



CNS Treasury System

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Foreign Exchange Outlook – 13th July 2010

NZD Crosses

NZDUSD

Rate	0.7079
Change	0.0005
% Change ▲	0.07%

NZDAUD

Rate	0.8085
Change	0.0022
% Change ▲	0.27%

NZDEUR

Rate	0.5619
Change	0.0017
% Change ▲	0.30%

NZDJPY

Rate	62.73
Change	0.08
% Change ▼	0.13%

NZDGBP

Rate	0.4708
Change	0.0015
% Change ▲	0.32%

Majors

EURUSD

Rate	1.2545
Change	0.0024
% Change ▼	0.19%

USDJPY

Rate	88.26
Change	0.18
% Change ▼	0.20%

AUDUSD

Rate	0.8718
Change	0.0018
% Change ▼	0.21%

Foreign Interest Rates

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

Other Rates

NZDHKD	5.4986
NZDFJD	1.3725
NZDCAD	0.7338
NZDSGD	0.9786
NZDXPF	67.01
NZDTHB	22.84
NZDZAR	5.3750
NZDDKK	3.6185
NZDSEK	5.2963
90 Day Bill	2.76%

Markets Gearing Up for Earnings Season

Most of the currency moves came out of Europe and the UK overnight with both the Pound and the Euro weakening against the US\$ and the local currencies overnight. The Pound struggled after comments from ratings agency Standard and Poor's who warned the UK that "the general government debt burden may approach a level incompatible with the nations AAA long-term credit rating". While the threat of a downgrade is limited at this stage, the comments do remind the market of the UK's unsavoury fiscal position and this was enough to see the Pound slip against its trading partners. The locals were relatively flat against the US\$ around 0.7100 for the Kiwi and 0.8750 for the Aus and the NZDAUD cross is flat, still trading around the low 0.81's.

Much of the recent quietness in financial markets has been due to the North American summer (record breaking heat waves in New York City) and a quiet period in the run up to the US second quarter corporate earnings season. Alcoa, the global Aluminum giant, will unofficially open the earnings season after exchanges close in the US this morning, 23 more companies including Google and Citigroup will release earnings announcements and forecasts this week offering guidance to the market. US sharemarkets and local currency movements have been particularly similar for the last year meaning any information or insights gleaned from the coming announcements will have a direct and immediate effect on the local currencies; we wait with baited breath.

On the local scene focus is turning to the NZ retail sales and REINZ due to be released tomorrow, this afternoon see's Aussie Business confidence at 1.30.

The direction of US stocks and local currencies hinge on looming earnings calls

