

Market Alert

Wednesday 01 May 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5895	0.0000
NZD/AUD	0.9093	-0.0045
NZD/JPY	92.916	-2.57
NZD/EUR	0.5521	-0.0047
NZD/GBP	0.4715	-0.0007
NZD/CNH	4.2751	-0.0469
AUD/USD	0.6481	0.0031
AUD/EUR	0.6069	-0.0023
EUR/USD	1.0675	0.0091
USD/CNH	7.2530	-0.0795
GBP/USD	1.2503	0.0015
EUR/GBP	0.8538	0.0060

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.46%
2 year swap	5.10%	4.32%
10 year Govt	4.98%	4.51%

I object! Overruled! I strenuously object!

Welcome to May, and as we plough our way through 2024, it's good to know that somethings never change ... yes ... politicians continue to look after themselves with another nice pay rise, so its good to see both sides of the political spectrum can work together when needed, while Donald Trump was fined USD9k after he broke a gag order tweeting about jurors at his criminal trial, and warned he could go to jail if he did it again! It's the same ... yet so different!

Pinch, punch, first of the month!

And for a change, we had some important data out of the Euro-zone! First up was Q1 GDP, which printed at a better than expected 0.3%, the fastest growth rate since the Q3 2022 and ahead of

expectations at 0.1%. There was also another positive as annual inflation printed in line with expectations at 0.4% on the month and 2.4% on the year. This saw ECB member, François Villeroy de Galhau, explicitly state, "The inflation data raises confidence of the ECB reaching its target. The ECB can start to cut rates early June!"

In China, the official NBS manufacturing PMI eased to 50.4 in April from March's 12-month-high of 50.8, while non-manufacturing PMIs fell to 51.2 from the prior month's 53.0.

Australian retail sales unexpectedly fell -0.4% March, in what was its first decline since last December. It was below estimates at 0.2%, while the February print was also revised lower to 0.2% from 0.3%. In New Zealand, the situation isn't getting any better either after March saw a record month for KiwiSaver withdrawals while company liquidations surged to 6-year high. Over the last 3-months there have been 489 companies declared bankrupt, which is up 28% on the comparable 2023 numbers, and 58% on 2022!

In the US, labour costs unsurprisingly rose 1.2% on the year as both wages and benefits jumped 1.1%. This data is closely monitored by the Fed as a gauge for wage pressures, which helps explain the rally in treasury yields. Finally, single-family houses with mortgages guaranteed by Fannie Mae and Freddie Mac increased 1.2%, while Chicago PMIs fell to 37.9 from 41.4 in March to keep the index in contractionary territory for a 5th consecutive month.

With the US data highlighting wage and cost concerns, equity market turned negative overnight with most index's -1.0% to -1.5% lower, while treasury yields firmed, with the 2 and 10-years 6 and 7bps higher to yield 5.05% and 4.69%. This naturally saw the USD-index firm as well, with the NZD/USD and AUD/USD dipping below the psychological 0.5900 and 0.6500 levels, while USD/JPY firmed to 157.75. Commodities followed the trend weakening across the board with oil easing -1.3%, gold fell giving up -1.75%, heck, even copper gave up some of its recent gains falling -2.5%. At least chocolate will be cheaper ahead of Mother's Day after it fell -4.3%.

Ahead of tomorrow's Federal reserve update ...

... ex-Fed member, Bill Dudley, has penned an opinion piece suggesting the Fed's QE program has worked, but it may have cost too much, implying the total bill could exceed USD500bn. In his opinion, a proper review and evaluation should make the next one less expensive i.e. maybe we could learn from our past mistakes! It's just a thought but, has anyone thought about a review of the New Zealand QE programme?

It's hardly the biggest surprise of the week but Taylor Swift's latest album, The Tortured Poets Department, reached No. 1 on the US Billboard charts, with all 14 songs from the album claiming spots in the Billboard Hot 100. Am I the only person who has yet to hear a song?



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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	70.60					CAD	0.8108 0.8918
NZD/USD	0.5895	0.0000	0.0000	0.0000	0.0002	CHF	0.5415 0.5957
NZD/AUD	0.9093	-0.0009	-0.0024	-0.0045	-0.0072	CNY	4.2764 4.6987
NZD/JPY	92.916	-0.46	-1.29	-2.57	-4.82	DKK	4.1164 4.5271
NZD/EUR	0.5521	-0.0007	-0.0023	-0.0047	-0.0099	FJD	1.3136 1.4447
NZD/GBP	0.4715	-0.0001	-0.0003	-0.0007	-0.0014	HKD	4.6099 5.0699
						KRW	816.30 897.75
AU TWI	62.20					MYR	2.8110 3.0914
AUD/USD	0.6481	0.0006	0.0017	0.0031	0.0050	NOK	6.5384 7.1908
AUD/NZD	1.0993	0.0011	0.0028	0.0051	0.0081	SEK	6.4858 7.1330
AUD/JPY	102.22	-0.39	-1.15	-2.35	-4.57	SGD	0.8040 0.8842
AUD/EUR	0.6069	-0.0002	-0.0009	-0.0023	-0.0063	TWD	19.21 21.13
AUD/GBP	0.5183	0.0004	0.0011	0.0017	0.0022	ZAR	11.08 12.19
USD Index	106.25					EQUITIES	
EUR/USD	1.0675	0.0013	0.0044	0.0091	0.0193		Index
USD/JPY	157.72	-0.76	-2.18	-4.36	-8.23	NZX50	11,958
GBP/USD	1.2503	0.0002	0.0006	0.0015	0.0039	ASX200	7,664
EUR/GBP	0.8538	0.0009	0.0030	0.0060	0.0123	Dow Jones	37,933
						S&P 500	5,064
INTEREST RATES			New Zealand		Australia	FTSE100	8,144
			Mid		Mid	DAX 30	17,932
30 day bank bills			5.60%		4.36%	Nikkei	38,406
90 day bank bills			5.63%		4.46%	COMMODITIES	
1 year swap			5.50%		4.45%		USD
2 year swap			5.12%		4.34%	Brent Crude	87.87
3 year swap			4.88%		4.28%	Gold	2,293.95
5 year swap			4.71%		4.46%	Silver	26.37
10 year swap			4.78%		4.71%	Iron Ore	110.54
3 year Govt bond			4.88%		4.11%	CRB Index	339.03
5 year Govt bond			4.79%		4.19%		NZD
10 year Govt bond			4.98%		4.53%	NZ Carbon	55.25

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