

Market Alert

Friday 07 June 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6200	-0.0004
NZD/AUD	0.9301	-0.0049
NZD/JPY	96.450	-2.62
NZD/EUR	0.5693	-0.0052
NZD/GBP	0.4848	-0.0008
NZD/CNH	4.5014	-0.0635
AUD/USD	0.6665	0.0030
AUD/EUR	0.6120	-0.0025
EUR/USD	1.0887	0.0090
USD/CNH	7.2603	-0.0975
GBP/USD	1.2787	0.0011
EUR/GBP	0.8513	0.0063

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.40%
2 year swap	4.99%	4.15%
10 year Govt	4.71%	4.31%

Thursday evenings used to be THE night to go out ...

After training ... off to the bar, after work ... to the bar, meeting friends ... to the bar. But it is all different now ... and last night was family TV night, but I don't get it! We watched a programme called 'Love Island' where, allegedly, young people look for love, but the thing is ... after 11 seasons, no-one has found love. I don't get it, I don't understand it, but as far as I can tell, it's just people wearing togs (swimsuits) that are too small for them. Apparently it's something to do with making money on 'social media' ... but let's not go down that rabbit hole! 30-minutes in, I couldn't take it anymore and announced I was off ... to read a book!

Following on from the Bank of Canada cut ...

... the ECB 'hawkishly' cut its key interest rates by 25bps to reduce the main refinancing operation rate to 4.25% and the deposit facility rate to 3.75%. The move was widely telegraphed, but it did come with a warning after ECB President Christine Lagarde announced, "*Domestic inflation remains high, and wages are rising at an elevated pace. We will need more data to constantly confirm the disinflationary path. We cannot confirm that the dialling back process is underway.*"

Policymakers also noted that price pressures remain strong, and inflation is likely to stay above target well into next year. It should also be noted that one member, Austrian central bank hawk, Robert Holzmann, voted against the rate cut. Ultimately, market pricing has now fully unwound the pricing of a July cut, with it pushed back to September. The German 10-year bund yield firmed 5bps to 2.56% following the ECB decision, while German factory orders unexpectedly dropped -0.2% in April in a sign of continuing weakness.

The Danish central bank also cut its key interest rate, from 3.60% to 3.35%.

Looking at the other headlines, US initial jobless claims jumped 8k to 229k, which was well above expectations at 220k, nonfarm labour productivity rose by 0.2% in Q1, marginally lower than the

preliminary estimate at 0.3%, and the US trade deficit widened to USD74.6bn in April, the largest since October 2022. Markets will be looking to tonight's non-farm payrolls and employment data for further direction on the state of the US labour market and any evidence of economic slowdown.

European equity markets posted gains in the region of 0.50%, although the US exchanges were more sanguine, closing the session flat. Commodity markets had a positive session, firming 1.0%-2.0%, US Treasury yields were flat, while the USD-index flatlined just above the 104.00 level. The NZD/USD provided a spark of interest, trading above the 0.6200 level, and extending to a high at 0.6215, although the excitement was short lived.

Has anyone noticed the T20 cricket?

The USA has just beaten Pakistan in a game that went to a super over. This must rank as one of the biggest ever upsets, and it's great for cricket, but it might be worthwhile checking a few players bank accounts in the coming days!

I don't want to write this, but I can't help it ... GameStop shares jumped 30% as 'Roaring Kitty' scheduled a YouTube livestream for Friday.



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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	73.00					CAD	0.8475	0.9111
NZD/USD	0.6201	0.0000	-0.0001	-0.0004	-0.0015	CHF	0.5516	0.5931
NZD/AUD	0.9303	-0.0008	-0.0025	-0.0049	-0.0088	CNY	4.4903	4.8279
NZD/JPY	96.470	-0.45	-1.33	-2.62	-5.03	DKK	4.2474	4.5659
NZD/EUR	0.5695	-0.0008	-0.0025	-0.0052	-0.0107	FJD	1.3741	1.4772
NZD/GBP	0.4849	-0.0001	-0.0003	-0.0008	-0.0020	HKD	4.8419	5.2050
						KRW	845.94	909.39
AU TWI	63.10					MYR	2.9090	3.1272
AUD/USD	0.6665	0.0006	0.0017	0.0030	0.0046	NOK	6.5426	7.0333
AUD/NZD	1.0748	0.0009	0.0028	0.0051	0.0080	SEK	6.4430	6.9262
AUD/JPY	103.68	-0.39	-1.16	-2.29	-4.48	SGD	0.8343	0.8968
AUD/EUR	0.6120	-0.0003	-0.0010	-0.0025	-0.0058	TWD	20.02	21.52
AUD/GBP	0.5212	0.0004	0.0011	0.0019	0.0029	ZAR	11.72	12.60
USD Index	104.12					EQUITIES		
EUR/USD	1.0887	0.0015	0.0044	0.0090	0.0179		Index	
USD/JPY	155.57	-0.71	-2.14	-4.13	-7.75	NZX50	11,973	
GBP/USD	1.2787	0.0002	0.0006	0.0011	0.0014	ASX200	7,822	
EUR/GBP	0.8513	0.0010	0.0032	0.0063	0.0129	Dow Jones	38,870	
						S&P 500	5,352	
INTEREST RATES			New Zealand		Australia	FTSE100	8,285	
			Mid		Mid	DAX 30	18,653	
30 day bank bills			5.60%		4.34%	Nikkei	38,704	
90 day bank bills			5.63%		4.40%	COMMODITIES		
1 year swap			5.45%		4.31%		USD	
2 year swap			5.01%		4.16%	Brent Crude	79.87	
3 year swap			4.73%		4.06%	Gold	2,371.94	
5 year swap			4.49%		4.21%	Silver	31.23	
10 year swap			4.51%		4.41%	Iron Ore	107.02	
3 year Govt bond			4.70%		3.93%	CRB Index	341.99	
5 year Govt bond			4.58%		3.99%		NZD	
10 year Govt bond			4.71%		4.29%	NZ Carbon	54.00	

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