

Market Alert

Monday 18 March 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6085	-0.0002
NZD/AUD	0.9270	-0.0050
NZD/JPY	90.65	-2.53
NZD/EUR	0.5587	-0.0047
NZD/GBP	0.4775	-0.0007
NZD/CNH	4.3805	-0.0596
AUD/USD	0.6557	0.0032
AUD/EUR	0.6021	-0.0018
EUR/USD	1.0887	0.0085
USD/CNH	7.2028	-0.0955
GBP/USD	1.2739	0.0013
EUR/GBP	0.8545	0.0054

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.68%	4.39%
2 year swap	4.95%	4.03%
10 year Govt	4.74%	4.22%

Sport ...

... you couldn't make it up! The Warrior's, the Phoenix, the Crusader's, heck, even Manchester United won, and that doesn't happen very often these days! Hopefully everyone managed to enjoy a pint of black gold while they watched the sport and enjoyed St Patricks day.

Under Pressure.

But for all the trials and tribulation of sport, just like Queen and David Bowie, the US consumer is starting to feel under pressure per the University of Michigan consumer sentiment survey, which saw confidence edged down to 76.5 in March, which was the index's lowest print in 3-months and below expectations at 76.9. Unfortunately, it didn't filter through to their inflation expectations,

which remain steady for both the 1 and 5-years at 3.0% and 2.9%. On a positive note, after 2-months of declines, US industrial production increased by 0.1% in February, following the downwardly revised -0.5% fall in January.

We also had a chunk of Chinese data ... Chinese banks extended CNY1.45trn in new yuan loans in February, which was down on January's record CNY4.92trn, and below expectations at CNY1.50trn. And it's no surprise really after new house prices fell -0.3% in February, and -1.4% on the year, while the PBoC held the 1-year medium-term lending facility (MLF) rate at 2.50%. Ultimately, the PBoC remains on a dovish tilt, with pressure on the CNY limiting the Chinese central bank's ability to ease their monetary policy settings.

Here's something you don't see every day ... a 'gaggle' of economists in agreement! A Reuters poll of 40 economists are in 100% agreement, forecasting no change at tomorrow's RBA meeting. Of the 4 majors, 2 of them have the RBA cutting in September, with the other 2 in November. On our side of the ditch, New Zealand manufacturing PMIs improved from 47.3 to 49.3 in February, and while this is good, they are still in contractionary territory.

Maybe everyone took notice of Friday's commentary, because the week ended on a damp footing as speculation built that the potential US rate cutting cycle might be delayed. This saw selling across equity markets, while bond yields firmed with the US 2 and 5-years firming 4bps and 1bps higher to close the week at 4.73%

and 4.31% respectively. The USD firmed, with the NZD/USD falling below the 0.6100 level while the AUD/USD tested support at 0.6550. Commodities were also in retreat, driven by lower oil prices.

It's a big week ahead ...

Will the Fed cut this week? No, but all eyes will be on their dot-plots, and where the market continues to price in 3-cuts for the balance of the year. Will the BoJ hike ... I suspect not, but there are some who think they will. We also have the BoE, RBA meetings, as well as central bank meetings from Turkey, Switzerland, and Norway.

Apart from the central banks, we have US manufacturing and services PMIs, building permits, housing starts, and home sales. We also have inflation updates from Canada, the UK, and Japan, manufacturing and services PMIs from Australia, Japan, the UK, and the Euro Area, while China will be providing updates on industrial production, retail sales, unemployment rate, fixed asset investment, and loan prime rates. Finally, Australia will be updating their PMIs and labour data, while we'll also have NZ Q4 GDP, the GDT auction, the trade balance, and business PSIs.

Last, but by no means least, Russia has moved tactical nuclear weapons into Belarus ... basically 'several hundred miles' westwards towards Europe. NATO officials insist that the move doesn't drastically change the nature of Russia's military threats.



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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	71.40					CAD	0.8237	0.8883
NZD/USD	0.6091	0.0000	0.0000	-0.0002	-0.0008	CHF	0.5377	0.5783
NZD/AUD	0.9275	-0.0009	-0.0025	-0.0050	-0.0087	CNY	4.3777	4.7202
NZD/JPY	90.70	-0.44	-1.29	-2.53	-4.79	DKK	4.1674	4.4906
NZD/EUR	0.5589	-0.0007	-0.0021	-0.0047	-0.0098	FJD	1.3439	1.4481
NZD/GBP	0.4780	-0.0001	-0.0003	-0.0007	-0.0016	HKD	4.7594	5.1286
						KRW	809.69	872.49
AU TWI	61.30					MYR	2.8612	3.0831
AUD/USD	0.6557	0.0006	0.0017	0.0032	0.0054	NOK	6.4533	6.9538
AUD/NZD	1.0780	0.0009	0.0028	0.0054	0.0096	SEK	6.3014	6.7902
AUD/JPY	97.78	-0.39	-1.14	-2.22	-4.31	SGD	0.8139	0.8771
AUD/EUR	0.6021	-0.0002	-0.0007	-0.0018	-0.0052	TWD	19.23	20.72
AUD/GBP	0.5146	0.0004	0.0011	0.0019	0.0029	ZAR	11.40	12.29
USD Index	103.45					EQUITIES		
EUR/USD	1.0887	0.0014	0.0041	0.0085	0.0181		Index	
USD/JPY	149.02	-0.72	-2.11	-4.09	-7.71	NZX50	11,767	
GBP/USD	1.2739	0.0002	0.0006	0.0013	0.0027	ASX200	7,670	
EUR/GBP	0.8545	0.0009	0.0026	0.0054	0.0119	Dow Jones	38,715	
						S&P 500	5,117	
INTEREST RATES			New Zealand		Australia	FTSE100	7,727	
			Mid		Mid	DAX 30	17,937	
30 day bank bills			5.59%		4.35%	Nikkei	38,708	
90 day bank bills			5.65%		4.39%	COMMODITIES		
1 year swap			5.46%		4.21%		USD	
2 year swap			4.97%		4.04%	Brent Crude	85.34	
3 year swap			4.65%		3.93%	Gold	2,155.54	
5 year swap			4.42%		4.14%	Silver	25.16	
10 year swap			4.47%		4.39%	Iron Ore	109.61	
3 year Govt bond			4.67%		3.79%	CRB Index	328.85	
5 year Govt bond			4.52%		3.87%		NZD	
10 year Govt bond			4.74%		4.22%	NZ Carbon	64.50	

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