

Market Alert

Tuesday 16 April 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5905	0.0000
NZD/AUD	0.9167	-0.0047
NZD/JPY	91.06	-2.47
NZD/EUR	0.5557	-0.0046
NZD/GBP	0.4745	-0.0007
NZD/CNH	4.2844	-0.0424
AUD/USD	0.6439	0.0032
AUD/EUR	0.6060	-0.0021
EUR/USD	1.0624	0.0086
USD/CNH	7.2569	-0.0708
GBP/USD	1.2442	0.0016
EUR/GBP	0.8536	0.0058

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.41%
2 year swap	5.09%	4.12%
10 year Govt	4.88%	4.34%

I'll just let the headline speak for itself!

"Israel's response to Iranian attack may be imminent!" Apparently, Israel's objective is to hurt Iran without causing all-out war.

Summing it all up!

Last night saw the key US retails sales release, which smashed expectations, jumping 0.7% in March following February's upwardly revised 0.9% gain. This was against expectations for a 0.3% gain as 8 out of 13 categories posted increases, led by online sales.

This super strong release supported the recent 'higher-for-longer' narrative, and in classic fashion, the US 10-year treasury yield broke, re-tested, then recovered from the 4.48% level. It is now

encountering resistance at 4.65% having rallied 9bps in the overnight session, but the risk here is that a new break higher puts it into territory not seen since October 2023 ... when the 10-year yield peaked just above the 5.00% level! As an FYI, the 2-year yield firmed 3bps to 4.94%. The higher yields supported the USD-index, which has now surged past the 106.00 level to be at 106.23, which has weighed on the NZD, the AUD, and the JPY, with USD/JPY at 154.00 ... begging the question, will the BoJ intervene at 155.00?

Equity markets were also a 'sea of red' as rising yields and safe haven flows overshadowed strong Q1 results from Goldman Sachs. It should be noted that technology stocks got hit particularly hard as Tesla announced plans to lay-off 10% of its staff. Commodities were also hit, although gold, silver, and copper all outperformed, rallying 1.7%, 3.5% and 2.5%, on the day, while aluminium futures surged nearly 10% to reach their highest level since June 2022 after the US and UK issued new sanctions on Russian metals.

Looking at the other releases, the Atlanta Fed GDPNow Q1 track firmed to 2.8% from 2.4% after the stronger retail sales, the NY Empire State manufacturing index rose to -14.3 in April, from March's -20.9, while Euro-zone industrial production rebounded by 0.8% in February from the prior months -3.0%.

The rent-a-quote mob that constitutes the FOMC had its latest member looking to get their name in lights, with Fed New

York President, John Williams, stating "We will need to start a process at some point to bring interest rates back to more normal levels, and my own view is that process will likely start this year." He then added he didn't see the recent inflation data as a "turning point," but added the figures will affect his opinion and forecasts.

Finally ...

Following on from yesterday's immigration jump and the collapse in services PMIs, which fell 5.1 points to 47.5, for tomorrow's CPI release financial markets are expecting 0.7% for the quarter and 4.1% for the year, against the RBNZ's February forecast at 3.8%.

After an excellent performance in the Roadhouse re-make, Conor McGregor announced acting is not as good as the real thing and is returning to the UFC with his first fight in 3-years ... which begs the question ... why? Meanwhile, Barbie mania isn't over after Mattel partnered with Kraft Heinz to produce a vegan mayo "Barbiecue" sauce.



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Daily Rates

Tuesday 16 April 2024

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	70.40					CAD	0.8139 0.8881
NZD/USD	0.5905	0.0000	0.0000	0.0000	-0.0001	CHF	0.5385 0.5877
NZD/AUD	0.9167	-0.0008	-0.0025	-0.0047	-0.0085	CNY	4.2732 4.6611
NZD/JPY	91.06	-0.41	-1.25	-2.47	-4.77	DKK	4.1449 4.5211
NZD/EUR	0.5557	-0.0007	-0.0021	-0.0046	-0.0102	FJD	1.3218 1.4418
NZD/GBP	0.4745	-0.0001	-0.0003	-0.0007	-0.0017	HKD	4.6213 5.0409
						KRW	819.20 893.59
AU TWI	61.60					MYR	2.8199 3.0759
AUD/USD	0.6439	0.0006	0.0017	0.0032	0.0057	NOK	6.4634 7.0503
AUD/NZD	1.0908	0.0009	0.0028	0.0053	0.0090	SEK	6.4246 7.0080
AUD/JPY	99.34	-0.37	-1.11	-2.21	-4.31	SGD	0.8041 0.8771
AUD/EUR	0.6060	-0.0002	-0.0007	-0.0021	-0.0058	TWD	19.14 20.88
AUD/GBP	0.5174	0.0004	0.0011	0.0019	0.0029	ZAR	11.20 12.22
USD Index	106.20					EQUITIES	
EUR/USD	1.0624	0.0013	0.0041	0.0086	0.0194		Index
USD/JPY	154.20	-0.71	-2.13	-4.18	-7.99	NZX50	11,917
GBP/USD	1.2442	0.0002	0.0007	0.0016	0.0034	ASX200	7,753
EUR/GBP	0.8536	0.0009	0.0027	0.0058	0.0128	Dow Jones	37,729
						S&P 500	5,061
INTEREST RATES			New Zealand		Australia	FTSE100	7,966
			Mid		Mid	DAX 30	18,027
30 day bank bills			5.60%		4.35%	Nikkei	39,233
90 day bank bills			5.65%		4.41%	COMMODITIES	
1 year swap			5.48%		4.27%		USD
2 year swap			5.11%		4.14%	Brent Crude	90.28
3 year swap			4.86%		4.07%	Gold	2,382.29
5 year swap			4.69%		4.26%	Silver	28.79
10 year swap			4.72%		4.53%	Iron Ore	106.05
3 year Govt bond			4.81%		3.85%	CRB Index	346.08
5 year Govt bond			4.69%		3.92%		NZD
10 year Govt bond			4.88%		4.29%	NZ Carbon	54.87

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