

Market Alert

Friday 05 July 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6118	-0.0001
NZD/AUD	0.9094	-0.0038
NZD/JPY	98.610	-2.68
NZD/EUR	0.5658	-0.0052
NZD/GBP	0.4794	-0.0007
NZD/CNH	4.4604	-0.0582
AUD/USD	0.6726	0.0026
AUD/EUR	0.6219	-0.0032
EUR/USD	1.0811	0.0096
USD/CNH	7.2930	-0.0936
GBP/USD	1.2758	0.0016
EUR/GBP	0.8471	0.0064

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.65%	4.51%
2 year swap	4.87%	4.36%
10 year Govt	4.82%	4.50%

Ahhhhhhhhhhhhhh!

It's Friday ... buy day, and I'm sure I'll be buying a pint later on!

As we all know, a US holiday normally signals a quiet session

... and last night was no exception with America celebrating Independence Day, the 4th of July! According to Wikipedia (yes, it still exists) Independence Day is a federal holiday in the United States which commemorates the ratification of the Declaration of Independence by the Second Continental Congress as the Founding Father's declared that the Thirteen Colonies were no longer subject (and subordinate) to the monarch of Britain, and King George III! Basically it's a celebration of the Americans giving the Pom's a good smashing! Now, if we can

just get the Swiss to beat the English on Sunday morning ...

Speaking of 'The Madness of King George' the latest version of 'The Madness of Joe Biden' continued when he announced, *"No one is pushing me out. I'm not leaving. I'm in this race to the end."*

And speaking of smashing the Brits, the latest polls from the UK election has given Labour Party's, Keir Starmer a 20-point lead over the Tories, but what no-one is talking about is the possibility of a Conservative-Reform coalition. If those parties combined their vote, they are neck-and-neck with Labour. I suspect early results will start filtering through around early afternoon, with the result known before bedtime.

Meanwhile, in France, over 200 centralist and left-wing politicians have withdrawn from the elections in an attempt to consolidate the centralist vote against the far-right National Rally Party.

Back to markets.

With the US closed, it was all about Europe, and specifically, the minutes from the ECB's June meeting when the central bank cut interest rates. Some policymakers raised doubts about whether the Euro-area recovery would take place as expected, since it required a pick-up in private consumption of which there had been little evidence of. Other members expressed concern that the data had not increased their confidence that inflation would return to their 2.0% target by 2025, suggesting a period of

greater uncertainty in their outlook. At the end of the day though, they have cut interest rates, and it's highly likely there will be further cuts before the year is out.

Breaking the releases down, German factory orders fell by -1.6% in May, which was worse than April's revised -0.6% contraction, Eurozone construction PMIs fell from 42.9 to 41.8, Swiss inflation fell to 1.3% from May's 4-month high at 1.4%, while Australia's May trade balance generated an AUD5.8bn surplus, although it was below forecasts at AUD6.7bn after a surge in imports. Finally, there was a modicum of good news in New Zealand after the budget deficit in the first 11-months of the current fiscal year printed at NZD 7.75bn, which was NZD1bn lower than was forecast.

With US markets closed, nothing really happened, apart from there being a series of long-lunches with admin staff anticipating a surge in extremely large expense claims from the finest restaurants in London, Frankfurt, Paris, Milan, and Madrid! I am expecting to read an article in the coming days about 4 blokes who spent GBP250k on a lunch in London ... with only 4 bottles of wine consumed.

If you really want to know, ahead of tonight's non-farm and US employment releases, the NZD and AUD posted modest gains, USD/JPY broke the 161.00 level to reach 161.75 before it eased back, government bond yields firmed 1-2bps, commodities were mixed, and equity markets firmed 0.5%-1.0%.



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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	72.20					CAD	0.8324	0.9157
NZD/USD	0.6118	0.0000	0.0000	-0.0001	-0.0007	CHF	0.5502	0.6054
NZD/AUD	0.9094	-0.0008	-0.0022	-0.0038	-0.0054	CNY	4.4444	4.8876
NZD/JPY	98.610	-0.46	-1.36	-2.68	-4.97	DKK	4.2186	4.6394
NZD/EUR	0.5658	-0.0008	-0.0025	-0.0052	-0.0102	FJD	1.3430	1.4769
NZD/GBP	0.4794	-0.0001	-0.0004	-0.0007	-0.0015	HKD	4.7763	5.2527
						KRW	843.61	927.75
AU TWI	64.20					MYR	2.8788	3.1659
AUD/USD	0.6726	0.0006	0.0016	0.0026	0.0026	NOK	6.4627	7.1073
AUD/NZD	1.0995	0.0009	0.0025	0.0042	0.0050	SEK	6.4191	7.0593
AUD/JPY	108.42	-0.41	-1.23	-2.53	-4.89	SGD	0.8261	0.9085
AUD/EUR	0.6219	-0.0004	-0.0013	-0.0032	-0.0077	TWD	19.85	21.83
AUD/GBP	0.5269	0.0004	0.0009	0.0013	0.0013	ZAR	11.16	12.28
USD Index	105.12					EQUITIES		
EUR/USD	1.0811	0.0015	0.0047	0.0096	0.0181		Index	
USD/JPY	161.17	-0.75	-2.22	-4.35	-7.95	NZX50	11,747	
GBP/USD	1.2758	0.0002	0.0008	0.0016	0.0023	ASX200	7,832	
EUR/GBP	0.8471	0.0010	0.0031	0.0064	0.0120	Dow Jones	39,308	
						S&P 500	5,537	
INTEREST RATES			New Zealand		Australia	FTSE100	8,241	
			Mid		Mid	DAX 30	18,450	
30 day bank bills			5.60%		4.36%	Nikkei	40,914	
90 day bank bills			5.61%		4.51%	COMMODITIES		
1 year swap			5.30%		4.50%		USD	
2 year swap			4.88%		4.38%	Brent Crude	87.55	
3 year swap			4.63%		4.28%	Gold	2,356.12	
5 year swap			4.46%		4.42%	Silver	30.40	
10 year swap			4.54%		4.59%	Iron Ore	113.06	
3 year Govt bond			4.67%		4.18%	CRB Index	345.23	
5 year Govt bond			4.60%		4.20%		NZD	
10 year Govt bond			4.82%		4.47%	NZ Carbon	52.25	

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