

Market Alert

Wednesday 19 June 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6144	-0.0002
NZD/AUD	0.9229	-0.0045
NZD/JPY	96.980	-2.64
NZD/EUR	0.5720	-0.0052
NZD/GBP	0.4833	-0.0007
NZD/CNH	4.4686	-0.0628
AUD/USD	0.6655	0.0030
AUD/EUR	0.6195	-0.0026
EUR/USD	1.0738	0.0092
USD/CNH	7.2712	-0.1000
GBP/USD	1.2706	0.0013
EUR/GBP	0.8448	0.0062

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.64%	4.42%
2 year swap	4.92%	4.12%
10 year Govt	4.68%	4.23%

The hopes of an RBA cut...

... in 2024 are fading fast after yesterday's monetary policy decision, where the target cash rate was left unchanged. The language from the statement seemed very much a copy and paste from their last statement; The RBA stressed the need to be more vigilant towards upside risks to inflation and admitted that, while inflation has been easing, it has been doing so more slowly than reasonably expected, therefore remaining high and will stay that way for some time before it is sustainably in the target range. Markets reacted by no longer pricing in cuts until around mid-2025. Following the meeting, RBA Governor, Michelle Bullock, stated, "We did not consider the case for a rate cut today" and "We need a lot to go our way to bring inflation back into range". Despite the

strong hawkish language, Bullock also did not say that the case for a rate hike is increasing.

But what about the big hitters?

Eurozone inflation accelerated to 2.6% in May from 2.4% last month, this was in line with expectations ahead of the release, but an acceleration is probably not what the ECB wants to see considering they recently cut rates at their last meeting! The core inflation reading was also confirmed at a level of 2.9%.

US retail sales rose in May, although only slightly at 0.1% following a downward revised -0.2% fall in April. Also troubling was that this came in below forecasts of a 0.2% rise. US 10-year treasury yields fell on the news, approaching a 2-month low of 4.22% as markets increased the probability of an interest rate cut at the next Fed meeting and beyond.

On the other hand, US industrial production rose more than expected, up 0.9% in May, against expectations of a much smaller 0.3% increase. The reading marked a welcome reverse in trend after April showed no growth, while March's reading was negative at -0.1%.

And back to the small pond

New Zealand Westpac Consumer Confidence plummeted to 82.2 for Q2 of 2024, erasing the gains from Q1 2024 and Q4 of 2023, although both previous figures were still below the 100-level.

42.0% of households surveyed said their financial position had deteriorated over the past year, with only 14.0% seeing an improvement.

Overnight the dairy auction bought in slightly lower prices, down -0.5% overall. Whole milk powder fell by -2.5%, offset by a large increasing in butter, up 6.2% and a smaller increase of 0.7% for skim milk powder.



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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	72.40					CAD	0.8426	0.9100
NZD/USD	0.6146	0.0000	0.0000	-0.0002	-0.0009	CHF	0.5430	0.5884
NZD/AUD	0.9234	-0.0008	-0.0024	-0.0045	-0.0076	CNY	4.4567	4.8274
NZD/JPY	97.020	-0.48	-1.35	-2.64	-5.05	DKK	4.2673	4.6220
NZD/EUR	0.5723	-0.0009	-0.0025	-0.0052	-0.0108	FJD	1.3572	1.4701
NZD/GBP	0.4836	-0.0001	-0.0003	-0.0007	-0.0018	HKD	4.7963	5.1952
						KRW	847.40	917.80
AU TWI	63.10					MYR	2.8951	3.1358
AUD/USD	0.6655	0.0006	0.0017	0.0030	0.0045	NOK	6.4986	7.0391
AUD/NZD	1.0825	0.0009	0.0027	0.0051	0.0075	SEK	6.4090	6.9420
AUD/JPY	104.55	-0.42	-1.20	-2.35	-4.68	SGD	0.8297	0.8988
AUD/EUR	0.6195	-0.0004	-0.0012	-0.0026	-0.0071	TWD	19.87	21.52
AUD/GBP	0.5235	0.0004	0.0010	0.0017	0.0019	ZAR	11.08	12.01
USD Index	105.25					EQUITIES		
EUR/USD	1.0738	0.0016	0.0047	0.0092	0.0186		Index	
USD/JPY	157.85	-0.77	-2.20	-4.25	-7.93	NZX50	11,767	
GBP/USD	1.2706	0.0002	0.0007	0.0013	0.0022	ASX200	7,778	
EUR/GBP	0.8448	0.0011	0.0032	0.0062	0.0130	Dow Jones	38,835	
						S&P 500	5,487	
INTEREST RATES			New Zealand		Australia	FTSE100	8,191	
			Mid		Mid	DAX 30	18,132	
30 day bank bills			5.60%		4.35%	Nikkei	38,482	
90 day bank bills			5.60%		4.42%	COMMODITIES		
1 year swap			5.40%		4.32%		USD	
2 year swap			4.93%		4.13%	Brent Crude	85.26	
3 year swap			4.64%		4.02%	Gold	2,329.89	
5 year swap			4.39%		4.15%	Silver	29.52	
10 year swap			4.41%		4.34%	Iron Ore	107.05	
3 year Govt bond			4.62%		3.86%	CRB Index	346.41	
5 year Govt bond			4.51%		3.92%		NZD	
10 year Govt bond			4.68%		4.22%	NZ Carbon	49.00	

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