

Market Alert

Tuesday 15 August 2023

CURRENCIES	Spot	6mths
NZD/USD	0.5974	0.0001
NZD/AUD	0.9211	-0.0056
NZD/JPY	86.88	-2.58
NZD/EUR	0.5476	-0.0052
NZD/GBP	0.4710	-0.0001
NZD/CNH	4.3485	-0.0709
AUD/USD	0.6483	0.0040
AUD/EUR	0.5942	-0.0021
EUR/USD	1.0906	0.0101
USD/CNH	7.2803	-0.1197
GBP/USD	1.2679	-0.0001
EUR/GBP	0.8600	0.0079

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.10%
90 day bills	5.68%	4.22%
2 year swap	5.51%	4.28%
10 year Govt	4.99%	4.27%

NZD sinks on the Asian open

The NZD/USD dipped to 0.5950 overnight, finding itself on the back foot from the get-go yesterday on increasing Chinese growth concerns and resurging 'risk-off' sentiment.

The People's Bank of China is set to review its key 1-year lending rate today and there is already talk of a cut. One argument against cutting rates is the weaker yuan, which has declined more than 5% this year against the USD at a time when Chinese policymakers have been calling for currency stability. The benchmark 1 and 5-year interest rates were last cut in June, by 0.10%.

The People's Bank of China set the USD/CNY fixing at 7.1685 yesterday

much stronger than the 7.2461 expected and a signal that it is not comfortable with the pace of depreciation.

As well as the Australasian currencies, commodity prices are also moving lower, which doesn't bode well for tomorrow's dairy auction.

The US 2-year yield saw a spike up to 4.96%, with the 10-year yield briefly hitting 4.21% for the first time since November as markets try to absorb the increasing US funding requirements.

Investors concerned about China's slowing economic growth have set their sights on the US dollar, viewing it as a 'safe-haven' currency and pushing it to a one-month high yesterday, with the USD index at 103.15.

The Bank of Russia announced yesterday that it would hold an emergency meeting today to discuss their key interest rate, currently sitting at 8.50%. The rouble has fallen to a 16-month low, leading to expectations of another rate hike.

Surge in NZ migration

New Zealand saw a net migration gain of 86,800 for the June 2023 year, vastly improving upon the -17,600 net loss for the 2022 year. Both migrant arrivals and departures were up, with 195,200 arrivals and 108,400 departures respectively.

June also saw an increase in overseas visitor arrivals since last month to

178,426, up from 160,335. These are still far below the numbers seen before COVID-19, with January 2020 having had a seasonally adjusted 315,450 visitors.

BusinessNZ released their July Performance of Services Index (PSI) at 47.8, down from June's 49.6. The key indicators driving this decline were mainly Activity/Sales and New Orders/Business at 39.6 and 43.8 respectively, with the former at its lowest non-lockdown related result since the survey began in 2007.

After a seven week rally, crude oil futures are starting to turn slightly, with WTI settling at USD82.51 and Brent at USD86.21. The price drop was less than 1.0%, with WTI and Brent futures still both up USD15 since June. Cuts in output by some of the world's largest oil producers have driven prices higher, leading to an estimated oil deficit in this quarter of about 2-million barrels per day.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Tuesday 15 August 2023

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.80					CAD	0.8046	0.8732
NZD/USD	0.5974	0.0000	0.0000	0.0001	-0.0007	CHF	0.5248	0.5696
NZD/AUD	0.9211	-0.0011	-0.0029	-0.0056	-0.0104	CNY	4.3338	4.7038
NZD/JPY	86.88	-0.46	-1.25	-2.58	-5.04	DKK	4.0812	4.4289
NZD/EUR	0.5476	-0.0009	-0.0024	-0.0052	-0.0104	FJD	1.3258	1.4387
NZD/GBP	0.4710	-0.0001	-0.0001	-0.0001	0.0001	HKD	4.6715	5.0696
						KRW	798.47	866.50
AU TWI	60.40					MYR	2.7570	2.9919
AUD/USD	0.6483	0.0007	0.0020	0.0040	0.0067	NOK	6.2571	6.7902
AUD/NZD	1.0852	0.0012	0.0033	0.0062	0.0119	SEK	6.4529	7.0027
AUD/JPY	94.30	-0.39	-1.07	-2.23	-4.46	SGD	0.8099	0.8789
AUD/EUR	0.5942	-0.0003	-0.0007	-0.0021	-0.0047	TWD	19.08	20.71
AUD/GBP	0.5112	0.0004	0.0014	0.0030	0.0062	ZAR	11.38	12.35
USD Index	103.15					EQUITIES		
EUR/USD	1.0906	0.0017	0.0047	0.0101	0.0202		Index	
USD/JPY	145.44	-0.77	-2.10	-4.34	-8.34	NZX50	11,826	
GBP/USD	1.2679	0.0002	0.0002	-0.0001	-0.0016	ASX200	7,277	
EUR/GBP	0.8600	0.0011	0.0034	0.0079	0.0170	Dow Jones	35,223	
						S&P 500	4,478	
INTEREST RATES			New Zealand		Australia	FTSE100	7,507	
			Mid		Mid	DAX 30	15,904	
30 day bank bills			5.65%		4.11%	Nikkei	32,060	
90 day bank bills			5.68%		4.22%	COMMODITIES		
1 year swap			5.77%		4.35%		USD	
2 year swap			5.51%		4.29%	Brent Crude	86.19	
3 year swap			5.21%		4.20%	Gold	1,906.40	
5 year swap			4.90%		4.33%	Silver	22.58	
10 year swap			4.79%		4.59%	Iron Ore	105.37	
3 year Govt bond			5.15%		3.95%	CRB Index	311.32	
5 year Govt bond			4.96%		3.99%		NZD	
10 year Govt bond			4.99%		4.27%	NZ Carbon	60.50	

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED