

Market Alert

Tuesday 13 February 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6134	-0.0010
NZD/AUD	0.9383	-0.0059
NZD/JPY	91.59	-2.63
NZD/EUR	0.5690	-0.0052
NZD/GBP	0.4853	-0.0011
NZD/CNH	4.4370	-0.0626
AUD/USD	0.6538	0.0031
AUD/EUR	0.6063	-0.0018
EUR/USD	1.0783	0.0082
USD/CNH	7.2143	-0.0900
GBP/USD	1.2636	0.0007
EUR/GBP	0.8530	0.0059

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.82%	4.40%
2 year swap	5.23%	4.03%
10 year Govt	4.94%	4.25%

Finally ...

... we can put that Super Bowl stuff to bed for another year with no more shots of Taylor Swift and that big bloke ... and I'm still trying to figure out how a 60 minute game can take 5-hours! Quick Super Bowl fact, the Surf and Turf Nachos basket in the stadium cost a staggering USD58.58 ... although it was served with lobster and fillet mignon! To be fair, when the cheapest ticket in the ground costs USD10k, USD59 dollars is a small price to pay for a snack!

There wasn't much to report overnight ...

... apart from the release of the New York Feds consumer expectations survey which highlighted an improvement in household expectations of their financial

conditions and credit availability. Inflation expectations remained unchanged at the short-term with the 1-year flat at 3.0% while expectations declined slightly at the medium-term horizon. We also had a couple of Fed speakers with Michelle 'Miki' Bowman announcing, "It's too soon to project when/how much Fed will cut rates. I don't see cuts as appropriate in the immediate future. Many risks remain in the fight against inflation," while colleague Tom Barkin added, "We are closing in on our inflation target, but we're not yet there."

From the other side of the pond, we had ECB Governor, Pierre Wunsch, state, "The risks are not big either way, whether we wait for more data or not. Costs of waiting are low because the market is already pricing in cuts. The risks on the inflation front are by now quite limited." BoE Governor, Andrew Bailey, then had a pop at the banks stating, "The UK banks have come through the turbulence of the last 4-years in sound health. One remaining puzzle is the market valuation of the large UK banks" ... you have been warned!

Yesterday RBNZ Governor, Adrian Orr, appeared before a parliamentary committee where he announced, "Inflation remains too high, that's why we've kept the cash rate at 5.50%. It is concerning that the population is growing so rapidly at a time when residential construction is slowing," while Deputy Governor, Christian Hawkesby, added, "New Zealand's financial system remains strong. Prices have stabilized in house markets over the last six months. System can cope with high interest rates."

Currency markets were mixed overnight ...

... with the USD-index continuing to consolidate at the 104.00 level although the antipodean currencies struggled to figure out if they were 'Arthur or Martha' as the AUD posted small gains while the NZD sold-off ... which saw NZD/AUD dip back down below the 0.9400 level to be at 0.9385. Interestingly, the local OIS pricing has a 66% chance of an RBNZ hike by May. To continue the 'mixed' narrative, bond yields eased with the US 2 and 10-year yields both -3bps lower at 4.45% and 4.15%. Equity markets continued their positive start to the year posting modest gains, as did commodity prices after WTI crude prices held around the USD77.00 level following last week's 6.3% gain.



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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	72.10					CAD	0.8242	0.8785
NZD/USD	0.6136	-0.0001	-0.0002	-0.0010	-0.0034	CHF	0.5368	0.5723
NZD/AUD	0.9385	-0.0009	-0.0028	-0.0059	-0.0125	CNY	4.4042	4.6905
NZD/JPY	91.60	-0.41	-1.30	-2.63	-5.13	DKK	4.2402	4.5195
NZD/EUR	0.5691	-0.0007	-0.0023	-0.0052	-0.0125	FJD	1.3547	1.4439
NZD/GBP	0.4856	-0.0001	-0.0004	-0.0011	-0.0032	HKD	4.7967	5.1127
						KRW	814.98	868.65
AU TWI	61.00					MYR	2.9198	3.1121
AUD/USD	0.6538	0.0006	0.0018	0.0031	0.0042	NOK	6.4348	6.8586
AUD/NZD	1.0653	0.0008	0.0031	0.0063	0.0118	SEK	6.3781	6.7981
AUD/JPY	97.59	-0.35	-1.09	-2.21	-4.36	SGD	0.8243	0.8786
AUD/EUR	0.6063	-0.0002	-0.0007	-0.0018	-0.0059	TWD	19.23	20.49
AUD/GBP	0.5172	0.0004	0.0011	0.0021	0.0029	ZAR	11.61	12.37
USD Index	104.06					EQUITIES		
EUR/USD	1.0783	0.0012	0.0038	0.0082	0.0172		Index	
USD/JPY	149.26	-0.67	-2.07	-4.08	-7.55	NZX50	11,758	
GBP/USD	1.2636	0.0002	0.0006	0.0007	0.0002	ASX200	7,615	
EUR/GBP	0.8530	0.0008	0.0026	0.0059	0.0130	Dow Jones	38,868	
						S&P 500	5,037	
INTEREST RATES			New Zealand		Australia	FTSE100	7,574	
			Mid		Mid	DAX 30	17,037	
30 day bank bills			5.66%		4.35%	Nikkei	36,897	
90 day bank bills			5.78%		4.40%	COMMODITIES		
1 year swap			5.70%		4.24%		USD	
2 year swap			5.25%		4.04%	Brent Crude	81.90	
3 year swap			4.92%		3.96%	Gold	2,020.79	
5 year swap			4.69%		4.15%	Silver	22.72	
10 year swap			4.70%		4.43%	Iron Ore	128.75	
3 year Govt bond			4.98%		3.79%	CRB Index	315.35	
5 year Govt bond			4.82%		3.87%		NZD	
10 year Govt bond			4.94%		4.24%	NZ Carbon	72.15	

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