

Market Alert

Friday 17 May 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6120	-0.0001
NZD/AUD	0.9163	-0.0045
NZD/JPY	95.135	-2.56
NZD/EUR	0.5631	-0.0049
NZD/GBP	0.4831	-0.0008
NZD/CNH	4.4197	-0.0619
AUD/USD	0.6678	0.0032
AUD/EUR	0.6144	-0.0024
EUR/USD	1.0866	0.0091
USD/CNH	7.2217	-0.1005
GBP/USD	1.2666	0.0019
EUR/GBP	0.8576	0.0059

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.40%
2 year swap	4.90%	4.13%
10 year Govt	4.64%	4.27%

Following on from yesterday's excitement ...

... last night's price action was a bit of a 'yawn-fest' as markets looked to consolidate into new ranges!

In saying that, there was an outlier as treasury yields recovered with the 2 and 10-years firming 6bps and 4bps to yield 4.80% and 4.38% respectively. The old adage, "Sell in May and go away, don't come back until St Leger's Day" would appear to be at play once again with the world's largest stock market, the Dow Jones, rapidly closing in on the psychological 40,000 level on bets that a resilient economy, slowing inflation, and interest rate cuts will keep powering corporate profits to new highs. Apart from the Dow though, equities were mixed, as were commodity markets. Currency markets were quiet with profit taking being the theme.

In terms of the data, the releases we largely second tier, so we'll try and skim through them US initial jobless claims fell by 10k to 222k on the week, although continuing claims rose to 1.79 million. Industrial production was flat in April following March's 0.1% increase, while import prices rose at their highest level since March 2022 at 0.9%.

Japanese Q1GDP shrank 0.5% on the quarter to print at -2.0% on an annualised basis, Private consumption fell due to the rising cost of living and sluggish wages, while capital expenditure also dropped.

Finally, the Australian unemployment rate jumped to 4.1% against forecasts at 3.9%. It was the highest jobless rate since January, with the number of unemployed individuals rising by 30.3k while the number of people seeking full-time employment increased by 13.7k. 44.6k part time jobs were added while full-time employment fell by -6.1k.

The giggle of the day

Someone is in trouble after the US Bureau of Labor Statistics, the BLS, accidentally published a subset of the inflation report 30 minutes ahead of schedule! Needless to say, they've now launched a probe.

Cleveland Fed President, Loretta Mester, confirmed, "Monetary policy is well positioned as the Fed reviews more data. Risks to inflation side of the mandate have increased while the downside risks to growth and hiring have fallen. I expect a gradual progress on lowering inflation. Current policy will lower inflation."

Moody's Chief Economists, Mark Zandi, confirmed what we already knew, that the "US CPI report was good, but the stubborn strong growth in housing costs is a key frustration" while Ray Dalio warned rising US government debt levels may hit treasuries and advised investors to move some money to other markets.

ECB Governing Council member, Francois Villeroy de Galhau, essentially announced the central bank will cut rates in June stating, "As we have sufficient confidence, we will very probably begin cutting central-bank rates, doubtless at our meeting at the start of June. Lower rates should help the economy to pick up more in 2025."

This could be taken many ways!

At a meeting with Vladimir Putin, Chinese President, Xi Jinping, announced, "China will always be a good friend and partner of mutual trust with Russia."



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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	71.80					CAD	0.8328	0.9092
NZD/USD	0.6120	0.0000	0.0000	-0.0001	0.0000	CHF	0.5538	0.6046
NZD/AUD	0.9163	-0.0008	-0.0024	-0.0045	-0.0072	CNY	4.4179	4.8214
NZD/JPY	95.135	-0.45	-1.32	-2.56	-4.81	DKK	4.1996	4.5840
NZD/EUR	0.5631	-0.0008	-0.0024	-0.0049	-0.0099	FJD	1.3443	1.4674
NZD/GBP	0.4831	-0.0001	-0.0004	-0.0008	-0.0017	HKD	4.7730	5.2099
						KRW	824.61	900.09
AU TWI	63.00					MYR	2.8638	3.1260
AUD/USD	0.6678	0.0006	0.0017	0.0032	0.0052	NOK	6.5414	7.1401
AUD/NZD	1.0911	0.0010	0.0028	0.0050	0.0079	SEK	6.5510	7.1506
AUD/JPY	103.79	-0.40	-1.17	-2.31	-4.48	SGD	0.8231	0.8984
AUD/EUR	0.6144	-0.0003	-0.0010	-0.0024	-0.0061	TWD	19.66	21.46
AUD/GBP	0.5269	0.0004	0.0010	0.0016	0.0022	ZAR	11.12	12.14
USD Index	104.49					EQUITIES		
EUR/USD	1.0866	0.0014	0.0044	0.0091	0.0190		Index	
USD/JPY	155.42	-0.73	-2.15	-4.19	-7.86	NZX50	11,728	
GBP/USD	1.2666	0.0001	0.0008	0.0019	0.0042	ASX200	7,881	
EUR/GBP	0.8576	0.0010	0.0028	0.0059	0.0119	Dow Jones	39,963	
						S&P 500	5,305	
INTEREST RATES			New Zealand		Australia	FTSE100	8,439	
			Mid		Mid	DAX 30	18,739	
30 day bank bills			5.60%		4.35%	Nikkei	38,920	
90 day bank bills			5.63%		4.40%	COMMODITIES		
1 year swap			5.38%		4.31%		USD	
2 year swap			4.92%		4.15%	Brent Crude	83.37	
3 year swap			4.63%		4.05%	Gold	2,379.34	
5 year swap			4.41%		4.19%	Silver	29.60	
10 year swap			4.47%		4.43%	Iron Ore	116.30	
3 year Govt bond			4.56%		3.90%	CRB Index	338.10	
5 year Govt bond			4.48%		3.96%		NZD	
10 year Govt bond			4.64%		4.29%	NZ Carbon	53.35	

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