

Market Alert

Monday 02 October 2023

CURRENCIES	Spot	6mths
NZD/USD	0.5995	-0.0002
NZD/AUD	0.9315	-0.0060
NZD/JPY	89.53	-2.68
NZD/EUR	0.5662	-0.0051
NZD/GBP	0.4913	-0.0007
NZD/CNH	4.4066	0.0000
AUD/USD	0.6428	0.0039
AUD/EUR	0.6081	-0.0017
EUR/USD	1.0566	0.0093
USD/CNH	7.2955	-0.0771
GBP/USD	1.2197	0.0013
EUR/GBP	0.8665	0.0065

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.10%
90 day bills	5.78%	4.19%
2 year swap	5.71%	4.30%
10 year Govt	5.41%	4.57%

The drama of sport!

From punch-ups in the carpark, dodgy VAR decisions, broken Ranfurly shields, last minute comebacks, and the AB's best performance in years ... its been an outstanding weekend for sport. Needless to say, the lawns still need to be mowed!

Friday's pessimistic close despite the positive data!

Friday saw most of the international bourses close in mixed territory although US markets closed lower as the threat of a potential government shutdown weighed on sentiment, but that will likely change tonight after the shutdown was averted when a last minute compromise was reached on Saturday, although its only for 45-days! Once again, bond yields were underpinned with the

10-year US treasury closing the week at 3.58% although the USD fell against most currencies after the dollar index fell 0.5%. Oil prices also fell with brent crude falling 1.5% to USD93.50 a barrel.

Despite the pessimism, there were some positives to close out the week after PCE inflation, the Fed's preferred inflationary measure, saw the core rise at its slowest pace since late 2020 rising just 0.1% in August, while the overall PCE price index jumped 0.4%, reflecting a pickup in energy costs. On an annual basis core was at 3.9% while the headline reached 3.5%. Personal incomes also rose, 0.4% on the month while personal spending growth slowed to 0.4%. There was also some positive news from the University of Michigan sentiment index that was revised higher to 68.1 in September from a preliminary of 67.7 but retreated further from the July's near 2-year high of 71.6.

European central bank governors will start the week in a buoyant mood after Euro-zone inflation in September fell more than expected from 5.2 to 4.3%, although higher energy and wage costs will keep inflation higher for longer.

There was also some positive news out of China over the weekend if you're a 'glass half-full' kind of person after Chinese NBS manufacturing PMIs beat expectations to trade in expansionary territory at 50.2 in September although the Caixin index eased from 51.0 to 50.6. There were some similar contradictions in the Services sector after the NBS PMIs firmed to 51.7 from 51.0 while the Caixin service PMIs fell to a 6-month low

dropping to 50.2 from 51.8.

Larry Fink, CEO of Blackrock, expects 10-year US treasury yields to top 5.00% as shifts in geopolitics and supply chains make inflation more persistent, "my opinion is we're going to have 10-year rates at least at 5% or higher because of this embedded inflation. This structural inflation is unlike anything we've seen."

With the official arrival of El Niño this week, local vegetable growers are hoping a period of drier weather will help the growing season ... and hopefully lower food prices!

This week ...

... its gonna be busy! From the US we have the jobs report, several speeches by Fed officials, followed by the Jolts Jobs Openings, services and manufacturing PMIs, and factory orders. Market participants will also be keeping a close eye on unemployment data from Canada and the Euro Area, the Tankan survey from Japan, and factory orders for Germany. Finally, we have the big one ... interest rate decisions from the RBA on Tuesday, and the RBNZ on Wednesday along with the GDT auction.



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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	70.80					CAD	0.8136	0.8731
NZD/USD	0.5995	0.0000	0.0000	-0.0002	-0.0013	CHF	0.5485	0.5870
NZD/AUD	0.9315	-0.0011	-0.0031	-0.0060	-0.0118	CNY	4.3504	4.6856
NZD/JPY	89.53	-0.49	-1.39	-2.68	-5.29	DKK	4.2276	4.5329
NZD/EUR	0.5662	-0.0007	-0.0026	-0.0051	-0.0111	FJD	1.3493	1.4468
NZD/GBP	0.4913	-0.0001	-0.0004	-0.0007	-0.0019	HKD	4.6943	5.0334
						KRW	810.71	869.26
AU TWI	61.10					MYR	2.8138	3.0170
AUD/USD	0.6428	0.0007	0.0021	0.0039	0.0066	NOK	6.4034	6.8659
AUD/NZD	1.0717	0.0011	0.0034	0.0065	0.0123	SEK	6.5470	7.0199
AUD/JPY	96.08	-0.40	-1.16	-2.29	-4.54	SGD	0.8184	0.8776
AUD/EUR	0.6081	-0.0002	-0.0008	-0.0017	-0.0044	TWD	19.32	20.72
AUD/GBP	0.5268	0.0005	0.0013	0.0026	0.0046	ZAR	11.34	12.16
USD Index	106.17					EQUITIES		
EUR/USD	1.0566	0.0013	0.0048	0.0093	0.0182		Index	
USD/JPY	149.45	-0.81	-2.31	-4.44	-8.50	NZX50	11,296	
GBP/USD	1.2197	0.0002	0.0009	0.0013	0.0016	ASX200	7,049	
EUR/GBP	0.8665	0.0008	0.0033	0.0065	0.0136	Dow Jones	33,508	
						S&P 500	4,288	
INTEREST RATES			New Zealand		Australia	FTSE100	7,608	
			Mid		Mid	DAX 30	15,387	
30 day bank bills			5.65%		4.10%	Nikkei	31,858	
90 day bank bills			5.78%		4.19%	COMMODITIES		
1 year swap			5.93%		4.34%		USD	
2 year swap			5.71%		4.31%	Brent Crude	92.20	
3 year swap			5.46%		4.26%	Gold	1,848.31	
5 year swap			5.21%		4.46%	Silver	22.16	
10 year swap			5.17%		4.75%	Iron Ore	119.74	
3 year Govt bond			5.53%		4.12%	CRB Index	320.71	
5 year Govt bond			5.38%		4.20%		NZD	
10 year Govt bond			5.41%		4.57%	NZ Carbon	66.05	

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