

Market Alert

Friday 23 February 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6197	-0.0006
NZD/AUD	0.9454	-0.0060
NZD/JPY	93.28	-2.63
NZD/EUR	0.5725	-0.0050
NZD/GBP	0.4892	-0.0010
NZD/CNH	4.4625	-0.0633
AUD/USD	0.6553	0.0033
AUD/EUR	0.6054	-0.0016
EUR/USD	1.0821	0.0081
USD/CNH	7.2017	-0.0940
GBP/USD	1.2660	0.0011
EUR/GBP	0.8545	0.0058

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.75%	4.39%
2 year swap	5.21%	4.03%
10 year Govt	4.89%	4.25%

Nvidia pushes S&P to another high

Existing-home sales in the US rose 3.1% month-over-month to a seasonally adjusted annualised rate of 4 million units in January 2024, the highest level in five months, compared to 3.88 million in December and market forecasts of 3.97 million. This trend could be set to change however, as the average rate on an US 30-year fixed mortgage hit a 2-month high of 6.9% yesterday. This is consistent with the rise of treasury yields in recent times as resilient economic data and several remarks from FOMC members suggest a slower cutting cycle than markets had been pricing in.

Also stateside: The composite PMI

declined to 51.4 this month, down from 52 in the previous month, although it's worth noting this is a preliminary estimate and is subject to change. The number of people claiming unemployment benefits in the US sank by 12,000 to sit at 201,000 on the week ending February 17th, well below the market expectations of 218,000. Amidst all this, the S&P 500 hit an all time high, thanks to the 'Nvidia effect'.

Over the other side of the Pacific, Japan's Jibun Bank Manufacturing PMI unexpectedly fell to 47.2 this month from 48.0 in the previous. It is the 9th straight month of deterioration in factory activity and the biggest contraction in three and a half years. The services PMI also fell, from 52.5 to 53.1, although the previous monthly reading was at a four month high. Growing signs that the Japanese economy is losing momentum continue to undermine the currency, the USD/JPY again approaching multi-decade highs above the important 150 level. The NZD/JPY is closing in on 93.30, a ten year high.

Eurozone inflation dissipates

The Eurozone posted some positive news last night in their battle with inflation, with all measures of inflation ticking down. Core CPI decreased to be at -0.9% in the month of January, and 3.3% over the January year. Headline inflation followed a similar story to be

at -0.4% on the month and 2.8% on the year. This result was largely in line with what markets had expected, so there was no real reaction in the FX market, and expectations of interest rates reflect ECB cuts from June this year.

Germany will be hoping this will translate into some interest rate relief after their economic downturn deepened in February. The HCOB composite PMI dropped to 46.1 this month, down from 47.0 in January. This has been the fastest rate of contraction since October and is largely attributed to an accelerating decline in manufacturing output.

New Zealand trade balance data was released yesterday, even though the year-on-year deficit improved from NZD13.6 billion to NZD12.5 billion, the monthly data showed a slightly worse picture. Exports fell by almost NZD1 billion to NZD4.9 billion while imports decreased by NZD300 million to NZD5.9 billion, this caused our trade deficit to fall from NZD368 million in December to NZD976 million in January.



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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	72.60					CAD	0.8356	0.8839
NZD/USD	0.6198	0.0000	-0.0001	-0.0006	-0.0025	CHF	0.5457	0.5774
NZD/AUD	0.9456	-0.0009	-0.0028	-0.0060	-0.0115	CNY	4.4500	4.7117
NZD/JPY	93.29	-0.42	-1.32	-2.63	-5.18	DKK	4.2666	4.5132
NZD/EUR	0.5726	-0.0007	-0.0023	-0.0050	-0.0120	FJD	1.3639	1.4428
NZD/GBP	0.4895	-0.0001	-0.0004	-0.0010	-0.0030	HKD	4.8460	5.1261
						KRW	822.49	870.02
AU TWI	61.40					MYR	2.9569	3.1277
AUD/USD	0.6553	0.0006	0.0018	0.0033	0.0051	NOK	6.5091	6.8853
AUD/NZD	1.0573	0.0009	0.0030	0.0063	0.0116	SEK	6.3965	6.7662
AUD/JPY	98.64	-0.36	-1.11	-2.21	-4.34	SGD	0.8317	0.8798
AUD/EUR	0.6054	-0.0002	-0.0006	-0.0016	-0.0051	TWD	19.52	20.65
AUD/GBP	0.5175	0.0004	0.0011	0.0021	0.0033	ZAR	11.87	12.56
USD Index	103.95					EQUITIES		
EUR/USD	1.0821	0.0012	0.0041	0.0081	0.0179		Index	
USD/JPY	150.53	-0.67	-2.11	-4.10	-7.81	NZX50	11,690	
GBP/USD	1.2660	0.0002	0.0006	0.0011	0.0016	ASX200	7,611	
EUR/GBP	0.8545	0.0008	0.0027	0.0058	0.0122	Dow Jones	39,084	
						S&P 500	5,082	
INTEREST RATES			New Zealand		Australia	FTSE100	7,684	
			Mid		Mid	DAX 30	17,370	
30 day bank bills			5.65%		4.35%	Nikkei	39,099	
90 day bank bills			5.71%		4.39%	COMMODITIES		
1 year swap			5.70%		4.21%		USD	
2 year swap			5.23%		4.05%	Brent Crude	83.76	
3 year swap			4.92%		3.97%	Gold	2,022.73	
5 year swap			4.68%		4.17%	Silver	22.77	
10 year swap			4.70%		4.43%	Iron Ore	127.30	
3 year Govt bond			4.91%		3.79%	CRB Index	315.52	
5 year Govt bond			4.75%		3.88%		NZD	
10 year Govt bond			4.89%		4.27%	NZ Carbon	67.00	

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