

# Market Alert

Wednesday 24 July 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5954	0.0001
NZD/AUD	0.9001	-0.0027
NZD/JPY	92.655	-2.47
NZD/EUR	0.5486	-0.0048
NZD/GBP	0.4613	-0.0004
NZD/CNH	4.3399	-0.0535
AUD/USD	0.6613	0.0021
AUD/EUR	0.6093	-0.0034
EUR/USD	1.0850	0.0094
USD/CNH	7.2898	-0.0922
GBP/USD	1.2903	0.0011
EUR/GBP	0.8406	0.0065

  

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.54%	4.53%
2 year swap	4.26%	4.21%
10 year Govt	4.48%	4.44%

## U.S. home sales declining

There was a softer tone to US data overnight. U.S. existing home sales fell by -5.4% from last month to a total of 3.89m home units. This was worse than the market expectations of 3.98m units. This was the largest monthly decline since 2022 and the fourth increase in a row as the median house sales price continues to climb higher, currently sitting at a record high of USD427k. Housing inventory has increased by 3.1% for the month, currently sitting at 1.32m units, and is up 23.4% for the year. This is the highest recorded level since October 2020. Rising insurance premiums, mostly related to weather-related claims, were cited as a driving force causing homeowners to put their properties on the market.

The Richmond Fed's Fifth District Survey of Manufacturing Activity showed a decline in manufacturing activity, with the composite manufacturing index dropping to -17 in July, down from -10 in June, the largest decrease in four years. Shipments fell from -9 to -21, new orders declined from -16 to -23, and employment from -2 to -5. Firms are less optimistic about local business conditions, down from -13 to -21. Future indexes for shipments and new orders remained positive, indicating expected improvements to these areas over the next six months.

The softer data will encourage expectations that Fed rate cuts are not far away, with US GDP and inflation data later this week providing key updates ahead of the Fed policy decision at the end of the month.

The US 2-year has fallen slightly to 4.49%, while the 10-year saw an even smaller decrease, now at 4.25%. The NZD/USD continues the recent decline, near 0.5950 this morning and near a three month low. The NZD/AUD has remained relatively flat since yesterday, now at 0.9000.

## In other news...

The People's Bank of China announced it would lower collateral requirement on its medium-term lending facility to increase the size of tradable bonds in the market in an attempt to put a floor under falling yields.

The Australian weekly consumer confidence index hit a 6-month high at 84.4, rallying 5.9 pips from last week, which saw one of the local banks suggest AUD/USD dips into the 0.6625-0.6635 zone should be viewed as 'buying opportunities.'

Eurozone consumer confidence improved for the sixth consecutive month, although it continues to remain negative, going from -14.0 to -13.50. At least this beat expectations of -13.5.

Macquarie has released a paper suggesting Trump's expected policies are likely to be more inflationary, stating "Trump 2.0 will be a more inflationary policy regime, given restricted immigration, higher tariffs, and the extension of the Tax Cut and Jobs Act of 2025."

The Secretary-General of Japan's ruling LDP party has announced, "BoJ policy should be made clearer!" I know about a thousand FX traders who would agree with that!

## Dairy prices fall

The GDT pulse auction event last night saw skim milk powder and whole milk powder prices decrease, now sitting at USD2,495 and USD3,905, respectively. These were decreases of -2.8% and -1.5%, respectively, from last week and add to the broad downward pressure on global commodity prices at present.



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# Daily Rates

Wednesday 24 July 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.40					CAD	0.8198	0.9112
NZD/USD	0.5954	0.0000	0.0000	0.0001	0.0005	CHF	0.5305	0.5897
NZD/AUD	0.9001	-0.0007	-0.0019	-0.0027	-0.0023	CNY	4.3358	4.8158
NZD/JPY	92.655	-0.45	-1.26	-2.47	-4.31	DKK	4.0928	4.5473
NZD/EUR	0.5486	-0.0008	-0.0024	-0.0048	-0.0084	FJD	1.3189	1.4653
NZD/GBP	0.4613	-0.0001	-0.0003	-0.0004	-0.0001	HKD	4.6480	5.1642
						KRW	824.79	916.38
AU TWI	63.00					MYR	2.7790	3.0876
AUD/USD	0.6613	0.0005	0.0013	0.0021	0.0022	NOK	6.5545	7.2824
AUD/NZD	1.1109	0.0008	0.0022	0.0031	0.0022	SEK	6.4067	7.1182
AUD/JPY	102.93	-0.42	-1.20	-2.44	-4.54	SGD	0.8007	0.8896
AUD/EUR	0.6093	-0.0005	-0.0014	-0.0034	-0.0079	TWD	19.51	21.68
AUD/GBP	0.5122	0.0003	0.0007	0.0011	0.0013	ZAR	10.94	12.16
USD Index	104.45					<b>EQUITIES</b>		
EUR/USD	1.0850	0.0016	0.0046	0.0094	0.0174		<b>Index</b>	
USD/JPY	155.63	-0.75	-2.11	-4.15	-7.35	NZX50	12,426	
GBP/USD	1.2903	0.0003	0.0007	0.0011	0.0005	ASX200	7,971	
EUR/GBP	0.8406	0.0011	0.0031	0.0065	0.0129	Dow Jones	40,358	
						S&P 500	5,556	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	8,167	
			<b>Mid</b>		<b>Mid</b>	DAX 30	18,558	
30 day bank bills			5.59%		4.37%	Nikkei	39,594	
90 day bank bills			5.54%		4.53%	<b>COMMODITIES</b>		
1 year swap			4.91%		4.40%		<b>USD</b>	
2 year swap			4.30%		4.23%	Brent Crude	81.38	
3 year swap			4.05%		4.10%	Gold	2,406.31	
5 year swap			3.94%		4.26%	Silver	29.20	
10 year swap			4.14%		4.46%	Iron Ore	108.16	
3 year Govt bond			4.23%		4.08%	CRB Index	330.24	
5 year Govt bond			4.18%		4.12%		<b>NZD</b>	
10 year Govt bond			4.48%		4.42%	NZ Carbon	51.75	

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