

Market Alert

Monday 13 September 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7116	-0.0015
NZD/AUD	0.9670	-0.0030
NZD/JPY	78.17	-0.31
NZD/EUR	0.6024	-0.0036
NZD/GBP	0.5139	-0.0013
NZD/CNH	4.5847	0.0566
AUD/USD	0.7359	0.0007
AUD/EUR	0.6229	-0.0019
EUR/USD	1.1814	0.0046
USD/CNH	6.4435	0.0936
GBP/USD	1.3844	0.0005
EUR/GBP	0.8534	0.0030

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.53%	0.01%
2 year swap	1.37%	0.22%
10 year Govt	1.95%	1.22%

The comeback to end all comebacks

While Quade Cooper and Cristiano Ronaldo both covered themselves in glory and wrote themselves into the record books, what about, Emma Raducanu, not a comeback so much but 18-years young and waiting for the winners cheque to clear for her US Open tennis victory!

Ahh well, back to the day job! Friday saw a quiet close to the week as concerns continue to grow as to the underlying strength of the global recovery as cracks in the Chinese recovery put the risk-market rally on a shaky footing. This was particularly relevant for the currencies of

the developing nations that are looking increasingly vulnerable to signs of weakness in China. Most bourses closed in the red with commodities mixed, although it should be noted for the inflation hawks, that crude was up +2.25% while Brent rallied +1.99%. The 10-year Treasury firmed a touch to 1.34%, the Bund rallied to -0.33%, while the Antipodeans eased with the Australian yield falling to 1.23% and the New Zealand 1.97%. FX markets saw some heightened volatility to close out the week although the NZD and AUD ultimately closed the week flat.

The only data of note was the release of US Producer prices, which were up 0.7% in August in what was the lowest reading in 3 months, although it was slightly better than the market forecast of 0.6%. In New Zealand, it wasn't a surprise, but New Zealand's retail card spending fell -19.8% in August after July's revised +0.7%, while we also had quite a few immigrants with 1139 people arriving in July. How on earth did they manage to reserve an MIQ place? And talking of stealth operations, the New Zealand Government passed legislation in just one day that will allow it to rack up more government debt 'if required,' and while it's not a guarantee the government will spend it, it is estimated that if it is required, Crown debt to GDP will increase by +5.0% to peak at +55.0%.

Finally, way to go Paddington ... Peru's central bank hikes rates by 50bp, to 1.0%, which was in line with expectations.

Time for another trade war?

A Chinese company, Landbridge, has by all accounts, a 99-year lease on the Port of Darwin that the Australian Federal government is considering terminating. While this may seem like a good idea, the Australian government is wary of provoking a retaliation out of China with the risk being tit-for-tac retaliation measures risking Australians living in China and Telstra's Chinese assets. In amongst this, there are also rumours that President Biden is considering a Chinese trade probe in an attempt to 'pressure Beijing.'

Meanwhile China President Xi Jinping was discussing his 'Common Prosperity Plan' under the guise of the "disorderly expansion of capital," stating, "There will be a restructure of the digital economy in the coming years and anything not consistent with the national strategy will get toned down." Which is interesting when you consider that Jack Ma has recently 'reappeared' following China's crackdown on Alibaba. Apparently, the authorities viewed its mobile payment system, Alipay, as a threat to China's monetary authority regulators.

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	75.45					CAD	0.9025 0.9333
NZD/USD	0.7116	0.0000	-0.0005	-0.0015	-0.0056	CHF	0.6532 0.6754
NZD/AUD	0.9670	-0.0001	-0.0010	-0.0030	-0.0088	CNY	4.5874 4.7439
NZD/JPY	78.17	-0.02	-0.11	-0.31	-0.91	DKK	4.4786 4.6314
NZD/EUR	0.6024	-0.0004	-0.0015	-0.0036	-0.0093	FJD	1.4745 1.5248
NZD/GBP	0.5139	0.0000	-0.0004	-0.0013	-0.0038	HKD	5.5345 5.7234
						KRW	831.30 859.67
AU TWI	61.50					MYR	2.9558 3.0567
AUD/USD	0.7359	0.0001	0.0003	0.0007	0.0009	NOK	6.1729 6.3835
AUD/NZD	1.0341	0.0002	0.0011	0.0032	0.0095	SEK	6.1406 6.3501
AUD/JPY	80.86	-0.01	-0.03	-0.08	-0.21	SGD	0.9546 0.9872
AUD/EUR	0.6229	-0.0003	-0.0009	-0.0019	-0.0040	TWD	19.73 20.40
AUD/GBP	0.5315	0.0000	0.0001	0.0003	0.0009	ZAR	10.0920 10.4363
USD Index	92.58					EQUITIES	
EUR/USD	1.1814	0.0007	0.0021	0.0046	0.0092		Index
USD/JPY	109.88	-0.03	-0.09	-0.20	-0.42	NZX50	13,064
GBP/USD	1.3844	0.0001	0.0002	0.0005	-0.0005	ASX200	7,407
EUR/GBP	0.8534	0.0005	0.0014	0.0030	0.0069	Dow Jones	34,608
						S&P 500	4,459
						FTSE100	7,029
						DAX 30	15,610
						Nikkei	30,382
INTEREST RATES		New Zealand		Australia		COMMODITIES	
		Borrow	Invest	Borrow	Invest		USD
30 day bank bills		0.35%	0.31%	0.02%	0.02%	Dubai Light	70.40
90 day bank bills		0.55%	0.51%	0.03%	-0.01%	Brent Crude	72.92
FRA 90d in 3mths		0.94%	0.91%	0.04%	0.01%	Gold	1,787.28
FRA 180d in 6mths		1.40%	1.37%	0.10%	0.08%	Silver	23.73
1 year swap		1.06%	1.03%	0.06%	0.04%	CRB Index	234.29
2 year swap		1.38%	1.36%	0.23%	0.21%		NZD
3 year swap		1.57%	1.55%	0.43%	0.42%	NZ Carbon	65.00
5 year swap		1.76%	1.74%	0.83%	0.75%		
10 year swap		2.05%	2.02%	1.42%	1.42%		
10 year Govt bond			1.93%		1.22%		

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