

# Market Alert

Thursday 26 September 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6263	-0.0003
NZD/AUD	0.9182	-0.0009
NZD/JPY	90.650	-2.02
NZD/EUR	0.5628	-0.0040
NZD/GBP	0.4704	0.0004
NZD/CNH	4.4047	-0.0670
AUD/USD	0.6819	0.0001
AUD/EUR	0.6127	-0.0039
EUR/USD	1.1128	0.0073
USD/CNH	7.0323	-0.1025
GBP/USD	1.3312	-0.0021
EUR/GBP	0.8356	0.0066

  

INT RATES	NZ	Australia
OCR/Cash	5.25%	4.35%
90 day bills	4.92%	4.48%
2 year swap	3.57%	3.59%
10 year Govt	4.31%	4.00%

## A hole-in-one!

Yes, that's true ... not only did my buddy make a hole-in-one, he got it at the home of golf, St Andrews!

Now the really interesting thing here is that when you get a hole-in-one, you have to shout the clubhouse a drink, the issue is that he was overseas in Scotland! But he's such a nice bloke, if you asked him if he'd got a hole-in-one, I'm sure he'd buy you a drink! So, if you know of a senior exec, who may, or may not, have links to Australia, and a couple of the local banks, who has just returned from an overseas trip, I'm sure if you ask him whether he's recently made a hole-in-one ... I'm sure he'll buy you a drink!

## Central banks continue to support their economies!

The PBOC continued its stimulatory measures, this time cutting the interest rate that it lends to the major financial institutions at, the 1-year Medium-term Lending Facility (MLF), cutting it from 2.30% to 2.00%. And while we're talking about China, I thought this was an interesting piece from JP Morgan on the recent stimulus, "The US has been the anchor for global growth, but a China reboot will also benefit the globe (although) it may create another round of inflationary pressures, so keep an eye on commodities and bond yields over the coming weeks."

The Swedish central bank, the Riksbank, lowered its key policy rate by 25bps to 3.25%. This was in line with expectations and followed on from the rate cut in August. Taking its lead from the Fed, the central bank also signalled the possibility of further cuts in the two remaining meetings this year, with the potential for a 50bps at one.

US mortgage applications rose 11.0% last week, following a 14.2% surge in the prior week, although sales of new single-family homes declined by -4.7% in August.

BoF Governor, Francois Villeroy de Galhau, suggested France should look to deal with its deficit and debt challenges stating, "Public debt is getting out of hand. When a family is living beyond its means, which is France's case, you can cut spending or raise revenues. We need to do a both."

Australian inflation, largely helped by a 17.6% year-on-year fall in electricity

prices due to government rebates, fell from 3.5% to 2.7% in the 12-months to August, which was lower than the 2.8% expected and within the RBA's 2.0%-3.0% target range but the trim mean, or core, fell to 3.4% which was in line with expectations, although it remains outside the target range.

The OCED announced, "Global output growth has remained resilient, and inflation has continued to moderate. Growth has been relatively robust in many G20 countries. Real wage growth is now supporting household incomes and spending, though purchasing power has yet to fully return to pre-pandemic levels in many countries."

The price action was all about the re-test, with the USD-index, NZD/USD and AUD/USD all re-testing their prior support/resistance levels. These levels are now key as to whether those levels hold, and we trade into new ranges, or break and we return to their prior ranges. It was the same with US yields with the 2-years firming 1bps to 3.56%, while the 10-years jumped 5bps to 3.79%. Equity markets were broadly weaker, while commodity markets were mixed.

## No matter how bad it gets, it could always be worse!

Caroline Ellison, ex-girlfriend of Sam Bankman-Fried has been sentenced to 2-years in jail for helping young Sam steal USD8bn in customer funds. Still, it could have been worse, in China, Zhu Hengpeng, Deputy Director of the Institute of Economics has 'vanished' after criticising President Xi Jinping!



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# Daily Rates

Thursday 26 September 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	72.00					CAD	0.8439	0.9196
NZD/USD	0.6263	0.0000	0.0000	-0.0003	-0.0007	CHF	0.5321	0.5798
NZD/AUD	0.9182	-0.0005	-0.0008	-0.0009	0.0001	CNY	4.4159	4.8110
NZD/JPY	90.650	-0.41	-1.06	-2.02	-3.57	DKK	4.1954	4.5693
NZD/EUR	0.5628	-0.0007	-0.0019	-0.0040	-0.0080	FJD	1.3561	1.4769
NZD/GBP	0.4704	0.0000	0.0002	0.0004	0.0011	HKD	4.8736	5.3079
						KRW	836.56	911.11
AU TWI	62.60					MYR	2.5839	2.8142
AUD/USD	0.6819	0.0003	0.0005	0.0001	-0.0020	NOK	6.6246	7.2150
AUD/NZD	1.0891	0.0005	0.0008	0.0006	-0.0017	SEK	6.3827	6.9515
AUD/JPY	98.72	-0.39	-1.08	-2.12	-3.89	SGD	0.8070	0.8790
AUD/EUR	0.6127	-0.0005	-0.0016	-0.0039	-0.0090	TWD	20.03	21.82
AUD/GBP	0.5120	0.0003	0.0006	0.0008	0.0010	ZAR	10.82	11.79
USD Index	100.94					<b>EQUITIES</b>		
EUR/USD	1.1128	0.0014	0.0039	0.0073	0.0138		<b>Index</b>	
USD/JPY	144.73	-0.63	-1.70	-3.13	-5.42	NZX50	12,225	
GBP/USD	1.3312	-0.0001	-0.0005	-0.0021	-0.0061	ASX200	8,126	
EUR/GBP	0.8356	0.0011	0.0031	0.0066	0.0139	Dow Jones	41,911	
						S&P 500	5,718	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	8,269	
			<b>Mid</b>		<b>Mid</b>	DAX 30	18,919	
30 day bank bills			5.17%		4.35%	Nikkei	37,870	
90 day bank bills			4.92%		4.48%	<b>COMMODITIES</b>		
1 year swap			4.10%		3.95%		<b>USD</b>	
2 year swap			3.58%		3.60%	Brent Crude	73.48	
3 year swap			3.46%		3.50%	Gold	2,659.64	
5 year swap			3.53%		3.72%	Silver	31.80	
10 year swap			3.86%		4.04%	Iron Ore	91.88	
3 year Govt bond			3.69%		3.47%	CRB Index	340.01	
5 year Govt bond			3.81%		3.57%		<b>NZD</b>	
10 year Govt bond			4.31%		3.99%	NZ Carbon	62.50	

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