

# Market Alert

Friday 09 August 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6009	-0.0002
NZD/AUD	0.9120	-0.0026
NZD/JPY	88.420	-2.21
NZD/EUR	0.5505	-0.0045
NZD/GBP	0.4715	-0.0004
NZD/CNH	4.3157	-0.0679
AUD/USD	0.6588	0.0017
AUD/EUR	0.6035	-0.0033
EUR/USD	1.0915	0.0087
USD/CNH	7.1820	-0.1104
GBP/USD	1.2745	0.0004
EUR/GBP	0.8564	0.0063

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.38%	4.44%
2 year swap	3.97%	3.86%
10 year Govt	4.37%	4.16%

## Momentum building

Yesterday's RBNZ Survey of Expectations brought good news. All measures of inflation were down, with the 1-year inflation expectation falling from 2.73% to 2.40%, while the important 2-year inflation expectations measure, down from 2.33% to 2.03%, its lowest since Q1 2021. The 5 & 10-year expectations were also closely tied around the RBNZ's target midpoint of 2.0%. This will help add some confidence to the Monetary Policy Committee before their upcoming meeting on 14 August. August's meeting is 'live', but for the RBNZ to cut would be a major turnaround from its last Monetary Policy Statement in May which anticipated another rate hike in its OCR forecasts. The risk of cutting interest rates too early may refrain the RBNZ from taking action; in saying that,

Mr Orr does like to play by his own rule book, so anything could really happen.

After yesterday's positive Survey of Expectations, Markets are currently pricing in an 80% chance of an interest rate cut at next week's meeting, and between 3 and 4 cuts total by year end. Local swap rates also fell by approximately 10bps across the board.

## US labour sector "normalising"

Richmond Fed President, Thomas Barkin, had some mixed words on the labour market, admitting that it's not great, but rather the labour market is "normalising". He said, "What I am hearing from people on the ground is that in the labour market, people are cutting back on hiring, but not firing." Before continuing with, "What would make you more worried is if job growth started to disappear". Lastly, he spoke of being optimistic about inflation numbers for the rest of the year.

Overnight, the weekly U.S. Jobless Claims came in below expectations of 241k to print at 233k, this reassured markets that a hard-landing may be less of a possibility than previously anticipated. This helped the U.S. 10-year Treasury yield bounce up 5bp to now once again have a 4 handle, currently at 4.00% flat. This also inspired investors, with all three major U.S. stock indices up overnight.

Last month's hottest performer, the yen, lost more of its gains overnight, with the USD/JPY currently at 147.11, and the NZD/JPY currently at 88.36. JP Morgan

estimates that 75% of global carry trades have now been unwound. It also revised U.S. recession odds up to 35% in 2024!

## A quiet end to the week...

Today is a rather quiet day for global economic data, with the highlight being the latest CPI and PPI figures from China at 11:30 am local time.

Finally, congratulations to the NZ women's K-4 500m team, who won gold in that event for the first time in 40-years, and Ellesse Andrews who won gold in the Keirin Final, which is a velodrome cycling event, bringing our gold medal count to 5.



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

**Barrington**  
TREASURY SERVICES

**Barrington**  
ASSET CONSULTING



**BANCORP**

BANCORP CORPORATE FINANCE LIMITED

# Daily Rates

Friday 09 August 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.20					CAD	0.8249	0.9046
NZD/USD	0.6009	0.0001	0.0000	-0.0002	-0.0005	CHF	0.5200	0.5703
NZD/AUD	0.9120	-0.0007	-0.0018	-0.0026	-0.0023	CNY	4.3052	4.7177
NZD/JPY	88.420	-0.41	-1.15	-2.21	-3.86	DKK	4.1067	4.5040
NZD/EUR	0.5505	-0.0008	-0.0023	-0.0045	-0.0085	FJD	1.3275	1.4559
NZD/GBP	0.4715	-0.0001	-0.0003	-0.0004	0.0001	HKD	4.6822	5.1351
						KRW	825.52	905.36
AU TWI	61.10					MYR	2.6851	2.9448
AUD/USD	0.6588	0.0006	0.0013	0.0017	0.0011	NOK	6.5147	7.1448
AUD/NZD	1.0963	0.0008	0.0020	0.0029	0.0016	SEK	6.3158	6.9267
AUD/JPY	96.91	-0.37	-1.08	-2.16	-4.02	SGD	0.7960	0.8730
AUD/EUR	0.6035	-0.0004	-0.0014	-0.0033	-0.0079	TWD	19.49	21.37
AUD/GBP	0.5169	0.0002	0.0006	0.0010	0.0013	ZAR	11.03	12.09
USD Index	103.22					<b>EQUITIES</b>		
EUR/USD	1.0915	0.0016	0.0046	0.0087	0.0161		<b>Index</b>	
USD/JPY	147.14	-0.68	-1.92	-3.64	-6.33	NZX50	12,257	
GBP/USD	1.2745	0.0004	0.0008	0.0004	-0.0015	ASX200	7,682	
EUR/GBP	0.8564	0.0009	0.0030	0.0063	0.0132	Dow Jones	39,437	
						S&P 500	5,306	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	8,145	
			<b>Mid</b>		<b>Mid</b>	DAX 30	17,680	
30 day bank bills			5.45%		4.34%	Nikkei	34,831	
90 day bank bills			5.38%		4.44%	<b>COMMODITIES</b>		
1 year swap			4.60%		4.13%		<b>USD</b>	
2 year swap			4.01%		3.88%	Brent Crude	79.05	
3 year swap			3.82%		3.75%	Gold	2,423.08	
5 year swap			3.80%		3.97%	Silver	27.42	
10 year swap			4.02%		4.22%	Iron Ore	101.71	
3 year Govt bond			3.98%		3.70%	CRB Index	323.40	
5 year Govt bond			4.00%		3.79%		<b>NZD</b>	
10 year Govt bond			4.37%		4.19%	NZ Carbon	54.00	

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