

Market Alert

Tuesday 09 April 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6033	-0.0001
NZD/AUD	0.9135	-0.0045
NZD/JPY	91.60	-2.48
NZD/EUR	0.5557	-0.0044
NZD/GBP	0.4768	-0.0007
NZD/CNH	4.3686	-0.0473
AUD/USD	0.6602	0.0031
AUD/EUR	0.6082	-0.0020
EUR/USD	1.0855	0.0085
USD/CNH	7.2412	-0.0779
GBP/USD	1.2653	0.0016
EUR/GBP	0.8577	0.0056

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.40%
2 year swap	4.94%	4.04%
10 year Govt	4.80%	4.28%

In a remarkably similar incident...

... to the Baltimore bridge collapse, a huge container ship has narrowly avoided a collision with a bridge in New York after it lost power and the quick-thinking captain dropped the anchor. Now I'm no conspiracy theorist, but when something like this happens once, it's an accident, but twice ... there's something else happening here ... and with a solar eclipse darkening large patches of America, I'm expecting a certain Mr. Trump to start blaming the immigrants any moment now!

It was a quiet night with ...

... most of the activity taking place in commodity markets, with oil prices

slipping lower after Israel withdrew troops from southern Gaza for 'tactical' reasons ... or the rumour that Iran has informed the US that it will refrain from responding to the Syrian airstrike should a ceasefire be reached. Against this copper futures surged above the USD4.25 price to reach their highest level in 14-months, as an upswing in global manufacturing activity should support stronger demand for base metals.

Equity markets started the week in positive territory, unlike bond markets which are on a tear, with US yields continuing their surge higher after the US 10-year treasury reached a 4.5-month high at 4.46%, before easing back to 4.42% at the close, while the 2-years gained 7bps to be at 4.80%. Interestingly, the stronger US rates outlook is not supporting the US-dollar, which slipped back below the 104.00 level, this saw the NZD, AUD and EUR all post modest gains, although USD/JPY is closing in on the psychological 152.00 level with the pair currently at 151.85.

In terms of actual data releases, US consumer inflation expectations remained at a 3-year low at 3.0% for a third consecutive month, while the 3-year forecast increased to 2.9% from 2.7%, and the 5-year projection decreased to 2.6% from 2.9%. In Germany, exports dropped -2.0% to EUR132.9bn in February against expectations for a -0.5% fall, while Japanese 'real' wages (inflation adjusted) fell for a 23rd consecutive month.

Fed member, Austin Goolsbee, was also on the newswires, although he didn't say anything of real value stating, "The economy remains strong and jobs data confirms that. The Fed now has to decide how long to be restrictive on monetary policy."

An economic warning!

In his annual letter to shareholders, JPMorgan Chase CEO, Jamie Dimon, warned the US is at a 'pivotal moment' and the financial markets are 'overconfident'! Yes, the economy is resilient, but it is being underpinned by government spending with the risk interest rates could remain higher given, "The deficits today are even larger and occurring in boom times – not as the result of a recession – and they have been supported by QE, which was never done before the great financial crisis. These markets seem to be pricing in at a 70% to 80% chance of a soft landing – modest growth along with declining inflation and interest rates" Mr. Dimon believes the odds are a lot lower. On the political outlook he stated the US is grappling with, "highly charged, emotional and political" issues and the "fraying of the American dream" while, talking his own book, he reiterated the proposed Basel 3 banking rules are "flawed and poorly calibrated."

Finally, an 'Offer of Employment' signed by Steve Jobs' in 1986 is on sale for a modest USD95k!



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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	70.70					CAD	0.8188	0.8966
NZD/USD	0.6033	0.0000	0.0000	-0.0001	-0.0001	CHF	0.5457	0.5977
NZD/AUD	0.9135	-0.0008	-0.0023	-0.0045	-0.0078	CNY	4.3592	4.7724
NZD/JPY	91.60	-0.43	-1.26	-2.48	-4.68	DKK	4.1431	4.5353
NZD/EUR	0.5557	-0.0007	-0.0022	-0.0044	-0.0096	FJD	1.3325	1.4591
NZD/GBP	0.4768	-0.0001	-0.0003	-0.0007	-0.0016	HKD	4.7231	5.1702
						KRW	816.48	894.05
AU TWI	62.10					MYR	2.8641	3.1353
AUD/USD	0.6602	0.0006	0.0017	0.0031	0.0054	NOK	6.4447	7.0547
AUD/NZD	1.0946	0.0009	0.0027	0.0051	0.0087	SEK	6.3699	6.9730
AUD/JPY	100.26	-0.38	-1.12	-2.25	-4.33	SGD	0.8125	0.8894
AUD/EUR	0.6082	-0.0007	-0.0008	-0.0020	-0.0054	TWD	19.35	21.19
AUD/GBP	0.5216	0.0004	0.0010	0.0018	0.0026	ZAR	11.24	12.30
USD Index	104.14					EQUITIES		
EUR/USD	1.0855	0.0013	0.0040	0.0085	0.0184		Index	
USD/JPY	151.80	-0.69	-2.08	-4.11	-7.73	NZX50	11,974	
GBP/USD	1.2653	0.0002	0.0007	0.0016	0.0037	ASX200	7,789	
EUR/GBP	0.8577	0.0009	0.0026	0.0056	0.0117	Dow Jones	38,909	
						S&P 500	5,213	
INTEREST RATES			New Zealand		Australia	FTSE100	7,943	
			Mid		Mid	DAX 30	18,319	
30 day bank bills			5.59%		4.35%	Nikkei	39,347	
90 day bank bills			5.63%		4.40%	COMMODITIES		
1 year swap			5.36%		4.22%		USD	
2 year swap			4.96%		4.05%	Brent Crude	90.63	
3 year swap			4.68%		3.94%	Gold	2,338.48	
5 year swap			4.49%		4.13%	Silver	27.81	
10 year swap			4.56%		4.38%	Iron Ore	99.97	
3 year Govt bond			4.68%		3.77%	CRB Index	344.91	
5 year Govt bond			4.58%		3.85%		NZD	
10 year Govt bond			4.80%		4.25%	NZ Carbon	55.00	

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