

Market Alert

Friday 19 April 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5905	-0.0001
NZD/AUD	0.9193	-0.0048
NZD/JPY	91.280	-2.48
NZD/EUR	0.5547	-0.0047
NZD/GBP	0.4747	-0.0007
NZD/CNH	4.2800	-0.0399
AUD/USD	0.6423	0.0032
AUD/EUR	0.6034	-0.0020
EUR/USD	1.0644	0.0087
USD/CNH	7.2488	-0.0667
GBP/USD	1.2439	0.0014
EUR/GBP	0.8556	0.0058

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.69%	4.41%
2 year swap	5.11%	4.17%
10 year Govt	4.96%	4.36%

This could go well ... but then again!

Investment platform Sharesies is expanding to allow trading in Fonterra's co-op shares. The shares, which are linked to milk production, will be freely traded on the Sharesies app ... but will you be able to short them?

Speaking of shorting shares, US equity markets are trading in negative territory this morning after New York Fed President, John Williams, warned, "The Fed is data-dependent, and the data has been very good. We don't feel the urgency to cut rates, although rates will eventually be lower. Rate cuts will be determined by economic activity. Rate hikes are not my baseline forecast, but they are possible if warranted." Raphael Bostic also

confirmed, "While I don't have a recession in my outlook, we still have a ways to go on inflation as inflation is too high. Inflation is going where we want it to go. We don't be able to reduce rates until towards end of the year."

This less than optimistic forecast saw US bond markets extend the month's selloff on the ... yes, that's right ... 'higher-for-longer' narrative, which saw the 2 and 10-years each firm 5bps to yield 5.00% and 4.64%, respectively. This naturally helped the USD-index, which firmed back above the 106.00 level, which saw the NZD and AUD give up yesterday's gains, while NZD/AUD remains stable just below the 0.9200 level, highlighting the fact these moves are all USD driven. At this stage the NZD/USD is in a tight 0.5875-0.5925 range, with AUD/USD at 0.6400-0.6445, as we await the weeks close. The downside risk is very much related to the geo-political environment, with the latest murmurings from Sky suggesting Israeli PM Netanyahu, will delay their retaliatory counter strikes, against the original retaliatory strike, on Iran till after Passover next week. Any such attack would likely see further safe haven buying.

On a more positive note, we also had a few other central bankers providing clarity and purpose to financial markets, or utter confusion and contradiction depending on which side of the fence you're sitting-on. The ECB's Olli Rehn, confirmed, "The time will be ripe in June to start cutting rates," while his colleague Robert Holzmann

added, "I can't see 3-4 ECB Cuts this year without the Fed also cutting rates. It's likely there will be a majority calling for a June cut at the ECB although the biggest threat to strategy is the geopolitical situation in the Middle East." The BoE's Megan Greene, suggested rate cuts were not imminent as the combination of high inflation and weak growth meant, "we are sort of in trade-off territory. We have to weigh the risk of doing too much against the risk of doing too little," while the BoJ's Kazuo Ueda, warned, "There's a possibility the weak yen could push up trend inflation through rises in imported goods prices. If the impact becomes too big to ignore, it might lead to a change in monetary policy."

Oh yeah ... there were some data releases as well!

With geo-political tensions and central bankers chit-chat driving sentiment, the data releases were largely ignored but, for the record, here's a quick run-down ... the US Philly Fed manufacturing index soared to its highest level in 2-years at 15.5, initial jobless claims were steady at 212k, while existing home sales fell -4.3% in March. The Bundesbank confirmed the German economy probably grew slightly in Q1, revising last month's negative call, although Q2 growth remains uncertain with the economy still "weak at its core." Australia's jobless rate edged up to 3.8% in March.



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Daily Rates

Friday 19 April 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.30					CAD	0.8126	0.8841
NZD/USD	0.5905	0.0000	0.0000	-0.0001	-0.0002	CHF	0.5383	0.5858
NZD/AUD	0.9193	-0.0008	-0.0025	-0.0048	-0.0091	CNY	4.2726	4.6482
NZD/JPY	91.280	-0.41	-1.25	-2.48	-4.73	DKK	4.1375	4.5019
NZD/EUR	0.5547	-0.0007	-0.0021	-0.0047	-0.0102	FJD	1.3227	1.4392
NZD/GBP	0.4747	-0.0001	-0.0003	-0.0007	-0.0016	HKD	4.6229	5.0301
						KRW	814.66	886.43
AU TWI	61.30					MYR	2.8222	3.0708
AUD/USD	0.6423	0.0006	0.0017	0.0032	0.0057	NOK	6.5238	7.0985
AUD/NZD	1.0877	0.0010	0.0028	0.0054	0.0083	SEK	6.4688	7.0386
AUD/JPY	99.29	-0.36	-1.10	-2.19	-4.37	SGD	0.8038	0.8746
AUD/EUR	0.6034	-0.0007	-0.0007	-0.0020	-0.0057	TWD	19.17	20.85
AUD/GBP	0.5162	0.0004	0.0011	0.0019	0.0026	ZAR	11.30	12.30
USD Index	106.13					EQUITIES		
EUR/USD	1.0644	0.0012	0.0041	0.0087	0.0192		Index	
USD/JPY	154.62	-0.70	-2.12	-4.17	-7.98	NZX50	11,836	
GBP/USD	1.2439	0.0002	0.0006	0.0014	0.0032	ASX200	7,642	
EUR/GBP	0.8556	0.0009	0.0028	0.0058	0.0127	Dow Jones	37,835	
						S&P 500	5,018	
INTEREST RATES			New Zealand		Australia	FTSE100	7,877	
			Mid		Mid	DAX 30	17,837	
30 day bank bills			5.60%		4.35%	Nikkei	38,080	
90 day bank bills			5.65%		4.41%	COMMODITIES		
1 year swap			5.51%		4.29%		USD	
2 year swap			5.13%		4.18%	Brent Crude	87.04	
3 year swap			4.90%		4.10%	Gold	2,380.15	
5 year swap			4.70%		4.30%	Silver	28.26	
10 year swap			4.76%		4.56%	Iron Ore	107.30	
3 year Govt bond			4.87%		3.94%	CRB Index	343.23	
5 year Govt bond			4.77%		4.03%		NZD	
10 year Govt bond			4.96%		4.41%	NZ Carbon	55.20	

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