

Market Alert

Monday 09 October 2023

CURRENCIES	Spot	6mths
NZD/USD	0.5965	0.0000
NZD/AUD	0.9382	-0.0063
NZD/JPY	88.91	-2.64
NZD/EUR	0.5651	-0.0049
NZD/GBP	0.4878	-0.0007
NZD/CNH	4.3555	0.0000
AUD/USD	0.6355	0.0041
AUD/EUR	0.6002	-0.0014
EUR/USD	1.0586	0.0093
USD/CNH	7.3076	-0.0698
GBP/USD	1.2225	0.0015
EUR/GBP	0.8644	0.0061

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.10%
90 day bills	5.73%	4.18%
2 year swap	5.69%	4.25%
10 year Govt	5.64%	4.64%

Watch out New Zealand ... the Irish are coming!

One thing I know for sure ... Its pretty well guaranteed my wife and I won't be talking come 9:45am next Sunday morning as we get to the business end of the competition! But in between the rugby game, it was another great weekend for sport with New Zealand pair Shane van Gisbergen and Richie Stanaway bagging the Bathurst crown while the cricket world cup is starting to gain momentum as well with the Black caps up tonight in their second game. Heck, even the football went well with United claiming a last gasp win while City lost their second consecutive game and ... surprise surprise ... Max Verstappen was crowned Formula One champion!

But unfortunately ...

... geo-political events have highlighted the precarious nature of financial markets with an escalation of the middle eastern conflict after the Palestinian Islamic group Hamas launched multiple attacks on Israel. The word escalation doesn't really explain the extent of the conflict, but I suspect it will lead to a 'risk-off' trading environment and, hopefully, common sense will prevail, and a peaceful solution can be found sooner rather than later.

Should the 'risk off' ...

... trading environment weigh, it will undue all of the positives from Friday's session when US data outperformed expectations when it was announced 336k jobs were added to the US economy in September, which was well above the 170k expected. The US unemployment rate held at 3.8% while wages rose at a modest 0.2% on the month and 4.2% on the year.

The positive jobs report 'lit-a-match' under equity markets with most European and US exchanges rallying 0.8%-1.7% while the US 10-year treasury yield surged above the 4.80% level before closing at 4.79%. The US 2-year yield also rallied 6bps to close at 5.08%. The USD closed the week just below the 106.00 level, which saw NZD/USD close just below 0.6000 and AUD/USD below 0.6400. Commodity prices also closed

the Friday session in positive territory, but it wasn't enough to stop crude prices recording their biggest weekly loss since March while copper and gold prices fell to their lowest levels since May and March respectfully.

This week's focus will be on the US inflation report, FOMC meeting minutes, speeches by Federal Reserve officials, and the Michigan consumer confidence index while, from China, we also have an update on inflation, trade, PPI, and new yuan loans data. Germany will share insights into its industrial production numbers, Australia will provide their latest consumer and business confidence indicators, while someone mentioned something about an election in New Zealand?

Finally, congratulations to Iranian women's rights campaigner Narges Mohammadi on winning the Nobel Peace Prize.



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	70.90					CAD	0.8158 0.8692
NZD/USD	0.5965	0.0000	0.0001	0.0000	-0.0011	CHF	0.5428 0.5777
NZD/AUD	0.9382	-0.0011	-0.0032	-0.0063	-0.0121	CNY	4.3504 4.6856
NZD/JPY	88.91	-0.46	-1.34	-2.64	-5.26	DKK	4.2013 4.4760
NZD/EUR	0.5651	-0.0007	-0.0024	-0.0049	-0.0111	FJD	1.3345 1.4217
NZD/GBP	0.4878	-0.0001	-0.0003	-0.0007	-0.0018	HKD	4.6714 4.9768
						KRW	802.06 854.50
AU TWI	60.30					MYR	2.8095 2.9932
AUD/USD	0.6355	0.0007	0.0022	0.0041	0.0069	NOK	6.5027 6.9278
AUD/NZD	1.0649	0.0011	0.0035	0.0066	0.0131	SEK	6.5283 6.9552
AUD/JPY	94.72	-0.38	-1.12	-2.22	-4.48	SGD	0.8142 0.8674
AUD/EUR	0.6002	-0.0007	-0.0006	-0.0014	-0.0044	TWD	19.16 20.41
AUD/GBP	0.5197	0.0005	0.0014	0.0027	0.0046	ZAR	11.51 12.26
USD Index	106.10					EQUITIES	
EUR/USD	1.0586	0.0013	0.0047	0.0093	0.0180		Index
USD/JPY	149.32	-0.78	-2.27	-4.43	-8.56	NZX50	11,287
GBP/USD	1.2225	0.0002	0.0009	0.0015	0.0016	ASX200	6,954
EUR/GBP	0.8644	0.0009	0.0030	0.0061	0.0129	Dow Jones	33,408
						S&P 500	4,309
INTEREST RATES			New Zealand		Australia	FTSE100	7,495
			Mid		Mid	DAX 30	15,230
30 day bank bills			5.65%		4.10%	Nikkei	30,995
90 day bank bills			5.73%		4.18%	COMMODITIES	
1 year swap			5.88%		4.28%		USD
2 year swap			5.69%		4.26%	Brent Crude	84.58
3 year swap			5.51%		4.22%	Gold	1,832.26
5 year swap			5.33%		4.50%	Silver	21.59
10 year swap			5.32%		4.84%	Iron Ore	117.74
3 year Govt bond			5.60%		4.05%	CRB Index	320.71
5 year Govt bond			5.53%		4.18%		NZD
10 year Govt bond			5.64%		4.64%	NZ Carbon	65.75

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