

Market Alert

Thursday 25 July 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5930	0.0002
NZD/AUD	0.9008	-0.0025
NZD/JPY	91.285	-2.40
NZD/EUR	0.5470	-0.0047
NZD/GBP	0.4594	-0.0004
NZD/CNH	4.3090	-0.0518
AUD/USD	0.6581	0.0019
AUD/EUR	0.6069	-0.0035
EUR/USD	1.0839	0.0094
USD/CNH	7.2663	-0.0898
GBP/USD	1.2905	0.0011
EUR/GBP	0.8398	0.0065

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.51%	4.52%
2 year swap	4.20%	4.18%
10 year Govt	4.48%	4.41%

Conspiracy theorists of the world unite!

Has anyone seen Joe Biden lately? No? Well ... not that I am one to speculate and add to the gossip mill ... but I will this one time ... the latest rumour doing the rounds from a 'verifiable source' is that big Joe is currently in hospice care, and his recent call with Kamala on stage was generated by AI! I know we haven't seen him for a couple of days, but this is taking things a little too far!

But it is worse for a buddy of mine ... he spent a lovely night in the Mount Aspiring national park in amongst the snow, and while it seemed like a good idea taking his mountain bike, the Kea's had a right old feast on all of the rubber bits! Good luck with the insurance claim on that one Gazza ... a Kea ate my bike!

Finally, 2 Canadians were sent home from the Olympics ... for drone spying on the NZ football team!

She loves me, she loves me not ...

... that's what the JPY has been singing all week. Once the outlier that nobody loved, the JPY has suddenly become every speculator's best friend with USD/JPY falling below the 154.00 level, its lowest level in 12-weeks, while the added NZD weakness has seen NZD/JPY retreat in 10 out of the last 11 sessions with the pair now down an unbelievable -7.7% since the RBNZ meeting on the 10th July!

Simply put, the NZD has no friends at the moment and couldn't 'buy' a bid to save itself given it has also fallen around -3.0% against the EUR and GBP, with it at its lowest level against the pound since June 2016. It's also weak against the AUD, while NZD/USD is hanging onto the 0.5900 level by its fingertips. But it's not just an NZD issue ... the AUD and CNH are also coming under selling pressure; it's just the NZD is getting hit the worst, and it's all because of the fixed income markets with the latest pricing projecting a full 3-cuts, 78bps, by December! Yet, in amongst this 'irrational exuberance' (look it up and you'll know what I mean) we haven't heard a word or a whisper from the RBNZ Governor since the May MPS meeting! Me thinks someone's getting a little carried away here!

Global equity markets spent the session in the red with most markets -1.0% to

-3.0% lower, commodities were mixed with crude at the USD77.510 level, while US yield curve flattened with the 2-year yield -7bps lower at 4.43% while the 10-years firmed 3bps to 4.28%. Expect something similar from the NZ curve on the open.

Overnight the BoC cut their key benchmark interest rate by 25bps to 4.50% as, "We need growth to pick up, so inflation does not fall too much, even as we work to get inflation down to the 2.0% target."

Apart from that, it was all about the flash PMIs ... US composite PMIs edged up from 54.8 to 55.0 as manufacturing fell from 51.6 to 49.5 with services firming from 54.9 to 56.0. Japanese manufacturing fell from 50.0 to 49.2, although services firmed from 49.4 to 53.9, UK composite PMIs rose for the 9th consecutive month to 52.7, the Eurozone composite declined to its lowest level in 5-months at 50.1 while, finally, Australian manufacturing firmed slightly to 47.4, although services fell from 51.2 to 50.8.

In the other headlines, US single-family houses fell 0.6% in June to a seasonally adjusted annualized rate of 617k while in the UK, average weekly earnings in the 3-months to June rose 5.7%, almost double the increase most BoE policymakers view as compatible with CPI staying at 2.0%.



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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	70.00					CAD	0.8186 0.9091
NZD/USD	0.5930	0.0000	0.0000	0.0002	0.0006	CHF	0.5249 0.5829
NZD/AUD	0.9008	-0.0007	-0.0018	-0.0025	-0.0017	CNY	4.3187 4.7940
NZD/JPY	91.285	-0.43	-1.27	-2.40	-4.19	DKK	4.0802 4.5297
NZD/EUR	0.5470	-0.0008	-0.0025	-0.0047	-0.0084	FJD	1.3159 1.4608
NZD/GBP	0.4594	-0.0001	-0.0003	-0.0004	0.0000	HKD	4.6291 5.1390
						KRW	819.59 909.87
AU TWI	62.60					MYR	2.7690 3.0740
AUD/USD	0.6581	0.0005	0.0013	0.0019	0.0018	NOK	6.5397 7.2600
AUD/NZD	1.1100	0.0008	0.0021	0.0029	0.0013	SEK	6.3888 7.0925
AUD/JPY	101.31	-0.40	-1.20	-2.37	-4.48	SGD	0.7962 0.8839
AUD/EUR	0.6069	-0.0005	-0.0015	-0.0035	-0.0083	TWD	19.39 21.53
AUD/GBP	0.5098	0.0002	0.0007	0.0010	0.0011	ZAR	10.88 12.08
USD Index	104.34					EQUITIES	
EUR/USD	1.0839	0.0016	0.0047	0.0094	0.0175		Index
USD/JPY	153.94	-0.72	-2.12	-4.05	-7.19	NZX50	12,531
GBP/USD	1.2905	0.0003	0.0007	0.0011	0.0001	ASX200	7,964
EUR/GBP	0.8398	0.0010	0.0031	0.0065	0.0130	Dow Jones	39,894
						S&P 500	5,442
INTEREST RATES			New Zealand		Australia	FTSE100	8,154
			Mid		Mid	DAX 30	18,387
30 day bank bills			5.57%		4.37%	Nikkei	39,155
90 day bank bills			5.51%		4.52%	COMMODITIES	
1 year swap			4.84%		4.39%		USD
2 year swap			4.24%		4.19%	Brent Crude	81.65
3 year swap			3.99%		4.09%	Gold	2,401.87
5 year swap			3.92%		4.25%	Silver	28.95
10 year swap			4.14%		4.47%	Iron Ore	107.79
3 year Govt bond			4.18%		4.10%	CRB Index	329.49
5 year Govt bond			4.15%		4.14%		NZD
10 year Govt bond			4.48%		4.43%	NZ Carbon	51.75

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