

# Market Alert

Wednesday 10 July 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6127	-0.0002
NZD/AUD	0.9088	-0.0038
NZD/JPY	98.810	-2.73
NZD/EUR	0.5665	-0.0052
NZD/GBP	0.4791	-0.0008
NZD/CNH	4.4655	-0.0582
AUD/USD	0.6740	0.0025
AUD/EUR	0.6231	-0.0032
EUR/USD	1.0813	0.0096
USD/CNH	7.2885	-0.0937
GBP/USD	1.2789	0.0015
EUR/GBP	0.8454	0.0064

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.60%	4.51%
2 year swap	4.80%	4.32%
10 year Govt	4.71%	4.43%

## It's going to be a busy 24-hours!

With the football this morning, the State of O tonight, and the 2nd semi-final tomorrow morning! Oh yes ... and we have the RBNZ this afternoon as well. That means I'll be sitting on my butt looking at various screens ... and not doing a lot else!

But first out, a big shout out to Lulu Sun for her great run at Wimbledon. It was a fantastic achievement to reach the quarterfinals, and what an experience playing on both the centre court and court 1. Hopefully, she makes some giant strides up the rankings and I'm sure she'll get a great reception when she returns to Stanley Street in January.

## Has the Reserve Bank gone too far?

Was one of the first headlines I saw this morning ... well, I think you all know my thoughts on this point! Unfortunately, as today's meeting is an MPR, and not an MPS, I suspect we won't get much of a change in sentiment nor outlook ... but we can hope!

Overnight, Fed Chair, Jerome Powell, testified to the US Senates Banking Committee, although he stuck to the script reinforcing the view that the Fed does not expect it will be appropriate to reduce interest rates until it has gained greater confidence that inflation is moving sustainably towards their 2.0% target. While the Q1 data did not provide such confidence, the recent prints have provided 'modest further progress', while more good data would strengthen their confidence. Mr. Powell also characterised the labour market as strong, but not overheated, adding that elevated inflation is not the only risk the economy faces, as reducing policy restraint too late or too little could unduly weaken economic activity and employment. Currently the US economy is expanding at a 'solid pace'.

So much for the 4-day working week, the Greek government has passed legislation to establish a 6-day working week, meaning employees can work a 48-hour week rather than the traditional 40 hours.

The NAB business confidence survey showed a jump in business confidence in June, now sitting at 4, a 6-point jump from the previous value of -2, with all industries, except construction, being more confident, although consumer confidence fell from 83.6 to 82.7.

## So, what does it all mean?

Simply, not a lot! Financial market undertook a 'steady as she goes' mantra, as treasury yields were mixed with the 2-years -1bps lower at 4.63%, while the 10-years firmed 2bps to yield 4.30%. Currency markets were a lot quieter as they 'tread' water, although it should be noted the JPY weakened once again. And speaking of trends, the S&P500 and the Nasdaq held their record levels although the European exchanges were weaker as French stocks dropped to their lowest levels in 3 weeks amid talks of forming a new government. Commodities were mixed as oil prices booked losses for the 3rd consecutive session.

Here's an interesting view ... Goldman's head of research has crucified the 'AI bubble' emphasising that not one transformative application has been found ... yet!

Oh well ... back to the football!



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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	0.8348	0.9189
NZD/USD	0.6127	0.0000	-0.0001	-0.0002	-0.0008	CHF	0.5497	0.6051
NZD/AUD	0.9088	-0.0008	-0.0022	-0.0038	-0.0052	CNY	4.4544	4.9024
NZD/JPY	98.810	-0.49	-1.36	-2.73	-4.94	DKK	4.2243	4.6484
NZD/EUR	0.5665	-0.0009	-0.0025	-0.0052	-0.0102	FJD	1.3479	1.4833
NZD/GBP	0.4791	-0.0001	-0.0004	-0.0008	-0.0016	HKD	4.7846	5.2650
						KRW	846.71	931.73
AU TWI	64.30					MYR	2.8824	3.1718
AUD/USD	0.6740	0.0006	0.0015	0.0025	0.0029	NOK	6.4934	7.1454
AUD/NZD	1.1003	0.0009	0.0025	0.0043	0.0049	SEK	6.4618	7.1106
AUD/JPY	108.72	-0.44	-1.24	-2.57	-4.83	SGD	0.8269	0.9100
AUD/EUR	0.6231	-0.0004	-0.0013	-0.0032	-0.0077	TWD	19.94	21.94
AUD/GBP	0.5270	0.0003	0.0008	0.0013	0.0013	ZAR	11.11	12.23
USD Index	105.12					<b>EQUITIES</b>		
EUR/USD	1.0813	0.0016	0.0046	0.0096	0.0177		<b>Index</b>	
USD/JPY	161.26	-0.80	-2.21	-4.39	-7.87	NZX50	11,848	
GBP/USD	1.2789	0.0003	0.0008	0.0015	0.0017	ASX200	7,830	
EUR/GBP	0.8454	0.0011	0.0030	0.0064	0.0122	Dow Jones	39,292	
						S&P 500	5,577	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	8,140	
			<b>Mid</b>		<b>Mid</b>	DAX 30	18,236	
30 day bank bills			5.60%		4.35%	Nikkei	41,580	
90 day bank bills			5.60%		4.51%	<b>COMMODITIES</b>		
1 year swap			5.27%		4.47%		<b>USD</b>	
2 year swap			4.81%		4.33%	Brent Crude	84.77	
3 year swap			4.54%		4.22%	Gold	2,364.59	
5 year swap			4.34%		4.36%	Silver	30.80	
10 year swap			4.41%		4.53%	Iron Ore	110.02	
3 year Govt bond			4.60%		4.13%	CRB Index	340.78	
5 year Govt bond			4.53%		4.16%		<b>NZD</b>	
10 year Govt bond			4.71%		4.43%	NZ Carbon	52.65	

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