

Market Alert

Monday 15 January 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6236	-0.0005
NZD/AUD	0.9328	-0.0048
NZD/JPY	90.41	-2.50
NZD/EUR	0.5690	-0.0047
NZD/GBP	0.4889	-0.0006
NZD/CNH	4.4718	-0.0608
AUD/USD	0.6679	0.0028
AUD/EUR	0.6098	-0.0019
EUR/USD	1.0949	0.0079
USD/CNH	7.1888	-0.0918
GBP/USD	1.2751	0.0004
EUR/GBP	0.8589	0.0058

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.64%	4.36%
2 year swap	4.74%	3.94%
10 year Govt	4.54%	4.08%

Welcome back to 2024!

Hopefully everyone has had a refreshing break, the weather treated you well, and even the Black Caps are playing well. Long may it continue!

But while everything is rosy in New Zealand, geopolitical pressures continue to build internationally after the US and UK launched airstrikes against Houthi targets in Yemen over the weekend, the UK pledged a further GBP2.5bn of military aid to Ukraine, while the ruling Democratic Progressive Party ("DPP") won Saturday's Taiwanese presidential election ... even though China dismissed the result as the DPP victory does not "represent mainstream public opinion!" We should strap ourselves in ... it's going to be a rocky 2024!

In terms of markets, last week's stronger-than-expected CPI release continued to underpin the USD, while the geopolitical tensions should support that narrative. Over the weekend, Chicago Fed President Austan Goolsbee suggested financial markets may be getting ahead of themselves pricing in an aggressive path of rate cuts this year, stating, "They were getting the cart before the horse. What's going to drive the decisions about rates is going to be the actual data," while the Atlanta Fed Chair, Raphael Bostic warned, "US progress on inflation is likely to slow." Despite this, the US/UK attacks saw a return to 'safe-haven' buying of treasuries and the USD, which saw the 10-year Treasury ease to 3.94%, although the 2-years dropped 11bps to 4.15% as the curve flattened, while the USD-index firmed to the 102.40 level. In amongst this, the NZD/USD and AUD/USD spent the majority of last week in the 0.6215-0.6245 and 0.6685-0.6715 ranges.

Over the weekend, Chinese December consumer prices fell by 0.3% for the third straight month of decline, which was the index's longest losing streak since October 2009. On a positive though, Chinese exports grew 2.3% to a 15-month high of USD 303.6bn.

This week ...

It's probably fair to say that it's the first 'real' working week of 2024 for financial markets! The market's focus will primarily be on the Chinese

data releases with Q4 GDP growth, retail sales, industrial production, unemployment, and an update on house prices while, conversely, the US releases are predominately second tier with retail sales, Michigan consumer confidence, trade numbers, house prices and sales, along with speeches from various Fed officials. Meanwhile, the global economic picture will be painted by inflation rates and retail sales from the UK and Canada, while we also have the German ZEW Economic Sentiment index, Eurozone trade and industrial production data and a speech from ECB President Lagarde while, for, our part of the world, we have Japanese inflation numbers and Australian consumer confidence and labour data.

"So no one told you life was going to be this way ..."

Your job's a joke, you're broke, your love life's DOA!"

For those of you that don't recognise it, it's the lyrics from the worst TV show in history ... Friends ... although I accept that I may be in the minority with that opinion. Anyway, a Friends script that was found in a trash can and then kept in a bedside drawer for more than 20-years was auctioned off in the UK over the weekend for GBP22k, or in real money, NZD44,900!



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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	72.30					CAD	0.8360	0.8962
NZD/USD	0.6249	0.0000	0.0000	-0.0005	-0.0024	CHF	0.5314	0.5673
NZD/AUD	0.9334	-0.0009	-0.0026	-0.0048	-0.0083	CNY	4.4723	4.7890
NZD/JPY	90.43	-0.43	-1.28	-2.50	-4.77	DKK	4.2467	4.5484
NZD/EUR	0.5706	-0.0007	-0.0021	-0.0047	-0.0107	FJD	1.3583	1.4548
NZD/GBP	0.4900	-0.0001	-0.0002	-0.0006	-0.0021	HKD	4.8772	5.2237
						KRW	818.92	877.10
AU TWI	62.00					MYR	2.8966	3.1024
AUD/USD	0.6679	0.0006	0.0018	0.0028	0.0030	NOK	6.3956	6.8499
AUD/NZD	1.0736	0.0009	0.0028	0.0052	0.0088	SEK	6.3994	6.8541
AUD/JPY	96.86	-0.38	-1.11	-2.20	-4.31	SGD	0.8301	0.8890
AUD/EUR	0.6098	-0.0002	-0.0006	-0.0019	-0.0063	TWD	19.39	20.77
AUD/GBP	0.5236	0.0004	0.0012	0.0020	0.0022	ZAR	11.60	12.43
USD Index	102.44					EQUITIES		
EUR/USD	1.0949	0.0014	0.0040	0.0079	0.0163		Index	
USD/JPY	144.90	-0.70	-2.04	-3.90	-7.13	NZX50	11,858	
GBP/USD	1.2751	0.0002	0.0005	0.0004	0.0000	ASX200	7,498	
EUR/GBP	0.8589	0.0009	0.0027	0.0058	0.0124	Dow Jones	37,593	
						S&P 500	4,784	
INTEREST RATES			New Zealand		Australia	FTSE100	7,625	
			Mid		Mid	DAX 30	16,705	
30 day bank bills			5.58%		4.31%	Nikkei	35,577	
90 day bank bills			5.64%		4.36%	COMMODITIES		
1 year swap			5.30%		4.17%		USD	
2 year swap			4.74%		3.94%	Brent Crude	78.29	
3 year swap			4.45%		3.84%	Gold	2,048.72	
5 year swap			4.26%		4.04%	Silver	23.17	
10 year swap			4.37%		4.36%	Iron Ore	137.22	
3 year Govt bond			4.49%		3.71%	CRB Index	302.66	
5 year Govt bond			4.29%		3.73%		NZD	
10 year Govt bond			4.54%		4.08%	NZ Carbon	67.25	

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