

# Market Alert

Wednesday 24 January 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6074	-0.0004
NZD/AUD	0.9252	-0.0048
NZD/JPY	90.23	-2.51
NZD/EUR	0.5607	-0.0045
NZD/GBP	0.4794	-0.0005
NZD/CNH	4.3785	-0.0545
AUD/USD	0.6565	0.0030
AUD/EUR	0.6058	-0.0018
EUR/USD	1.0833	0.0076
USD/CNH	7.1709	-0.0855
GBP/USD	1.2665	0.0006
EUR/GBP	0.8552	0.0056

  

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.68%	4.40%
2 year swap	4.75%	4.07%
10 year Govt	4.71%	4.28%

## As expected ...

... the BoJ held their policy settings with the short-term rate at -0.1% and maintaining their yield curve control parameters. The central bank also cut its inflation forecast for the fiscal year from April from 2.8% to 2.4% in their quarterly outlook report, although they did increase their GDP forecasts for the same period from 1.0% to 1.2%. Post the meeting, BoJ Governor Kazuo Ueda announced, "We can't quantify how much closer we are to exiting negative rates (although) we can confirm that the economy is progressing in line with our forecasts."

But it's a different situation in China after a Singaporean hedge fund, Asia Genesis Asset Management, announced it is closing its macro fund after it suffered a -18.8% loss in January with

the fund returning money to investors after losses on long Hong Kong and China equities positions as well as short Nikkei bets. And just to show the head trader has completely lost his timing, it was announced moments later that the Chinese authorities are considering a package of measures to help stabilise the slumping stock market with a USD278bn injection of 'fiscal stimulus and special bond stimulus to support Chinese equities funded from the offshore accounts of Chinese state-owned enterprises. This saw the Hang Seng index rally 2.6%, while it also provided support to AUD/USD and NZD/USD.

Beyond the Hang Seng, equity markets were mixed with the S&P and Nasdaq closing in positive territory, although the Dow, and most European bourses closed slightly lower given the 'mixed' reporting season. To add to the modest negativity, bond yields firmed with the 2 and 10-years 2bps and 5bps higher at 4.40% and 4.15% respectfully, while the USD-index continued its recent trend of cementing in modest gains as it firmed towards the 103.6 level. The NZD and AUD recovered from yesterday's lows while the JPY was weaker across the board following the BoJ meeting. Commodities were mixed with energy products giving up some of yesterday's gains while metals firmed.

Last night's data releases were 2nd tier with Eurozone consumer confidence dropping from -14.3 to -16.1, the US Richmond Fed composite index easing from -11 to -15, while the Shanghai

containerised freight index surged to 2,239 points, its highest level since September 2022, as some 2,300 ships have diverted their routes away from the Red Sea and potential Houthi attacks.

## Everyone's gossiping!

Fed Richmond President, Tom Barkin, suggested a March rate cut isn't out of the picture stating "I don't have any particular objection to normalizing rates when it's the right time. You make the call when you get to the meeting."

Goldman Sachs Chief Economist, Jan Hatzius, has an upbeat outlook believing, "The Fed is on its way to achieving a soft landing. I'm not expecting a 'big hit' that would cause recession."

Australia's sovereign wealth fund Chair, Peter Costello, warned, "Although inflation has fallen from its peak, it is still well outside the target range of 2.0%-3.0% Whilst markets rebounded on an expectation that rates could be lower this year, there is still a way to go." Meanwhile, Australian weekly consumer confidence flatlined at 84.4 while November business confidence rose from -8 to -1.

Netflix announced a move to live streaming, agreeing to pay USD5bn to secure the exclusive rights to Raw and other WWE events. Really?

Finally, ahead of today's New Hampshire result, Donald Trump called on voters to unify behind his candidacy and reject Nikki Haley, while Ms Haley announced the US can't "survive" four more years of chaos.



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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	71.10					CAD	0.8186	0.8849
NZD/USD	0.6076	0.0000	0.0000	-0.0004	-0.0015	CHF	0.5292	0.5721
NZD/AUD	0.9254	-0.0009	-0.0026	-0.0048	-0.0079	CNY	4.3564	4.7078
NZD/JPY	90.25	-0.45	-1.28	-2.51	-4.81	DKK	4.1797	4.5177
NZD/EUR	0.5608	-0.0007	-0.0021	-0.0045	-0.0101	FJD	1.3597	1.4697
NZD/GBP	0.4797	-0.0001	-0.0003	-0.0005	-0.0016	HKD	4.7511	5.1352
						KRW	813.79	879.57
AU TWI	61.60					MYR	2.8694	3.1013
AUD/USD	0.6565	0.0006	0.0018	0.0030	0.0037	NOK	6.3981	6.9153
AUD/NZD	1.0805	0.0010	0.0029	0.0053	0.0083	SEK	6.3799	6.8956
AUD/JPY	97.51	-0.39	-1.12	-2.21	-4.42	SGD	0.8147	0.8806
AUD/EUR	0.6058	-0.0002	-0.0007	-0.0018	-0.0059	TWD	19.09	20.64
AUD/GBP	0.5182	0.0004	0.0012	0.0020	0.0026	ZAR	11.57	12.50
USD Index	103.69					<b>EQUITIES</b>		
EUR/USD	1.0833	0.0014	0.0039	0.0076	0.0168		<b>Index</b>	
USD/JPY	148.52	-0.73	-2.08	-4.03	-7.54	NZX50	11,803	
GBP/USD	1.2665	0.0002	0.0006	0.0006	0.0001	ASX200	7,515	
EUR/GBP	0.8552	0.0009	0.0026	0.0056	0.0128	Dow Jones	37,890	
						S&P 500	4,852	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	7,486	
			<b>Mid</b>		<b>Mid</b>	DAX 30	16,627	
30 day bank bills			5.58%		4.36%	Nikkei	36,518	
90 day bank bills			5.65%		4.40%	<b>COMMODITIES</b>		
1 year swap			5.32%		4.25%		<b>USD</b>	
2 year swap			4.77%		4.08%	Brent Crude	79.24	
3 year swap			4.48%		4.01%	Gold	2,025.29	
5 year swap			4.31%		4.20%	Silver	22.35	
10 year swap			4.45%		4.51%	Iron Ore	135.42	
3 year Govt bond			4.53%		3.84%	CRB Index	306.05	
5 year Govt bond			4.43%		3.91%		<b>NZD</b>	
10 year Govt bond			4.71%		4.29%	NZ Carbon	69.00	

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