% annually in June, up from the 16.8% increase in May, according to the S&P CoreLogic Case-Shiller national home price index. In other US headlines, August consumer confidence fell to 113.8 from 129.1 with forecasters predicting 124.0, while the Dallas Fed August service sector index eased to 16.5 from 21.7 with the general business activity index falling to its lowest level since February at 5.4 from 33.3.

It was a similar story in New Zealand where August business confidence fell to -14.2% from July's -3.8%, while the activity outlook compressed to +19.2% from 26.3%. New Zealand building permits increased +2.1% in July vs. June's 3.8%.

Wait a minute, I'm starting to see a trend here! Chinese official PMIs for August saw manufacturing print in line with expectations at 50.1, although the services sector got crushed at 47.5 when 52.0 was expected. This saw the composite index ease to 48.8 from July's 52.4.

Furthermore, the regulators have fired another few shots, this time at private equity funds as, according to Bloomberg, "China's securities regulator said it plans

to rein in the country's private equity and venture capital funds, stop public offerings disguised as private placements and fight embezzlement of assets."

As we close out the month, traders looked to lock in profits, which saw equity and commodity markets ease back a touch. In fact, all markets were relatively quiet with the NZD and AUD flat from yesterday's close in our time zone, while the 10 year treasury yield sat at 1.305%.

Looking ahead to this afternoon's Q2 GDP release, while Australian net exports fell -1.0% in Q2, the increases in Government investment, at +0.4%, and consumption at 0.3%, should act as a counterbalance.

In other Australian news, private sector credit increased +0.7% for the month of July, while Prime Minister, Scott Morrison, has sourced half a million vaccine doses from Singapore ... now if we could just get Auntie J. to make a few calls!

## Hold the business pages

Sustainable shoemaker, Allbirds, founded by Ex-All White captain Tim Brown, has filed for a US IPO.

Speaking of founders, the trial of Theranos founder and ex-darling of the venture capital community, Elizabeth Holmes, has begun in California. Holmes accused of defrauding investors and patients by making false claims about her blood testing company.



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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	74.80					CAD	0.8890
NZD/USD	0.7047	0.0000	-0.0003	-0.0013	-0.0050	CHF	0.6451
NZD/AUD	0.9633	-0.0002	-0.0009	-0.0028	-0.0082	CNY	4.5526
NZD/JPY	77.52	-0.02	-0.11	-0.30	-0.86	DKK	4.4380
NZD/EUR	0.5968	-0.0004	-0.0013	-0.0035	-0.0088	FJD	1.4723
NZD/GBP	0.5124	0.0000	-0.0003	-0.0012	-0.0036	HKD	5.4808
						KRW	817.01
AU TWI	61.20					MYR	2.9193
AUD/USD	0.7315	0.0001	0.0003	0.0007	0.0010	NOK	6.1264
AUD/NZD	1.0381	0.0002	0.0010	0.0030	0.0089	SEK	6.0803
AUD/JPY	80.47	-0.01	-0.03	-0.08	-0.21	SGD	0.9472
AUD/EUR	0.6195	-0.0003	-0.0008	-0.0018	-0.0040	TWD	19.53
AUD/GBP	0.5319	0.0001	0.0002	0.0003	0.0008	ZAR	10.2335
							10.6233
USD Index	92.67						
EUR/USD	1.1808	0.0007	0.0021	0.0047	0.0092	EQUITIES	
USD/JPY	110.01	-0.03	-0.10	-0.22	-0.44		Index
GBP/USD	1.3754	0.0001	0.0002	0.0006	-0.0002	NZX50	13,219
EUR/GBP	0.8585	0.0005	0.0014	0.0030	0.0068	ASX200	7,535
						Dow Jones	35,365
						S&P 500	4,521
						FTSE100	7,120
						DAX 30	15,835
						Nikkei	28,090
						COMMODITIES	
							USD
						Dubai Light	69.35
						Brent Crude	71.56
						Gold	1,814.22
						Silver	23.90
						CRB Index	231.88

  

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	0.48%	0.44%	0.03%	-0.01%
FRA 90d in 3mths	0.85%	0.82%	0.04%	0.01%
FRA 180d in 6mths	1.29%	1.26%	0.09%	0.08%
1 year swap	0.96%	0.93%	0.06%	0.04%
2 year swap	1.30%	1.28%	0.23%	0.21%
3 year swap	1.48%	1.45%	0.43%	0.43%
5 year swap	1.66%	1.63%	0.80%	0.71%
10 year swap	1.98%	1.95%	1.36%	1.35%
10 year Govt bond		1.81%		1.16%

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