

# Market Alert

Tuesday 27 February 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6170	-0.0006
NZD/AUD	0.9444	-0.0058
NZD/JPY	93.04	-2.64
NZD/EUR	0.5691	-0.0050
NZD/GBP	0.4868	-0.0011
NZD/CNH	4.4497	-0.0612
AUD/USD	0.6532	0.0033
AUD/EUR	0.6024	-0.0017
EUR/USD	1.0839	0.0084
USD/CNH	7.2120	-0.0925
GBP/USD	1.2671	0.0011
EUR/GBP	0.8553	0.0055

  

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.75%	4.39%
2 year swap	5.20%	4.04%
10 year Govt	4.87%	4.19%

## To be fair ...

... there isn't a great deal to report on over the past 24-hours, but let's try and stretch it out!

The overnight headlines showed that US new home sales rose less than expected, rising a modest 1.5% from the prior months to 661k, missing expectations at 680k. I guess individuals are happy to remain in their existing house with their 3.0% mortgages! The other main headlines saw UK monthly retail sales record their smallest fall in 10-months 'improving' to -7 from January's -50, while the BoJ's services PPIs eased to 2.1% in the 12-months to January following December's 2.4% print.

ECB President, Christine Lagarde, stressed, "The current disinflationary process is expected to continue as the

impact of past upward shocks fade, but the Governing Council needs to be confident that it will lead us sustainably to our 2% target. There are increasing signs of a bottoming out in growth, although some forward-looking indicators point to a pick-up later in the year." Ms. Lagarde then added that last week's Q4 slower pay growth was "encouraging," although the Q1 bargaining rounds will be vital in the central banks rates decision. ECB Colleague, Yannis Stournaras, also spoke stating, "There has been substantial progress in reducing inflation in the euro area," adding that consumer-price growth is "very likely" to be near the ECB's goal in autumn noting, "This progress has been achieved without a recession or financial instability suggestion a soft landing."

Finally, Chinese Commerce Minister, Wang Wentao, met with our very own Trade Minister, Todd McClay yesterday, with the post-meeting statement noting China's willingness to work with New Zealand, to "continue to strengthen co-operation in the process of joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership." Meanwhile, China's coast guard is boosting patrols in the waters near Taiwan's Kinmen Islands...

Ultimately, these headlines didn't make any difference to markets, which is not surprising given the upcoming announcements later in the week. Equity markets modestly eased, currencies flatlined, while bond yields firmed with the 2 and 10-years firming 5bps and 4bps to 4.74% and 4.30% respectively. WTI

crude firmed back above the USD747 level, while steel rebar slumped to a 4-month low.

## In the other headlines ...

... Donald Trump has, unsurprisingly, appealed his USD454m New York civil fraud judgment that he lied about his wealth as he grew his real estate empire.

Google AI programme, Gemini, has sparked outrage in India after a journalist posted the answer to the question "Is Prime Minister Modi a fascist?" Gemini replied that Modi has been "accused of implementing policies some experts have characterised as fascist". Which other parliamentary leaders could we try this out on?

Finally, congratulations to Everton on improved their chances of remaining in the Premier League after they secured a modest victory after they had their points deduction for a breach of the League's profitability and sustainability rules reduced to 6-points from 10. That will probably be the difference between staying in the Premier League and getting relegated, which equates to around GBP100m per year!



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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	0.8341	0.8830
NZD/USD	0.6171	0.0000	-0.0001	-0.0006	-0.0022	CHF	0.5436	0.5756
NZD/AUD	0.9446	-0.0009	-0.0028	-0.0058	-0.0111	CNY	4.4392	4.7011
NZD/JPY	93.06	-0.42	-1.31	-2.64	-5.17	DKK	4.2422	4.4909
NZD/EUR	0.5692	-0.0007	-0.0023	-0.0050	-0.0115	FJD	1.3769	1.4577
NZD/GBP	0.4869	-0.0001	-0.0004	-0.0011	-0.0028	HKD	4.8271	5.1103
						KRW	822.13	870.36
AU TWI	61.40					MYR	2.9462	3.1190
AUD/USD	0.6532	0.0006	0.0018	0.0033	0.0055	NOK	6.4923	6.8732
AUD/NZD	1.0585	0.0009	0.0030	0.0061	0.0117	SEK	6.3510	6.7236
AUD/JPY	98.50	-0.36	-1.11	-2.22	-4.37	SGD	0.8298	0.8785
AUD/EUR	0.6024	-0.0002	-0.0006	-0.0017	-0.0052	TWD	19.48	20.62
AUD/GBP	0.5154	0.0004	0.0011	0.0020	0.0031	ZAR	11.93	12.63
USD Index	103.86					<b>EQUITIES</b>		
EUR/USD	1.0839	0.0013	0.0040	0.0084	0.0181		<b>Index</b>	
USD/JPY	150.79	-0.68	-2.10	-4.14	-7.89	NZX50	11,710	
GBP/USD	1.2671	0.0002	0.0007	0.0011	0.0024	ASX200	7,653	
EUR/GBP	0.8553	0.0008	0.0027	0.0055	0.0123	Dow Jones	39,069	
						S&P 500	5,084	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	7,684	
			<b>Mid</b>		<b>Mid</b>	DAX 30	17,423	
30 day bank bills			5.66%		4.35%	Nikkei	39,234	
90 day bank bills			5.73%		4.39%	<b>COMMODITIES</b>		
1 year swap			5.69%		4.22%		<b>USD</b>	
2 year swap			5.21%		4.05%	Brent Crude	82.87	
3 year swap			4.90%		3.97%	Gold	2,029.69	
5 year swap			4.65%		4.16%	Silver	22.49	
10 year swap			4.66%		4.43%	Iron Ore	126.85	
3 year Govt bond			4.90%		3.76%	CRB Index	311.94	
5 year Govt bond			4.74%		3.84%		<b>NZD</b>	
10 year Govt bond			4.87%		4.20%	NZ Carbon	67.15	

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