

Market Alert

Wednesday 15 May 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6039	-0.0001
NZD/AUD	0.9114	-0.0045
NZD/JPY	94.470	-2.59
NZD/EUR	0.5582	-0.0049
NZD/GBP	0.4797	-0.0008
NZD/CNH	4.3715	-0.0581
AUD/USD	0.6624	0.0031
AUD/EUR	0.6122	-0.0025
EUR/USD	1.0816	0.0093
USD/CNH	7.2402	-0.0954
GBP/USD	1.2589	0.0019
EUR/GBP	0.8591	0.0060

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.42%
2 year swap	4.94%	4.22%
10 year Govt	4.76%	4.41%

Rocky road ahead

We had a sleuth of local data out yesterday, firstly, we had electronic card transactions which further confirmed the tightening of the proverbial belt, it looks like there isn't going to be any relief soon for retailers as core retail sales (not including fuel) were down -0.7% in April compared to March, and down -4.1% on the year, unsurprisingly, apparel was the biggest loser down 1.7% compared to the previous month, while services was the biggest increase, up 6.8% compared to March.

We also had migration data out, annual net migration came in at 111,000, which is still well above the March years average between 2002-2019 of 27,500, but significantly down from the peaks near the end of 2023, tightening of visa requirements should provide

further headwind to these numbers. The worrying statistic is the migration out of New Zealand, the 127,800 migrant departures in the previous year is a record high, and talking about records, the net migration loss of 52,500 kiwis that left New Zealand last year is also another record. That is definitely a worrying figure, looking further into the data, a large number of kiwi departures were between ages 20 and 30, which does not bode well for our future. Data from the Australian Bureau of Statistics (ABS) showed in the year to September 2023, more than 50% of kiwi departures were going to Australia.

And what about the States?

Fed Chair, Jerome Powell was on the wires yesterday reiterating the same line that we've heard from him before, "We did not expect this to be a smooth road. But these [inflation readings] were higher than I think anybody expected," Powell said. "What that has told us is that we'll need to be patient and let restrictive policy do its work." Powell expects inflation to come down over the course of the year, but he did admit that it hasn't happened so far and despite this, he does not expect the Fed to raise rates saying, "I don't think that it's likely, based on the data that we have, that the next move that we make would be a rate hike," he said. "I think it's more likely that we'll be at a place where we hold the policy rate where it is." Before leaving the conference he gave us something to ponder, "Is inflation going to be more persistent going forward? ... I don't think we

know that yet. I think we need more than a quarter's worth of data to really make a judgement on that."

Overnight, US Treasury yields fell, with the 10-year down 4bp to be at 4.45%. All 3 major US indices were up overnight. The USD DXY fell by 22 points to be currently just below 105.00, this led the antipodean currencies to rally, with the NZD/USD currently at 0.6039, while the AUD/USD is currently at 0.6625. However, the Japanese yen saw no relief from a softening DXY as the USD/JPY remains at 156.46, while the NZD/JPY is currently at 94.50, it might be a good time to go to Japan on Holiday.

Finally, Roaring Kitty had further influence on the Market overnight, as Gamestop and AMC once again posted ludicrous gains. Gamestop was up a further 50% overnight, which puts it up over 170% since the start of the rally. AMC is up a further 30% overnight, and up more than 120% since the start of the rally.



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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	71.00					CAD	0.8242	0.9044
NZD/USD	0.6039	0.0000	0.0000	-0.0001	-0.0005	CHF	0.5473	0.6005
NZD/AUD	0.9114	-0.0009	-0.0025	-0.0045	-0.0075	CNY	4.3673	4.7911
NZD/JPY	94.470	-0.46	-1.31	-2.59	-4.83	DKK	4.1641	4.5680
NZD/EUR	0.5582	-0.0008	-0.0023	-0.0049	-0.0099	FJD	1.3341	1.4635
NZD/GBP	0.4797	-0.0001	-0.0003	-0.0008	-0.0017	HKD	4.7169	5.1747
						KRW	823.64	903.57
AU TWI	62.70					MYR	2.8481	3.1245
AUD/USD	0.6624	0.0006	0.0017	0.0031	0.0048	NOK	6.5245	7.1578
AUD/NZD	1.0969	0.0010	0.0029	0.0051	0.0077	SEK	6.5256	7.1589
AUD/JPY	103.63	-0.40	-1.16	-2.35	-4.53	SGD	0.8161	0.8953
AUD/EUR	0.6122	-0.0002	-0.0009	-0.0025	-0.0063	TWD	19.51	21.41
AUD/GBP	0.5261	0.0004	0.0010	0.0016	0.0021	ZAR	11.10	12.18
USD Index	105.00					EQUITIES		
EUR/USD	1.0816	0.0014	0.0044	0.0093	0.0190		Index	
USD/JPY	156.44	-0.76	-2.17	-4.26	-7.94	NZX50	11,618	
GBP/USD	1.2589	0.0002	0.0008	0.0019	0.0040	ASX200	7,727	
EUR/GBP	0.8591	0.0010	0.0030	0.0060	0.0122	Dow Jones	39,558	
						S&P 500	5,249	
INTEREST RATES			New Zealand		Australia	FTSE100	8,428	
			Mid		Mid	DAX 30	18,716	
30 day bank bills			5.60%		4.34%	Nikkei	38,356	
90 day bank bills			5.63%		4.42%	COMMODITIES		
1 year swap			5.39%		4.38%		USD	
2 year swap			4.96%		4.24%	Brent Crude	82.46	
3 year swap			4.69%		4.16%	Gold	2,356.27	
5 year swap			4.49%		4.33%	Silver	28.56	
10 year swap			4.56%		4.56%	Iron Ore	117.31	
3 year Govt bond			4.69%		3.99%	CRB Index	334.96	
5 year Govt bond			4.60%		4.06%		NZD	
10 year Govt bond			4.76%		4.41%	NZ Carbon	54.40	

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