

Fresh all-time high for S&P 500 US share index

US sharemarkets were mixed on Friday. Shares in Nike rose 15.5% after it forecast full-year sales above forecasts. Financials rose 1.3% after the Federal Reserve reported bank stress test results. But shares in FedEx fell 3.6% after disappointment with earnings forecasts. The Dow Jones index rose 0.7%, and is 1% shy of its all-time record close. The S&P 500 index rose by 0.3% to a record high close and the Nasdaq index is just 0.1% off its record highs. Over the week, the Dow rose by 3.4%; the S&P 500 rose by 2.7%; and the Nasdaq rose by 2.4%.

US long-term Treasuries fell on Friday (yields higher). US 2-year yields were flat near 0.27%, and up 2 basis points on a week ago. US 10-year yields rose by 3 points on Friday, and 8 points over the week to trade near 1.52%.

In US economic data, a key measure of inflation – the core Personal Consumption Expenditure deflator – rose by 0.5% to be up 3.4% on the year (near expectations). US Personal Income fell by 2.0% in May (survey: -2.5%). Spending was flat in the month (survey: +0.4%).

European sharemarkets rose on Friday. Banks, miners and construction stocks were amongst the gainers. Shares in Credit Suisse rose by 1.9% after Reuters reported that it was considering a potential merger with UBS. The pan-European STOXX 600 index rose by 0.1%. The German Dax index also lifted by 0.1%. The UK FTSE index rose by 0.4%.

In New Zealand, the S&P/NZX 50 Index lifted 0.3% on Friday, up circa 0.6% on a week ago. Leading the lift was A2 Milk, which has continued to recover from its major sell-off. The share price was up 2.9% on Friday to trade at \$6.75. Meanwhile the NZ 5-year government bond yield is up 7bps over the week while the 10-year yield is up 2bps.

Global oil prices rose by up to 0.5% Friday with key benchmark prices at the highest levels since October 2018. Traders await the meeting of OPEC+ producers on July 1. Prices are being supported by expectations that US sanctions will continue to be enforced on Iran, restricting global oil supplies. Over the week Brent rose by 3.6% to US\$76.18 a barrel.

FX comment: Major currencies were weaker against the US dollar in European and US trade. However, the NZD starts the week trading off its recent lows, around 0.7070 against the USD and 0.9325 against the AUD.

Day ahead: There are no significant data releases scheduled here or offshore today. In the US, the Dallas Federal Reserve manufacturing index is issued. **Week ahead local:** ANZ's latest surveys of business and consumer confidence are out on Wednesday and Friday, respectively. Business sentiment measures point to firming demand and strong GDP growth continuing over Q2 2021. Businesses' own activity expectations were slightly above decade-averages in May and the first week of June. Consumer confidence is expected to modestly firm towards historical averages on Friday. Consumers' assessments of their current and future financial position are biased higher, a remarkable achievement considering we are in a global pandemic. **Week ahead offshore:** The offshore highlight is US Non-farm Payrolls on Friday. We expect a strong 700,000 lift in jobs in June. The US economy is improving rapidly, which supports jobs creation. We also forecast the unemployment rate will dip to 5.7%. However, there is some concern that supplementary unemployment benefits are holding back employment gains. Half of all US states have, or will, end the federal unemployment assistance early. As a result, there is a risk of a set-back in employment in July/August if the transition to paid employment is not smooth. Already-released US regional manufacturing indices point to a stabilisation in the national ISM on Friday. On Wednesday we expect to see the Australian trade surplus increase to \$A9.8bn in May from \$A8.0bn in April. Commodity prices rose by a strong 6% in the month which should see export values lift. There will be an update on Eurozone inflation for the month of June on Wednesday. But the next big focus in Australia is the RBA meeting on 6th July.

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Currencies			Currencies			Commodities			Equities		
NZD/USD	0.7073	0.1%	NZD/SEK	6.005	0.0%	NZX WMP	3835.0	0.0%	Dow	34434	0.7%
NZD/AUD	0.9326	0.2%	NZD/DKK	4.406	0.1%	Gold \$/o	1781.4	0.4%	S&P 500	4281	0.3%
NZD/EUR	0.5925	0.1%	NZD/THB	22.5	0.1%	WTI Oil \$/b	74.3	1.1%	NASDAQ	14360	-0.1%
NZD/JPY	78.36	0.0%	AUD/USD	0.7584	-0.2%	Money Market (%)			FTSE	7136	0.4%
NZD/GBP	0.5089	0.0%	EUR/USD	1.194	0.0%	90 Day BB	0.33	0.00	CAC-40	6623	-0.1%
NZD/CAD	0.8690	0.0%	USD/JPY	110.8	0.0%	OCR	0.25	0.00	DAX	15608	0.1%
NZD/CHF	0.6493	0.2%	10 Yr Bond Yields (%)			ASB Swap Rates (%)			H.Seng	29288	1.4%
NZD/HKD	5.487	0.0%	NZ	1.81	0.01	1yr	0.49	0.03	Nikkei	29066	0.7%
NZD/SGD	0.9491	0.0%	US	1.52	0.03	2yr	0.77	0.05	ASX200	7308	0.5%
NZD/CNH	4.566	0.1%	Aust	1.57	0.00	5yr	1.38	0.03	NZX50	12626	0.3%

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