

Market Alert

Monday 25 March 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5993	-0.0002
NZD/AUD	0.9175	-0.0048
NZD/JPY	90.73	-2.47
NZD/EUR	0.5544	-0.0046
NZD/GBP	0.4754	-0.0007
NZD/CNH	4.3570	-0.0528
AUD/USD	0.6516	0.0030
AUD/EUR	0.6028	-0.0019
EUR/USD	1.0807	0.0083
USD/CNH	7.2743	-0.0852
GBP/USD	1.2596	0.0013
EUR/GBP	0.8576	0.0055
INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.40%
2 year swap	4.84%	3.94%
10 year Govt	4.62%	4.12%

It's time for that diet!

Picture the scene ... its Saturday night, I've watched the Blues beat the Crusaders, the Warrior's have won, I'm prepped and prepared for Sunday's Australian Grand Prix, and I'm espousing my views as to why I should be voted 'World President' to right all the wrongs, and while I lean back, the chair promptly collapses ... into about a hundred pieces. Nothing was hurt except my pride ... but may be it's time I started that diet!

Well done to the weekend's winners.

Heck, even Ferrari won an F1 race ... and speaking of winners ... there was only one in financial markets last week and that was the USD! Late Friday the NZD/USD and AUD/USD came under concentrated selling pressure to test key support at the 0.6015 and 0.6565 levels. It was a

USD-generated move with the US dollar also rallying against the CNH and JPY, although PBoC intervention and some comments from the Japanese Finance Minister, Shun'ichi Suzuki, generated a pause, although it was only a temporary as the momentum continued into the European and US sessions. Of all the currencies, the NZD was one of the worst hit as the combination of potentially higher-for-longer US rates and the fact New Zealand has entered a double dip recession combining to drive the NZD/USD to a 4-month low. The USD/CNH also came under pressure breaking the 7.2415 level to reach a 4-month high, although the 0.6510 and 151.90 level held in AUD/USD and USD/JPY. Simply put, the world is now viewing the NZD in the same context as the CNH, while there remains some optimism for the AUD and JPY!

Looking at the other products, bond markets closed the Friday session lower with the US 2 and 10-years -4bps and -7bps lower at 4.60% and 4.20%. US equity markets were mixed although the European markets posted modest gains. Commodity markets closed the week lower with most products -0.25% to -0.75% lower.

Friday's data releases were predominately 2nd tier with German IFO business sentiment firming from 85.7 to 87.8, which was above expectations 86.0, while UK retail sales were flat in February following January's upwardly revised 3.6% increase.

Atlanta Fed President, Raphael Bostic, suggested the Fed may not cut 3-times

this year stating, "If we have an economy that is growing above potential, an economy where unemployment is at levels that were deemed to be unimaginable without pricing pressures, and if we have an economy where inflation is moderating ... that gives us space for patience."

This morning the NZD/USD has opened back above the 0.6000 level although NZD/AUD has opened lower.

It's hard to believe that this is the final week of Q1!

Following last week's glut of central bank meetings, this week the focus will be predominantly on the US PCE release, followed by several Fed speeches, personal income and spending, durable goods orders, final Q4 GDP, and the usual housing releases. Beyond the US we have a busy week in Japan with the BoJ's 'Summary of Opinions', unemployment, industrial production, retail sales, and housing starts, and while the only releases we have from China will be this year's industrial profits, although markets will be paying close attention to how the authorities react to Friday's USD/CNH movements. From Germany we have consumer confidence, retail sales, and an unemployment update while Canada will release its February GDP growth estimates. Finally, from Australia we have an inflation update and consumer confidence, while in New Zealand it's all about confidence with employment, consumer, and business confidence updates ... but let's not get our hopes up! At least we've a long weekend to look forward to!



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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	0.8152 0.8864
NZD/USD	0.6006	0.0000	0.0000	-0.0002	-0.0007	CHF	0.5377 0.5840
NZD/AUD	0.9175	-0.0008	-0.0024	-0.0048	-0.0083	CNY	4.3315 4.7074
NZD/JPY	90.77	-0.43	-1.26	-2.47	-4.62	DKK	4.1349 4.4958
NZD/EUR	0.5557	-0.0007	-0.0021	-0.0046	-0.0098	FJD	1.3510 1.4689
NZD/GBP	0.4767	-0.0001	-0.0003	-0.0007	-0.0018	HKD	4.6875 5.0966
						KRW	805.12 875.38
AU TWI	61.40					MYR	2.8377 3.0853
AUD/USD	0.6516	0.0006	0.0016	0.0030	0.0049	NOK	6.4283 6.9893
AUD/NZD	1.0868	0.0009	0.0027	0.0053	0.0091	SEK	6.3211 6.8727
AUD/JPY	98.63	-0.38	-1.12	-2.20	-4.19	SGD	0.8080 0.8786
AUD/EUR	0.6028	-0.0002	-0.0008	-0.0019	-0.0054	TWD	19.14 20.81
AUD/GBP	0.5169	0.0004	0.0010	0.0018	0.0026	ZAR	11.38 12.37
USD Index	104.43					EQUITIES	
EUR/USD	1.0807	0.0013	0.0040	0.0083	0.0176		Index
USD/JPY	151.48	-0.72	-2.09	-4.06	-7.53	NZX50	11,979
GBP/USD	1.2596	0.0002	0.0006	0.0013	0.0029	ASX200	7,771
EUR/GBP	0.8576	0.0009	0.0027	0.0055	0.0117	Dow Jones	39,476
						S&P 500	5,234
						FTSE100	7,931
						DAX 30	18,206
						Nikkei	40,888
INTEREST RATES		New Zealand		Australia		COMMODITIES	
		Mid		Mid			USD
30 day bank bills		5.59%		4.34%		Brent Crude	85.43
90 day bank bills		5.64%		4.40%		Gold	2,164.15
1 year swap		5.35%		4.17%		Silver	24.66
2 year swap		4.85%		3.95%		Iron Ore	110.64
3 year swap		4.55%		3.84%		CRB Index	330.50
5 year swap		4.34%		4.02%			NZD
10 year swap		4.40%		4.26%		NZ Carbon	54.85
3 year Govt bond		4.52%		3.72%			
5 year Govt bond		4.38%		3.78%			
10 year Govt bond		4.62%		4.15%			

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