

# Market Alert

Wednesday 29 May 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6118	-0.0002
NZD/AUD	0.9248	-0.0047
NZD/JPY	96.460	-2.61
NZD/EUR	0.5664	-0.0051
NZD/GBP	0.4817	-0.0007
NZD/CNH	4.4483	-0.0624
AUD/USD	0.6614	0.0031
AUD/EUR	0.6122	-0.0027
EUR/USD	1.0799	0.0090
USD/CNH	7.2729	-0.0996
GBP/USD	1.2701	0.0012
EUR/GBP	0.8501	0.0063

  

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.39%
2 year swap	5.18%	4.29%
10 year Govt	4.94%	4.48%

## Thunder, lightning!

Yes, it was very very frightening ... but trying to play football in it was, frankly, atrocious ... as was my performance. As my wife said, stop trying to act like a 21-, 31-, or 41-year-old, and start acting your age. Well, I did last night, I played like a 101-year-old!

With closing arguments concluding, the latest scandal at the Trump 'hush money' trial is that the Judge has ruled there is no need to agree on a unanimous decision for 'The Don' to be found guilty. This increases the chances that he will have to do prison time, but here's a question for you ... as an ex-President, Donald Trump gets 24/7 protection from the secret service, but if he's in jail, his bodyguards have to be in prison as well, are they still allowed to wear their sexy sunglasses, suits, and ear plugs?

Ahead of the upcoming glut of central bank meetings over the next fortnight, financial markets have been content to take a pause. Most of the activity was confined to equity and fixed income markets as the higher-for-longer narrative continued to play out with higher CPI prints in Germany and Australia, while the US Treasury's USD44bn 7-year issuance saw a 1.3bps tail, which signalled weak demand, following on from yesterday's poorly received 2 and 5-years issuance. This saw bond yields spike higher, with the US 10-years 7bps higher at 4.62%, while global equity markets were a sea of red with most exchanges -0.5% to -1.0% lower. Commodity markets were flashing red as well with oil and copper pricings falling -1.6%, while currency markets saw a strengthening of the USD-index as it reclaimed the 105.00 level, which saw USD/JPY firm to 157.70, while the NZD/USD and AUD/USD eased back. Actually ... thinking about it ... the overnight session was actually an 'active' one!

## Are you starting to see a trend here?

There were very few data releases overnight, with the pick of the bunch being German inflation, which firmed from April's 2.2% to 2.4% on the year, with the only positive being it was lower than February's 2.5%. The stronger than expected German inflation print saw harmonised inflation for the wider Eurozone firm to 2.8% from 2.4%, and the German 10-year bund yield firm 9bps to 2.69%.

It was a similar story in Australia where inflation increased to 3.6% from 3.5%. It was the highest print since last November and above expectations at 3.4%. Ultimately, whatever slim possibility there was of an Australia rate cut has now been well and truly extinguished, which saw the Australian 10-year government bond yield rally 22bps to 4.49%, its highest level in over 3-weeks.

In the US, the Beige book provided a somewhat pessimistic outlook, highlighting prices had increased at a modest pace over the reporting period, economic activity had continued to expand from early April to mid-May, although conditions were 'varied', and, overall, the outlook was somewhat more pessimistic amid reports of rising uncertainty and greater downside risks.

The IMF has upgraded its Chinese 2024 GDP projections from 4.6% to 5.0%, reflecting the countries strong start to 2024.

Is this proof that mail companies can make money? I'm not sure but some Czech billionaire has bid GBP3.6bn to buy the UK's Royal Mail ... perfect timing ahead of the July election!

Thank heavens we don't have this issue in Aotearoa ... with a shortage of baristas, some US coffee orders are taking up to 30-minutes! On that note, I'm off to the kitchen!

Oh ... by the way ... there is something called a "budget" due out today!



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# Daily Rates

Wednesday 29 May 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	72.30					CAD	0.8388	0.9068
NZD/USD	0.6118	0.0000	0.0000	-0.0002	-0.0007	CHF	0.5587	0.6043
NZD/AUD	0.9248	-0.0008	-0.0025	-0.0047	-0.0086	CNY	4.4342	4.7944
NZD/JPY	96.460	-0.39	-1.33	-2.61	-5.06	DKK	4.2250	4.5683
NZD/EUR	0.5664	-0.0007	-0.0025	-0.0051	-0.0108	FJD	1.3426	1.4517
NZD/GBP	0.4817	-0.0001	-0.0003	-0.0007	-0.0017	HKD	4.7791	5.1674
						KRW	838.18	906.28
AU TWI	63.10					MYR	2.8762	3.1099
AUD/USD	0.6614	0.0006	0.0017	0.0031	0.0050	NOK	6.4782	7.0046
AUD/NZD	1.0811	0.0009	0.0028	0.0050	0.0086	SEK	6.5298	7.0604
AUD/JPY	104.26	-0.35	-1.17	-2.35	-4.56	SGD	0.8270	0.8941
AUD/EUR	0.6122	-0.0002	-0.0010	-0.0027	-0.0062	TWD	19.80	21.41
AUD/GBP	0.5207	0.0004	0.0011	0.0018	0.0029	ZAR	11.25	12.17
USD Index	105.13					<b>EQUITIES</b>		
EUR/USD	1.0799	0.0013	0.0044	0.0090	0.0190		<b>Index</b>	
USD/JPY	157.67	-0.66	-2.16	-4.24	-8.02	NZX50	11,679	
GBP/USD	1.2701	0.0002	0.0006	0.0012	0.0022	ASX200	7,666	
EUR/GBP	0.8501	0.0009	0.0031	0.0063	0.0132	Dow Jones	38,477	
						S&P 500	5,279	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	8,183	
			<b>Mid</b>		<b>Mid</b>	DAX 30	18,473	
30 day bank bills			5.60%		4.34%	Nikkei	38,557	
90 day bank bills			5.63%		4.39%	<b>COMMODITIES</b>		
1 year swap			5.57%		4.41%		<b>USD</b>	
2 year swap			5.20%		4.31%	Brent Crude	83.39	
3 year swap			4.93%		4.24%	Gold	2,336.90	
5 year swap			4.71%		4.39%	Silver	31.94	
10 year swap			4.73%		4.62%	Iron Ore	117.68	
3 year Govt bond			4.87%		4.10%	CRB Index	347.68	
5 year Govt bond			4.78%		4.15%		<b>NZD</b>	
10 year Govt bond			4.94%		4.47%	NZ Carbon	47.50	

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