

Market Alert

Tuesday 04 June 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6176	-0.0003
NZD/AUD	0.9250	-0.0047
NZD/JPY	96.510	-2.60
NZD/EUR	0.5667	-0.0050
NZD/GBP	0.4825	-0.0007
NZD/CNH	4.4803	-0.0643
AUD/USD	0.6676	0.0031
AUD/EUR	0.6125	-0.0025
EUR/USD	1.0895	0.0093
USD/CNH	7.2513	-0.1012
GBP/USD	1.2796	0.0011
EUR/GBP	0.8514	0.0064

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.40%
2 year swap	5.04%	4.20%
10 year Govt	4.87%	4.46%

Pretentious ... Moi?

Somehow ... it still feels like a Monday ... but not quite as bad as a usual Monday given it's just a 4-day week! And while the King's Birthday weekend sounded a little funny after all those years of it being the Queen's Birthday weekend, one tradition that remains is the birthday honours list. Yes, 176 people were recognised this weekend with 'higher' honours ... and once again ... I wasn't one of them! Alas, all of my years supporting the alcohol industry, grassroots football, the TAB, and financial markets have yet to be rewarded! Anyway, a begrudging 'well done' to all of those who were recognised for their work and or (hopefully) making New Zealand a better place.

Our belated start to the week ...

... has seen markets open with a cautious tone, with equity markets flat and bond

markets firm after the weaker-than-expected US manufacturing report raised concerns the world's largest economy may be losing momentum - fuelling speculation the Fed will have room to cut rates this year. US ISM manufacturing PMIs unexpectedly fell to 48.7 in May, from 49.2, which was below expectations at 49.6, while the Atlanta Fed's GDPNow Q2 growth estimate plummeted to 1.8%, from Mays' 2.7%.

Rounding up the other PMI prints, it was a similar story in Canada where manufacturing PMIs recorded their 13th month in contractionary territory, easing from 49.4 to 49.3, while German manufacturing PMIs 'surged' to their highest level in 4-months, although they remain in deeply contractionary territory at 45.4 in May ... at least it was better than April's 42.5. In China, manufacturing PMIs rose to 51.7, from April's 51.4, to exceed estimates at 51.5, while Japanese manufacturing PMIs eased to 50.4, from 50.5.

In Australia, manufacturing PMIs firmed from 49.6 to 49.7, the RBA's index of commodity prices fell -4.2% in the year to May to record the 15th consecutive month of deflation - led by lower thermal and coking coal prices, while the Melbourne Institute's monthly inflation gauge firmed by 0.3% in May, following April's 0.1% gain, to record the index's biggest jump since January.

S&P downgraded the national rating for France from "AA" to "AA-", citing the French government's failure to meet its targets for controlling the budget deficit.

Equity markets spent last night's session 'treading water' as did commodity markets, although we should mention Brent oil prices fell below the USD80 level for the first time since February. US bond yields edged lower, with the 2 and 10-year treasury yields falling -6bps and -9bps to be at 4.83% and 4.40%, which will see local swap rates open lower this morning, while the weakening USD index, which fell towards the 104.00 level, saw the NZD and AUD pop higher towards 3-month highs.

That's it! I've had enough of this 'Roaring Kitty' rubbish!

GameStop shares have once again surged, this time after 'Roaring Kitty' a.k.a Keith Gill posted what appeared to be a USD116m position!

Even though there are just 4 days left in the week, there will be some excitement with Friday's US non-farm and labour market updates, while, throughout the week we also have the JOLTs Job Openings, factory orders, and foreign trade data. We also have interest rate updates from the ECB, where they will likely cut, and the BoC, while we will also have the latest GDP update from Australia. Additionally, we have trade updates from China, Brazil, Australia, Canada, and Germany, with German industrial production and unemployment, alongside Euro-zone retail sales.



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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	72.20					CAD	0.8423	0.9105
NZD/USD	0.6179	0.0000	0.0000	-0.0003	-0.0009	CHF	0.5534	0.5983
NZD/AUD	0.9255	-0.0008	-0.0025	-0.0047	-0.0083	CNY	4.4777	4.8392
NZD/JPY	96.550	-0.44	-1.33	-2.60	-4.96	DKK	4.2270	4.5692
NZD/EUR	0.5670	-0.0008	-0.0025	-0.0050	-0.0105	FJD	1.3851	1.4972
NZD/GBP	0.4828	-0.0001	-0.0003	-0.0007	-0.0016	HKD	4.8290	5.2200
						KRW	847.56	916.17
AU TWI	63.10					MYR	2.9052	3.1404
AUD/USD	0.6676	0.0006	0.0017	0.0031	0.0049	NOK	6.4644	6.9878
AUD/NZD	1.0803	0.0009	0.0028	0.0053	0.0089	SEK	6.4289	6.9494
AUD/JPY	104.30	-0.39	-1.17	-2.32	-4.50	SGD	0.8313	0.8986
AUD/EUR	0.6125	-0.0003	-0.0010	-0.0025	-0.0061	TWD	19.95	21.56
AUD/GBP	0.5216	0.0004	0.0011	0.0018	0.0027	ZAR	11.44	12.36
USD Index	104.14					EQUITIES		
EUR/USD	1.0895	0.0014	0.0046	0.0093	0.0186		Index	
USD/JPY	156.26	-0.71	-2.16	-4.15	-7.83	NZX50	11,867	
GBP/USD	1.2796	0.0002	0.0006	0.0011	0.0019	ASX200	7,761	
EUR/GBP	0.8514	0.0010	0.0031	0.0064	0.0130	Dow Jones	38,571	
						S&P 500	5,283	
INTEREST RATES			New Zealand		Australia	FTSE100	8,263	
			Mid		Mid	DAX 30	18,608	
30 day bank bills			5.60%		4.34%	Nikkei	38,923	
90 day bank bills			5.63%		4.40%	COMMODITIES		
1 year swap			5.48%		4.34%		USD	
2 year swap			5.06%		4.21%	Brent Crude	78.18	
3 year swap			4.79%		4.11%	Gold	2,344.95	
5 year swap			4.56%		4.27%	Silver	30.51	
10 year swap			4.59%		4.48%	Iron Ore	118.58	
3 year Govt bond			4.80%		4.07%	CRB Index	337.95	
5 year Govt bond			4.71%		4.14%		NZD	
10 year Govt bond			4.87%		4.48%	NZ Carbon	50.00	

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