

Market Alert

Monday 06 May 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6009	-0.0001
NZD/AUD	0.9076	-0.0043
NZD/JPY	92.495	-2.53
NZD/EUR	0.5581	-0.0049
NZD/GBP	0.4784	-0.0008
NZD/CNH	4.3348	-0.0508
AUD/USD	0.6620	0.0029
AUD/EUR	0.6147	-0.0027
EUR/USD	1.0766	0.0090
USD/CNH	7.2145	-0.0830
GBP/USD	1.2560	0.0017
EUR/GBP	0.8571	0.0060

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.46%
2 year swap	4.98%	4.32%
10 year Govt	4.83%	4.46%

Do we really want to talk about the OECD report?

No really, but there's not a lot else to talk about!

There wasn't anything particularly startling in the report, but I suppose it does boost the tourism numbers if we have a few highly paid economists in town doing the research. I bet they weren't staying in motels or eating at Burger King either! Simply put, it didn't tell us anything we didn't already know ... we need to get inflation under control, balance the books, raise educational achievement, stop bullying, increase competition, and lift productivity. Its no wonder these guy's get paid the big bucks!

In terms of what did happen overnight.

Euro-zone industrial producer prices fell -0.4% in March, which was in line with forecasts after a revised February's revised -1.1% fall. And that was it unless you'd like to know about Brazilian services PMIs or Indonesian Q1 GDP!

At least we had a few Fed speakers to stir the pot. First up was NY President, John Williams, with, "I expect somewhat slower growth in 2024. We are seeing signs households are being more careful with spending. Higher government debt means somewhat higher global rates. The Fed balance sheet winddown has gone smoothly. We see job growth moderating. Eventually there will be job cuts." Next up was Richmond President, Tom Barkin, with, "I hear strongly from business contacts that the labour market is normalizing, although some sectors that fell behind in hiring during the pandemic that are catching up. The metric's of where the neutral rate is has moved up; but it feels current policy is restrictive. It still feels like the weight of risks is towards inflation."

We also had 3 ECB speakers preparing the market for a June rate cut with ECB Chief Economist, Philip Lane, announcing, "Both the April flash estimate for euro area inflation and the first quarter GDP number that came out improve my confidence that inflation should return to target in a timely manner." Lithuania's central bank governor, Gediminas Simkus, then added, "My thinking is that there are some other interest rate cuts coming in the future, but I will restrict myself from elaborating on how many, even if I have already expressed that this year, I would expect 3 cuts." Finally, Croatian governor, Boris Vujcic,

confirmed "If the projections stand, I expect the loosening of the policy stance, but still staying in the restrictive territory to make sure inflation is brought down to the 2.0% level."

Ahead of this afternoon's unchanged RBA announcement, markets were relatively quiet. Equity markets continued to firm with most bourses 1.50%-1.0% higher while treasury yields were mixed with the 2-years 1bps higher at 4.84% while the 10-years is flat at 4.50%. Speaking of flat, so is the NZD/USD and AUD/USD while commodities are broadly higher.

And not a lot of people know that!

An Australian mining company predicts that the West Coast could have up to 5.0% of the world's supply of antimony, which is used in everything from mobile phones to solar panels and electric vehicles!

Climate volatility is fuelling demand for weather derivatives with trading volumes for CME listed products jumping more than 260% in 2023!

Sylvester Stallone will sell 11 'timepieces', commonly known as watches at Sotheby's. One is a rare Grandmaster Chime that originally sold for USD2.5m, although this limited edition watch has never been auctioned before.

Finally, as I type, celebrities are preparing for the Met Gala ... so get ready for the usual photos of them in some very strange attire!



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Monday 06 May 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.70					CAD	0.8210	0.9049
NZD/USD	0.6009	0.0000	-0.0001	-0.0001	-0.0001	CHF	0.5445	0.6001
NZD/AUD	0.9076	-0.0010	-0.0025	-0.0043	-0.0068	CNY	4.3304	4.7715
NZD/JPY	92.495	-0.46	-1.29	-2.53	-4.78	DKK	4.1612	4.5858
NZD/EUR	0.5581	-0.0008	-0.0023	-0.0049	-0.0101	FJD	1.3284	1.4640
NZD/GBP	0.4784	-0.0001	-0.0004	-0.0008	-0.0016	HKD	4.6961	5.1753
						KRW	813.91	896.96
AU TWI	62.60					MYR	2.8455	3.1359
AUD/USD	0.6620	0.0007	0.0017	0.0029	0.0043	NOK	6.5083	7.1724
AUD/NZD	1.1016	0.0011	0.0027	0.0046	0.0063	SEK	6.4990	7.1622
AUD/JPY	101.91	-0.43	-1.16	-2.32	-4.62	SGD	0.8117	0.8945
AUD/EUR	0.6147	-0.0002	-0.0010	-0.0027	-0.0071	TWD	19.41	21.39
AUD/GBP	0.5270	0.0004	0.0010	0.0015	0.0016	ZAR	11.10	12.23
USD Index	105.12					EQUITIES		
EUR/USD	1.0766	0.0014	0.0042	0.0090	0.0191		Index	
USD/JPY	153.92	-0.77	-2.13	-4.16	-7.87	NZX50	11,821	
GBP/USD	1.2560	0.0002	0.0006	0.0017	0.0033	ASX200	7,682	
EUR/GBP	0.8571	0.0010	0.0028	0.0060	0.0122	Dow Jones	38,782	
						S&P 500	5,165	
INTEREST RATES			New Zealand		Australia	FTSE100	8,213	
			Mid		Mid	DAX 30	18,175	
30 day bank bills			5.60%		4.36%	Nikkei	38,236	
90 day bank bills			5.63%		4.46%	COMMODITIES		
1 year swap			5.41%		4.46%		USD	
2 year swap			4.99%		4.33%	Brent Crude	83.38	
3 year swap			4.73%		4.24%	Gold	2,323.76	
5 year swap			4.53%		4.40%	Silver	27.43	
10 year swap			4.61%		4.61%	Iron Ore	118.03	
3 year Govt bond			4.69%		4.07%	CRB Index	334.83	
5 year Govt bond			4.63%		4.13%		NZD	
10 year Govt bond			4.83%		4.48%	NZ Carbon	55.00	

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED