

# Market Alert

Monday 13 May 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6020	0.0000
NZD/AUD	0.9117	-0.0045
NZD/JPY	93.730	-2.55
NZD/EUR	0.5587	-0.0049
NZD/GBP	0.4808	-0.0009
NZD/CNH	4.3480	-0.0555
AUD/USD	0.6599	0.0030
AUD/EUR	0.6124	-0.0025
EUR/USD	1.0773	0.0091
USD/CNH	7.2312	-0.0909
GBP/USD	1.2517	0.0020
EUR/GBP	0.8598	0.0057

  

INTR RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.66%	4.43%
2 year swap	4.98%	4.26%
10 year Govt	4.81%	4.41%

## Shouldn't Monday the 13th feel worse than Friday the 13th?

For some strange reason, it does this morning! Maybe it's because ... where should I start ... the Warriors lost, the Hurricanes lost, Manchester United lost, even the Crusaders lost ... again! But well done to the Phoenix, hopefully they can finish the job next weekend, and a big shout out to Caroline Powell, congratulations on winning the Badminton!

## Given the weakness of the recent releases!

Friday saw the release of the minutes from the ECB's April meeting, where it was confirmed that the central bank will start their cutting cycle in June, barring any major surprises over the next

few weeks, as explicitly stated by the sentence, "It was seen as plausible that the Governing Council would be in a position to start easing monetary policy restriction at the June meeting if additional evidence received by then confirmed the medium-term inflation outlook embedded in the March projections."

US markets closed the week on a quiet note, with the University of Michigan consumer sentiment falling to 67.4, its lowest level in 6-months and below expectations of 76.0. We also had Fed 'rent-a-quote' member Raphael Bostic state the FOMC is likely on track to lower borrowing costs this year, though the timing and extent of the cuts remains uncertain.

Overnight we had some economic releases out of China, with the annual inflation rate posting its 3rd consecutive month of inflation, firming to 0.3% following March's 0.1%, mainly due to an acceleration in non-food prices. Meanwhile, producer prices fell by -2.5%, extending declines for the 19th straight month, while Chinese banks extended CNY0.73trn of new yuan loans in April. April is usually a low month in the credit cycle, although the April number was well below forecasts at CNY1.2trn and March's CNY3.1trn.

## This week ...

... we'll be focusing on the latest US CPI release, as well as PPIs, retail sales, the Philly Fed and various Fed speakers. From the Euro-zone, the ECB will be

hoping for some 'positive' releases to support the June cut narrative, with Q1 GDP and CPI, and the German ZEW sentiment release. From Asia we have Japanese Q1 GDP, the PBoCs MLF rate fixing later in the week, while we also have the Australian budget, wage inflation, and their latest employment update. Finally, from Aotearoa we have updates on business sentiment, food inflation, and an update on the RBNZs Q2 inflation expectations, as well as Q1 PPIs and the latest migration numbers.

## RIP Big Jim!

Jim Simons, the mathematician who founded the most successful quantitative hedge fund of all time, Renaissance, passed away over the weekend. Having received a PhD in mathematics from the University of California at the age of 23, he worked as a codebreaker for US intelligence during the Vietnam war monitoring the Soviet Union and cracking their codes. Then, proving there is hope for us all, well, those of us with a PhD in math, Jim quit academia at the age of 40 deciding to give this trading lark a shot! Pioneering mathematical models and algorithms to take advantage of market inefficiencies and trading patterns, his Medallion Fund earned more than USD100bn in trading profits between 1988-2018, with an annualized return of 39% after fees! The fund was closed to new money in 1993, and Mr. Simons only allowed his employees to invest in it from 2005. RIP Big Jim ... you truly were an innovator!



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# Daily Rates

Monday 13 May 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	71.10					CAD	0.8226	0.9027
NZD/USD	0.6020	0.0000	0.0000	0.0000	-0.0005	CHF	0.5455	0.5973
NZD/AUD	0.9117	-0.0009	-0.0025	-0.0045	-0.0075	CNY	4.3494	4.7699
NZD/JPY	93.730	-0.44	-1.31	-2.55	-4.86	DKK	4.1669	4.5684
NZD/EUR	0.5587	-0.0007	-0.0024	-0.0049	-0.0104	FJD	1.3499	1.4799
NZD/GBP	0.4808	-0.0001	-0.0004	-0.0009	-0.0023	HKD	4.7028	5.1559
						KRW	824.39	903.83
AU TWI	62.70					MYR	2.8512	3.1259
AUD/USD	0.6599	0.0006	0.0017	0.0030	0.0047	NOK	6.5153	7.1431
AUD/NZD	1.0962	0.0010	0.0029	0.0051	0.0075	SEK	6.5211	7.1495
AUD/JPY	102.84	-0.39	-1.16	-2.32	-4.55	SGD	0.8150	0.8936
AUD/EUR	0.6124	-0.0002	-0.0010	-0.0025	-0.0066	TWD	19.50	21.38
AUD/GBP	0.5269	0.0004	0.0010	0.0016	0.0017	ZAR	11.10	12.17
USD Index	105.31					<b>EQUITIES</b>		
EUR/USD	1.0773	0.0013	0.0044	0.0091	0.0190		<b>Index</b>	
USD/JPY	155.71	-0.73	-2.15	-4.20	-7.94	NZX50	11,755	
GBP/USD	1.2517	0.0002	0.0008	0.0020	0.0042	ASX200	7,749	
EUR/GBP	0.8598	0.0009	0.0028	0.0057	0.0117	Dow Jones	39,513	
						S&P 500	5,223	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	8,434	
			<b>Mid</b>		<b>Mid</b>	DAX 30	18,773	
30 day bank bills			5.60%		4.36%	Nikkei	38,229	
90 day bank bills			5.63%		4.43%	<b>COMMODITIES</b>		
1 year swap			5.40%		4.40%		<b>USD</b>	
2 year swap			5.00%		4.27%	Brent Crude	82.79	
3 year swap			4.74%		4.19%	Gold	2,360.14	
5 year swap			4.53%		4.36%	Silver	28.15	
10 year swap			4.60%		4.58%	Iron Ore	116.93	
3 year Govt bond			4.74%		4.01%	CRB Index	337.20	
5 year Govt bond			4.66%		4.09%		<b>NZD</b>	
10 year Govt bond			4.81%		4.42%	NZ Carbon	55.00	

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