

Market Alert

Thursday 06 June 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6177	-0.0003
NZD/AUD	0.9290	-0.0049
NZD/JPY	95.610	-2.62
NZD/EUR	0.5676	-0.0051
NZD/GBP	0.4835	-0.0008
NZD/CNH	4.4766	-0.0648
AUD/USD	0.6648	0.0031
AUD/EUR	0.6109	-0.0025
EUR/USD	1.0881	0.0093
USD/CNH	7.2455	-0.1009
GBP/USD	1.2771	0.0011
EUR/GBP	0.8517	0.0062

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.66%	4.40%
2 year swap	5.01%	4.16%
10 year Govt	4.81%	4.39%

As a plan ... it was a dismal failure!

Yes, my attempt to watch last night's state of origin was a bit of a failure. I did see a bit of it in between 'powernaps,' and I even woke up for the 7th minute sending-off, but as a game it was pretty well over from that minute onwards. In saying that, my body is sore just from watching some of those hits!

Not a great deal to report from markets overnight ... equity markets have reversed their falls from the last couple of days with Nvidia becoming the 3rd stock to reach a USD3trn valuation, commodities also bounced with oil 1.0% higher, the USD index was flat with the NZD and AUD trading water, while US yields eased lower with the 2 and 10-years easing -5bps and -4bps to reach 4.74% and 4.29%, which will see local swap rates open lower.

Once again ... are you listening Mr Orr?

The Bank of Canada concluded that even though inflation has started to flatline at 2.70%, the diminishing impact of inflationary pressures, and excess supply in the economy, meant the central bank could cut its policy rate by 25bps to 4.75%! While the move was largely anticipated with 20bps of the 25bps priced ahead of the meeting, the BoC was one of the first banks to hike at the start of the cycle, and now they are the first to cut. This move will likely be followed by a further 75bp of cuts in the second half of the year.

Prior to the Q1 GDP update, RBA Governor, Michelle Bullock, announced, "We expect Q1 GDP growth to be quite low. The economy is weak, and that is showing up in consumption. The Board considers monetary policy is restrictive. If inflation proves sticky, we won't hesitate to hike. (Conversely), if the economy is weaker, we will be ready to ease." And 5-points to the lady in the corner, because she was right ... GDP growth slowed to just 0.1% in Q1, which lowered the annual growth rate from 1.5% to 1.1%. With growth slowing and inflation sticky, Ms Bullock with a bit of a 'headache' ... but not the migraine a certain Mr. Orr has!

Wow ... it appears the government's plan is working the New Zealand Treasury announced a deficit of 'just' NZD6.5bn for the 10 months to April, which was a lot better than the NZD8.2bn forecast. Interestingly, tax revenue was NZD1.65bn above expectations

at NZD100.3bn. In a further boost, New Zealand's Q1 terms of trade unexpectedly increased 5.1%. Needless to say, the outperformance was driven by the -5.1% drop in imports!

Unlike manufacturing PMIs, services PMIs remain elevated globally! US service PMIs soared to 53.8 in May, which was the index's highest level in 9-months and well above forecasts of 50.8. Chinese services PMIs also increased, to 54.0 from 52.5, the Japanese index jumped to 53.8 from 50.6, while Australian services PMIs eased to 52.5 from 53.6.

Finally, US private businesses added 152k workers in May 2024, the lowest level in 4-months and well below forecasts of 175k.

Less regulation ... what could go wrong?

A group backed by BlackRock and Citadel Securities is planning to start a new national stock exchange ... in Texas in an attempt to escape the 'onerous regulation' of the NYSE and NASDAQ in the Big Apple. By all accounts, the Texas Stock Exchange has raised USD120m, plans to file registration documents with the SEC later this year, to begin facilitating trades in 2025, and to host its first listing in 2026!



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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	72.70					CAD	0.8446	0.9091
NZD/USD	0.6179	0.0000	-0.0001	-0.0003	-0.0012	CHF	0.5496	0.5916
NZD/AUD	0.9294	-0.0009	-0.0025	-0.0049	-0.0084	CNY	4.4698	4.8105
NZD/JPY	95.645	-0.48	-1.33	-2.62	-4.95	DKK	4.2343	4.5564
NZD/EUR	0.5679	-0.0009	-0.0025	-0.0051	-0.0107	FJD	1.3690	1.4734
NZD/GBP	0.4838	-0.0001	-0.0003	-0.0008	-0.0018	HKD	4.8258	5.1938
						KRW	849.03	913.77
AU TWI	63.20					MYR	2.9032	3.1246
AUD/USD	0.6648	0.0006	0.0017	0.0031	0.0048	NOK	6.5261	7.0237
AUD/NZD	1.0758	0.0009	0.0028	0.0053	0.0083	SEK	6.4482	6.9399
AUD/JPY	102.88	-0.42	-1.16	-2.27	-4.50	SGD	0.8314	0.8948
AUD/EUR	0.6109	-0.0004	-0.0011	-0.0025	-0.0064	TWD	19.98	21.50
AUD/GBP	0.5204	0.0003	0.0011	0.0019	0.0026	ZAR	11.56	12.44
USD Index	104.13					EQUITIES		
EUR/USD	1.0881	0.0016	0.0046	0.0093	0.0186		Index	
USD/JPY	154.77	-0.76	-2.14	-4.15	-7.73	NZX50	11,881	
GBP/USD	1.2771	0.0002	0.0006	0.0011	0.0017	ASX200	7,737	
EUR/GBP	0.8517	0.0011	0.0031	0.0062	0.0132	Dow Jones	38,760	
						S&P 500	5,346	
INTEREST RATES			New Zealand		Australia	FTSE100	8,232	
			Mid		Mid	DAX 30	18,406	
30 day bank bills			5.60%		4.34%	Nikkei	38,837	
90 day bank bills			5.62%		4.40%	COMMODITIES		
1 year swap			5.47%		4.31%		USD	
2 year swap			5.03%		4.17%	Brent Crude	77.53	
3 year swap			4.76%		4.07%	Gold	2,326.54	
5 year swap			4.53%		4.22%	Silver	29.54	
10 year swap			4.56%		4.40%	Iron Ore	110.10	
3 year Govt bond			4.77%		4.01%	CRB Index	334.70	
5 year Govt bond			4.67%		4.06%		NZD	
10 year Govt bond			4.81%		4.38%	NZ Carbon	56.00	

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