

Market Alert

Friday 22 March 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6038	-0.0003
NZD/AUD	0.9194	-0.0048
NZD/JPY	91.64	-2.49
NZD/EUR	0.5573	-0.0045
NZD/GBP	0.4772	-0.0008
NZD/CNH	4.3614	-0.0600
AUD/USD	0.6569	0.0030
AUD/EUR	0.6049	-0.0019
EUR/USD	1.0856	0.0082
USD/CNH	7.2216	-0.0963
GBP/USD	1.2653	0.0013
EUR/GBP	0.8579	0.0054

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.40%
2 year swap	4.82%	3.99%
10 year Govt	4.63%	4.18%

Just when you thought you'd seen it all from central bankers ...

... there were further shocks when the Swiss central bank, the SNB, became the first major central bank in the developed world to cut rates, lowering their key rate from 1.75% to 1.50%. This came as a surprise, as the expectation had been for an inchange result ... in other words, unchanged. The move was justified by the sharp fall in inflation, which currently stands at 1.20%, and was undertaken to stem the Swiss franc's strength.

The BoE stuck to their script keeping rates on hold at 5.25% and leaving its forward guidance unchanged, referencing that rates will need to stay sufficiently restrictive for an extended period of time. Following the announcement, BoE Governor Andrew Bailey announced,

"The UK is on the way to winning the inflation fight (although) there is some way to go to defeat persistent inflation. Market bets on rate cuts are 'reasonable'. The UK recession appears to be finished."

In other central bank moves, Turkey hiked their key benchmark interest rate 500bps to 50.00% from 45.00% to support the Turkish lira, while Taiwan raised their interest rates to a 16-year high of 2.00% on inflation concerns.

Looking at the other key releases...

The preliminary US S&P composite PMI release suggests an easing back to 52.2 from February's 8-month high of 52.5, marking the third straight month of expansion above the 50.0 level. US initial claims fell by 2k to 210k with continuing claims remaining flat at 1,807k, and Eurozone composite PMIs rose to 49.9 in March from February's 49.2. Bringing it down, the flash manufacturing PMI unexpectedly dropped to 45.7 after weaker-than-forecast prints in Germany and France, while the services gauge rose.

US congressional leaders finalised yet another 'last-minute' deal to avert a US Government shutdown. This latest deal will cost taxpayers USD1.2trn and will keep most US government agencies open through to the end of September.

Equity markets extended their record-breaking rally fuelled by the Federal Reserve's reaffirmation of its projected 3 interest rate cuts this year, although Apple shares fell sharply, down -4.2%, after the US Department of Justice

launched an anti-trust suit. Treasury yields were also a touch firmer with the 2-years 4bps higher at 4.63% while the 10-years edged 1bps higher to 4.27%, which supported the USD against its G-10 peers with CHF and GBP hit particularly hard, alongside the NZD following yesterday's poor GDP print. In case you missed it, New Zealand has now had 4 negative GDP prints out of the last 5 quarters after Q4 fell -0.1% on the quarter and -0.3% on the year against forecasts at 0.0% and 0.1%. Commodity markets were broadly weaker as well.

The two musketeers

So much for "All for one, and one for all" ... China and Russia reached an agreement with the Yemen-based Houthis to allow their ships to sail through the Red Sea and Gulf of Aden without being attacked.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Friday 22 March 2024

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	71.10					CAD	0.8171 0.8921
NZD/USD	0.6040	0.0000	0.0000	-0.0003	-0.0008	CHF	0.5423 0.5901
NZD/AUD	0.9194	-0.0008	-0.0024	-0.0048	-0.0085	CNY	4.3477 4.7292
NZD/JPY	91.64	-0.45	-1.27	-2.49	-4.73	DKK	4.1472 4.5119
NZD/EUR	0.5574	-0.0008	-0.0022	-0.0045	-0.0098	FJD	1.3520 1.4709
NZD/GBP	0.4774	-0.0001	-0.0003	-0.0008	-0.0018	HKD	4.7224 5.1377
						KRW	805.70 876.56
AU TWI	62.00					MYR	2.8457 3.0960
AUD/USD	0.6569	0.0006	0.0017	0.0030	0.0046	NOK	6.4397 7.0060
AUD/NZD	1.0869	0.0009	0.0027	0.0052	0.0080	SEK	6.3195 6.8752
AUD/JPY	99.82	-0.40	-1.13	-2.23	-4.29	SGD	0.8113 0.8826
AUD/EUR	0.6049	-0.0003	-0.0007	-0.0019	-0.0053	TWD	19.27 20.97
AUD/GBP	0.5191	0.0004	0.0010	0.0018	0.0026	ZAR	11.36 12.36
USD Index	104.03					EQUITIES	
EUR/USD	1.0856	0.0012	0.0040	0.0082	0.0174		Index
USD/JPY	151.70	-0.72	-2.10	-4.10	-7.60	NZX50	11,916
GBP/USD	1.2653	0.0002	0.0006	0.0013	0.0025	ASX200	7,782
EUR/GBP	0.8579	0.0008	0.0027	0.0054	0.0117	Dow Jones	39,842
INTEREST		New Zealand		Australia		S&P 500	5,247
RATES		Mid		Mid		FTSE100	7,883
30 day bank bills			5.59%		4.35%	DAX 30	18,179
90 day bank bills			5.64%		4.40%	Nikkei	40,816
1 year swap			5.35%		4.21%	COMMODITIES	
2 year swap			4.84%		4.00%		USD
3 year swap			4.54%		3.92%	Brent Crude	85.72
5 year swap			4.33%		4.10%	Gold	2,181.87
10 year swap			4.40%		4.35%	Silver	24.75
3 year Govt bond			4.51%		3.69%	Iron Ore	110.29
5 year Govt bond			4.37%		3.77%	CRB Index	331.38
10 year Govt bond			4.63%		4.14%		NZD
						NZ Carbon	56.25

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED