

Market Alert

Wednesday 10 August 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6282	-0.0004
NZD/AUD	0.9024	-0.0032
NZD/JPY	84.89	-1.70
NZD/EUR	0.6153	-0.0095
NZD/GBP	0.5203	-0.0031
NZD/CNH	4.2428	-0.0315
AUD/USD	0.6959	0.0019
AUD/EUR	0.6815	-0.0083
EUR/USD	1.0207	0.0151
USD/CNH	6.7553	-0.0447
GBP/USD	1.2072	0.0059
EUR/GBP	0.8454	0.0079

INT RATES	NZ	Australia
OCR/Cash	2.50%	1.85%
90 day bills	3.26%	2.31%
2 year swap	3.76%	3.33%
10 year Govt	3.36%	3.25%

Farewell, Serena

The tennis legend, Serena Williams, has announced her retirement from tennis – no doubt to concentrate on managing her new USD111 million venture fund!

If you thought there was a chance of the Fed slowing their rate hiking cycle, it may be time to re-assess that thinking after US nonfarm labour unit costs surged 10.8% in Q2, which followed Q1's 12.7% jump. Furthermore, output declined 2.1% while productivity declined 4.6%, which sounds remarkably like me if I haven't had

a morning coffee! Wages were up 5.7%, which meant labour costs are now up 9.5% over the last four quarters!

Australian consumer confidence plummeted for the 9th consecutive month falling a further 3.0% to 81.2, while the weekly index fell to its lowest level since April 2020 reaching -4.5%. Business conditions improved in July, jumping to 20.0 from 13.0. Meanwhile business confidence improved to 7.0 from June's 1.0, with the report highlighting, "strength in conditions remained broad-based across states and industries (with) a notable pickup in the construction sector. The survey suggests that despite global and domestic economic headwinds, demand has remained strong. Inflationary pressure continues to build suggesting that inflation has yet to peak."

Goldman Sachs sees upside risk for USD/JPY, stating "we see upside risks to USD/JPY on a tactical horizon, as our rates strategists think risks to real yields are still skewed to the upside, which should continue to exert more influence over the Yen than recession risks, and our models suggest USD/JPY could rise close to 140 again under our baseline scenario of US 10y yields rising to 3.3% by the end of the year."

Renowned economist, Nouriel Roubini, announced that as the major economies carry larger debt ratios than ever before, "the world economy is undergoing a radical regime shift. Central banks are thus locked in a 'debt trap' – any attempt to normalize

monetary policy will cause debt-servicing burdens to spike, leading to massive insolvencies, cascading financial crises, and fallout in the real economy!" Simply put, the global economy is headed into a stagflation era and central bankers may trap themselves by trying to normalize monetary policy!

We should be used to the odd perverse economic release out of China, and here's another one after July retail vehicle sales fell 6.3% on the month but surged 20.1% on the year, in what was the second largest jump in the past ten years.

In a quiet session, equities were broadly 1.0% lower, and while oil was flat, energy commodities had a surge. Bond and FX markets were also 'dull as dishwater' spending the session trading sideways.

The UK is planning for potential power cuts to industries and households in January 2023 ... the coldest month of the year, while a Saxo Bank economists announced the U.K. is "more and more looking like an emerging market country."

How the mighty have fallen ... or the mighty in their own mind! The FBI raided various properties owned by former US President, Donald Trump, which was most likely in response to allegations Trump's attempted coup back on 6 January 2020, which may lead to treason and sedition charges. This begs the question, how easy is it to maintain a hairpiece in a Federal Corrections Facility?



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Daily Rates

Wednesday 10 August 2022

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	71.30					CAD	0.8094	0.8966
NZD/USD	0.6282	-0.0001	-0.0002	-0.0004	0.0000	CHF	0.5992	0.6638
NZD/AUD	0.9024	-0.0007	-0.0018	-0.0032	-0.0043	CNY	4.2415	4.7054
NZD/JPY	84.89	-0.21	-0.72	-1.70	-3.51	DKK	4.5786	5.0719
NZD/EUR	0.6153	-0.0015	-0.0045	-0.0095	-0.0177	FJD	1.3618	1.5086
NZD/GBP	0.5203	-0.0005	-0.0015	-0.0031	-0.0052	HKD	4.9313	5.4627
						KRW	821.58	910.12
AU TWI	62.90					MYR	2.7974	3.0988
AUD/USD	0.6813	0.0004	0.0011	0.0019	0.0009	NOK	6.1147	6.7737
AUD/NZD	0.6535	0.0007	0.0020	0.0033	0.0030	SEK	6.3915	7.0803
AUD/JPY	94.05	-0.16	-0.62	-1.57	-3.52	SGD	0.8660	0.9593
AUD/EUR	0.6815	-0.0011	-0.0036	-0.0083	-0.0170	TWD	18.86	20.90
AUD/GBP	0.5764	-0.0001	-0.0005	-0.0015	-0.0035	ZAR	10.42	11.54
USD Index	106.36					EQUITIES		
EUR/USD	1.0207	0.0022	0.0071	0.0151	0.0284		Index	
USD/JPY	135.14	-0.30	-1.10	-2.63	-5.47	NZX50	11,753	
GBP/USD	1.2072	0.0007	0.0024	0.0059	0.0096	ASX200	7,030	
EUR/GBP	0.8454	0.0012	0.0037	0.0079	0.0160	Dow Jones	32,773	
						S&P 500	4,123	
						FTSE100	7,488	
						DAX 30	13,535	
						Nikkei	28,000	
						COMMODITIES		
							USD	
						Brent Crude	96.42	
						Gold	1,794.68	
						Silver	20.51	
						Iron Ore	110.38	
						CRB Index	304.29	
							NZD	
						NZ Carbon	79.90	

INTEREST RATES	New Zealand		Australia
	Mid		Mid
30 day bank bills	2.96%		1.85%
90 day bank bills	3.26%		2.31%
1 year swap	3.77%		3.24%
2 year swap	3.76%		3.33%
3 year swap	3.63%		3.34%
5 year swap	3.46%		3.31%
10 year swap	3.45%		3.48%
3 year Govt bond	3.30%		2.96%
5 year Govt bond	3.26%		3.06%
10 year Govt bond	3.36%		3.25%

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