

# Market Alert

Wednesday 17 April 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5883	0.0000
NZD/AUD	0.9185	-0.0047
NZD/JPY	90.99	-2.46
NZD/EUR	0.5539	-0.0046
NZD/GBP	0.4733	-0.0006
NZD/CNH	4.2717	-0.0375
AUD/USD	0.6403	0.0032
AUD/EUR	0.6027	-0.0020
EUR/USD	1.0619	0.0088
USD/CNH	7.2625	-0.0638
GBP/USD	1.2428	0.0016
EUR/GBP	0.8541	0.0059

  

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.41%
2 year swap	5.13%	4.17%
10 year Govt	4.95%	4.41%

## A Hawk!

On the back of what seems like a slew of strong data releases out of the US, Fed Chair, Jerome Powell, acknowledged the implications to inflation, stating, "The recent data have clearly not given us greater confidence and instead indicate that it's likely to take longer than expected to achieve that confidence." Trying not to sound like a broken record, but once again, this strong statement that indicates that rates are likely going to be ... yes you guessed it, higher for longer, pushed US-treasury yields higher, with the 10-year up 6bp overnight to be at 4.66%, while the two year edged closer to 5.00%, currently at 4.97%, up 5 bp overnight. This also saw the US dollar index cement its gains and edge slightly higher overnight, with the

AUD/USD sitting currently at 0.6405, while the NZD/USD is at 0.5882.

Also Stateside, US industrial output rose 0.4% in March, in line with expectations and matched February's reading of 0.4%. Housing starts in the US dramatically plunged 14.7% in March, being the lowest reading since August and the biggest one-month decline since April 2020!

## And a dove

ECB President, Christine Lagarde, was the Yin to Powell's Yang, and confirmed overnight that rate cuts are coming soon. She told CNBC, "If it moves according to expectations, if we don't have a major shock in development, we are heading towards a moment where we have to moderate the restrictive monetary policy. Subject to no development of additional shock, it will be time to moderate the restrictive monetary policy in reasonably short order," However, I would take her words with a grain of salt as it seems the chance of "no additional shocks" grows less and less likely every week as a counterattack from Israel seems imminent.

The eurozone trade surplus widened significantly in February to hit its highest level in more than three years. It sits at EUR23.6b, up from just EUR3.6b this time last year! German investor morale also hit a big high this month at 42.9, a level not seen since February 2022. This reading handily beat forecasts of 35.9 and the previous reading of 31.7.

## CPI Day

Today will be a key day for shaping market expectations for interest rate cuts. First up is our Local CPI result, this is likely to come in above the RBNZ forecast of 3.8%, however, to be fair, that forecast was done a while ago, and in its April MPR it did note that an upside surprise to the forecast would be the likely result. We will also get CPI from the UK, which is in a similar boat to us of high inflation and low (read negative) growth. Euro area CPI is out tonight and will be the key decider in whether the June rate cut, that many are beginning to expect, will materialise, with markets currently pricing in a ~90% chance of a cut.

Last night's GDT auction saw the index increase by 0.1%. Key product WMP had a relatively strong result, with a 0.4% increase, while skim milk was flat, the largest loser was cheddar, falling by -8.5%.



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

**Barrington**  
TREASURY SERVICES

**Barrington**  
ASSET CONSULTING



**BANCORP**

BANCORP CORPORATE FINANCE LIMITED

# Daily Rates

Wednesday 17 April 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.00					CAD	0.8126	0.8851
NZD/USD	0.5883	0.0000	0.0000	0.0000	-0.0002	CHF	0.5367	0.5847
NZD/AUD	0.9185	-0.0009	-0.0024	-0.0047	-0.0082	CNY	4.2561	4.6339
NZD/JPY	90.99	-0.44	-1.25	-2.46	-4.79	DKK	4.1315	4.4982
NZD/EUR	0.5539	-0.0007	-0.0022	-0.0046	-0.0102	FJD	1.3198	1.4369
NZD/GBP	0.4733	-0.0001	-0.0003	-0.0006	-0.0016	HKD	4.6061	5.0150
						KRW	817.89	890.48
AU TWI	61.20					MYR	2.8170	3.0670
AUD/USD	0.6403	0.0006	0.0017	0.0032	0.0057	NOK	6.4612	7.0347
AUD/NZD	1.0886	0.0010	0.0028	0.0053	0.0086	SEK	6.4442	7.0162
AUD/JPY	99.06	-0.39	-1.11	-2.20	-4.41	SGD	0.8025	0.8737
AUD/EUR	0.6027	-0.0002	-0.0008	-0.0020	-0.0060	TWD	19.13	20.82
AUD/GBP	0.5150	0.0004	0.0011	0.0019	0.0028	ZAR	11.19	12.18
USD Index	106.33					<b>EQUITIES</b>		
EUR/USD	1.0619	0.0013	0.0041	0.0088	0.0196		<b>Index</b>	
USD/JPY	154.65	-0.75	-2.13	-4.19	-8.05	NZX50	11,805	
GBP/USD	1.2428	0.0002	0.0007	0.0016	0.0030	ASX200	7,613	
EUR/GBP	0.8541	0.0009	0.0027	0.0059	0.0131	Dow Jones	37,799	
						S&P 500	5,062	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	7,820	
			<b>Mid</b>		<b>Mid</b>	DAX 30	17,766	
30 day bank bills			5.60%		4.35%	Nikkei	38,471	
90 day bank bills			5.64%		4.41%	<b>COMMODITIES</b>		
1 year swap			5.49%		4.30%		<b>USD</b>	
2 year swap			5.15%		4.18%	Brent Crude	89.96	
3 year swap			4.91%		4.11%	Gold	2,388.99	
5 year swap			4.73%		4.32%	Silver	28.19	
10 year swap			4.78%		4.58%	Iron Ore	106.05	
3 year Govt bond			4.86%		3.90%	CRB Index	344.57	
5 year Govt bond			4.76%		3.99%		<b>NZD</b>	
10 year Govt bond			4.95%		4.39%	NZ Carbon	53.00	

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.

