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Forex Market News

NZD/USD Fundamental Analysis

The NZD/USD dipped 82 points against the stronger US dollar after the RBA dropped interest rates by 25 bps this morning. The kiwi is trading at 0.7222. This is a continuation of weakness for the kiwi that began last week after the Reserve Bank of New Zealand kept interest rates unchanged, but said that the kiwi's relative strength to other currencies was "unjustified." This morning the RBA reduced its lending rate pressuring the RNZD to follow suit. In its statement on the decision, the RBA said it assessed "domestic demand growth [as] overall quite weak. As a result, the unemployment rate has gradually moved higher over the past year. The fall in energy prices can be expected to offer significant support to consumer spending, but at the same time the decline in the terms of trade is reducing income growth. Overall, the Bank's assessment is that output growth will probably remain a little below trend for somewhat longer, and the rate of unemployment peak a little higher, than earlier expected. The economy is likely to be operating with a degree of spare capacity for some time yet." New Zealand's residential property values grew at a faster annual pace in January as a shortage of houses for sale in

Auckland continued to fan the flames of a hot property market. National property values rose 5.7 percent in the year ended Jan. 31, accelerating from a pace of 4.9 percent in December, according to state-owned valuer Quotable Value. Auckland, the country's biggest city, spurred the national pace higher, with property values rising an annual 12, speeding up from the 10 percent pace a month earlier. New Zealand commodity prices fell in January, extending their 12-month slide to about 19 percent, led by casein, wool, beef and aluminum. **FxEmpire**

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