

NZD Crosses

NZDUSD

Rate	0.7223
Change	0.0014
% Change ▲	0.19%

NZDAUD

Rate	0.7967
Change	0.0035
% Change ▼	0.44%

NZDEUR

Rate	0.5529
Change	0.0017
% Change ▲	0.31%

NZDJPY

Rate	62.29
Change	0.38
% Change ▼	0.61%

NZDGBP

Rate	0.4603
Change	0.0015
% Change ▼	0.32%

Majors

EURUSD

Rate	1.3009
Change	0.0014
% Change ▼	0.11%

USDJPY

Rate	85.91
Change	0.69
% Change ▼	0.80%

AUDUSD

Rate	0.9026
Change	0.0058
% Change ▲	0.64%

Foreign Interest Rates

USD	0.25%
AUD	4.50%
GBP	0.50%
EUR	1.00%
JPY	0.10%
NZD	2.75%

Other Rates

NZDHKD	5.6052
NZDFJD	1.3739
NZDCAD	0.7430
NZDSGD	0.9814
NZDXPF	65.93
NZDTHB	23.23
NZDZAR	5.2554
NZDDKK	3.6185
NZDSEK	5.1934
90 Day Bill	2.76%

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Foreign Exchange Outlook – 2nd August 2010

Kiwi Up Despite Greenspan's Concern

The local currencies were just a touch firmer over the weekend despite US GDP undershooting expectations; second quarter annualized growth was 2.4% vs 2.6% expected, this was enough to take the shine off an earlier advance in equity markets. Sentiment was not aided by doom and gloom comments from Former Fed Chairman Alan Greenspan who said the current stumble in the data "feels like a quasi-recession" and that a "double dip" recession "is possible if home prices go down ... that would induce a major increase in foreclosures, foreclosures would feed on the weakness in prices, and it would create a problem". We note that risk-sensitive markets are beginning to look shaky given the recent run of global data that has missed expectations, Friday nights US GDP is simply the latest in the current trend.

Market expectations are softening in the run up to Tuesdays RBA interest rate announcement; first up the CPI data released last week was almost half expectation, then bank lending data released on Friday showed private sector credit expanded at just 0.2% in June vs expectations of 0.4%. Aussie consumer activity and confidence has been subdued for some time, despite a still-hot housing market, pointing to softening in the RBA's stance this Tuesday. The Kiwi/Aussie cross rate fell a cent following last week's softened guidance from the RBNZ, even as the market counted out any chance of RBA hikes this year following the weak AU CPI. The current rate could prove to be an attractive level for exporters to Australia should the RBA disappoint the optimists on Tuesday.

Also due this week is the Aussie trade balance on Wednesday, NZ unemployment on Thursday, Bank of England and European Central Bank policy meetings on Thursday night and then the very topical US unemployment data due Friday night.

