

Market Alert

Thursday 27 June 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6080	-0.0002
NZD/AUD	0.9141	-0.0039
NZD/JPY	97.760	-2.74
NZD/EUR	0.5692	-0.0054
NZD/GBP	0.4816	-0.0008
NZD/CNH	4.4397	-0.0623
AUD/USD	0.6650	0.0025
AUD/EUR	0.6225	-0.0033
EUR/USD	1.0678	0.0096
USD/CNH	7.3009	-0.1023
GBP/USD	1.2621	0.0015
EUR/GBP	0.8458	0.0064

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.66%	4.45%
2 year swap	4.93%	4.39%
10 year Govt	4.67%	4.39%

The most important question of the day ...

... if not the week, the month, or even the year!

If the office bar opens at 4:00pm on a Friday, but Friday is a public holiday, does the office bar open at 4:00pm on a Thursday? Please post your answers on the back of a post card to Bancorp in Auckland and the lucky winner will get 2 tickets to England's next game at the Euro's. The runner up prize is 4 tickets to England's next game at the Euro's.

As with all competitions, we also need a disclaimer ... today's disclaimer is that the competition above is not real!

Most focus this morning will be on ...

... the JPY which reached its weakest

level since 1986 overnight when USD/JPY 160.84 overnight! As at this moment in time, there's been no intervention! Currently NZD/JPY and AUD/JPY are trading at 97.70 and 106.90.

It also seems New Zealand isn't the only country in the world with plummeting consumer confidence after the German GfK consumer sentiment index fell to -21.8 from the prior months -21.0, while French confidence fell from 90.1 to 89.5.

Looking at the other headlines, US new home sales fell -11.3% on the month to a 6-month low while UK retail sales fell to -24 in June from 8 in May!

ECB and Finnish policymaker, Olli Rehn, stated, "Rate cuts contingent on additional disinflation. I see the possibility for rate moves at any policy meeting. The markets terminal rate view of 2.25%-2.50% is also appropriate."

Ahead of yesterday's Australian report, RBA Assistant Governor, Christopher (brother of Clark) Kent, announced, "Policy contributing to slower growth of demand, lower inflation (although) the recent data reinforces the need to be vigilant to upside inflation risks. Hence, we're not ruling anything in or out for interest rates. Financial conditions are particularly restrictive for households with mortgage payments at record 10% of household disposable income. Higher rates provide incentive for all households to save more and borrow less." And right on cue, Australian inflation rose to 4.0% in the year to May, up from April's 3.6%, with the annual trimmed mean inflation rate up to 4.4% from April's 4.1%. The most

significant price rises were from housing (5.2%), transport (4.9%), and food and non-alcoholic beverages (3.3%).

Who would have thunk it? The New Zealand Treasury said in a statement yesterday that "The weak economy threatens Treasury forecasts." The Treasury then added they are considering additional spending and revenue solutions.

Summing it all up, it was a good day for the USD! Not only is it approaching the 161.00 level in USD/JPY, EUR/USD is closing in on a 2-month low, cable, or GBP/USD as its otherwise known, reached a 6-week low, while NZD/USD fell 0.60%. Interestingly, AUD/USD is trading flat after the inflation print, while NZD/AUD is entering the target zone at 0.9150. The stronger USD was supported by higher treasury yields with the 10-years firming 7bps to 4.32%. Equity bulls also got the upper hand with the US exchanges rallying into the close, although the European exchanges were flat, to a touch lower. Commodities were broadly lower as well.

Notes of interest.

Famed oil trader, Pierre Andurand, has exited the oil market (for now), although he is long copper and cocoa! YouTube are in talks with record labels over an AI music deal! BoA is expecting to grow revenue in its FX division by 8% to 9% this year! The CFA Level 1 pass rate increased to 46%! Last of all, someone is looking to build a surf-park on the North Shore in Auckland as, I guess, there aren't any beaches nearby!



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Daily Rates

Thursday 27 June 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	72.30					CAD	0.8331	0.9112
NZD/USD	0.6082	0.0000	0.0000	-0.0002	-0.0009	CHF	0.5455	0.5967
NZD/AUD	0.9145	-0.0008	-0.0022	-0.0039	-0.0059	CNY	4.4195	4.8352
NZD/JPY	97.795	-0.46	-1.36	-2.74	-5.00	DKK	4.2460	4.6440
NZD/EUR	0.5695	-0.0009	-0.0025	-0.0054	-0.0109	FJD	1.3392	1.4648
NZD/GBP	0.4819	-0.0001	-0.0004	-0.0008	-0.0016	HKD	4.7479	5.1930
						KRW	847.55	927.01
AU TWI	63.90					MYR	2.8637	3.1322
AUD/USD	0.6650	0.0006	0.0015	0.0025	0.0032	NOK	6.4935	7.1023
AUD/NZD	1.0933	0.0009	0.0025	0.0043	0.0059	SEK	6.4291	7.0318
AUD/JPY	106.91	-0.45	-1.26	-2.49	-4.90	SGD	0.8262	0.9036
AUD/EUR	0.6225	-0.0004	-0.0014	-0.0033	-0.0083	TWD	19.79	21.65
AUD/GBP	0.5267	0.0004	0.0009	0.0013	0.0013	ZAR	11.04	12.07
USD Index	106.09					EQUITIES		
EUR/USD	1.0678	0.0016	0.0047	0.0096	0.0191		Index	
USD/JPY	160.79	-0.81	-2.28	-4.37	-8.11	NZX50	11,835	
GBP/USD	1.2621	0.0002	0.0008	0.0015	0.0022	ASX200	7,783	
EUR/GBP	0.8458	0.0011	0.0032	0.0064	0.0130	Dow Jones	39,140	
						S&P 500	5,469	
INTEREST RATES			New Zealand		Australia	FTSE100	8,225	
			Mid		Mid	DAX 30	18,155	
30 day bank bills			5.60%		4.35%	Nikkei	39,667	
90 day bank bills			5.62%		4.45%	COMMODITIES		
1 year swap			5.38%		4.52%		USD	
2 year swap			4.94%		4.40%	Brent Crude	84.97	
3 year swap			4.65%		4.32%	Gold	2,298.24	
5 year swap			4.41%		4.43%	Silver	28.79	
10 year swap			4.43%		4.56%	Iron Ore	106.46	
3 year Govt bond			4.65%		4.03%	CRB Index	341.67	
5 year Govt bond			4.52%		4.06%		NZD	
10 year Govt bond			4.67%		4.34%	NZ Carbon	50.50	

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