

Market Alert

Friday 13 October 2023

CURRENCIES	Spot	6mths
NZD/USD	0.5935	0.0001
NZD/AUD	0.9395	-0.0063
NZD/JPY	88.87	-2.62
NZD/EUR	0.5633	-0.0049
NZD/GBP	0.4870	-0.0006
NZD/CNH	4.3373	-0.0475
AUD/USD	0.6316	0.0042
AUD/EUR	0.5995	-0.0012
EUR/USD	1.0534	0.0089
USD/CNH	7.3090	-0.0808
GBP/USD	1.2185	0.0015
EUR/GBP	0.8643	0.0062

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.10%
90 day bills	5.74%	4.19%
2 year swap	5.63%	4.22%
10 year Govt	5.46%	4.44%

Don't say I didn't warn you...

...but today is Friday the 13th! Hopefully it's not an ominous sign for Sunday morning and we don't end up singing Zombie!!!

And this morning certainly has a 'Friday the 13th' feel to it after NZD/USD and AUD/USD both came under strong selling pressure falling 1.5% to be equal worst performers on the day. US economic data added to the 'higher-for-longer' rhetoric after US CPI exceeded expectations to print at 3.6% on the year while, on the month, the CPI was up 0.4%, above forecasts at 0.3%. A slight positive was the core which printed in-line with expectations at 4.1%, which was the index's lowest print since September 2021. Initial claims also highlighted the strong US jobs markets printing at 209k for the week, which was below forecasts at 210k

and close to the 7-month low of 202k.

The US Treasury auctions didn't help either with the 10-year and 30-year auction both having long-tails which is when the average price of the accepted bids is significantly lower than the highest price, which means that the Treasury has to offer a higher yield to attract investors. The 30-year auction had a near 4bp tail, which adds significant premium for the term.

In other news, the ECB minutes highlighted the individual members were divided on the decision to raise or pause the tightening cycle as concerns were expressed that pausing would be perceived as a sign of the ECB's weakening resolve and lead to speculation that the tightening cycle was coming to an end, which, in turn, would increase the risk of a resurgence in inflation. As they say... it's all about the optic's! In Japan, September PPIs fell from 0.3% to -0.3% on the month, and from 3.2% on the year to 2.0%, while factory orders firmed from -1.1% to -0.5%, and from -13.00% to -7.7% on the year. The UK economy grew 0.2% in August to ease concerns about a Q3 contraction, and from Australia, the Melbourne survey of Australian inflationary expectations firmed to 4.8% in October from 4.6%. Unfortunately, food prices are still an issue in New Zealand after they rallied 8.0% on the year to September.

As someone said, the few remaining signs that the US economy is headed for a recession are vanishing, which was reflected in the price action. The

stronger US data saw the USD-index cement itself back above the 106.25 level as bond yields resumed their grind higher with the US 2 and 10-year firming 5bp and 11bp to yield 5.06% and 4.71% respectfully. US equity markets also came under selling pressure, with the 3-main boards -0.50% to -0.75% lower, although the European exchanges were mixed, as were commodity prices.

From the 'rent-a-quote' corner

ECB and Slovenian Governor, Bostjan Vasle, announced the central bank should weigh all available options when discussing how to shrink its balance sheet more quickly – even after the latest bond-market rout in Italy while BoE Chief Economist, Huw Pill, said rate decisions are becoming "finely balanced" and officials may have already done enough.

Just to make you all feel a little jealous this morning...

...someone won the Californian Powerball jackpot yesterday winning USD1.76bn. Money can't buy you happiness, but it does bring you a more pleasant form of misery!

Finally, RIP 'Pippa' Doyle, Auckland resident and the sole surviving female SOE spy from WWII. It was a life well lived!



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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	71.30					CAD	0.8121 0.8644
NZD/USD	0.5935	0.0000	0.0001	0.0001	-0.0010	CHF	0.5389 0.5735
NZD/AUD	0.9395	-0.0011	-0.0032	-0.0063	-0.0120	CNY	4.3403 4.6248
NZD/JPY	88.87	-0.43	-1.33	-2.62	-5.18	DKK	4.2008 4.4705
NZD/EUR	0.5633	-0.0007	-0.0024	-0.0049	-0.0106	FJD	1.3346 1.4203
NZD/GBP	0.4870	-0.0001	-0.0003	-0.0006	-0.0018	HKD	4.6434 4.9415
						KRW	800.61 852.01
AU TWI	60.60					MYR	2.7954 2.9748
AUD/USD	0.6316	0.0007	0.0023	0.0042	0.0069	NOK	6.5137 6.9318
AUD/NZD	1.0641	0.0011	0.0035	0.0067	0.0126	SEK	6.5213 6.9399
AUD/JPY	94.58	-0.36	-1.09	-2.19	-4.40	SGD	0.8129 0.8651
AUD/EUR	0.5995	-0.0001	-0.0005	-0.0012	-0.0038	TWD	19.12 20.35
AUD/GBP	0.5182	0.0005	0.0015	0.0028	0.0047	ZAR	11.29 12.01
USD Index	106.56					EQUITIES	
EUR/USD	1.0534	0.0013	0.0046	0.0089	0.0180		Index
USD/JPY	149.72	-0.74	-2.27	-4.43	-8.51	NZX50	11,293
GBP/USD	1.2185	0.0002	0.0009	0.0015	0.0015	ASX200	7,091
EUR/GBP	0.8643	0.0009	0.0031	0.0062	0.0131	Dow Jones	33,534
						S&P 500	4,329
INTEREST RATES			New Zealand		Australia	FTSE100	7,645
			Mid		Mid	DAX 30	15,425
30 day bank bills			5.65%		4.11%	Nikkei	32,495
90 day bank bills			5.74%		4.19%	COMMODITIES	
1 year swap			5.84%		4.27%		USD
2 year swap			5.63%		4.24%	Brent Crude	85.69
3 year swap			5.40%		4.18%	Gold	1,869.89
5 year swap			5.19%		4.41%	Silver	21.81
10 year swap			5.16%		4.78%	Iron Ore	118.31
3 year Govt bond			5.46%		3.96%	CRB Index	313.21
5 year Govt bond			5.38%		4.05%		NZD
10 year Govt bond			5.46%		4.44%	NZ Carbon	67.90

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