

Market Alert

Wednesday 29 May 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6143	-0.0002
NZD/AUD	0.9240	-0.0048
NZD/JPY	96.515	-2.62
NZD/EUR	0.5656	-0.0051
NZD/GBP	0.4813	-0.0007
NZD/CNH	4.4617	-0.0646
AUD/USD	0.6648	0.0032
AUD/EUR	0.6121	-0.0024
EUR/USD	1.0860	0.0091
USD/CNH	7.2638	-0.1031
GBP/USD	1.2761	0.0013
EUR/GBP	0.8508	0.0064

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.39%
2 year swap	5.14%	4.23%
10 year Govt	4.88%	4.34%

Anyone for some Double Gloucester?

Yes, it's that time of year again ... the annual Cooper's Hill cheese chase down a hill attempting to catch an eight-pound round of Double Gloucester cheese. To be honest, I'm not that bothered about the cheese but if it was a bottle of port, well, that would be a different story! No word yet on how many broken bones there were this year but I'm sure it will be on the news tonight.

Breaking the headlines down

US consumer confidence unexpectedly rebounded to 102.0 in May, which was a significant upgrade on April's 97.5 and against expectations for a 96.0 print. There was also further positive news after US house prices, according

to the CoreLogic Case-Shiller 20-city price index, rose 7.4% annually in March, which was the index's biggest jump since October 2022 and ahead of February's 1.6% gain. Unfortunately though, the US data wasn't able to generate a hat-trick of wins after the Dallas Fed's manufacturing index fell to -19.4 from -14.5.

UK monthly retail sales rebounded +8 in May following April's -44 decline. Market forecasts were at -24.

So much for German inflation... wholesale prices fell -1.8% in the 12-months to April 2024 following March's revised -3.0% fall! It was the 12th consecutive monthly decline in producer prices, although it was the smallest drop since August 2023.

It was a different story in Canada though after producer prices 'north of the border' rose 1.5% in April, which was an 8-month high and above forecasts at 0.8%.

Proof the Australian economy is slowing came in the form of their April retail sales which edged up 0.1% on the month, quite a bit lower than March's 0.4% gain and below forecasts at 0.2%.

Rent-a-quote

Yes ... he's at it again! Fed member, Neel Kashkari, set the proverbial cat-amongst-the-pigeons stating, "I don't think anyone has taken rate increases off the table. If we are surprised by the data, we will do what we have to do. Policy is restrictive by most measures, but not all. Wage growth is still quite robust relative to the 2.0% goal. The US labour market has softened but remains tight."

But it was a different story in Europe where ECB member, Klaas Knot, confirmed, "The risk of a hard landing in eurozone is receding fairly rapidly," while Austrian ECB official, Robert Holzmann, confirmed, "What I see at the moment is that the disinflation process is indeed underway (but) there will be no automaticity on further moves after June. Each cut that follows will need its own justification. In September and in December we will have new information and we will have to make a new decision."

Breaking it all down ...

... the biggest moves overnight were in the treasury markets following weaker-than-expected 2 and 5-year treasury auctions. While the US Treasury department issued a total of USD140bn, the bid-to-cover ratio was weaker than usual while the tail (the difference between the average price paid and the lowest price) was over 1bps suggesting a lack of appetite. This saw the 2 and 10-years yield firm 4bps and 8bps to yield 4.98% and 4.54% respectively. The knock on effect saw higher yields across the board, with the 10-year JGB 2bps higher to 1.04%, while swap rates in NZ and Australia will undoubtedly open higher this morning. But despite the volatility in fixed income markets, currency markets were quiet with little movements, as has been the theme of the year so far. Equity markets were, as a broad generalisation, lower, while commodity markets firmed after oil prices rallied 2.0%.



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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	72.50					CAD	0.8379	0.9072
NZD/USD	0.6143	0.0000	0.0000	-0.0002	-0.0010	CHF	0.5599	0.6063
NZD/AUD	0.9240	-0.0008	-0.0025	-0.0048	-0.0097	CNY	4.4486	4.8152
NZD/JPY	96.515	-0.41	-1.34	-2.62	-5.09	DKK	4.2186	4.5669
NZD/EUR	0.5656	-0.0007	-0.0024	-0.0051	-0.0109	FJD	1.3479	1.4592
NZD/GBP	0.4813	-0.0001	-0.0003	-0.0007	-0.0020	HKD	4.7970	5.1931
						KRW	837.36	906.49
AU TWI	63.10					MYR	2.8814	3.1192
AUD/USD	0.6648	0.0006	0.0018	0.0032	0.0053	NOK	6.4492	6.9816
AUD/NZD	1.0821	0.0009	0.0029	0.0053	0.0084	SEK	6.4931	7.0292
AUD/JPY	104.46	-0.36	-1.17	-2.32	-4.53	SGD	0.8279	0.8963
AUD/EUR	0.6121	-0.0002	-0.0010	-0.0024	-0.0058	TWD	19.78	21.41
AUD/GBP	0.5208	0.0004	0.0011	0.0019	0.0031	ZAR	11.23	12.15
USD Index	104.59					EQUITIES		
EUR/USD	1.0860	0.0014	0.0046	0.0091	0.0187		Index	
USD/JPY	157.11	-0.69	-2.17	-4.25	-8.02	NZX50	11,683	
GBP/USD	1.2761	0.0002	0.0006	0.0013	0.0022	ASX200	7,767	
EUR/GBP	0.8508	0.0010	0.0031	0.0064	0.0130	Dow Jones	38,792	
						S&P 500	5,295	
INTEREST RATES			New Zealand		Australia	FTSE100	8,254	
			Mid		Mid	DAX 30	18,678	
30 day bank bills			5.60%		4.34%	Nikkei	38,855	
90 day bank bills			5.63%		4.39%	COMMODITIES		
1 year swap			5.54%		4.37%		USD	
2 year swap			5.16%		4.24%	Brent Crude	84.49	
3 year swap			4.88%		4.18%	Gold	2,359.59	
5 year swap			4.66%		4.32%	Silver	32.05	
10 year swap			4.66%		4.52%	Iron Ore	117.66	
3 year Govt bond			4.82%		4.00%	CRB Index	350.67	
5 year Govt bond			4.72%		4.05%		NZD	
10 year Govt bond			4.88%		4.37%	NZ Carbon	45.50	

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