

Market Alert

Thursday 18 April 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5917	-0.0001
NZD/AUD	0.9194	-0.0049
NZD/JPY	91.335	-2.50
NZD/EUR	0.5546	-0.0048
NZD/GBP	0.4751	-0.0008
NZD/CNH	4.2854	-0.0407
AUD/USD	0.6434	0.0032
AUD/EUR	0.6028	-0.0021
EUR/USD	1.0670	0.0089
USD/CNH	7.2435	-0.0676
GBP/USD	1.2451	0.0014
EUR/GBP	0.8567	0.0058

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.41%
2 year swap	5.17%	4.14%
10 year Govt	5.02%	4.47%

A long road ahead

Our CPI print was released yesterday, and it was... mediocre. Annual CPI did decelerate from 4.7 to 4.0% year-over-year, this was good but still above the RBNZ's forecast of 3.8%, although most other economist forecasts were expecting around this level. Getting into the weeds, non-tradeable inflation came in at 5.8% for the same period, well above the RBNZ's forecast of 5.3%, the quarterly seasonally adjusted reading actually accelerated to 1.5%. Tradeable inflation did most of the work to carry the overall CPI lower, it came in at 1.6% for the year a smidge above the RBNZ's forecast of 1.5%, tradeable inflation remains weak, but who's to say if this trend will continue with geopolitical

tensions heating up. In further detail, the biggest contributor to inflation was housing and household utilities, up 4.5%, driven by rent prices (up 4.7%), construction costs (up 3.3%) and a big increase in property rates (up 9.6%). These domestic services pressures aren't likely to subside anytime either, with net migration still running strong, council rates set to continue to increase over the coming years, and insurance inflation still climbing. Contents, vehicle, and housing insurance all printed above 20.0% year-over-year for Q1.

European Inflation

Overnight Euro-area CPI was released, it was largely in line with what the market and the ECB were expecting, Core CPI came in at 1.1% for March, and 2.9% on the year, while headline inflation came in at 0.8% for March, and 2.4% on the year. This print should give ECB members further confidence for a June-rate cut, ECB President, Christine Lagarde did speak to the strength of the European economy, and her optimism for improvement saying, "(output is) recovering and we are clearly seeing signs of recovery," She went on to say "We haven't had a recession, but it's been very, very slow and meager, but you have an employment and a job market which is phenomenal."

The UK inflation eased less than expected as it came in at 3.2% year-over-year for March, dropping 0.2% compared to the previous month, but remained slightly

above market expectation of 3.1%. BoE Governor, Andrew Bailey, told listeners not to be alarmed "We are pretty much on track for where we thought we would be in February on inflation." He said, before sharing some optimism "I expect next month's inflation number will show quite a strong drop."

Last night markets reversed their thoughts on the Fed's stance of rate cuts, this saw bond yields retreat lower, the US Treasury 10-year fell 8bp to be currently at 4.58%, while the 2-year fell 6bp to be at 4.93%, this led to a retreat in the US-dollar index to back below the 106.00 level, this gave some support to the NZD/USD, which is currently at 0.5916. US equities were in the red as all 3 major indexes fell, as did gold.



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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	70.20					CAD	0.8146	0.8863
NZD/USD	0.5917	0.0000	0.0000	-0.0001	-0.0005	CHF	0.5383	0.5858
NZD/AUD	0.9194	-0.0009	-0.0025	-0.0049	-0.0088	CNY	4.2826	4.6568
NZD/JPY	91.335	-0.43	-1.25	-2.50	-4.82	DKK	4.1354	4.4983
NZD/EUR	0.5546	-0.0007	-0.0022	-0.0048	-0.0106	FJD	1.3239	1.4400
NZD/GBP	0.4751	-0.0001	-0.0003	-0.0008	-0.0020	HKD	4.6317	5.0381
						KRW	816.63	888.28
AU TWI	61.10					MYR	2.8333	3.0819
AUD/USD	0.6434	0.0006	0.0017	0.0032	0.0058	NOK	6.5034	7.0741
AUD/NZD	1.0870	0.0010	0.0028	0.0054	0.0097	SEK	6.4713	7.0391
AUD/JPY	99.32	-0.37	-1.10	-2.21	-4.34	SGD	0.8046	0.8752
AUD/EUR	0.6028	-0.0002	-0.0007	-0.0021	-0.0058	TWD	19.16	20.84
AUD/GBP	0.5165	0.0004	0.0010	0.0019	0.0029	ZAR	11.24	12.22
USD Index	105.96					EQUITIES		
EUR/USD	1.0670	0.0013	0.0041	0.0089	0.0195		Index	
USD/JPY	154.34	-0.72	-2.11	-4.19	-7.98	NZX50	11,875	
GBP/USD	1.2451	0.0002	0.0006	0.0014	0.0032	ASX200	7,606	
EUR/GBP	0.8567	0.0009	0.0027	0.0058	0.0129	Dow Jones	37,753	
						S&P 500	5,022	
INTEREST RATES			New Zealand		Australia	FTSE100	7,848	
			Mid		Mid	DAX 30	17,770	
30 day bank bills			5.60%		4.35%	Nikkei	37,962	
90 day bank bills			5.64%		4.41%	COMMODITIES		
1 year swap			5.51%		4.30%		USD	
2 year swap			5.18%		4.16%	Brent Crude	87.38	
3 year swap			4.94%		4.10%	Gold	2,372.39	
5 year swap			4.75%		4.31%	Silver	28.28	
10 year swap			4.79%		4.55%	Iron Ore	106.07	
3 year Govt bond			4.92%		3.97%	CRB Index	341.84	
5 year Govt bond			4.82%		4.06%		NZD	
10 year Govt bond			5.02%		4.47%	NZ Carbon	54.25	

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