

Market Alert

Monday 12 August 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6003	-0.0002
NZD/AUD	0.9130	-0.0028
NZD/JPY	88.025	-2.22
NZD/EUR	0.5500	-0.0047
NZD/GBP	0.4706	-0.0005
NZD/CNH	4.3135	-0.0651
AUD/USD	0.6572	0.0017
AUD/EUR	0.6020	-0.0034
EUR/USD	1.0913	0.0088
USD/CNH	7.1745	-0.1060
GBP/USD	1.2754	0.0005
EUR/GBP	0.8551	0.0062

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.35%	4.43%
2 year swap	3.99%	3.82%
10 year Govt	4.34%	4.15%

OMG

That was a weekend to end all weekends, with Lisa Carrington taking centre stage having won her 8th Olympic gold ... yes, that's not a typo ... and it's (currently) the same as Usain Bolt! At this rate, if she goes to another 6 Olympics' she could overtake the current record holder Michael Phelps, who has 23 golds. But it doesn't stop there, a big shout out to Hamish Kerr, who said, "I'm not sharing gold with anyone," or something along those lines, and won a winner takes all jump-off, while my team actually won a game ... and 4-0 no less. As someone said, we haven't kept a clean sheet since '87 ... 1887 that is!

And while they didn't win ... a big shout out to the All Blacks and the Warriors ... yes, it's sad they didn't get the desired results, but you can't win them all ... and they were cracking games!

Friday, and the weekend ...

... saw a couple of headlines, although the trials and tribulations of the last few days ultimately led a quiet end to the week. Equity markets closed in positive territory following the weaker than expected initial jobless claims numbers, while commodity prices also posted modest gains, with lumber prices rallying 4.6%, while steel, wheat, oil, and gold prices all made solid gains. Treasury yields also reversed their recent moves with the 10-years easing back -5bps to yield 3.95%, which saw the USD-index fall back to the 103.00 level. Against this the NZD flatlined at 0.6000, although the AUD made some solid gains, which saw NZD/AUD ease back to 0.9125.

Over the weekend, the Chinese inflation rate jumped to a 5-month high climbing to 0.5% from June's 0.2% while producer prices fell by 0.8% in the 12-months to July, which was flat with the June print. In other news, China recorded a current account surplus of USD54.9bn in Q2, while the Canadian unemployment printed at 6.4% in July, which was below expectations at 6.5%!

Fed Governor, Michelle Bowman, called for patience in the Fed's policy decision making as "I am not confident that inflation will decline in the same way as in the second half of last year. Inflation is still uncomfortably above its 2.0% target."

It's no wonder these guys get paid the big bucks ... last Monday, Wharton Economist and Finance Professor, Jeremy Siegel, called for an emergency 75bps rate cut by the Fed, and then

doubled down calling for a further 75bps in September "at a minimum." But fast forward to Friday and he announced "I no longer certainly think it's necessary. But I want the Fed to move down to 4.0% as fast as possible. Would it be bad? No. But would it be necessary? No, not at this time." With financial advice like that ...

It's going to be a big week!

Yes, the markets will be focused on Wednesday's MPS meeting by the RBNZ, with it very much a case of will he, won't he ... although no-one really knows! But apart from that, we also have the latest US CPI and PPI reports, as well as Michigan consumer confidence, industrial production, trade, housing starts and building permits, and various Fed speeches. It's also a big week in the UK with the latest inflation, unemployment, GDP, industrial production, and retail sales releases, while China will report on new yuan loans, house prices, retail sales, and unemployment rate. Japan will provide an update on Q2 GDP, while Australia will provide their latest business and consumer confidence releases and Germany will update its ZEW economic sentiment index.



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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	70.30					CAD	0.8230	0.9023
NZD/USD	0.6003	0.0001	0.0000	-0.0002	-0.0003	CHF	0.5179	0.5673
NZD/AUD	0.9130	-0.0007	-0.0018	-0.0028	-0.0028	CNY	4.3076	4.7125
NZD/JPY	88.025	-0.44	-1.15	-2.22	-3.88	DKK	4.0989	4.4926
NZD/EUR	0.5500	-0.0007	-0.0023	-0.0047	-0.0086	FJD	1.3263	1.4537
NZD/GBP	0.4706	-0.0001	-0.0003	-0.0005	-0.0001	HKD	4.6754	5.1245
						KRW	817.97	896.55
AU TWI	61.50					MYR	2.6472	2.9015
AUD/USD	0.6572	0.0006	0.0013	0.0017	0.0014	NOK	6.4724	7.0942
AUD/NZD	1.0955	0.0008	0.0021	0.0030	0.0023	SEK	6.3122	6.9186
AUD/JPY	96.38	-0.40	-1.08	-2.16	-4.00	SGD	0.7936	0.8699
AUD/EUR	0.6020	-0.0004	-0.0014	-0.0034	-0.0078	TWD	19.45	21.32
AUD/GBP	0.5150	0.0002	0.0006	0.0010	0.0013	ZAR	10.98	12.03
USD Index	103.15					EQUITIES		
EUR/USD	1.0913	0.0016	0.0046	0.0088	0.0164		Index	
USD/JPY	146.61	-0.74	-1.92	-3.63	-6.34	NZX50	12,243	
GBP/USD	1.2754	0.0005	0.0009	0.0005	-0.0009	ASX200	7,778	
EUR/GBP	0.8551	0.0009	0.0029	0.0062	0.0130	Dow Jones	39,498	
						S&P 500	5,344	
INTEREST RATES			New Zealand		Australia	FTSE100	8,168	
			Mid		Mid	DAX 30	17,723	
30 day bank bills			5.44%		4.35%	Nikkei	35,025	
90 day bank bills			5.35%		4.43%	COMMODITIES		
1 year swap			4.60%		4.09%		USD	
2 year swap			4.00%		3.83%	Brent Crude	79.66	
3 year swap			3.82%		3.70%	Gold	2,430.93	
5 year swap			3.79%		3.90%	Silver	27.44	
10 year swap			4.03%		4.15%	Iron Ore	101.26	
3 year Govt bond			3.94%		3.71%	CRB Index	325.77	
5 year Govt bond			3.97%		3.79%		NZD	
10 year Govt bond			4.34%		4.18%	NZ Carbon	54.25	

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