

Market Alert

Thursday 29 August 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6243	0.0000
NZD/AUD	0.9209	-0.0022
NZD/JPY	90.335	-2.16
NZD/EUR	0.5616	-0.0044
NZD/GBP	0.4735	-0.0001
NZD/CNH	4.4500	-0.0723
AUD/USD	0.6777	0.0015
AUD/EUR	0.6097	-0.0033
EUR/USD	1.1114	0.0085
USD/CNH	7.1328	-0.1156
GBP/USD	1.3185	0.0001
EUR/GBP	0.8429	0.0063

INT RATES	NZ	Australia
OCR/Cash	5.25%	4.35%
90 day bills	5.22%	4.42%
2 year swap	3.85%	3.69%
10 year Govt	4.33%	4.03%

I'm not sure how we ended up with it

I think we had a voucher that needed to be spent, but we got an air-cooker. I must say, they're amazing and since we got it, the oven hasn't been used ... well, it's not like I ever used the oven, and if I'm being honest, I haven't used the air-cooker thing either ... but I'm hearing good reports on it!

The pause before the storm!

But while we would prefer it to be due to the upcoming US GDP and PCE releases, it was more likely ahead of Nvidia's highly anticipated earnings report after the closing bell. This saw the US markets take some profits ahead of the release with the 3-indexes -0.5% to -0.8% lower, while the European exchanges traded flat. On

a side note, Warren Buffett's Berkshire Hathaway surged past the USD1tn valuation level. Commodity markets remain volatile with copper under the pump falling -3.8%, while losses were also booked by silver, -2.5%, and oil, -1.0%.

US bond issuance appears to be continuing strongly with another USD70bn absorbed by the market. This morning it saw the 5-year issue trade at 3.645% post auction compared to the anticipated 3.642%. More relevant for us is the 2 and 10-years, with the yield curve continuing to rally from its inverted shape, with the 2-years falling -4bps to 3.88%, while the 10-years firmed 2bps to 3.85%.

The USD-index also bounced off its 13-month low, jumping 0.5% to be back above the 101.0 level, although most of the move was booked against the EUR which retreated to the 1.1100 level. The NZD and AUD were quiet although they booked gains on the crosses.

Australian inflation fell from 3.8% to 3.5% in July, although it was slightly higher than the 3.4% forecast, with the positive news being that the last 2 prints have seen the headline number fall from 4.0% to 3.5%. A further positive was the trimmed mean, which fell from 4.1% to 3.8%. This saw Australian Treasurer, Jim Chalmers, advise, "*The inflation data was a promising result. However we are not complacent because we know that people are still under pressure.*"

New Zealand employment declined for a 4th consecutive month dropping -0.1%

in July with the June number also revised lower, from -0.1% to -0.3%. Filled jobs have now fallen -25k, or -1.1%, since peaking at 2.4m in March. On a side note, one of the power companies has claimed power bills are lower proportionally to household incomes as prices aren't rising as quickly as some other core expenses. That will make me feel soooo much better when I pay my bill!

Eurozone bank lending rose by 0.5% year-on-year to households, and by 0.6% to companies, to record the fastest pace of credit growth since November 2023.

The US 30-year mortgage rates fell to a 1-year low falling 6bps to 6.44%.

BoJ Deputy Governor, Ryoza 'Rizla' Himino appears intent on talking the JPY lower, stating, "*The financial and capital markets remain unstable. We need to closely monitor developments to the recent market volatilities including weaker stocks and stronger yen. Estimation of the neutral interest rate would not automatically show the right policy path for Japan, at least at the moment.*"

Ouch!

A record-breaking equity selloff in two of China's largest consumer companies has severely impacted the fortunes of the nation's richest people with China's wealthiest person losing USD4bn, while the second richest saw his wealth tumble by an incredible USD14bn! Whatever happened to a diversified portfolio?



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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	71.60					CAD	0.8410	0.9135
NZD/USD	0.6243	0.0000	0.0001	0.0000	-0.0005	CHF	0.5256	0.5710
NZD/AUD	0.9209	-0.0007	-0.0015	-0.0022	-0.0023	CNY	4.4478	4.8312
NZD/JPY	90.335	-0.40	-1.13	-2.16	-3.81	DKK	4.1878	4.5474
NZD/EUR	0.5616	-0.0008	-0.0022	-0.0044	-0.0083	FJD	1.3553	1.4717
NZD/GBP	0.4735	-0.0001	-0.0002	-0.0001	0.0005	HKD	4.8677	5.2858
						KRW	834.22	905.86
AU TWI	62.50					MYR	2.7086	2.9412
AUD/USD	0.6777	0.0005	0.0012	0.0015	0.0010	NOK	6.5546	7.1175
AUD/NZD	1.0859	0.0007	0.0017	0.0022	0.0013	SEK	6.3638	6.9103
AUD/JPY	98.08	-0.36	-1.07	-2.13	-3.91	SGD	0.8135	0.8833
AUD/EUR	0.6097	-0.0004	-0.0014	-0.0033	-0.0076	TWD	19.94	21.66
AUD/GBP	0.5140	0.0003	0.0007	0.0011	0.0017	ZAR	11.13	12.09
USD Index	101.10					EQUITIES		
EUR/USD	1.1114	0.0016	0.0045	0.0085	0.0156		Index	
USD/JPY	144.70	-0.66	-1.84	-3.48	-6.00	NZX50	12,471	
GBP/USD	1.3185	0.0004	0.0006	0.0001	-0.0027	ASX200	8,071	
EUR/GBP	0.8429	0.0009	0.0030	0.0063	0.0134	Dow Jones	41,039	
						S&P 500	5,587	
INTEREST			New Zealand		Australia	FTSE100	8,344	
RATES			Mid		Mid	DAX 30	18,782	
30 day bank bills			5.36%		4.35%	Nikkei	38,372	
90 day bank bills			5.22%		4.42%	COMMODITIES		
1 year swap			4.48%		4.02%		USD	
2 year swap			3.87%		3.71%	Brent Crude	78.76	
3 year swap			3.68%		3.59%	Gold	2,508.63	
5 year swap			3.67%		3.78%	Silver	29.27	
10 year swap			3.95%		4.07%	Iron Ore	98.45	
3 year Govt bond			3.86%		3.53%	CRB Index	328.60	
5 year Govt bond			3.92%		3.62%		NZD	
10 year Govt bond			4.33%		4.01%	NZ Carbon	61.30	

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