

# Market Alert

Tuesday 25 June 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6127	-0.0002
NZD/AUD	0.9200	-0.0043
NZD/JPY	97.810	-2.66
NZD/EUR	0.5705	-0.0053
NZD/GBP	0.4827	-0.0008
NZD/CNH	4.4628	-0.0641
AUD/USD	0.6658	0.0028
AUD/EUR	0.6200	-0.0029
EUR/USD	1.0735	0.0094
USD/CNH	7.2820	-0.1023
GBP/USD	1.2689	0.0016
EUR/GBP	0.8458	0.0062

  

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.66%	4.44%
2 year swap	4.90%	4.17%
10 year Govt	4.66%	4.30%

## I took yesterday for a nice long weekend ...

... and it was very nice, but I was surprised when I returned, I heard of a social media clip doing the rounds by an influencer which showed him wandering out of my house, running to the gym, doing a workout, before returning to my house to watch the rugby with a bunch of blokes! Now I haven't seen the clip, and the very thought of running to the gym and then completing a workout sounds exhausting, but it might be time for me to call a family 'meeting'!

## If the global economy is dependent upon manufacturing ...

... it may be sometime before we see a recovery!

Last night's highlight was the German IFO business sentiment release, which didn't paint a pretty picture after the headline Climate indicator unexpectedly fell from 89.7 to 88.6 in June, which was below forecasts at 89.7. To add to the pessimistic outlook, the expectations gauge also worsened although the current outlook print was unchanged. Despite the Euro's, or possibly because of the Euro's, German business sentiment is deteriorating while the wider German economy is having difficulty overcoming stagnation!

But it is a different situation in the UK where the CBI survey of British manufactures saw orders jump to their highest level in 3-month at -18 against forecasts at -25. Output expectations also rose to their highest level since October.

The Dallas' Fed's business manufacturing outlook was mixed. The activity index recovered from the prior months 4-month low at -19.4 to -15.1 in June, the production index inched up to 0.7 from -2.8 in May, although the new orders index remained slightly negative at -1.3.

We also had a couple of Fed speakers on the newswires with Mary Daly announcing, "We must be mindful of not loosening policy too early or holding (rates higher) for too long. From contacts, the concerns we have now are the same ones we had in 2019." Colleague, Austin Goolsbee, then added, "Fed policy is restrictive; and slowing inflation data would open the door to easier policy settings! I am optimistic we

will see an improvement in the inflation data." Loretta Mester added, "The Fed should remain open to active sales of mortgage bonds to reduce the size of its balance sheet."

BoC Governor, Tiff Macklem, stated, "We've seen inflationary pressures ease, and we think they will continue to ease. You can see some weakening of the labour force under the hood. Since we started raising rates about 50% of mortgages have renewed but the other 50% will have a bigger reset and that's something that's factoring into our monetary policy decisions."

Finally, in New Zealand, the trade balance unexpectedly reached a NZD204m surplus in May with exports up 2.9% while imports rose a modest 0.6%, although the jobs market continues to tighten after the latest Seek employment report shows a near -5.0% fall in the number of job ads on the website in May, following on from a similar decline in April.

## Summing it all up!

Equity markets were mixed, although the European bourses all had positive sessions. It was a similar story with commodity markets, with oil prices continuing their slow, relentless grind higher, while Bond markets, ahead of this week's key PCE inflation release, tread water with the 2 and 10-year yields slightly lower to yield 4.74% and 4.25%. The USD-index sold off a touch, which saw the NZD and AUD firm, although USD/JPY reached a 159.92 high overnight as BoJ official, Masato Kanda, warned, "Japan is ready to intervene again ... at any time."



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# Daily Rates

Tuesday 25 June 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	72.30					CAD	0.8364	0.9091
NZD/USD	0.6129	0.0000	0.0000	-0.0002	-0.0008	CHF	0.5470	0.5946
NZD/AUD	0.9204	-0.0008	-0.0023	-0.0043	-0.0070	CNY	4.4476	4.8323
NZD/JPY	97.835	-0.46	-1.36	-2.66	-5.01	DKK	4.2561	4.6249
NZD/EUR	0.5708	-0.0009	-0.0026	-0.0053	-0.0107	FJD	1.3493	1.4662
NZD/GBP	0.4829	-0.0001	-0.0004	-0.0008	-0.0017	HKD	4.7839	5.1985
						KRW	849.50	923.13
AU TWI	63.40					MYR	2.8852	3.1353
AUD/USD	0.6658	0.0005	0.0016	0.0028	0.0041	NOK	6.4520	7.0112
AUD/NZD	1.0864	0.0008	0.0026	0.0048	0.0077	SEK	6.4169	6.9730
AUD/JPY	106.29	-0.41	-1.22	-2.41	-4.69	SGD	0.8287	0.9005
AUD/EUR	0.6200	-0.0004	-0.0013	-0.0029	-0.0071	TWD	19.82	21.54
AUD/GBP	0.5245	0.0003	0.0009	0.0015	0.0020	ZAR	11.10	12.06
USD Index	105.46					<b>EQUITIES</b>		
EUR/USD	1.0735	0.0015	0.0046	0.0094	0.0190		<b>Index</b>	
USD/JPY	159.63	-0.73	-2.21	-4.27	-7.98	NZX50	11,628	
GBP/USD	1.2689	0.0002	0.0008	0.0016	0.0025	ASX200	7,734	
EUR/GBP	0.8458	0.0011	0.0030	0.0062	0.0131	Dow Jones	39,459	
						S&P 500	5,464	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	8,282	
			<b>Mid</b>		<b>Mid</b>	DAX 30	18,326	
30 day bank bills			5.60%		4.35%	Nikkei	38,805	
90 day bank bills			5.62%		4.44%	<b>COMMODITIES</b>		
1 year swap			5.37%		4.35%		<b>USD</b>	
2 year swap			4.92%		4.19%	Brent Crude	86.02	
3 year swap			4.62%		4.09%	Gold	2,332.78	
5 year swap			4.39%		4.21%	Silver	29.59	
10 year swap			4.41%		4.39%	Iron Ore	106.96	
3 year Govt bond			4.62%		3.95%	CRB Index	345.66	
5 year Govt bond			4.50%		4.00%		<b>NZD</b>	
10 year Govt bond			4.66%		4.31%	NZ Carbon	51.25	

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