

# Market Alert

Friday 09 February 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6090	-0.0006
NZD/AUD	0.9388	-0.0055
NZD/JPY	90.96	-2.55
NZD/EUR	0.5652	-0.0048
NZD/GBP	0.4826	-0.0009
NZD/CNH	4.3957	-0.0570
AUD/USD	0.6487	0.0031
AUD/EUR	0.6019	-0.0017
EUR/USD	1.0776	0.0081
USD/CNH	7.2165	-0.0860
GBP/USD	1.2614	0.0006
EUR/GBP	0.8540	0.0057

  

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.74%	4.39%
2 year swap	5.00%	3.97%
10 year Govt	4.81%	4.19%

## This weekend it's all about one thing, the Super Bowl!

330k people are due in Las Vegas for the event, but with half time adverts costing USD7m for 30 seconds, I think I'll just watch it on the box!

And speaking of the US, last night jobless claims continued the 2024 theme of a strong labour market after initial claims fell by -9k to 218k, which was below estimates at 220k, while continuing claims eased by -23k to 1,871k!

Following on from Tuesdays record 10-year treasury auction, last night saw a new record set in the 30-years with a total of USD25bn issued. Prior to the auction the 30-year yield had rallied 7bps although strong buying demand at the auction saw the yield ease back to

be 5bps lower at 4.36% with the rest of the curve also moving lower by around 2.5bps in sympathy. The 2 and 10-year yields are currently 3 and 4bps higher at 4.45% and 4.15%.

Commodity prices are also higher after oil prices rose for the 4th consecutive session, WTI crude futures breached the USD75 per barrel level on renewed Middle Eastern tensions after Israeli Prime Minister Benjamin Netanyahu rejected a ceasefire offer from Hamas. US equity markets were flat near Thursdays record high while European exchanges posted gains in the 0.0%-0.50% range.

The USD-index continues to consolidate above the 104.00 level, which saw the NZD/USD and AUD/USD ease back below the 0.6100 and 0.6500 levels.

## Chinese stagnation!

Yesterday's Chinese releases highlighted the precarious state of the Chinese recovery, although I did notice that one of the major global banks immediately called it the "bottom of the current cycle" ... yeah, I know, we've heard that one before! Bottom line, the Chinese economy took a massive kicking after January inflation plummeted to -0.8% on the year, which was below forecasts at -0.5% and lowest CPI print since September 2009! And if that wasn't bad enough, PPIs fell for the 16th consecutive month also dropping -2.5% in January, although it was slightly better than December's -2.7% fall!

While the local swaps market is continuing to price the possibility of a BoJ rate hike in April, Deputy Governor, Shinichi Uchida, doesn't expect the central bank to raise borrowing costs continuously and rapidly once they end negative rates. Meanwhile, Japanese investors bought record amounts of foreign equities in January following the implementation of a new tax-exempt retirement savings plan, which is contributing to the weak JPY.

US companies are also finding it tough going with McKinsey advising 3,000 employees that they need to improve their performance, while Blackrock will lay-off 600 staff.

We also had a fair bit of central bank rhetoric with Boston Fed President, Susan Collins, reiterating, "My baseline for rate cuts this year is 'similar' to the 75bps in the dot-plots," colleague Thomas Barkin then added, "It's hard to know what to do with rates based on our economic models. We would like to see a broadening in forces lowering inflation and would like to see rents, service prices cool more. If inflation were to go back to 2.0% amid strong demand, it would signal higher neutral rate." Finally, ECB Board Member, Robert Holzmann, suggested it is too early to talk about lowering borrowing costs as, "There is a certain chance that the ECB will not cut rates this year. We must be sure inflation is in check before our first cut (while the high wage deals will show up in inflation eventually.)"



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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	71.60					CAD	0.8197	0.8734
NZD/USD	0.6093	0.0000	-0.0001	-0.0006	-0.0023	CHF	0.5322	0.5672
NZD/AUD	0.9390	-0.0009	-0.0027	-0.0055	-0.0100	CNY	4.3803	4.6657
NZD/JPY	90.98	-0.41	-1.28	-2.55	-4.92	DKK	4.2128	4.4874
NZD/EUR	0.5654	-0.0007	-0.0022	-0.0048	-0.0111	FJD	1.3497	1.4377
NZD/GBP	0.4829	-0.0001	-0.0003	-0.0009	-0.0022	HKD	4.7631	5.0736
						KRW	810.58	863.42
AU TWI	61.00					MYR	2.9025	3.0917
AUD/USD	0.6487	0.0006	0.0018	0.0031	0.0043	NOK	6.4620	6.8832
AUD/NZD	1.0649	0.0008	0.0030	0.0057	0.0103	SEK	6.3781	6.7938
AUD/JPY	96.88	-0.35	-1.09	-2.18	-4.28	SGD	0.8201	0.8736
AUD/EUR	0.6019	-0.0002	-0.0006	-0.0017	-0.0055	TWD	19.11	20.35
AUD/GBP	0.5141	0.0004	0.0011	0.0020	0.0031	ZAR	11.55	12.30
USD Index	104.13					<b>EQUITIES</b>		
EUR/USD	1.0776	0.0012	0.0040	0.0081	0.0170		<b>Index</b>	
USD/JPY	149.32	-0.67	-2.08	-4.05	-7.54	NZX50	11,872	
GBP/USD	1.2614	0.0002	0.0006	0.0006	0.0001	ASX200	7,639	
EUR/GBP	0.8540	0.0008	0.0027	0.0057	0.0127	Dow Jones	38,660	
						S&P 500	4,995	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	7,595	
			<b>Mid</b>		<b>Mid</b>	DAX 30	16,964	
30 day bank bills			5.61%		4.36%	Nikkei	36,863	
90 day bank bills			5.70%		4.39%	<b>COMMODITIES</b>		
1 year swap			5.52%		4.21%		<b>USD</b>	
2 year swap			5.02%		3.99%	Brent Crude	81.42	
3 year swap			4.71%		3.89%	Gold	2,031.50	
5 year swap			4.48%		4.09%	Silver	22.56	
10 year swap			4.55%		4.40%	Iron Ore	127.03	
3 year Govt bond			4.79%		3.70%	CRB Index	310.67	
5 year Govt bond			4.65%		3.78%		<b>NZD</b>	
10 year Govt bond			4.81%		4.19%	NZ Carbon	72.45	

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