

Market Alert

Wednesday 10 April 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6060	-0.0001
NZD/AUD	0.9148	-0.0045
NZD/JPY	91.96	-2.48
NZD/EUR	0.5582	-0.0045
NZD/GBP	0.4782	-0.0007
NZD/CNH	4.3846	-0.0497
AUD/USD	0.6624	0.0031
AUD/EUR	0.6101	-0.0019
EUR/USD	1.0854	0.0084
USD/CNH	7.2374	-0.0810
GBP/USD	1.2672	0.0014
EUR/GBP	0.8564	0.0054

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.40%
2 year swap	4.91%	3.99%
10 year Govt	4.82%	4.25%

It's no wonder these guys get paid the big bucks!

The RBNZ shadow board has recommended the RBNZ maintain the OCR at 5.50%! I guess at 2:00pm we'll know for sure!

We also had a few Fed speakers out, with Atlanta Fed President, Rafael Bostic, stating, "I expect a slow pace of disinflation in 2024. CPI coming in at consensus would be a welcome development. We cannot eliminate the possibility that rate cuts move even further out but should the pace of disinflation continue we could pull cuts in closer." Minneapolis Fed President, Neel Kashkari, also announced, "the inflation rate is running around 3.0%, and the Fed has to get back down to 2.0%. The bank cannot 'stop short' on the inflation fight."

JPMorgan Chase CEO, Jamie Dimon,

warned, "Interest rates could rise to 8.0% because of 'persistent inflationary pressures.'"

Here's an interesting point and possibly something for the RBNZ to contemplate ... with the Chair of the SNB due to step down, the incredibly good-looking Martin Schlegel is favoured to take over. As a thinking woman's Cillian Murphy, Martin has been espousing the advantages of the Swiss central banks FX intervention to help achieve price stability, stating, "Without FX sales, the SNB would have had to raise interest rates higher. FX purchases in the past have also helped head off deflation. FX intervention complements interest rate policy (although) a central bank should only use FX intervention when necessary."

Confidence is collapsing confidence!

US economic optimism fell to a 4-month low at 43.2 from March's 43.5, and below forecasts at 44.2, while the forward looking 6-month also dropped slightly to 38.8 from 38.9. Small business confidence in the US is also trending lower after it fell for a third consecutive month to 88.5 in March to record its lowest print since December 2012, with business owners reporting inflation is once again becoming their top business issue. Meanwhile Australian monthly consumer confidence fell from -1.8% to -2.4%, while in New Zealand, Q1 business confidence followed the same direction bias but absolutely plummeted from -2 to -25. This was part of the QSBO update, which highlighted the recessionary

element most businesses appear to be encountering, with a net 23% of businesses reporting a decline in activity in Q1, while a net 24% of businesses expect a general deterioration in the economic outlook in the coming months. UK retail sales spending has jumped to its highest level since August 2023 gaining 1.1% in February and 3.5% on the year.

Yawn ... we've heard this one before!

With USD/JPY closing in on the 152.00 level, Japanese Finance Minister, Suzuki, attempted another round of verbal intervention stating, "It's important for FX to move stably reflecting fundamentals. Excess FX volatility is undesirable. We are watching FX moves carefully with high sense of urgency. We won't rule out any option, will deal appropriately with FX moves."

Overnight traders finalised their positions ahead of today's RBNZ announcement and tonight's US CPI print given that "Investors are increasingly calling a June pivot into question, given the resiliency of the economy. A delay is within the range of possible outcomes, particularly if we see March inflation data surprise to the upside." This ultimately saw a mixed session for equity and commodity markets, although it should be noted oil prices fell -1.0%, while gold futures extending their bullish streak for the 8th consecutive session. Bond yields ticked lower, with the 2 and 10-year yields falling -4bps and -7bps to 4.75% and 4.36%, while the NZD and AUD both rallied despite the USD-index flatlining.



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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	71.00					CAD	0.8222 0.8991
NZD/USD	0.6060	0.0000	0.0000	-0.0001	-0.0003	CHF	0.5472 0.5985
NZD/AUD	0.9148	-0.0009	-0.0024	-0.0045	-0.0081	CNY	4.3802 4.7898
NZD/JPY	91.96	-0.45	-1.26	-2.48	-4.69	DKK	4.1625 4.5514
NZD/EUR	0.5582	-0.0007	-0.0021	-0.0045	-0.0098	FJD	1.3361 1.4610
NZD/GBP	0.4782	-0.0001	-0.0003	-0.0007	-0.0019	HKD	4.7438 5.1871
						KRW	818.59 895.07
AU TWI	62.30					MYR	2.8745 3.1431
AUD/USD	0.6624	0.0006	0.0017	0.0031	0.0054	NOK	6.4667 7.0709
AUD/NZD	1.0932	0.0010	0.0027	0.0051	0.0088	SEK	6.3949 6.9924
AUD/JPY	100.53	-0.40	-1.12	-2.23	-4.30	SGD	0.8144 0.8905
AUD/EUR	0.6101	-0.0002	-0.0007	-0.0019	-0.0054	TWD	19.39 21.21
AUD/GBP	0.5226	0.0004	0.0010	0.0017	0.0025	ZAR	11.18 12.23
USD Index	104.13					EQUITIES	
EUR/USD	1.0854	0.0014	0.0040	0.0084	0.0183		Index
USD/JPY	151.74	-0.74	-2.08	-4.07	-7.65	NZX50	11,917
GBP/USD	1.2672	0.0002	0.0007	0.0014	0.0033	ASX200	7,824
EUR/GBP	0.8564	0.0009	0.0027	0.0054	0.0115	Dow Jones	38,790
						S&P 500	5,201
INTEREST RATES			New Zealand		Australia	FTSE100	7,935
			Mid		Mid	DAX 30	18,077
30 day bank bills			5.59%		4.34%	Nikkei	39,773
90 day bank bills			5.63%		4.40%	COMMODITIES	
1 year swap			5.36%		4.20%		USD
2 year swap			4.93%		4.00%	Brent Crude	89.46
3 year swap			4.66%		3.88%	Gold	2,349.06
5 year swap			4.46%		4.06%	Silver	28.10
10 year swap			4.52%		4.31%	Iron Ore	102.68
3 year Govt bond			4.70%		3.79%	CRB Index	344.09
5 year Govt bond			4.61%		3.87%		NZD
10 year Govt bond			4.82%		4.27%	NZ Carbon	54.25

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