

Market Alert

Monday 19 February 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6123	-0.0005
NZD/AUD	0.9373	-0.0059
NZD/JPY	92.20	-2.61
NZD/EUR	0.5685	-0.0050
NZD/GBP	0.4859	-0.0009
NZD/CNH	4.4195	-0.0596
AUD/USD	0.6534	0.0033
AUD/EUR	0.6053	-0.0019
EUR/USD	1.0774	0.0083
USD/CNH	7.2115	-0.0907
GBP/USD	1.2598	0.0010
EUR/GBP	0.8552	0.0056

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.74%	4.39%
2 year swap	5.14%	4.05%
10 year Govt	4.91%	4.29%

You can run the country, but not a company!

Well, not in New York anyway Mr. Trump! This follows a judgement in the New York court that has banned Donald Trump from serving as an officer or company director of any New York corporation for 3-years, as well as fining him, and his two eldest sons, USD355m after finding them guilty of overstating 'The Donalds' net worth by as much as USD3.6bn a year over a decade to fool bankers into giving him better loan terms thereby committing financial fraud. But don't worry, Mr. Trump has already counteracted this by launching his own footwear brand called the 'Never Surrender High-Tops' which come in gold and will retail at USD399.00 ... it's just that his footwear company won't be registered in the Big Apple!

In terms of real news ...

Following last week's Lunar New Year break, the People's Bank of China maintained its medium-term lending facility, the rate at which the Chinese central bank provides CNY500bn worth of one-year policy loans to financial institutions, at 2.50%, predominately to continue its support for the yuan.

In the US, producer prices surged 0.3% in January, which was the index's biggest spike since August and above forecasts at 0.1%, while the core surged 0.5% against expectations of a 0.1% increase. And just to ensure no one is getting too optimistic that the battle on inflation is completely won, the 1 and 5-year inflation expectation survey from the University of Michigan report both firmed 0.1% against expectations. Meanwhile, the headline consumer sentiment index from the survey saw modest up-ticks in confidence, increasing to 79.6 from January's 79, which was its highest level since July 2021 but slightly below market forecasts at 80. Finally, US housing starts reported their largest fall since April 2020, slumping 14.8% on the month to an annualised rate of 1.3m.

The higher than expected inflation implications of the US PPI and University of Michigan reports saw treasury yields firm, with the 2 and 10-years up 8bps and 4bps respectively (to close the week at 4.64% and 4.28%), while the dollar index continues to trade around the 104.30 level. Interestingly, the NZD and AUD

also recorded modest gains in what was a quiet session for FX markets. US equity markets closed the Friday session lower, although the European markets closed higher, as did commodity markets. It is a US holiday today.

The week ahead

Next week, investors' attention will turn to the release of the FOMC minutes, with traders looking for any potential clues as to when the FOMC will look to start their cutting cycle, while we also have the release of the flash S&P PMIs. We also have the latest flash PMI updates from the Eurozone, Germany, France, UK, and Japan, the Ifo Business report from Germany, and an update on Canadian inflation. In China, investors will be optimistically awaiting the reopening of financial and commodity markets after the week-long Lunar New Year break, while we also have the release of the minutes from the RBAs February meeting which should provide some insights into what requirements policymakers will be wanting ahead of any cutting cycle. We also have Australian flash PMIs releases for February. In New Zealand we have the release of retail sales, the trade balance, and 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	71.60					CAD	0.8257	0.8807
NZD/USD	0.6125	0.0000	-0.0001	-0.0005	-0.0024	CHF	0.5391	0.5746
NZD/AUD	0.9370	-0.0009	-0.0028	-0.0059	-0.0112	CNY	4.3783	4.6718
NZD/JPY	91.99	-0.43	-1.30	-2.61	-5.09	DKK	4.2353	4.5127
NZD/EUR	0.5683	-0.0007	-0.0023	-0.0050	-0.0117	FJD	1.3534	1.4421
NZD/GBP	0.4861	-0.0001	-0.0004	-0.0009	-0.0025	HKD	4.7894	5.1031
						KRW	815.15	868.53
AU TWI	61.10					MYR	2.9256	3.1172
AUD/USD	0.6524	0.0006	0.0017	0.0033	0.0051	NOK	6.4047	6.8241
AUD/NZD	1.0653	0.0009	0.0029	0.0060	0.0109	SEK	6.3910	6.8096
AUD/JPY	98.09	-0.37	-1.11	-2.23	-4.44	SGD	0.8240	0.8780
AUD/EUR	0.6053	-0.0002	-0.0007	-0.0019	-0.0059	TWD	19.19	20.44
AUD/GBP	0.5177	0.0004	0.0011	0.0020	0.0029	ZAR	11.56	12.31
USD Index	104.28					EQUITIES		
EUR/USD	1.0774	0.0012	0.0040	0.0083	0.0179		Index	
USD/JPY	150.21	-0.70	-2.08	-4.10	-7.78	NZX50	11,724	
GBP/USD	1.2598	0.0002	0.0005	0.0010	0.0014	ASX200	7,658	
EUR/GBP	0.8552	0.0007	0.0026	0.0056	0.0129	Dow Jones	38,628	
						S&P 500	5,005	
INTEREST RATES			New Zealand		Australia	FTSE100	7,712	
			Mid		Mid	DAX 30	17,117	
30 day bank bills			5.63%		4.35%	Nikkei	38,487	
90 day bank bills			5.71%		4.39%	COMMODITIES		
1 year swap			5.66%		4.22%		USD	
2 year swap			5.15%		4.07%	Brent Crude	83.47	
3 year swap			4.85%		3.98%	Gold	2,013.10	
5 year swap			4.64%		4.20%	Silver	23.40	
10 year swap			4.67%		4.47%	Iron Ore	129.29	
3 year Govt bond			4.89%		3.80%	CRB Index	313.66	
5 year Govt bond			4.74%		3.89%		NZD	
10 year Govt bond			4.91%		4.26%	NZ Carbon	69.25	

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