

Market Alert

Monday 20 May 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6132	-0.0001
NZD/AUD	0.9159	-0.0045
NZD/JPY	95.415	-2.58
NZD/EUR	0.5642	-0.0048
NZD/GBP	0.4834	-0.0008
NZD/CNH	4.4161	-0.0616
AUD/USD	0.6690	0.0032
AUD/EUR	0.6155	-0.0023
EUR/USD	1.0867	0.0092
USD/CNH	7.2314	-0.0997
GBP/USD	1.2682	0.0019
EUR/GBP	0.8563	0.0059

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.65%	4.40%
2 year swap	4.89%	4.13%
10 year Govt	4.67%	4.30%

What a great weekend for sport ... and the betting syndicate!

Yes ... we had 7-corners in the Phoenix game, Oleksandr to win on points, and the Warriors to win ...minded! Needless to say, it wasn't my turn to place the bets! But it was a great weekend for sport, with a dramatic win for the Warrior's, an equally dramatic loss for the Nix, and one hell of a punch up. Also, a big shout out to Canada for beating the Black Ferns, Manchester City for making it 4 in a row, and the Blues for peaking at the right time ... now we just need to figure out who's going to win the PGA! Despite being arrested and held in jail ahead of the second round Scottie Scheffler is doing well!

RIP ... Super Sid Going!

Now I'm no conspiracy theorists, but ...

... Iranian President Ebrahim Raisi's helicopter has crashed in a mountainous part of Iran, with rescuers unable to reach the crash site.

Saturday morning saw a quiet close for markets with the USD-index steady just under the 104.50 level as traders continued to speculate on the timing of Federal Reserve's cutting cycle. Treasury yields also posted modest gains with the 2 and 10-years firming 3bps and 5bps to 4.84% and 4.42%, while the German 10-year Bund also jumped 7bps to 2.52% after ECB member Isabel Schnabel, warned that while June was a 'done deal' further cuts may not be guaranteed, stating, *"Depending on the incoming data and our new projections, a rate cut in June may be appropriate. But the path beyond June is much more uncertain. Recent data has confirmed that the last mile of disinflation is the most difficult."* To be honest, this quote could have come from any central bank given the current environment.

Equity markets continued their grind higher, while commodity markets also had a positive session, with gold and base metal prices soaring on Chinese stimulus measures, while nickel prices surged towards the USD21k mark to reach its highest level since September 2023, as investors grew anxious over potential supply disruptions due to the rioting and political unrest in New Caledonia, given the country provides around 6% of global supply.

Chinese industrial production expanded at 6.7% in-the-year to April, fixed-asset investment expanded by 4.2% from January to April, but the big news was the announcement to stabilise the crisis-hit property sector, which essentially means local governments will purchase millions of unsold homes.

Finally, finally, In New Zealand, Auckland Council has approved its 10-year plan, which includes the potential sale of its 11% stake in Auckland International Airport while Pegasus Golf Resort is up for sale.

This should be an interesting week!

With the RBNZ on Wednesday, the main question on everyone's mind is, will we see a loosening in their rhetoric?

We also have central bank updates from China, South Korea, and Turkey, the latest minutes from the RBA, and inflation prints from Canada, the UK, and Japan. We also have PMI releases from Australia, Japan, Germany, the Euro Area, and the US, consumer confidence reports from Australia, the UK, and the Euro Area. Then, to wrap it all up, we also have retail sales updates from the UK and Canada, and the latest trade numbers from the Euro Area and Japan. Needless to say, we'll also have plenty of Fed speakers and a certain Mr. Orr will likely be on the newswires on Thursday and Friday.



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Daily Rates

Monday 20 May 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	71.80					CAD	0.8338	0.9111
NZD/USD	0.6132	0.0000	-0.0001	-0.0001	-0.0002	CHF	0.5562	0.6075
NZD/AUD	0.9159	-0.0009	-0.0024	-0.0045	-0.0074	CNY	4.4308	4.8339
NZD/JPY	95.415	-0.45	-1.33	-2.58	-4.85	DKK	4.2038	4.5923
NZD/EUR	0.5642	-0.0008	-0.0024	-0.0048	-0.0097	FJD	1.3442	1.4684
NZD/GBP	0.4834	-0.0001	-0.0003	-0.0008	-0.0016	HKD	4.7780	5.2196
						KRW	827.82	904.33
AU TWI	63.10					MYR	2.8691	3.1343
AUD/USD	0.6690	0.0006	0.0017	0.0032	0.0054	NOK	6.5161	7.1183
AUD/NZD	1.0900	0.0010	0.0028	0.0051	0.0081	SEK	6.5567	7.1627
AUD/JPY	104.22	-0.40	-1.18	-2.33	-4.51	SGD	0.8239	0.9001
AUD/EUR	0.6155	-0.0003	-0.0010	-0.0023	-0.0058	TWD	19.70	21.52
AUD/GBP	0.5271	0.0004	0.0010	0.0016	0.0024	ZAR	11.11	12.14
USD Index	104.50					EQUITIES		
EUR/USD	1.0867	0.0014	0.0045	0.0092	0.0190		Index	
USD/JPY	155.60	-0.73	-2.15	-4.18	-7.86	NZX50	11,700	
GBP/USD	1.2682	0.0002	0.0007	0.0019	0.0039	ASX200	7,814	
EUR/GBP	0.8563	0.0010	0.0030	0.0059	0.0118	Dow Jones	40,004	
						S&P 500	5,303	
INTEREST RATES			New Zealand		Australia	FTSE100	8,420	
			Mid		Mid	DAX 30	18,704	
30 day bank bills			5.60%		4.34%	Nikkei	38,787	
90 day bank bills			5.62%		4.40%	COMMODITIES		
1 year swap			5.40%		4.29%		USD	
2 year swap			4.91%		4.14%	Brent Crude	83.98	
3 year swap			4.63%		4.06%	Gold	2,414.89	
5 year swap			4.41%		4.21%	Silver	31.49	
10 year swap			4.47%		4.45%	Iron Ore	117.02	
3 year Govt bond			4.59%		3.88%	CRB Index	342.54	
5 year Govt bond			4.50%		3.94%		NZD	
10 year Govt bond			4.67%		4.29%	NZ Carbon	50.00	

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