

Market Alert

Tuesday 14 May 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6017	0.0000
NZD/AUD	0.9108	-0.0044
NZD/JPY	93.985	-2.55
NZD/EUR	0.5578	-0.0049
NZD/GBP	0.4793	-0.0008
NZD/CNH	4.3557	-0.0564
AUD/USD	0.6605	0.0031
AUD/EUR	0.6123	-0.0025
EUR/USD	1.0787	0.0091
USD/CNH	7.2399	-0.0938
GBP/USD	1.2554	0.0018
EUR/GBP	0.8590	0.0057

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.42%
2 year swap	4.94%	4.23%
10 year Govt	4.80%	4.41%

Watch out ... Roaring Kitty is back!

Yes, the man that created the meme stock trading strategy is back with his first post on X since June 2021. If you recall, Roaring Kitty, or Keith Gill as he is known to his wife, led an army of 'meme-traders' against hedge fund Melvin Capital as they were shorting GameStop. Ultimately, Roaring Kitty and his merry gang of meme-traders were too much for Melvin Capital, who were about to go under until they were bailed out by Ken Griffin and Citadel Capital. The cryptic post on X has been taken by many to mean that Roaring Kitty is about to return, which triggered multiple volatility halts, with GameStop surging 119%, while AMC also jumped by as much as 30%. If you have the time, check out the movie 'Dumb Money' ... it's based on a true story!

Heck ... there were even a couple of NZ releases yesterday!

Yes, even the local markets got busy yesterday with the latest release of the RBNZ inflation projections, with company leaders and forecasters predicting inflation will fall to 2.7% from 3.2% in a years' time, while 2-year inflation is expected to drop to 2.3% from 2.5%. Counter intuitively, Stats NZ's partial look at monthly prices showed food price inflation picked up last month, rising for the first time in 3-months to 0.6% in March, and to 0.8% on the year. Fuel and rents also increased. Finally, New Zealand services PMIs fell to 47.1 in April, down from March's 47.5, suggesting GDP will track lower into mid-year.

It was a different situation in the US where consumer inflation expectations firmed from 3.0% to 3.3% in April, the index's highest print in 3-months, as price expectations rose across the board. And this won't help either, after President Biden announced he will quadruple tariffs on Chinese EVs.

China has announced plans to issue 'special' ultra-long term treasury bonds to raise CNY1trn yuan (US\$138 bn). The authorities plan to issue 20-year, 30-year, and 50-year treasuries worth 300bn, 600bn and 100bn yuan, respectively, with the issuance expected to be completed by the end of November.

UK employers plan to increase wages by 4.0% over the next 12 months, while

a Bloomberg poll suggests the Euro-area economy will expand by 0.7% in 2024.

Former chief cabinet secretary, and potential future Japanese PM, Katsunobu Kato, announced, "Japan is shifting to an era where prices and wages rise, from one where both barely moved. It's therefore natural for monetary policy to revert to the original style in which interest rates move in positive territory reflecting market function."

But ... despite all of the releases, the rumours and innuendoes ... markets had a quiet session ahead of the US CPI release later in the week. Equity markets were slightly lower, in the region of -0.2%, as were treasury yields with the 2 and 10-years -1bps and -2bps lower at 4.87% and 4.49%. FX markets flatlined, apart from USD/JPY which broke through the 156.00 level to be at 156.25, while commodity markets posted modest gains.

This time next year Rodder's!

Melinda Gates has resigned as co-chair of the Bill & Melinda Gates Foundation, but as per the 'separation' agreement, she will now have an additional USD12.5bn to invest for her own charitable work. I'm currently working to establish a charity to support 'long-in-the-tooth ex-traders with slight alcohol issues.' If I can just get some of the USD12.5bn, I'll be the charity will be set for life!



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Tuesday 14 May 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	71.00					CAD	0.8221	0.9029
NZD/USD	0.6017	0.0000	0.0000	0.0000	-0.0001	CHF	0.5463	0.6001
NZD/AUD	0.9108	-0.0009	-0.0024	-0.0044	-0.0072	CNY	4.3505	4.7785
NZD/JPY	93.985	-0.47	-1.31	-2.55	-4.84	DKK	4.1600	4.5680
NZD/EUR	0.5578	-0.0008	-0.0023	-0.0049	-0.0100	FJD	1.3490	1.4813
NZD/GBP	0.4793	-0.0001	-0.0003	-0.0008	-0.0020	HKD	4.6987	5.1596
						KRW	822.00	902.63
AU TWI	62.60					MYR	2.8433	3.1222
AUD/USD	0.6605	0.0007	0.0017	0.0031	0.0049	NOK	6.5052	7.1444
AUD/NZD	1.0978	0.0011	0.0028	0.0050	0.0071	SEK	6.5230	7.1629
AUD/JPY	103.19	-0.41	-1.17	-2.32	-4.56	SGD	0.8139	0.8938
AUD/EUR	0.6123	-0.0002	-0.0010	-0.0025	-0.0067	TWD	19.49	21.40
AUD/GBP	0.5261	0.0004	0.0010	0.0016	0.0019	ZAR	11.05	12.13
USD Index	105.24					EQUITIES		
EUR/USD	1.0787	0.0014	0.0044	0.0091	0.0192		Index	
USD/JPY	156.20	-0.79	-2.17	-4.22	-8.00	NZX50	11,652	
GBP/USD	1.2554	0.0002	0.0008	0.0018	0.0037	ASX200	7,750	
EUR/GBP	0.8590	0.0010	0.0029	0.0057	0.0115	Dow Jones	39,436	
						S&P 500	5,222	
INTEREST RATES			New Zealand		Australia	FTSE100	8,415	
			Mid		Mid	DAX 30	18,742	
30 day bank bills			5.60%		4.35%	Nikkei	38,179	
90 day bank bills			5.63%		4.42%	COMMODITIES		
1 year swap			5.38%		4.38%		USD	
2 year swap			4.96%		4.24%	Brent Crude	83.49	
3 year swap			4.69%		4.15%	Gold	2,337.69	
5 year swap			4.49%		4.32%	Silver	28.25	
10 year swap			4.56%		4.55%	Iron Ore	116.93	
3 year Govt bond			4.73%		4.02%	CRB Index	335.28	
5 year Govt bond			4.64%		4.09%		NZD	
10 year Govt bond			4.80%		4.43%	NZ Carbon	54.75	

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