

Market Alert

Monday 08 July 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6137	-0.0002
NZD/AUD	0.9105	-0.0037
NZD/JPY	98.615	-2.69
NZD/EUR	0.5680	-0.0052
NZD/GBP	0.4796	-0.0008
NZD/CNH	4.4773	-0.0598
AUD/USD	0.6737	0.0025
AUD/EUR	0.6234	-0.0032
EUR/USD	1.0802	0.0096
USD/CNH	7.2865	-0.0956
GBP/USD	1.2793	0.0016
EUR/GBP	0.8441	0.0063

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.64%	4.51%
2 year swap	4.85%	4.33%
10 year Govt	4.78%	4.49%

WHAT ... there's a Kiwi in quarter finals at Wimbledon?

Yes ... that's 100% correct!

Lulu Sun, who is a New Zealand and Swiss tennis player and was born in Te Anau, won her 4th round match against Britain's Emma Raducanu to reach the quarter finals. And good luck to her, because the last thing we want to hear is another version of "It's coming home" from those annoying Brits ... but I suspect we'll have at least another 3-4 days of it given that Lewis Hamilton actually won an F1 race, while England are through to the semi-finals at the Euro's. But let's stick to the football as all conversations about rugby should be off the table as the Warrior's couldn't quite get it over the line, while the AB's ... well, let's just say we won the game but lost the fashion war. What were they thinking with those collars?

Same old story ...

Once again, the US economy added more jobs than forecast with 206k payrolls added in June, which was better than the 190k expected, although that was where the good news ended, with the April and May numbers revised lower by 111k, which saw the unemployment rate firm from 4.0% to 4.1%. Interestingly, the biggest driver for job growth was the 70k surge in government jobs, which supported wages with average hourly earnings increasing 0.3% on the month and 3.9% on the year.

There are a lot of similarities between the Canadian and New Zealand economies, but while the BoC has cut interest rates, the RBNZ continues to ghost the markets with talk of delaying cuts into H2 2025. With this in mind, it was interesting to note that Canadian PMIs surged to 62.5 in June from May's 52.0, significantly surpassing the forecasted 53.0 to record 11 consecutive months of economic growth!

Looking at the world of politics, US Senator and powerbroker Elizabeth Warren, is looking to assemble a group of Democratic senators to pressure Joe Biden to exit the Presidential race, early exit polls suggest the French leftwing alliance is on course to win the most seats in the 2nd round of voting in the French elections against Marine Le Pen's National Rally, while Labour returned to power in the UK for the first time since 2010.

There is no doubt that the US employment revisions, and the clear

nature of the Labour election victory in the UK, provided fresh momentum to the fixed income bulls, which saw bond yields fall across the board. US 2 and 10-year yields eased back -12bps and -10bps to 4.61% and 4.28% respectively, which will undoubtedly see the local swaps markets open lower this morning. These results also weighed on the USD-index, which saw the NZD, AUD, and JPY all book modest gains. Equity and commodity markets were mixed, although the US bourses once again locked in new, record highs, while oil markets posted their 4th consecutive week of gains.

This week ...

... the focus will be on the latest US CPI, PPI, and Michigan consumer confidence releases, while we also have Federal Reserve Chair, Jerome Powell's semi-annual testimony to the Senate Banking Committee. We also have the latest CPI, PPI, new yuan loans, and trade updates from China, the German trade balance, while the new UK government will start their 1st week in power with the latest GDP, trade, industrial production, and retail sales releases. In our corner of the world, we have the latest Australian employment, business, and consumer confidence releases, while from New Zealand, we have the RBNZ this Wednesday, followed by Q2 inflation the following Wednesday.



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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	0.8365	0.9205
NZD/USD	0.6137	0.0000	0.0000	-0.0002	-0.0008	CHF	0.5490	0.6029
NZD/AUD	0.9105	-0.0008	-0.0022	-0.0037	-0.0050	CNY	4.4567	4.8965
NZD/JPY	98.615	-0.46	-1.36	-2.69	-4.99	DKK	4.2189	4.6351
NZD/EUR	0.5680	-0.0008	-0.0025	-0.0052	-0.0101	FJD	1.3495	1.4826
NZD/GBP	0.4796	-0.0001	-0.0004	-0.0008	-0.0015	HKD	4.7907	5.2633
						KRW	844.11	927.40
AU TWI	64.20					MYR	2.8863	3.1711
AUD/USD	0.6737	0.0006	0.0015	0.0025	0.0028	NOK	6.4885	7.1286
AUD/NZD	1.0959	0.0009	0.0025	0.0041	0.0045	SEK	6.4498	7.0862
AUD/JPY	108.45	-0.43	-1.24	-2.53	-4.94	SGD	0.8268	0.9084
AUD/EUR	0.6234	-0.0004	-0.0013	-0.0032	-0.0079	TWD	19.86	21.82
AUD/GBP	0.5264	0.0003	0.0008	0.0012	0.0011	ZAR	11.14	12.23
USD Index	104.88					EQUITIES		
EUR/USD	1.0802	0.0016	0.0047	0.0096	0.0180		Index	
USD/JPY	160.68	-0.75	-2.20	-4.34	-7.87	NZX50	11,795	
GBP/USD	1.2793	0.0002	0.0009	0.0016	0.0020	ASX200	7,822	
EUR/GBP	0.8441	0.0010	0.0030	0.0063	0.0124	Dow Jones	39,376	
						S&P 500	5,567	
INTEREST RATES			New Zealand		Australia	FTSE100	8,204	
			Mid		Mid	DAX 30	18,475	
30 day bank bills			5.60%		4.36%	Nikkei	40,912	
90 day bank bills			5.61%		4.51%	COMMODITIES		
1 year swap			5.29%		4.48%		USD	
2 year swap			4.87%		4.34%	Brent Crude	86.54	
3 year swap			4.61%		4.23%	Gold	2,391.46	
5 year swap			4.43%		4.36%	Silver	31.21	
10 year swap			4.50%		4.52%	Iron Ore	111.31	
3 year Govt bond			4.65%		4.20%	CRB Index	344.63	
5 year Govt bond			4.57%		4.23%		NZD	
10 year Govt bond			4.78%		4.49%	NZ Carbon	51.50	

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