

# Market Alert

Wednesday 31 July 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5900	0.0001
NZD/AUD	0.9024	-0.0026
NZD/JPY	90.440	-2.37
NZD/EUR	0.5457	-0.0047
NZD/GBP	0.4598	-0.0004
NZD/CNH	4.2831	-0.0580
AUD/USD	0.6538	0.0019
AUD/EUR	0.6047	-0.0035
EUR/USD	1.0811	0.0095
USD/CNH	7.2503	-0.0991
GBP/USD	1.2828	0.0012
EUR/GBP	0.8423	0.0064

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.45%	4.54%
2 year swap	4.18%	4.13%
10 year Govt	4.48%	4.36%

## It's official ... I hate my cat!

It's 4:30am and I'm in the land of nod when a whining noise awakens me. Yep, it was the cat meowing outside the bathroom window ... sometimes, I can't stand the little bugger. To be fair, the cat normally wakes one of the ladies in the house before me, so I don't mind him or her (there has been some confusion on this point), but this morning it was me! But here's the question ... would I like him more if we had a cat flap?

But every cloud has a silver lining ... and as I was up, I thought I'd check out this Olympic thing. I started with New Zealand vs France at football, but it was a bit boring, so I flicked through the channels just in time to see the anthems for the final of the 7's ... and what a game that was, and our first medal to boot!

Canada made a game of it, and the ladies did it tough, but it was a well deserved gold! Well done!

Then again, everything gets tainted eventually ... how is it the Olympic committee has allowed 2 boxers who failed testosterone and gender eligibility tests at the 2023 world championships to compete at the Paris Olympics? Seriously? I give up!

## It's BoJ day!

Will they ... won't they ... it's a fine-line call! While only 9 out of 46 forecasters are expecting a hike, the market pricing is a bit more optimistic with a greater than 50% chance it will happen. But as one of the local banks suggested, while they are 'officially' forecasting a hike, there is the concern that the lack of pre-meeting BoJ guidance, ie: they haven't leaked anything, implies they won't hike until December. Meanwhile, the Japanese unemployment rate fell to 2.5% from 2.6%.

In the US, job openings remained stable at 8.184m in June, following May's upwardly revised 8.23m, consumer confidence firmed to 100.3 from June's downwardly revised 97.8, while the S&P CoreLogic Case-Shiller house price index firmed to 6.8% in the year to May, following April's upwardly revised 7.3%.

Euro-zone growth remains benign expanding at a modest 0.30% in Q2. Incredibly, GDP growth across the wider zone has averaged a modest 0.37% from 1995 until 2024. That's shocking!

The fact that the German economy unexpectedly contracted -0.1% in the quarter definitely didn't help, to reach a very modest 0.3% on the year. And to re-start the stagflation debate, German inflation unexpectedly edged up to 2.3% in July from June's 2.2%, against forecasts at 2.2%, after food prices accelerated.

Finally, Australian weekly consumer confidence fell from 84.4 to 83.1 while building approvals fell -6.5% on the month against an expected -1.5% contraction. On the year, building approvals have fallen -3.7%.

Summing it all up, it was another quiet session ahead of the BoJ today, and tomorrow's Fed and BoE announcements. The most interesting moves were in NZ with the dollar and swap rates firm from their lows, although the gains were 'modest'. Equity prices and the USD-index flatlined, US yields eased with the 2 and 10-years falling -4bps and -3bps to 4.37% and 4.15%, while commodity prices continue to shed all of their gains this year as the challenging Chian outlook continues to weigh on sentiment.

## The interesting bits ...

MacDonald's Q2 global sales fell -1.0%, their first decline in 13 quarters, although they have launched a \$5 meal pack!

Berkshire Hathaway has sold down USD3bn of its BofA stake, although it still owns USD39.5bn worth!



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

**Barrington**  
TREASURY SERVICES

**Barrington**  
ASSET CONSULTING



**BANCORP**

BANCORP CORPORATE FINANCE LIMITED

# Daily Rates

Wednesday 31 July 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.30					CAD	0.8170	0.9057
NZD/USD	0.5900	0.0000	0.0000	0.0001	0.0004	CHF	0.5212	0.5780
NZD/AUD	0.9024	-0.0007	-0.0017	-0.0026	-0.0020	CNY	4.2690	4.7322
NZD/JPY	90.440	-0.45	-1.22	-2.37	-4.11	DKK	4.0707	4.5124
NZD/EUR	0.5457	-0.0008	-0.0024	-0.0047	-0.0087	FJD	1.3130	1.4555
NZD/GBP	0.4598	-0.0001	-0.0003	-0.0004	-0.0001	HKD	4.6079	5.1079
						KRW	816.49	905.09
AU TWI	62.20					MYR	2.7249	3.0206
AUD/USD	0.6538	0.0005	0.0012	0.0019	0.0018	NOK	6.4653	7.1668
AUD/NZD	1.1080	0.0008	0.0020	0.0028	0.0016	SEK	6.3566	7.0463
AUD/JPY	100.20	-0.42	-1.16	-2.35	-4.36	SGD	0.7919	0.8778
AUD/EUR	0.6047	-0.0005	-0.0015	-0.0035	-0.0085	TWD	19.37	21.47
AUD/GBP	0.5093	0.0002	0.0006	0.0010	0.0009	ZAR	10.79	11.97
USD Index	104.55					<b>EQUITIES</b>		
EUR/USD	1.0811	0.0016	0.0047	0.0095	0.0177		<b>Index</b>	
USD/JPY	153.28	-0.76	-2.06	-4.04	-7.06	NZX50	12,391	
GBP/USD	1.2828	0.0004	0.0008	0.0012	0.0006	ASX200	7,953	
EUR/GBP	0.8423	0.0010	0.0030	0.0064	0.0131	Dow Jones	40,688	
						S&P 500	5,431	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	8,274	
			<b>Mid</b>		<b>Mid</b>	DAX 30	18,411	
30 day bank bills			5.53%		4.39%	Nikkei	38,526	
90 day bank bills			5.45%		4.54%	<b>COMMODITIES</b>		
1 year swap			4.82%		4.36%		<b>USD</b>	
2 year swap			4.22%		4.14%	Brent Crude	78.91	
3 year swap			3.98%		4.01%	Gold	2,406.08	
5 year swap			3.90%		4.17%	Silver	28.33	
10 year swap			4.11%		4.37%	Iron Ore	106.59	
3 year Govt bond			4.15%		4.01%	CRB Index	323.87	
5 year Govt bond			4.13%		4.05%		<b>NZD</b>	
10 year Govt bond			4.48%		4.36%	NZ Carbon	52.75	

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



**BANCORP**  
BANCORP TREASURY SERVICES LIMITED

**Barrington**  
TREASURY SERVICES

**Barrington**  
ASSET CONSULTING



**BANCORP**  
BANCORP CORPORATE FINANCE LIMITED