

Market Alert

Friday 24 May 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6098	-0.0002
NZD/AUD	0.9236	-0.0049
NZD/JPY	95.675	-2.62
NZD/EUR	0.5641	-0.0050
NZD/GBP	0.4805	-0.0007
NZD/CNH	4.4253	-0.0642
AUD/USD	0.6602	0.0032
AUD/EUR	0.6107	-0.0024
EUR/USD	1.0809	0.0094
USD/CNH	7.2570	-0.1030
GBP/USD	1.2691	0.0011
EUR/GBP	0.8515	0.0064

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.66%	4.39%
2 year swap	5.05%	4.22%
10 year Govt	4.81%	4.34%

It's a bullseye!

So, yesterday I had my first acupuncture session for a sore back, and while all of those little pricks can be a touch irritating, I was getting very confused when he put four into my head! I've now got one stuck permanently in my ear, which hurt like hell when he put it in, and I must admit, I was starting to feel like a dart board by this stage. The theory is ... every time my back hurts, I have to squeeze my ear, which is giving me flashbacks to my childhood as that was the easiest 'handle' for my parents!

And one man who probably feels like he's had a few darts thrown at him!

Is our very own RBNZ Governor, Adrian Orr, was decidedly more balanced in his

comments as he hit the usual round of post-MPS interviews yesterday with, "The disappointing part is how stubborn domestic inflation remains. We are now at the stubborn tail, which is not surprising. The biggest risk we run is not getting inflation low and stable." Before offering some hope with, "We can start to ease before inflation hits 2.0%. We don't want to risk inflation expectations blowout. There is no one piece of data that policy will hinge on."

Meanwhile NZ Finance Minister, Nicola Willis, later sought to counter the central banks assertion that despite the reduction in government expenditure, they are still in expansive fiscal territory given the fall in per capita growth, stating, "The reality is inflation is still not back to target. We're funding tax reductions through savings, reprioritisation. The government has confidence it can reduce taxes and bring inflation back to target levels."

Looking at the actual data releases over the last 24-hours, we had a big surprise with the New Zealand retail sales which jumped 0.5% on the quarter against expectations of a -0.3% contraction, while the Australian preliminary manufacturing PMIs for May were in line with expectations at 49.6.

In the US, business activity had its biggest jump since April 2022 after composite PMIs surged to 54.4 in May, which was above expectations at 51.1, while initial claims fell 8k to 215k with initial claims firmed by 8k to 1,794k.

Atlanta Fed President, Raphael Bostic, spoke, yet again, stating, "The last couple

inflation numbers suggest its going back to 2.0%. The post-pandemic economy may be less sensitive to interest rates. We expect to start a new discussion on the Fed's framework in 2025."

Euro-zone negotiated wage growth surged to 4.69% over the last 4 quarters, which was up on the prior 4.45% and edging closer to Q3's record 4.7%.

A Reuters survey of Japanese firms saw almost half of those surveyed believe USD/JPY below 155.00 was a negative for their business while 37% of firms want the BoJ to raise rates to counter the weaker JPY.

Despite the stronger than expected economic data, and yesterday's strong Nvidia results, equity markets were a 'sea of red' as concerns over sticky inflation and a higher-for-longer interest rate environment weighed with most exchanges -0.5% to -1.50% lower. With this narrative firmly in play treasury yields firmed with the 2-years 6bps higher at 4.94% while the 10-years firmed 6bps to 4.48%, which will add to yesterday's rallies. Currency markets were quiet with the NZD slightly firmer while the AUD was a touch weaker, which saw NZD/AUD firm to 0.9235.

Could we see cheaper tickets?

US authorities have announced, its 'time to break up' Ticketmaster parent, Live Nation!



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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	72.00					CAD	0.8372	0.9059
NZD/USD	0.6098	0.0000	0.0000	-0.0002	-0.0005	CHF	0.5575	0.6040
NZD/AUD	0.9236	-0.0009	-0.0025	-0.0049	-0.0083	CNY	4.4258	4.7998
NZD/JPY	95.675	-0.43	-1.32	-2.62	-4.96	DKK	4.2071	4.5563
NZD/EUR	0.5641	-0.0007	-0.0024	-0.0050	-0.0103	FJD	1.3644	1.4776
NZD/GBP	0.4805	-0.0001	-0.0003	-0.0007	-0.0015	HKD	4.7604	5.1555
						KRW	833.48	902.67
AU TWI	62.80					MYR	2.8663	3.1043
AUD/USD	0.6602	0.0006	0.0018	0.0032	0.0052	NOK	6.5147	7.0555
AUD/NZD	1.0827	0.0010	0.0028	0.0055	0.0095	SEK	6.5440	7.0872
AUD/JPY	103.86	-0.39	-1.16	-2.32	-4.51	SGD	0.8238	0.8921
AUD/EUR	0.6107	-0.0002	-0.0009	-0.0024	-0.0059	TWD	19.66	21.29
AUD/GBP	0.5200	0.0004	0.0011	0.0020	0.0029	ZAR	11.26	12.19
USD Index	105.07					EQUITIES		
EUR/USD	1.0809	0.0014	0.0045	0.0094	0.0188		Index	
USD/JPY	156.88	-0.73	-2.17	-4.25	-8.00	NZX50	11,809	
GBP/USD	1.2691	0.0002	0.0006	0.0011	0.0023	ASX200	7,812	
EUR/GBP	0.8515	0.0010	0.0031	0.0064	0.0132	Dow Jones	39,046	
						S&P 500	5,267	
INTEREST RATES			New Zealand		Australia	FTSE100	8,339	
			Mid		Mid	DAX 30	18,691	
30 day bank bills			5.60%		4.34%	Nikkei	39,103	
90 day bank bills			5.62%		4.39%	COMMODITIES		
1 year swap			5.49%		4.35%		USD	
2 year swap			5.07%		4.24%	Brent Crude	81.36	
3 year swap			4.77%		4.15%	Gold	2,331.53	
5 year swap			4.54%		4.29%	Silver	30.10	
10 year swap			4.57%		4.49%	Iron Ore	117.64	
3 year Govt bond			4.74%		3.99%	CRB Index	342.88	
5 year Govt bond			4.65%		4.04%		NZD	
10 year Govt bond			4.81%		4.37%	NZ Carbon	45.00	

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