

Market Alert

Wednesday 28 August 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6248	0.0000
NZD/AUD	0.9202	-0.0023
NZD/JPY	89.985	-2.16
NZD/EUR	0.5587	-0.0043
NZD/GBP	0.4714	-0.0001
NZD/CNH	4.4243	-0.0727
AUD/USD	0.6788	0.0016
AUD/EUR	0.6070	-0.0033
EUR/USD	1.1182	0.0086
USD/CNH	7.1207	-0.1162
GBP/USD	1.3255	0.0001
EUR/GBP	0.8436	0.0063

INT RATES	NZ	Australia
OCR/Cash	5.25%	4.35%
90 day bills	5.22%	4.41%
2 year swap	3.86%	3.65%
10 year Govt	4.30%	4.01%

Definitely Maybe!

Was their masterpiece, selling 8.5m copies worldwide, and now it's on again. Overnight, Oasis announced they are reforming for 14 dates in July/August 2025. At this stage, it appears feuding brothers Liam and Noel Gallagher have called a truce, but we've heard that one before, although I guess a rumoured GBP400m return for the boys might just be enough for them to 'bite their tongues' in those tense moments!

A night of predominately 2nd tier releases ...

... was largely ignored, which ultimately saw the USD-index resume its grind lower to reach a 13-month low as it closes in on the psychological 100.00 level. Interestingly, the biggest beneficiaries of the USD weakness were the NZD and the CHF, with both posting gains in the region of 0.7%, with the CNH and AUD

underperforming. Short-end US treasury yields eventually traded lower following on from the Treasury departments first sub-4.0% auction with the issuance of USD69bn 2-years. Given the size of the issue, initially the market was stagnant, but yields eventually started to grind lower in a sigh of relief after the market absorbed the full quota. Currently 2-year yields are trading -3bps lower at 3.91% while the 10-year firmed 2bps to 3.84%.

Equity markets enjoyed the session with most indices gaining 0.26% to 0.75%, while commodity prices were mixed, with the energy sector lower as oil lost -2.25%, although most other commodities closed in positive territory with copper trading at a 5-week high.

Looking at the detail, US house prices rose 6.5% in June from the prior year, which was well above expectations at 6.0%, the Dallas Fed service sector index fell from -0.1% to -7.7% in August, while the Richmond Fed's composite manufacturing index for the 'Fifth District' fell from -17 to -19 in the sharpest decline in factory activity since the pandemic-triggered crash in May 2020 was.

ECB Council member Klaas Knot said an "inappropriate fiscal stance" has hampered the effectiveness of monetary policy to tackle inflation given, "The recent energy crisis and its impact on inflation led to a monetary tightening, while fiscal policy continued to be very loose."

In Germany, GfK consumer sentiment fell from -18.6 to -22.0, UK retail sales fell 0.3% year on year in early August contrasting with July's 0.2% gain, and Japanese service PPIs printed at 2.8%

against expectations at 2.9%. Japan's finance minister Shunichi Suzuki was also on the newswires stating, "The FX rate [is] determined by various factors, not just monetary policies and interest-rate differentials."

Chinese industrial profits rose for a fourth straight month rallying 4.1% in July from a year earlier, following on from June's 3.6% gain. In the first seven months of the year, industrial profits rose 3.6% from a year earlier, which compares favourably with the 2.3% drop recorded in calendar year 2023.

But while there was some good news on the economic front, on the geopolitical front things appears to be heating up after Taiwan reported 15 Chinese military aircraft detected over their airspace within a 24-hour period yesterday!

How do I get me some of that money?

Martin Shkreli, the infamous "pharma bro" and convicted securities fraudster, has been ordered to turn over all copies of what is supposed to be a multi-million-dollar, one-of-a-kind Wu-Tang Clan album!

NFL stars, and brother, Jason and Travis Kelce have signed a USD100m podcast deal with Amazon. I don't suppose the fact Travis is dating Taylor Swift has anything to do with it by any chance.

Finally, for all those conspiracy theorists out there, Mark Zuckerberg said the Biden administration pressured Facebook to censor Covid-related posts in 2021!



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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	71.40					CAD	0.8401	0.9132
NZD/USD	0.6248	0.0000	0.0001	0.0000	-0.0005	CHF	0.5255	0.5713
NZD/AUD	0.9202	-0.0007	-0.0016	-0.0023	-0.0025	CNY	4.4487	4.8348
NZD/JPY	89.985	-0.41	-1.15	-2.16	-3.80	DKK	4.1666	4.5281
NZD/EUR	0.5587	-0.0008	-0.0022	-0.0043	-0.0082	FJD	1.3546	1.4721
NZD/GBP	0.4714	-0.0001	-0.0002	-0.0001	0.0005	HKD	4.8731	5.2960
						KRW	828.79	900.71
AU TWI	62.50					MYR	2.7139	2.9494
AUD/USD	0.6788	0.0006	0.0013	0.0016	0.0012	NOK	6.5349	7.1020
AUD/NZD	1.0865	0.0008	0.0018	0.0025	0.0021	SEK	6.3341	6.8837
AUD/JPY	97.78	-0.37	-1.08	-2.12	-3.89	SGD	0.8128	0.8833
AUD/EUR	0.6070	-0.0004	-0.0014	-0.0033	-0.0073	TWD	19.92	21.65
AUD/GBP	0.5121	0.0003	0.0007	0.0011	0.0019	ZAR	11.06	12.02
USD Index	100.59					EQUITIES		
EUR/USD	1.1182	0.0016	0.0046	0.0086	0.0156		Index	
USD/JPY	144.02	-0.67	-1.86	-3.49	-5.99	NZX50	12,451	
GBP/USD	1.3255	0.0004	0.0006	0.0001	-0.0028	ASX200	8,071	
EUR/GBP	0.8436	0.0010	0.0030	0.0063	0.0134	Dow Jones	41,238	
						S&P 500	5,625	
INTEREST RATES			New Zealand		Australia	FTSE100	8,345	
			Mid		Mid	DAX 30	18,682	
30 day bank bills			5.36%		4.35%	Nikkei	38,289	
90 day bank bills			5.22%		4.41%	COMMODITIES		
1 year swap			4.48%		3.98%		USD	
2 year swap			3.87%		3.67%	Brent Crude	79.65	
3 year swap			3.68%		3.55%	Gold	2,523.42	
5 year swap			3.67%		3.75%	Silver	30.01	
10 year swap			3.94%		4.05%	Iron Ore	98.30	
3 year Govt bond			3.85%		3.51%	CRB Index	332.02	
5 year Govt bond			3.91%		3.60%		NZD	
10 year Govt bond			4.30%		3.98%	NZ Carbon	61.00	

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