

Market Alert

Wednesday 06 March 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6083	-0.0004
NZD/AUD	0.9354	-0.0055
NZD/JPY	91.25	-2.58
NZD/EUR	0.5606	-0.0047
NZD/GBP	0.4788	-0.0008
NZD/CNH	4.3885	-0.0592
AUD/USD	0.6504	0.0031
AUD/EUR	0.5992	-0.0017
EUR/USD	1.0851	0.0083
USD/CNH	7.2121	-0.0925
GBP/USD	1.2702	0.0010
EUR/GBP	0.8541	0.0058

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.70%	4.40%
2 year swap	5.01%	3.95%
10 year Govt	4.79%	4.18%

Despite all the bitcoin headlines...

... there was actually some interesting stuff that happened overnight!

First up we are in the midst of Super Tuesday, in which 15 states will confirm their Presidential nomination, and while we will be getting regular updates throughout the morning, a little birdy has given me the inside gossip ... *"Off the record, on the QT, and very hush-hush"* ... stating that Donald Trump will receive the Republican nomination! And yes ... the quote is from LA Confidential!

We were expecting a weak GDT auction, although it was a touch weaker than we expected, with the index falling -2.3%. As usual, there were some positives with cheddar and AMF rallying 4.0% and 1.4% respectively, although the bad news was a shocker, with the benchmark WMP

falling -2.8% while SMP plummeted -5.2%.

We also had the latest round of PMI releases, with the US ISM services PMIs falling from January's 4-month high at 53.4 to 52.6 in February, indicating slightly slower growth in the services sector as employment contracted, while production and new orders rose at a faster pace. The Chinese Caixin composite PMIs expanded for the 4th consecutive month to reach 52.5 in February, while the Japanese Jibun composite index PMI was revised up to 50.6 in February 2024, from the 50.3 preliminary reading.

In the other headlines, US new factory orders fell by -3.6% in January while the December print was revised lower to -0.3%, Euro-area PPIs decreased -0.9% on the month and -8.6% on the year following December's revised -10.7% drop. Tokyo inflation hit a 4-month high, coming in at 2.5% as it bounced back above the BoJ's 2.0% target from January's 1.8%. Finally, UK retail sales rose 1.0% in February, which was below forecasts at 1.5%, with some trying to blame it on the bad weather! What? Bad weather in the UK ... who would have thunk it?

At the peripheral, Chinese Premier Li Qiang has set a GDP target of 'around' 5.0% for 2024, with defence spending set to increase 7.2% this year, Goldman's believes the bear market for battery metal prices is far from over, and, ahead of the UK budget, the UK Treasury is expected to target GBP258bn in gilt

sales for the coming fiscal year.

Ahead of this morning's 'political noise' equity markets continued to ease back from their prior highs, while bond markets continued to firm ahead of Jerome Powells Senate testimony, the US 2 and 10-year yields eased -5bps and -8bps to the 4.56% and 4.14% levels. The USD-index was flat, and while the NZD and AUD posted modest losses, the other G10 currencies were little changed. Commodity markets were slightly lower.

In the Antipodean corner.

The NZ commodity index firmed 3.5% in February, but in NZD terms the index lifted 4.1% as the NZD fell 0.8% against the USD. Meanwhile, the Australian Q4 current account balance smashed expectations printing at AUD11.8bn against expectations at AUD5.6bn. Meanwhile, the local Judo composite PMI print was revised upwards to 52.1 from 51.8 in February following on from January's 49.0.

I wasn't expecting this ...

... in what could be the death-nail into his political career, a Freedom of Information Act lawsuit has revealed that the Biden administration has flown at least 320k migrants into the US in an effort to reduce the number of border crossings!



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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	71.50					CAD	0.8267	0.8840
NZD/USD	0.6085	0.0000	-0.0001	-0.0004	-0.0016	CHF	0.5376	0.5749
NZD/AUD	0.9355	-0.0010	-0.0027	-0.0055	-0.0099	CNY	4.3774	4.6803
NZD/JPY	91.27	-0.46	-1.29	-2.58	-4.87	DKK	4.1778	4.4669
NZD/EUR	0.5607	-0.0007	-0.0022	-0.0047	-0.0105	FJD	1.3473	1.4405
NZD/GBP	0.4790	-0.0001	-0.0003	-0.0008	-0.0019	HKD	4.7593	5.0887
						KRW	812.73	868.97
AU TWI	60.90					MYR	2.8791	3.0783
AUD/USD	0.6504	0.0007	0.0018	0.0031	0.0049	NOK	6.4311	6.8762
AUD/NZD	1.0689	0.0010	0.0029	0.0058	0.0103	SEK	6.3190	6.7563
AUD/JPY	97.55	-0.39	-1.11	-2.24	-4.24	SGD	0.8166	0.8732
AUD/EUR	0.5992	-0.0002	-0.0006	-0.0017	-0.0050	TWD	19.21	20.54
AUD/GBP	0.5119	0.0004	0.0011	0.0021	0.0033	ZAR	11.54	12.34
USD Index	103.81					EQUITIES		
EUR/USD	1.0851	0.0014	0.0039	0.0083	0.0173		Index	
USD/JPY	150.00	-0.75	-2.11	-4.15	-7.64	NZX50	11,753	
GBP/USD	1.2702	0.0002	0.0006	0.0010	0.0014	ASX200	7,724	
EUR/GBP	0.8541	0.0009	0.0027	0.0058	0.0126	Dow Jones	38,610	
						S&P 500	5,078	
INTEREST RATES			New Zealand		Australia	FTSE100	7,646	
			Mid		Mid	DAX 30	17,698	
30 day bank bills			5.59%		4.35%	Nikkei	40,098	
90 day bank bills			5.66%		4.40%	COMMODITIES		
1 year swap			5.51%		4.19%		USD	
2 year swap			5.03%		3.97%	Brent Crude	81.92	
3 year swap			4.72%		3.87%	Gold	2,131.51	
5 year swap			4.47%		4.06%	Silver	23.69	
10 year swap			4.51%		4.31%	Iron Ore	116.94	
3 year Govt bond			4.73%		3.73%	CRB Index	319.85	
5 year Govt bond			4.60%		3.81%		NZD	
10 year Govt bond			4.79%		4.19%	NZ Carbon	67.25	

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