

# Market Alert

Monday 12 June 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6105	-0.0009
NZD/AUD	0.9087	-0.0056
NZD/JPY	85.40	-2.53
NZD/EUR	0.5701	-0.0063
NZD/GBP	0.4856	-0.0015
NZD/CNH	4.3530	0.0000
AUD/USD	0.6743	0.0032
AUD/EUR	0.6272	-0.0031
EUR/USD	1.0747	0.0104
USD/CNH	7.1434	0.0000
GBP/USD	1.2569	0.0021
EUR/GBP	0.8545	0.0067

  

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.10%
90 day bills	5.71%	4.26%
2 year swap	5.34%	4.30%
10 year Govt	4.58%	4.03%

## Its shaping up to be a big week.

Forget about what happened last week, this week is shaping up to be a big one with interest rate decisions from the Federal Reserve, the ECB, and the BoJ. Of the three central bank meetings, the market is most confident of a rate hike from the ECB with current pricing suggesting there is a 92% probability they'll hike 25bps, while the Fed is sitting a distant second at 32%. The markets aren't pricing any chance of a BoJ rate hike, but the market will be waiting with bated breath as to whether there are any insights into a possible loosening of the BoJ's yield curve controls on the 10-year JGB.

There are also plenty of key data releases with the latest US inflation release, retail sales, Michigan consumer sentiment, the Philadelphia Fed's manufacturing index and the NY state manufacturing index. Other important data releases include China's industrial production, retail sales, and fixed asset investment data, while we also have Germany's ZEW business confidence, and UK GDP and the unemployment rate. It's a bit quieter in this part of the world with an Australian holiday today followed by, later in the week, business and consumer confidence, labour data, and the minutes from the RBA's surprise June rate hike. In New Zealand, Thursday is the day to watch with the release of the Q1 GDP figures, with a negative print confirming the country would have entered a technical recession following Q4's negative print.

Following the recent trend of central bank Governor's to 'U-turn' SNB President Thomas Jordan announced, *"The fight against inflation is not over yet – we need to make sure we bring it back below 2% in the long term. At this point in time, we can't exclude a further tightening of monetary policy."*

Chinese inflation continues to undershoot rising just 0.2% in the year to May following April's 0.1%, as softening demand and falling exports continue to weigh on the re-opening.

The AI frenzy that has driven massive inflows into tech stocks is heading for a pause according to BoA after tech funds saw USD1.2bn of outflows last week as *"Central bank pivoting back to hikes, while the Fed isn't done with its hiking cycle."*

Donald Trump's retainer to his lawyer(s) must be huge after a further 37-criminal indictments against the former President were unsealed on Friday. It will be the first time a former President has faced federal charges. Meanwhile, former Scottish First Minister, Nicola Sturgeon, was also arrested yesterday by police investigating the finances of the pro-independence Scottish National Party.

Last week saw US markets close in a buoyant mood although European bourses closed slightly lower. Commodity markets also closed lower, while bond markets were mixed with the 10-year US yield rallying 3bps to 3.75%. In amongst this, the AUD and NZD also cemented their recent gains with the NZD/USD back above the 0.6100 level.

## Well done chaps!

Congratulations to Novak Djokovic on winning his 23rd Grand Slam at Roland-Garros and to Pep Guardiola on becoming the first manager to win two trebles in two different countries.



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# Daily Rates

Monday 12 June 2023

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.20					CAD	0.8144	0.8993
NZD/USD	0.6105	-0.0001	-0.0003	-0.0009	-0.0020	CHF	0.5518	0.6072
NZD/AUD	0.9087	-0.0011	-0.0029	-0.0056	-0.0102	CNY	4.3664	4.8035
NZD/JPY	85.40	-0.41	-1.26	-2.53	-5.12	DKK	4.2312	4.6734
NZD/EUR	0.5701	-0.0011	-0.0032	-0.0063	-0.0128	FJD	1.3371	1.4768
NZD/GBP	0.4856	-0.0004	-0.0010	-0.0015	-0.0022	HKD	4.7855	5.2856
						KRW	785.91	868.04
AU TWI	61.60					MYR	2.8156	3.1099
AUD/USD	0.6743	0.0006	0.0018	0.0032	0.0045	NOK	6.5559	7.2410
AUD/NZD	1.0998	0.0011	0.0033	0.0062	0.0106	SEK	6.5979	7.2874
AUD/JPY	93.96	-0.36	-1.10	-2.24	-4.66	SGD	0.8201	0.9059
AUD/EUR	0.6272	-0.0005	-0.0015	-0.0031	-0.0073	TWD	18.72	20.67
AUD/GBP	0.5364	0.0002	0.0006	0.0016	0.0036	ZAR	11.42	12.62
USD Index	103.55					<b>EQUITIES</b>		
EUR/USD	1.0747	0.0018	0.0054	0.0104	0.0196		<b>Index</b>	
USD/JPY	139.34	-0.65	-2.00	-3.96	-7.79	NZX50	11,690	
GBP/USD	1.2569	0.0007	0.0017	0.0021	0.0004	ASX200	7,123	
EUR/GBP	0.8545	0.0009	0.0030	0.0067	0.0156	Dow Jones	33,877	
						S&P 500	4,299	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	7,562	
			<b>Mid</b>		<b>Mid</b>	DAX 30	15,950	
30 day bank bills			5.63%		4.11%	Nikkei	32,265	
90 day bank bills			5.71%		4.26%	<b>COMMODITIES</b>		
1 year swap			5.74%		4.44%		<b>USD</b>	
2 year swap			5.34%		4.30%	Brent Crude	74.79	
3 year swap			4.96%		4.10%	Gold	1,960.60	
5 year swap			4.58%		4.02%	Silver	24.27	
10 year swap			4.47%		4.23%	Iron Ore	112.96	
3 year Govt bond			4.72%		3.87%	CRB Index	288.86	
5 year Govt bond			4.52%		3.83%		<b>NZD</b>	
10 year Govt bond			4.58%		4.03%	NZ Carbon	56.00	

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