

# Market Alert

Monday 11 September 2023

CURRENCIES	Spot	6mths
NZD/USD	0.5903	0.0000
NZD/AUD	0.9210	-0.0060
NZD/JPY	86.92	-2.57
NZD/EUR	0.5496	-0.0052
NZD/GBP	0.4734	-0.0002
NZD/CNH	4.3299	0.0000
AUD/USD	0.6388	0.0041
AUD/EUR	0.5969	-0.0018
EUR/USD	1.0699	0.0101
USD/CNH	7.3650	0.0000
GBP/USD	1.2464	0.0005
EUR/GBP	0.8581	0.0076

  

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.10%
90 day bills	5.69%	4.17%
2 year swap	5.45%	4.14%
10 year Govt	5.02%	4.16%

## Well, that wasn't a great weekend ...

... what with the All Blacks, Warrior's, Black Caps, and Israel Adesanya all falling at the first hurdle, but the good news is that each and every one of them has the opportunity to bounce back ... bring it on!

## And that wasn't the only negative over the weekend either ...

... after the Chinese data disappointed ... once again ... after inflation rose just 0.1% in the 12-months to August, which was below forecasts at 0.2% but at least it was better than July's -0.3% contraction. Core inflation flatlined at 0.8% while producer prices eased -3.0% over the

same period. These 'poor' releases will likely weigh on the yuan this morning, following on from USD/CNY reaching a 15-year high on Friday at 7.3499 after the PBoC's warned, *"The process of economic recovery in the post-COVID era will not be accomplished overnight and it requires policy support. But with gradual recovery of the broad economy, there can be a little more confidence and calm with the yuan exchange rate."*

## Looking ahead to this week ...

... it's going to be a busy one, with the ECB meeting and the German ZEW economic sentiment index while, from the US, we have CPI, PPI, retail sales, the University of Michigan consumer confidence index, industrial production figures, and export and import prices. The UK will be updating GDP, unemployment rate, earnings data, and industrial production numbers, while China will follow-on with its industrial production, retail sales, unemployment rates, loan growth, and fixed asset investments. Finally, Australia will be updating its business and consumer confidence index's.

The Saturday close saw a quiet end to last week with little positioning ahead of this week's key releases. Equity markets closed in positive territory, bonds yields were slightly lower, with the US 10-year down -2bp to 4.26%, while currency markets were quiet with the USD-index established above the

105.00 level. Following on from a couple of the local banks downgrading their FX forecasts, HSBC have also jumped on the bandwagon, revising their AUD and NZD lower and forecasting further weakness into 2024 before they stabilise in Q2 24. HSBC expect AUD/USD and NZD/USD to bottom out around the 0.6200 and 0.5500 levels sometime in H1 2024.

A poll of analysis on this week's ECB meeting highlighted a split, with 39 of 69 suggesting the ECB will leave its Deposit Rate unchanged at 3.75% while 30 suggested the ECB will hike it by 25bp to 4.00%.

Japanese Finance Minister, Suzuki, came out swinging on Friday, announcing, *"Rapid FX moves are undesirable. We won't rule out any options against the excessive FX moves. It is important that FX moves stably reflecting fundamentals."* Unsurprisingly, the powers that be downgraded Japan's Q2 GDP to 1.2% on the quarter and 4.8% on the year while wage growth fell 2.5% and household spending plummeted 5.0%.

If only I could do this .... Company filings showed Nvidia CEO, Jensen Huang, sold USD42m of his company's shares last week ... I guess I'll sell my three 'tech' shares this afternoon! Mind-you, it might be a touch premature after BNP has revised its S&P500 year-end forecast from 3,400 to 4,150 ... that is one-heck of a u-turn.



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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	69.70					CAD	0.8045	0.8698
NZD/USD	0.5903	0.0000	0.0001	0.0000	-0.0015	CHF	0.5261	0.5690
NZD/AUD	0.9210	-0.0010	-0.0029	-0.0060	-0.0116	CNY	4.3198	4.6803
NZD/JPY	86.92	-0.42	-1.26	-2.57	-5.06	DKK	4.1142	4.4522
NZD/EUR	0.5496	-0.0008	-0.0024	-0.0052	-0.0107	FJD	1.3221	1.4307
NZD/GBP	0.4734	0.0000	0.0000	-0.0002	-0.0004	HKD	4.6280	5.0082
						KRW	788.03	852.77
AU TWI	60.30					MYR	2.7591	2.9858
AUD/USD	0.6388	0.0007	0.0020	0.0041	0.0059	NOK	6.3038	6.8217
AUD/NZD	1.0835	0.0011	0.0032	0.0065	0.0099	SEK	6.5545	7.0930
AUD/JPY	94.23	-0.35	-1.07	-2.19	-4.38	SGD	0.8056	0.8718
AUD/EUR	0.5969	-0.0002	-0.0007	-0.0018	-0.0043	TWD	18.95	20.50
AUD/GBP	0.5123	0.0005	0.0015	0.0031	0.0060	ZAR	11.28	12.21
USD Index	105.06					<b>EQUITIES</b>		
EUR/USD	1.0699	0.0015	0.0046	0.0101	0.0177		<b>Index</b>	
USD/JPY	147.81	-0.71	-2.14	-4.36	-8.17	NZX50	11,344	
GBP/USD	1.2464	0.0001	0.0001	0.0005	-0.0026	ASX200	7,157	
EUR/GBP	0.8581	0.0011	0.0034	0.0076	0.0157	Dow Jones	34,577	
						S&P 500	4,457	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	7,478	
			<b>Mid</b>		<b>Mid</b>	DAX 30	15,740	
30 day bank bills			5.63%		4.10%	Nikkei	32,607	
90 day bank bills			5.69%		4.17%	<b>COMMODITIES</b>		
1 year swap			5.71%		4.23%		<b>USD</b>	
2 year swap			5.45%		4.15%	Brent Crude	90.65	
3 year swap			5.17%		4.03%	Gold	1,917.81	
5 year swap			4.87%		4.18%	Silver	22.91	
10 year swap			4.75%		4.43%	Iron Ore	116.90	
3 year Govt bond			5.23%		3.82%	CRB Index	319.64	
5 year Govt bond			5.05%		3.86%		<b>NZD</b>	
10 year Govt bond			5.02%		4.16%	NZ Carbon	73.00	

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