

Market Alert

Monday 17 June 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6142	-0.0002
NZD/AUD	0.9282	-0.0048
NZD/JPY	96.660	-2.65
NZD/EUR	0.5738	-0.0054
NZD/GBP	0.4840	-0.0009
NZD/CNH	4.4553	-0.0620
AUD/USD	0.6614	0.0031
AUD/EUR	0.6179	-0.0027
EUR/USD	1.0700	0.0095
USD/CNH	7.2691	-0.0978
GBP/USD	1.2682	0.0015
EUR/GBP	0.8437	0.0063

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.65%	4.42%
2 year swap	4.87%	4.05%
10 year Govt	4.68%	4.20%

Everyone has an achilles heel ...

And for my wife, it was Yorkshire pudding. I say was, because yesterday, she mastered it. I know that one swallow doesn't make a summer, but the mere fact it's taken over 30-years to master was a reason to celebrate with a nice wine to accompany them. Like all things, it was the simple case of not following the instructions but following one's instinct ... and they were perfect!

The nice Sunday roast was the perfect way to catch up on the sports news as well ... congratulations to the Chiefs and the Blues who will be contesting this weekend's Super final, hard luck to the Warrior's, well done Ferrari on winning Le Mans, another solid performance from Ryan Fox to make the cut, and come on England as they are currently playing Serbia at the Euro's.

Friday's ho-hum session.

While speculation had been building for a change from the BoJ, it was business as usual following on from Friday's meeting where the Board voted unanimously to maintain their interest rate settings at 0.0%-0.1%. But speculation had been building that the board might adjust their QE programme, yes, that's right, the BoJ is still buying JGBs! To this extent, the Board voted by 8-1 that it may 'consider' reducing its JPY6trn per month bond buying programme at its next meeting in July.

In the US, the University of Michigan's consumer sentiment index fell for a 3rd straight month to reach a 7-month low at 65.6, which was well below forecasts at 72! Both the current and expectation measures declined, the forecast for 1-year inflation was unchanged at 3.3%, although the 5-year projection edged up to 3.1% from 3.0%. The import price index also fell 0.4%, a larger decline than was expected.

Fed member, Austin Goolsbee, suggested that while the *"May CPI data was very good, it was just one month's release. More reports like May's CPI will help with inflation confidence."* Martins Kazaks of the ECB then announced that *"While uncertainty remains high, we are confident that disinflation is proceeding. I think we are still on the path to 2.0% in H2 2025."*

There wasn't a great deal of volume transacted on Friday, although treasuries, the USD-index and gold all made gains, while European stocks had their worst

week since October and the EUR weakened as the fall-out from the French snap-election continues to weigh on sentiment. The NZD and AUD weakened, although they remain in their recent ranges, while fixed income markets should open lower after the US 10-year treasury fell -3bps to 4.22%.

This week ...

... we have central bank decisions in Australia, China, Norway, Switzerland, and the UK, while, from the US, we have retail sales, manufacturing and services, PMIs, industrial production, housing starts, building permits, and existing home sales. We also have manufacturing and service PMI updates from Australia, Japan, Germany, the Euro-zone, and the UK, while, speaking of the UK, we also have their latest inflation update, consumer confidence, and retail sales figures, while, from Germany, we have will have their latest ZEW economic sentiment release. China also has a host of releases with industrial production, retail sales, house prices, unemployment, and fixed assets investment, while Japan will update their inflation and trade numbers. In NZ, we have Q1 GDP and our latest trade numbers.

I never thought I'd type this but ... Taylor Swift's record-shattering Eras Tour is continuing to supercharge consumer spending, and with the tour about to hit the UK, it has been suggested that the economic boost may be enough to defer a BoE September interest rate cut!



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Daily Rates

Monday 17 June 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	72.70					CAD	0.8436	0.9084
NZD/USD	0.6143	0.0000	0.0000	-0.0002	-0.0008	CHF	0.5467	0.5888
NZD/AUD	0.9285	-0.0008	-0.0025	-0.0048	-0.0087	CNY	4.4565	4.7996
NZD/JPY	96.675	-0.45	-1.37	-2.65	-5.01	DKK	4.2812	4.6102
NZD/EUR	0.5740	-0.0008	-0.0027	-0.0054	-0.0109	FJD	1.3544	1.4584
NZD/GBP	0.4842	-0.0001	-0.0004	-0.0009	-0.0016	HKD	4.7973	5.1659
						KRW	848.73	913.95
AU TWI	63.10					MYR	2.8972	3.1198
AUD/USD	0.6614	0.0006	0.0017	0.0031	0.0048	NOK	6.5466	7.0497
AUD/NZD	1.0768	0.0009	0.0027	0.0050	0.0079	SEK	6.4479	6.9434
AUD/JPY	104.05	-0.40	-1.20	-2.34	-4.63	SGD	0.8309	0.8947
AUD/EUR	0.6179	-0.0004	-0.0012	-0.0027	-0.0071	TWD	19.86	21.39
AUD/GBP	0.5212	0.0004	0.0010	0.0017	0.0023	ZAR	11.26	12.13
USD Index	105.52					EQUITIES		
EUR/USD	1.0700	0.0015	0.0048	0.0095	0.0186		Index	
USD/JPY	157.37	-0.72	-2.20	-4.22	-7.88	NZX50	11,865	
GBP/USD	1.2682	0.0002	0.0008	0.0015	0.0021	ASX200	7,724	
EUR/GBP	0.8437	0.0010	0.0031	0.0063	0.0129	Dow Jones	38,589	
						S&P 500	5,432	
INTEREST RATES			New Zealand		Australia	FTSE100	8,147	
			Mid		Mid	DAX 30	18,002	
30 day bank bills			5.60%		4.34%	Nikkei	38,815	
90 day bank bills			5.61%		4.42%	COMMODITIES		
1 year swap			5.37%		4.26%		USD	
2 year swap			4.89%		4.06%	Brent Crude	82.62	
3 year swap			4.60%		3.98%	Gold	2,332.52	
5 year swap			4.36%		4.10%	Silver	29.54	
10 year swap			4.43%		4.29%	Iron Ore	107.12	
3 year Govt bond			4.64%		3.88%	CRB Index	344.28	
5 year Govt bond			4.53%		3.93%		NZD	
10 year Govt bond			4.68%		4.23%	NZ Carbon	50.00	

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