



**CNS Treasury System**

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Foreign Exchange Outlook – 5th August 2010

**NZD Crosses**

**NZDUSD**

Rate	0.7313
Change	0.0008
% Change	▼ 0.11%

**NZDAUD**

Rate	0.7977
Change	0.0035
% Change	▼ 0.44%

**NZDEUR**

Rate	0.5557
Change	0.0024
% Change	▲ 0.43%

**NZDJPY**

Rate	63.07
Change	0.25
% Change	▲ 0.39%

**NZDGBP**

Rate	0.4603
Change	0.0012
% Change	▲ 0.26%

**Majors**

**EURUSD**

Rate	1.3102
Change	0.0073
% Change	▼ 0.55%

**USDJPY**

Rate	85.91
Change	0.44
% Change	▲ 0.51%

**AUDUSD**

Rate	0.9127
Change	0.0029
% Change	▲ 0.32%

**Foreign Interest Rates**

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

**Other Rates**

NZDHKD	5.6814
NZDFJD	1.3896
NZDCAD	0.7441
NZDSGD	0.9893
NZDXPF	66.27
NZDTHB	23.45
NZDZAR	5.3056
NZDDKK	3.6185
NZDSEK	5.2099
90 Day Bill	2.76%

**AU Trade Surplus Hits Record; NZ Unemployment at 10.45**

The Aussie was the stronger performer overnight following record trade data; the trade balance in June came in at A\$3.54bln, double expectations of A\$1.8bln and the largest monthly surplus since records began in 1971. Imports were little changed for the period but exports rose 7% driving the lion's share of the surplus. The data highlights the divergence in the AU economy. Activity and leading indicators have retraced recently as the interest rate hikes curb consumer activity, while high commodity prices for exports provide strong stimulus for isolated parts of the economy.

The Aussie dollar pushed up another half cent against the US\$ overnight, currently it is sitting just above 0.9150. The Kiwi was steady around recent highs in the mid 0.73's against the US\$ and slightly down against the stronger AU\$; the NZDAUD cross sits just above 0.80 this morning, down almost half a cent from yesterday's highs. The Euro and Pound couldn't quite keep up their winning streak overnight, both slightly losing ground against the US\$ and allowing the Kiwi to push up slightly on the crosses.

NZ unemployment due at 10.45 this morning is expected to show a marginal increase from 6.0% to 6.2% in the second quarter, a give back from the first quarters strong improvement from 7.1%. To give some context; Aussie unemployment is currently 5.1%, German is 7.6%, UK is 7.8% and US is 9.5%. The ADP unemployment data for the US released last night showed 42k American jobs were added in July vs expectations of 30k, although the market is much more focused on the official non-farm payrolls data released on Friday night. The market is expecting -65k from the non-payrolls data, better than the previous, census-worker-exaggerated decline of 125k jobs. This would put US unemployment up slightly to 9.6%.

