

Market Alert

Wednesday 12 July 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6212	-0.0005
NZD/AUD	0.9302	-0.0058
NZD/JPY	87.77	-2.67
NZD/EUR	0.5648	-0.0059
NZD/GBP	0.4829	-0.0001
NZD/CNH	4.4906	-0.0784
AUD/USD	0.6676	0.0035
AUD/EUR	0.6069	-0.0027
EUR/USD	1.0996	0.0105
USD/CNH	7.2301	-0.1209
GBP/USD	1.2860	-0.0012
EUR/GBP	0.8549	0.0087

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.10%
90 day bills	5.73%	4.36%
2 year swap	5.71%	4.56%
10 year Govt	4.97%	4.35%

"Wham bam, I am, a man

job, or no job, you can't tell me what to do!" Yes, it is true, I watched the Wham documentary, and with lyrics like that, it's easy to see how they conquered the world!

But one man who does have a job today is our very own RBNZ Governor, Adrian Orr. Sure, he'll say it's a committee decision, and they debated for days, but we know who really pulls the strings, don't we! Given the comments the Governor made 6-weeks ago, we suspect it may be a little early for Mr. Orr to 'do an RBA or BoC' and hike, but you never can tell ...

On the other side of the Tasman, Australian June business confidence rose to 0.0 from -3.0, while business

conditions remained stable at 9.0. Consumer sentiment also jumped, from 0.2% to 2.7%

The PBoC's small reduction in interest rates appears to be having an impact already after Chinese banks provided CNY3.05 trillion in new Yuan loans in June, a substantial increase from May's CNY1.36 trillion and well above forecasts at CNY2.34 trillion. It was the largest amount of new bank loans for a June month since at least 2004. Chinese President Xi Jinping also spoke about a greater opening up of the world's second-largest economy, stating, *"In building a new development pattern and promoting a structural opening up, key areas of FX and co-operation such as investment, trade, and financial innovation should be focused on."*

The German ZEW economic sentiment hit its weakest level since last December dropping to -14.7 from June's -8.5, while the US NFIB small business optimism index rallied to a 7-month high at 91 in June, with just 29% of owners raising their average prices, the least since March 2021.

Equity and commodity markets posted modest gains ahead of tonight's US CPI release, while bond yields were mixed with the US 2-year 3bp higher at 4.89% while the 10-year eased back -2bp to 3.98%. The USD came under selling pressure against the JPY and CHF, although it was flat against the EUR and AUD. NZD/USD eased back below the 0.6200 level while NZD/JPY is below 87.00.

"Do you enjoy what you do? If not, just stop, don't stand there and rot!"

Japanese finance minister, Suzuki, has suggested it might be a good idea for the G7 Finance Ministers to 'parley' at the next G20 meeting, but it's definitely not as urgent as it was last week after USD/JPY dipped below the 141.00 level last night.

San Fran President, Mary Daly, announced, *"We've raised over 500bps in a very short amount of time, and we're seeing the economy respond to that tightening. I personally think that the two rate hikes that were pencilled in June are a reasonable projection."* NY President, John Williams, then added, *"We've indicated through our projections and our communications that we think we still have some ways to go to get the policy to this sufficiently restrictive stance to get inflation to 2.0%."*

UK Chancellor, Jeremy Hunt, announced he is, *"Working with the Governor and the BoE. We will do what is necessary for as long as necessary to tackle inflation persistence and bring it back to the 2.0% target."* In other words, he's doing his job!

ECB member, Constantinos Herodotou, announced, *"High inflation is worse than high rates. Monetary policy tightening is the only tool to fight inflation. High interest rates won't be permanent."*



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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	71.90					CAD	0.8247	0.8865
NZD/USD	0.6212	-0.0001	-0.0002	-0.0005	-0.0016	CHF	0.5501	0.5913
NZD/AUD	0.9302	-0.0011	-0.0030	-0.0058	-0.0101	CNY	4.4882	4.8241
NZD/JPY	87.77	-0.45	-1.29	-2.67	-5.28	DKK	4.2089	4.5233
NZD/EUR	0.5648	-0.0010	-0.0028	-0.0059	-0.0116	FJD	1.3590	1.4605
NZD/GBP	0.4829	-0.0002	-0.0003	-0.0001	0.0010	HKD	4.8624	5.2256
						KRW	807.25	867.55
AU TWI	61.70					MYR	2.8991	3.1157
AUD/USD	0.6676	0.0007	0.0019	0.0035	0.0046	NOK	6.5153	7.0019
AUD/NZD	1.0746	0.0012	0.0034	0.0064	0.0106	SEK	6.6822	7.1813
AUD/JPY	94.34	-0.38	-1.09	-2.31	-4.71	SGD	0.8353	0.8977
AUD/EUR	0.6069	-0.0004	-0.0011	-0.0027	-0.0060	TWD	19.47	20.92
AUD/GBP	0.5190	0.0004	0.0014	0.0031	0.0068	ZAR	11.67	12.54
USD Index	101.97					EQUITIES		
EUR/USD	1.0996	0.0018	0.0050	0.0105	0.0186		Index	
USD/JPY	141.29	-0.71	-2.02	-4.18	-8.04	NZX50	11,913	
GBP/USD	1.2860	0.0002	0.0000	-0.0012	-0.0074	ASX200	7,004	
EUR/GBP	0.8549	0.0012	0.0037	0.0087	0.0194	Dow Jones	33,928	
						S&P 500	4,404	
INTEREST RATES			New Zealand		Australia	FTSE100	7,274	
			Mid		Mid	DAX 30	15,673	
30 day bank bills			5.65%		4.13%	Nikkei	32,190	
90 day bank bills			5.73%		4.36%	COMMODITIES		
1 year swap			5.93%		4.60%		USD	
2 year swap			5.71%		4.58%	Brent Crude	77.86	
3 year swap			5.40%		4.47%	Gold	1,925.75	
5 year swap			5.04%		4.55%	Silver	23.14	
10 year swap			4.84%		4.66%	Iron Ore	110.54	
3 year Govt bond			5.27%		4.28%	CRB Index	294.45	
5 year Govt bond			5.02%		4.24%		NZD	
10 year Govt bond			4.97%		4.35%	NZ Carbon	39.00	

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