

Market Alert

Friday 05 April 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6033	-0.0001
NZD/AUD	0.9143	-0.0045
NZD/JPY	91.42	-2.45
NZD/EUR	0.5562	-0.0045
NZD/GBP	0.4769	-0.0007
NZD/CNH	4.3731	-0.0492
AUD/USD	0.6599	0.0031
AUD/EUR	0.6081	-0.0020
EUR/USD	1.0847	0.0084
USD/CNH	7.2486	-0.0805
GBP/USD	1.2647	0.0014
EUR/GBP	0.8575	0.0055

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.39%
2 year swap	4.84%	3.97%
10 year Govt	4.71%	4.26%

That's good timing!

Following Jerome Powell's speech yesterday stating that rate hikes were still on the table, US-based employers announced plans to cut 90,309 jobs in March, which was up on February's 84,638 in February, while initial jobless claims increased to their highest level in 2-months surging 11k to 221k against forecasts at 214k! Ultimately this will all be confirmed in tonight's non-farm employment and wage releases, and with confirmation of the unemployment rate, but maybe, just maybe, we may be about to see the turn in the US labour market, and if the Fed cuts in June ... well, that would be perfect timing!

Following last night's US releases, the market is now pricing in a 65% chance of a 25bps cut, with July at 100%, which saw the USD-index retreat for its third

consecutive session, which saw NZD/USD break resistance at the 0.6018 level as it firmed to 0.6035, while the AUD/USD has recovered to the 0.6600 level. Bond markets were quiet with the US 2-year yield flat at 4.68% while the 10-years eased back -2bps to 4.32%. Equity markets gave up yesterday's gains, falling -0.5% to -0.75%, while commodity markets were mixed with oil prices continuing their relentless march higher gaining 1.25% overnight, copper prices surging to a 14-month high, while gold continued to consolidate above the USD2,300 level.

There was also a whole host of Fed speakers so, breaking it down as quickly as I can ... Loretta Mester stated she, "Expects to be in a position to lower rates later this year," while Neel Kashkari countered, "We need to see more inflation progress before cutting rates." Austin Goolsbee then countered Neels counter with "In March I jotted down two rate cuts this year (although) the biggest danger to inflation is high inflation in housing services." Finally Tom Barkin stated, "2024 data is 'less encouraging' raises issue of whether outlook shifting Harker: Inflation is still too high."

Finally, the Atlanta Fed Q1 GDPNow forecaster eased to 2.5% from 2.8%.

Apart from the excitement with the US releases ...

... there was also some excitement in European markets with the release of the ECB minutes from the 7th March meeting, which highlighted, "There had

been further progress on all three elements, which warranted increased confidence that inflation was on track to reach the ECB's target (although) more data and evidence would be needed for the Governing Council to be sufficiently confident of this. Inflation was expected to continue its downward trend in the coming months. It is important not to be complacent, as the disinflationary process remained fragile. The case for considering rate cuts was strengthening."

We also had the final German service PMI release which firmed from 49.8 to 50.1, which contributed to the overall rise in the final Eurozone service PMI release, up from 50.2 to 51.5.

Australian services PMIs surged to 54.4 in March from 53.1, with the composite PMI print also at 53.1, unfortunately though such strong services growth will likely set alarm bells ringing at the RBA! Looking at the construction sector, Australian building approvals fell -1.9% on February against forecasts at 3.3%, while NZ building permits jumped 14.9% from their prior-8.6% print. Finally, the NZ commodity price index fell -1.3% in March following February's 3.6% rally. In NZD terms, it dropped just -0.4% on the month.

Good luck Sid!

The pass rate for the first level of the CFA exam jumped to 44%, above the historical average of 40%. Providing a breakdown for the first time, the institute said most first-time testers passed, while those like Sid who deferred the exam were at 28%.



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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	70.80					CAD	0.8164	0.8929
NZD/USD	0.6033	0.0000	0.0000	-0.0001	-0.0003	CHF	0.5455	0.5966
NZD/AUD	0.9143	-0.0008	-0.0024	-0.0045	-0.0076	CNY	4.3608	4.7684
NZD/JPY	91.42	-0.42	-1.26	-2.45	-4.61	DKK	4.1476	4.5367
NZD/EUR	0.5562	-0.0007	-0.0021	-0.0045	-0.0096	FJD	1.3333	1.4583
NZD/GBP	0.4769	-0.0001	-0.0003	-0.0007	-0.0015	HKD	4.7229	5.1660
						KRW	812.45	888.67
AU TWI	62.10					MYR	2.8578	3.1259
AUD/USD	0.6599	0.0006	0.0017	0.0031	0.0047	NOK	6.4520	7.0573
AUD/NZD	1.0934	0.0009	0.0027	0.0049	0.0083	SEK	6.4009	7.0014
AUD/JPY	99.96	-0.37	-1.12	-2.22	-4.28	SGD	0.8126	0.8889
AUD/EUR	0.6081	-0.0002	-0.0007	-0.0020	-0.0056	TWD	19.34	21.15
AUD/GBP	0.5216	0.0003	0.0011	0.0018	0.0026	ZAR	11.28	12.34
USD Index	104.14					EQUITIES		
EUR/USD	1.0847	0.0013	0.0040	0.0084	0.0182		Index	
USD/JPY	151.51	-0.69	-2.07	-4.04	-7.63	NZX50	12,035	
GBP/USD	1.2647	0.0002	0.0006	0.0014	0.0030	ASX200	7,817	
EUR/GBP	0.8575	0.0008	0.0026	0.0055	0.0116	Dow Jones	38,822	
						S&P 500	5,190	
INTEREST RATES			New Zealand		Australia	FTSE100	7,976	
			Mid		Mid	DAX 30	18,403	
30 day bank bills			5.59%		4.34%	Nikkei	39,773	
90 day bank bills			5.63%		4.39%	COMMODITIES		
1 year swap			5.32%		4.21%		USD	
2 year swap			4.86%		3.99%	Brent Crude	90.76	
3 year swap			4.58%		3.90%	Gold	2,302.18	
5 year swap			4.38%		4.08%	Silver	27.25	
10 year swap			4.47%		4.34%	Iron Ore	100.41	
3 year Govt bond			4.59%		3.76%	CRB Index	342.02	
5 year Govt bond			4.49%		3.84%		NZD	
10 year Govt bond			4.71%		4.23%	NZ Carbon	58.50	

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