

## NZD Crosses

### NZDUSD

Rate 0.7123  
Change 0.0086  
% Change ▼ 1.20%

### NZDAUD

Rate 0.7931  
Change 0.0042  
% Change ▲ 0.53%

### NZDEUR

Rate 0.5537  
Change 0.0070  
% Change ▲ 1.26%

### NZDJPY

Rate 60.82  
Change 0.72  
% Change ▼ 1.18%

### NZDGBP

Rate 0.4549  
Change 0.0004  
% Change ▲ 0.09%

## Majors

### EURUSD

Rate 1.2819  
Change 0.0314  
% Change ▼ 2.45%

### USDJPY

Rate 85.03  
Change 0.02  
% Change ▲ 0.02%

### AUDUSD

Rate 0.8945  
Change 0.0154  
% Change ▼ 1.73%

## Foreign Interest Rates

USD 0.25%  
AUD 4.50%  
GBP 0.50%  
EUR 1.00%  
JPY 0.10%  
NZD 3.00%

## Other Rates

NZDHKD 5.5354  
NZDFJD 1.3656  
NZDCAD 0.7454  
NZDSGD 0.9732  
NZDXPF 65.99  
NZDTHB 22.69  
NZDZAR 5.1760  
NZDDKK 3.6185  
NZDSEK 5.2328

90 Day Bill 2.76%

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CNS Treasury System

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## Foreign Exchange Outlook – 12th August 2010

### Markets Down Sharply Against US\$

There were sharp falls in most markets against the US\$ last night on concerns the global recovery will falter; it seems the markets have finally decided to play catch up on the recent run of poor economic data. The Kiwi has lost a further half cent against the US\$ to trade in the high 0.71's, the Aussie lost more falling a full cent to US\$0.90 but the Euro takes the prize for biggest decline for the majors losing over 2% against the US\$ (and allowing the NZDEUR to gain half a cent in the process). The losses were not confined to currencies as equities are a sea of red this morning; Japans Nikkei closed down 2.7%, European bourses declined at least 2.5% and the US Indexes are currently down almost 3%.

As we have been discussing over the past week or more, many of these assets were looking stretched against the US\$. We thought the poorer than expected US unemployment data released over the weekend may have been the straw to break the camel's back but the markets held out for yesterdays Fed meeting to trigger a move out of risk. Ironically, the Feds pledge to reinvest cash from securities market appeases the rumors that the Fed would step back into the bond market; it will go keep interest rates low which will make it slightly easier for the next round of corporate earnings announcements, but truth be told, there is little in the Feds plan or power that will stimulate activity and growth. As we mentioned yesterday, we would not be surprised to see something big from President Obama in the near future; he could do with the popularity, it will take fiscal not monetary action to solve the housing problem and the Fed yesterday gave the President the space and the support for action. Watch this space.

The Kiwi has turned down against the US\$ as weak global data triggers risk aversion

