Market Alert

CURRENCIES	Spot	6mths
NZD/USD	0.5976	0.0036
NZD/AUD	0.9127	0.0025
NZD/JPY	88.295	-1.24
NZD/EUR	0.5121	-0.0031
NZD/GBP	0.4450	0.0020
NZD/CNH	4.3048	-0.0314
AUD/USD	0.6546	0.0021
AUD/EUR	0.5609	-0.0050
EUR/USD	1.1668	0.0140
USD/CNH	7.1718	-0.0955
GBP/USD	1.3428	0.0020
EUR/GBP	0.8687	0.0091

INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.28%	3.77%
2 year swap	3.12%	3.32%
10 year Govt	4.63%	4.47%

Now that wasn't a lot of fun!

Have you ever had a shave when there's something sharp sticking out of your razor? Well that what happened to me this morning ... but the issue was that I was in the shower, I was wet, and the bathroom was cold ... so rather than getting a new razor out of the cabinet, I kept on going. The issue is, while my chin is smooth, I look like I've been making out with Freddy Krueger!

Last night saw a bit of risk off ...

continuing the trend we saw in our time zone yesterday. The USD-index firmed 0.3%, although the majors were stable with the EUR, CAD, CHF and CNY all relatively unchanged, with the weakness being borne by the AUD -0.2%, the JPY -0.4%, and the NZD and GBP each at -0.5%. I suppose the interesting thing is that despite the threatening letters from Trump, the EUR and CAD were unscathed, although the MXN fell 0.4%. Bond yields firmed at the peripheral amid a slight steepening bias with the 2-year flat at 3.91%, while the 10-year firmed 2bps to 4.43%.

Equity markets also looked past the renewed tariff threats and focused instead on this week's key events, which includes the start of the Q2 earnings season with 20% of Dow companies reporting this week, and the June inflation update. Bourses were flat to 0.5% higher. Commodity markets reversed Friday's gains, falling 0.5% to 2.0% with crude hit the hardest falling to the USD67.00 level.

Chinese yuan denominated exports grew 7.2% in the 12-months to June, while imports grew 2.9%. In USD terms, exports rose 5.8%, which was better than the previous month's 4.8% increase and ahead of forecasts at 5.0%. Chinese banks extended CNY2.2trn (USD312bn) in new loans in June, more than triple May's total, and beating forecasts at CNY1.8trn. President Xi also announced a policy shift to 'anti-involution' which is to counter intense, unproductive competition that leads to inefficiency rather than progress. Finally, analysts expect today's Q2 GDP release to outperform with 5.1% the median call.

New Zealand services index, or PSI, firmed from 44.1 to 47.3, although it is the 5th consecutive month the index has printed in contractionary territory. Electronic card retail sales grew 0.5% in June, although they fell 0.4% on the year.

Trump threatens ... again ...

but this time the President went 'big', announcing he's "*disappointed*" with Russian President Vladimir Putin over his ongoing invasion of Ukraine, warning, "*We're going to be doing very severe tariffs, if you don't have a deal in 50 days, tariffs at about 100%, they call them secondary tariffs.*"

Fed member Beth Hammack announced, "*I see an economy that's really healthy (although) we are not there yet on inflation. It's important to stay restrictive on monetary policy.*"

BoE Governor Andrew Bailey has also gone 'full Trump' sending letters ... but in his case it was to a bunch of central bank governors and G20 finance ministers warning, "*Since April, market conditions have improved, and asset prices have recovered. We have seen further economic and geopolitical risks crystallize and global debt vulnerabilities remain high. Uncertainty continues to weigh on growth expectations. We need to remain vigilant to the rest of disruptive market moves.*"

The EU is close to finalising a deal on sanctioned Russian oil with a 'dynamic pricing mechanism' with the cap set at 15% below the average global crude price over the past 22 weeks.

And to finish with something out of left field ... word on the street is that Morrison & Co and NZ Super are among the buyers interested in KiwiBank!

Daily Rates

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths		Spot Mid NZD/...	AUD/...
NZ TWI	69.00					CAD	0.8181	0.8964
NZD/USD	0.5976	0.0006	0.0019	0.0036	0.0061	CHF	0.4766	0.5224
NZD/AUD	0.9127	0.0005	0.0014	0.0025	0.0034	CNY	4.2859	4.6994
NZD/JPY	88.295	-0.24	-0.63	-1.24	-2.37	DKK	3.8206	4.1864
NZD/EUR	0.5121	-0.0006	-0.0016	-0.0031	-0.0065	FJD	1.3270	1.4540
NZD/GBP	0.4450	0.0004	0.0010	0.0020	0.0030	HKD	4.6895	5.1385
						KRW	825.54	904.59
AU TWI	60.60					MYR	2.5390	2.7821
AUD/USD	0.6546	0.0003	0.0010	0.0021	0.0036	NOK	6.0600	6.6403
AUD/NZD	1.0954	-0.0006	-0.0018	-0.0032	-0.0063	SEK	5.7436	6.2944
AUD/JPY	96.67	-0.31	-0.84	-1.62	-2.97	SGD	0.7657	0.8390
AUD/EUR	0.5609	-0.0010	-0.0026	-0.0050	-0.0095	TWD	17.54	19.22
AUD/GBP	0.4873	0.0001	0.0004	0.0008	0.0014	ZAR	10.70	11.72
USD Index	98.08					**EQUITIES**		
EUR/USD	1.1668	0.0026	0.0072	0.0140	0.0257			Index
USD/JPY	147.75	-0.55	-1.52	-2.95	-5.31	NZX50		12,679
GBP/USD	1.3428	0.0003	0.0010	0.0020	0.0031	ASX200		8,570
EUR/GBP	0.8687	0.0017	0.0046	0.0091	0.0168	Dow Jones		44,460
USD/CNY	7.167	-0.0175	-0.0466	-0.0902	-0.1815	S&P 500		6,267

INTEREST RATES	New Zealand Mid	Australia Mid
		FTSE100 — 8,998
		DAX 30 — 24,161
30 day bank bills	3.36%	3.84%
90 day bank bills	3.28%	3.77%
1 year swap	3.13%	3.41%
2 year swap	3.17%	3.33%
3 year swap	3.30%	3.39%
5 year swap	3.57%	3.78%
10 year swap	4.10%	4.24%
3 year Govt bond	3.54%	3.49%
5 year Govt bond	3.93%	3.76%
10 year Govt bond	4.63%	4.47%

EQUITIES	Index
FTSE100	8,998
DAX 30	24,161
Nikkei	39,460

COMMODITIES	USD
Brent Crude	69.19
Gold	3,344.94
Silver	38.19
Iron Ore	96.71
CRB Index	373.31

	NZD
NZ Carbon	57.50

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