

Monday 5 September 2022

CURRENCIES	Spot	6mths			
NZD/USD	0.6098	-0.0003			
NZD/AUD	0.8972 -0.002				
NZD/JPY	85.61	-1.69			
NZD/EUR	0.6128	-0.0080			
NZD/GBP	0.5312	-0.0016			
NZD/CNH	4.2254	0.0000			
AUD/USD	0.6794	0.0016			
AUD/EUR	0.6833	-0.0070			
EUR/USD	0.9941	0.0125			
USD/CNH	6.9176	0.0000			
GBP/USD	1.1471	0.0029			
EUR/GBP	0.8658	0.0086			
INT RATES	NZ	Australia			
OCR/Cash	3.00%	1.85%			
90 day bills	3.52%	2.54%			
2 year swap	4.30%	3.66%			
10 year Govt	4.06%	3.72%			

Much ado about nothing

Friday evening's much anticipated US jobs reports had a little for everyone after the headline number saw 315,000 jobs added to the US economy in August, which was above forecasts of 298,000 but below July's 526,000. Higher participation saw the unemployment rate climb to 3.7%, slightly above expectations, while wages also rose with average hourly earnings up 5.2% from a year ago. However, drilling into the detail, full-time jobs fell by 242,000 while part-time positions gained by 413,000. Furthermore, revisions to the June and July numbers saw a combined net drop of 107,000 from previous estimates. In other data releases, new orders for US manufactured goods fell -1.0% in July, missing market forecasts of a 0.2% increase.

While equity markets initially saw the news as a positive, US markets eventually erased their gains and ended the session broadly -1.0% lower, which was in stark contrast to European markets which closed their sessions 1.5%-2.5% higher after rumours circulated that EU energy ministers would meet to discuss emergency liquidity support and gas price caps for companies facing higher margin calls after Gazprom announced the Nord Stream 1 pipeline would not re-open on 3rd September as originally indicated.

Furthermore, rumours started to circulate in Germany that the Chancellor, Olaf Scholz, has sealed a EUR40 billion relief plan to help millions of household's cope with soaring electricity prices amid Europe's harshest energy crunch in decades. In amongst this, natural gas prices closed Friday -4.0% lower, while commodity prices were broadly flat. The US 10-year Treasury yield closed the week at 3.19%, while the USD Index eased back below the 110.00 level and the NZD and AUD flatlined.

There was some good news, in that the FAO Food Price Index, a food index generated

by the Food and Agriculture Organization of the United Nations, declined for a fifth consecutive month in August, predominately driven by lower cereal prices after wheat prices fell -5.1%.

The British Chambers of Commerce (BCC) announced the "UK is already in the midst of a recession. The BCC expects the UK economy to contract for 2 more quarterly periods following the contraction in Q2. Inflation (is forecast) to reach 14% later this year."

New Zealand Q2 terms of trade contracted -2.4%, which was worse than the -1.3% forecast. Exports rose 3.7%, although import prices rose even further, jumping 6.5% predominately driven via higher energy prices.

The week ahead

This week we have the RBA on Tuesday, The BoC on the evening of 7 September, while the ECB rounds out the week on 8 September. We also have several macro releases including Australian Q2 GDP, trade, and retail sales releases, and, from the Euro-zone, Q2 GDP, and S&P PMIs.

Today the US is closed for their Labour Day holiday, or Labor Day as they call it, while later in the week we have ISM Services PMIs, trade data and wholesale inventories, with the usual mix of Fed speakers. Finally, out of China, we have their consumer inflation and trade releases.





Barrington





Mid Imth 3mths 6mths 12mths N2D/ NZ TWI 70.30 CAD 0.800 NZD/USD 0.6098 -0.0001 -0.0002 -0.0003 -0.0011 CHF 0.596 NZD/AUD 0.8972 -0.0005 -0.0015 -0.0026 -0.0039 CNY 4.225 NZD/JPY 85.61 -0.22 -0.74 -1.69 -3.66 DKK 4.560 NZD/FUR 0.6128 -0.0013 -0.0039 -0.0080 -0.0151 FJD 1.342 NZD/JGBP 0.5312 -0.0003 -0.0099 -0.0016 -0.0020 HKD 4.786 AUTWI 62.60 MYR 2.733 MYR 2.733 AUD/USD 0.6813 0.0005 0.0016 0.0010 NOK 6.113 AUD/IZD 0.6535 0.0005 0.0016 0.0028 0.0038 SEK 6.583 AUD/EUR 0.6833 -0.0011 -0.0002 0.0003 ZAR 10.5 <th colspan="2">Spot Mid</th> <th></th> <th colspan="4">FECs (mid)</th> <th>Spot</th> <th>ГУ</th>	Spot Mid			FECs (mid)				Spot	ГУ
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10 year swap 4.14% 3.98% Iron Ore	95.55	Iron Ore		3.98%		4.14%			10 year swap
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