



CNS Treasury System
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Foreign Exchange Outlook – 8th July 2010

NZD Crosses

NZDUSD

Rate	0.7012
Change	0.0109
% Change ▲	1.55%

NZDAUD

Rate	0.8104
Change	0.0010
% Change ▼	0.12%

NZDEUR

Rate	0.5545
Change	0.0074
% Change ▲	1.33%

NZDJPY

Rate	61.49
Change	1.08
% Change ▲	1.75%

NZDGBP

Rate	0.4612
Change	0.0051
% Change ▲	1.10%

Majors

EURUSD

Rate	1.2593
Change	0.0024
% Change ▲	0.19%

USDJPY

Rate	87.35
Change	0.22
% Change ▲	0.25%

AUDUSD

Rate	0.8614
Change	0.0140
% Change ▲	1.63%

Foreign Interest Rates

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

Other Rates

NZDHKD	5.4608
NZDFJD	1.3774
NZDCAD	0.7344
NZDSGD	0.9698
NZDXPF	66.13
NZDTHB	22.70
NZDZAR	5.2907
NZDDKK	3.6185
NZDSEK	5.2938
90 Day Bill	2.76%

Kiwi Jumps on Global Equity Performance

A big rebound for the local currencies overnight off the back of some positive data from US consumers and news that the EU will run and publish stress tests on the banking system; the Kiwi has pushed up over 1 cent from the overnight low to trade in the low 0.70's this morning, the Aussie has risen almost two cents to sit at 0.6850 vs. the USD. The Aussie was slightly favoured vs. the Kiwi overnight due to the RBA's Tuesday interest rate announcement which the markets have taken to show the door is open for further hikes in Australia this year.

The International Council of Shopping Centers, who are due to release their index of retail sales overnight tonight, said in a pre-released report that sales are growing at their fastest pace in 4 years, evidence consumers may be shrugging off persistently sluggish unemployment and house prices and looking past a recent dip in consumer sentiment. Share markets in the US have risen over 3% aided by the news as investors jump at the prospect of reignited consumption.

Also encouraging markets to advance was news that EU regulators will run stress tests on the European banking system. The stress test will be run to assess the risks and resilience of the Banks to simulated outcomes with the sovereign debt crisis. European Banks are major holders of debt for countries such as Greece leaving the entire banking system very vulnerable to sovereign default. Bank stocks have struggled in Europe as investors steer clear but with the stress test results available, it will help investors better analyse the risks and willing investors can return to owning bank shares. European share indexes are up between 1 and 2.5% each overnight, kicking off the optimism that carried the local currencies higher. Interestingly the Euro failed to make any headway against the US\$ on the news suggesting that the recent Euro rally has done its dash.

The Kiwi was lifted back towards the top of the recent range as stocks rallied

