

# Market Alert

Thursday 04 July 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6103	-0.0001
NZD/AUD	0.9103	-0.0038
NZD/JPY	98.700	-2.71
NZD/EUR	0.5658	-0.0052
NZD/GBP	0.4790	-0.0007
NZD/CNH	4.4577	-0.0549
AUD/USD	0.6704	0.0026
AUD/EUR	0.6215	-0.0032
EUR/USD	1.0786	0.0097
USD/CNH	7.3046	-0.0896
GBP/USD	1.2738	0.0016
EUR/GBP	0.8463	0.0065

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.51%
2 year swap	4.88%	4.34%
10 year Govt	4.78%	4.52%

## The latest thing I've noticed on the business channels ...

... is a race of having retired sports and entertainment stars on the business news channels. People like A-Rod and the latest A-lister talking about their investments, but let's be honest, these people literally earned billions during their careers, so do they really care if they lost a bit here and there when the odd investments went wrong? Should we really be taking investment advice from these people? Mind you, I can't wait to hear about Richie McCaw's investment portfolio!

## New Zealand ... the market leader!

Well, we are when it comes to plummeting service PMIs ... while the NZ index

recently fell to an all-time low (apart from Covid), overnight we saw a similar move in the US after the ISM Services PMI index fell to 48.8 in June, which was a huge miss against the 52.5 forecast and the prior months 53.8! Looking further afield, the Chinese Caixin services PMI index fell to 51.2 from 54.0, the Japanese services PMI fell from 53.8 to 49.4, and, finally, Australian service PMIs fell from 52.5 to 51.2.

Looking at the other data releases, US business activity index registered its first contraction since May 2020 after it fell to 49.6, the US trade deficit widened to USD75.1bn, which was the largest since October 2022, while private businesses added just 150k jobs in June, the lowest level in 5-months and below forecasts at 160k. Finally, the Atlanta Fed GDPNow growth estimate for 2Q falls to 1.5% from 1.7%.

Looking beyond the US, Australia retail sales jumped 0.6% against forecasts at 0.2% as "shoppers took advantage of early end-of-financial year promotions and sales events," while, in NZ, the local commodity price index firmed 1.5% in June, although I suspect that will be as good as it gets after this week's GDT auction. In a further blow, local retail spending fell -2.3% compared to the same month last year, despite population growth.

The minutes from the Fed's June meeting highlighted, "The majority of participants assessed economic growth appeared to be gradually cooling. A number of participants said policy should stand ready to respond

to unexpected economic weakness. Participants saw 'modest further progress' toward committee's 2% inflation objective in recent months. Several participants said if inflation were to persist at elevated level or rise further, funds rate might need to be raised."

ECBs Stournaras, "Two more rate cuts in 2024 seems reasonable. Rates will still be restrictive, after two more cuts. Service inflation shouldn't be over-interpreted."

While US House Democrats are considering sending a letter to soon-to-be ex-President Biden demanding he withdraw from Presidential race, young Joe confirmed on a conference call he won't be dropping out ... still ... its early days!

## So ... what does it all mean?

To be honest, not a lot! US treasury yields fell on the weaker data as US data, with the 2 and 10-years -2bps and -6bps lower at 4.73% and 4.36%, while the USD-index also fell, which saw the NZD/USD firm to 0.6100 and AUD/USD crack the 0.6700 level. Equity markets had positive sessions across the board, as did commodity prices with oil gaining 1.0%.

Last of all, RIP screen writer Robert Towne who passed away overnight. While I'm sure no-one has heard of him, he wrote the classic movie Chinatown, and also ghost wrote on Bonnie & Clyde as well as The Godfather. That's not a bad legacy!



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

**Barrington**  
TREASURY SERVICES

**Barrington**  
ASSET CONSULTING



**BANCORP**

BANCORP CORPORATE FINANCE LIMITED

# Daily Rates

Thursday 04 July 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	72.00					CAD	0.8317	0.9141
NZD/USD	0.6103	0.0000	0.0000	-0.0001	-0.0006	CHF	0.5498	0.6043
NZD/AUD	0.9103	-0.0009	-0.0023	-0.0038	-0.0054	CNY	4.4361	4.8737
NZD/JPY	98.700	-0.46	-1.39	-2.71	-4.99	DKK	4.2184	4.6353
NZD/EUR	0.5658	-0.0008	-0.0025	-0.0052	-0.0102	FJD	1.3421	1.4747
NZD/GBP	0.4790	-0.0001	-0.0004	-0.0007	-0.0015	HKD	4.7651	5.2360
						KRW	845.83	929.43
AU TWI	63.90					MYR	2.8785	3.1629
AUD/USD	0.6704	0.0006	0.0016	0.0026	0.0032	NOK	6.4425	7.0792
AUD/NZD	1.0985	0.0010	0.0026	0.0042	0.0049	SEK	6.4093	7.0428
AUD/JPY	108.40	-0.42	-1.28	-2.54	-4.91	SGD	0.8257	0.9073
AUD/EUR	0.6215	-0.0004	-0.0013	-0.0032	-0.0077	TWD	19.90	21.87
AUD/GBP	0.5260	0.0004	0.0009	0.0013	0.0014	ZAR	11.23	12.34
USD Index	105.35					<b>EQUITIES</b>		
EUR/USD	1.0786	0.0015	0.0047	0.0097	0.0185		<b>Index</b>	
USD/JPY	161.70	-0.76	-2.26	-4.39	-8.03	NZX50	11,791	
GBP/USD	1.2738	0.0002	0.0008	0.0016	0.0023	ASX200	7,740	
EUR/GBP	0.8463	0.0010	0.0032	0.0065	0.0127	Dow Jones	39,308	
						S&P 500	5,537	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	8,171	
			<b>Mid</b>		<b>Mid</b>	DAX 30	18,375	
30 day bank bills			5.60%		4.35%	Nikkei	40,581	
90 day bank bills			5.63%		4.51%	<b>COMMODITIES</b>		
1 year swap			5.31%		4.49%		<b>USD</b>	
2 year swap			4.89%		4.35%	Brent Crude	87.27	
3 year swap			4.63%		4.25%	Gold	2,354.72	
5 year swap			4.46%		4.40%	Silver	30.44	
10 year swap			4.54%		4.55%	Iron Ore	110.32	
3 year Govt bond			4.67%		4.18%	CRB Index	345.23	
5 year Govt bond			4.59%		4.22%		<b>NZD</b>	
10 year Govt bond			4.78%		4.51%	NZ Carbon	51.00	

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



**BANCORP**  
BANCORP TREASURY SERVICES LIMITED

**Barrington**  
TREASURY SERVICES

**Barrington**  
ASSET CONSULTING



**BANCORP**  
BANCORP CORPORATE FINANCE LIMITED