

Support for Vice President Harris grows

After President Biden's exit from the race yesterday, Vice President Harris appeared to have a clear path to the Democratic nomination. Bloomberg reports that no other prominent Democrats said they would challenge her.

She has picked up endorsements from top party figures, including Democratic governors rumoured to be possible candidates: California's Gavin Newsom, Illinois' JB Pritzker and Michigan's Gretchen Whitmer. Former House Speaker Nancy Pelosi on Monday endorsed Harris. Senate Majority Leader Chuck Schumer and House Minority Leader Hakeem Jeffries are expected to back Harris as soon as Monday, CNN reported.

The People's Bank of China on Monday surprised markets and cut the seven-day reverse repo rate, a key short-term policy rate, in the first reduction in almost a year. Chinese banks followed the move about an hour later by lowering their main benchmark lending rates, making it less costly to borrow for mortgages and other loans (Bloomberg).

US and European sharemarkets were positive overnight, while markets were largely lower earlier on in Asia. In the US, markets were up 0.3% to 1.7%. In Europe the main benchmarks were up 0.5%-1.3%, with the Euro Stoxx 50 up 1.5%. Asian shares were largely lower, with the Nikkei 225 down 1.2%, and Chinese benchmarks down 0.1% to 0.7%.

The Australian sharemarket was down 0.5% on Monday and the NZ sharemarket was down 0.1% amid takeover news for Arvida Group and The Warehouse ([read more](#)). The Warehouse rose 25% after telling the market it has had an approach from founder and majority shareholder Sir Stephen Tindall and Adamantem Capital Partners about buying its shares. Arvida's board is unanimously backing 1005 takeover offer from New York-based infrastructure investment firm Stonepeak.

US economic activity fell in June, according to the Federal Reserve Bank of Chicago. The Chicago Fed national index was positive 0.05 in June versus 0.23 in May. According to the report: "Production-related indicators contributed +0.11 to the CFNAI in June, down from +0.23 in May". A reading below zero indicates below-trend-growth in the national economy (Source Bloomberg).

FX & rates: The NZD has dipped below 0.6000 against the USD overnight, while posting modest gains on the AUD to trade back above 0.9000. Local swap rates and bond yields were flat for short terms and lifted modestly at the long end yesterday.

Oil prices have eased lower, with West Texas intermediate prices easing below \$80 US/bbl overnight.

Day ahead: No major releases are scheduled here or abroad today. Finance ministers from a group of 20 nations meet in Rio de Janeiro this week.

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Currencies			Currencies			Commodities			Equities		
NZD/USD	0.5979	-0.5%	NZD/SEK	6.412	-0.1%	NZX WMP	3020.0	0.7%	Dow	40415	0.3%
NZD/AUD	0.9003	0.2%	NZD/DKK	4.098	-0.5%	Gold \$/o	2398.7	-0.1%	S&P 500	5564	1.1%
NZD/EUR	0.5492	-0.6%	NZD/THB	21.7	1.9%	WTI Oil \$/b	79.9	-	NASDAQ	18008	1.7%
NZD/JPY	93.90	-0.8%	AUD/USD	0.6641	-0.7%	Money Market (%)			FTSE	8199	0.5%
NZD/GBP	0.4624	-0.6%	EUR/USD	1.089	0.0%	90 Day BB	5.55	0.00	CAC-40	7622	1.2%
NZD/CAD	0.8224	-0.3%	USD/JPY	157.1	-0.2%	OCR	5.50	0.00	DAX	18407	1.3%
NZD/CHF	0.5319	-	10 Yr Bond Yields (%)			ASB Swap Rates (%)			H.Seng	17636	1.3%
NZD/HKD	4.668	-0.6%	NZ	4.41	0.04	1yr	4.92	0.00	Nikkei	39599	-1.2%
NZD/SGD	0.8047	-0.5%	US	4.25	0.02	2yr	4.36	0.01	ASX200	7932	-0.5%
NZD/CNH	4.363	-0.5%	Aust	4.31	0.02	5yr	3.99	0.02	NZX50	12310	-0.1%

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