



CNS Treasury System

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Foreign Exchange Outlook – 22nd July 2010

NZD Crosses

NZDUSD

Rate	0.7105
Change	0.0022
% Change	▼ 0.31%

NZDAUD

Rate	0.8091
Change	0.0021
% Change	▲ 0.26%

NZDEUR

Rate	0.5565
Change	0.0037
% Change	▲ 0.66%

NZDJPY

Rate	61.82
Change	0.51
% Change	▼ 0.82%

NZDGBP

Rate	0.4683
Change	0.0019
% Change	▲ 0.40%

Majors

EURUSD

Rate	1.2715
Change	0.0123
% Change	▼ 0.96%

USDJPY

Rate	86.66
Change	0.44
% Change	▼ 0.51%

AUDUSD

Rate	0.8779
Change	66.4221
% Change	▼ 68.00%

Foreign Interest Rates

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

Other Rates

NZDHKD	5.5242
NZDFJD	1.3776
NZDCAD	0.7444
NZDSGD	0.9790
NZDXPF	66.36
NZDTHB	22.90
NZDZAR	5.3428
NZDDKK	3.6185
NZDSEK	5.2477
90 Day Bill	2.76%

Markets Down as Bernanke Says “Uncertain”

Comments from Fed Chairman Ben Bernanke weighed on the markets last night, causing the Kiwi and Aussie to peel back half a cent against the US\$. In a testimony to the Senate Banking Committee, Bernanke said that while the Fed plans to eventually remove the emergency stimulus, “we also recognize that the economic outlook remains unusually uncertain ... we will continue to carefully assess ongoing financial and economic developments, and we remain prepared to take further policy actions as needed” although Bernanke did not elaborate on what further action may entail. The Kiwi and Aussie were not alone in their falls; their doubtful nature led the US equity markets down 1.5% and the EUR and GBP are down around 1% each as well (leaving the NZDEUR and NZDGBP slightly stronger as a result).

NZ migration released yesterday showed that 70 new permanent migrants were added in June, lower than the +2,000 per month we enjoyed during much of 2009. Adding new migrants was a positive for the economy as they provide demand for housing (fortunately at a time of great uncertainty for the housing prices) but it seems this cycle of immigration is coming to an end as new migrant figures dwindle. Encouragingly though, tourist numbers continue to impress; total visitors were over 2.5 million in the year to June, the highest number ever. 45% of visitors were Aussies taking advantage of the low NZDAUD cross rate. NZ consumer confidence is due to be released at 3:00 this afternoon, confidence here has been tentatively bullish for some time although this has not translated into equivalent retail activity.

Low inflation and record low interest rates point to sluggish GDP

