

Market Alert

Monday 10 June 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6116	-0.0003
NZD/AUD	0.9272	-0.0047
NZD/JPY	95.840	-2.60
NZD/EUR	0.5668	-0.0051
NZD/GBP	0.4807	-0.0007
NZD/CNH	4.4888	-0.0623
AUD/USD	0.6579	0.0030
AUD/EUR	0.6097	-0.0025
EUR/USD	1.0790	0.0093
USD/CNH	7.2613	-0.0997
GBP/USD	1.2713	0.0013
EUR/GBP	0.8482	0.0061

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.65%	4.40%
2 year swap	5.00%	4.20%
10 year Govt	4.71%	4.30%

Who knew Afghanistan could play cricket?

That's a headline I thought I would never, ever write!

All up, the weekend was a shocker ... following on from the USA's T20 victory over Pakistan, Afghanistan didn't just beat the Black Cap's, they annihilated them! Iceland also caused an upset defeating England 1-0 at Wembley, my football team got pummelled 5-0, and I didn't win the lottery! As my dad used to say ... at least there's next weekend to make amends! And there were some positive's ... the Warrior's continued their return to form with another win, 3 New Zealand teams made the rugby semi-finals, someone I've never heard of won the French Open, while the Canadian Prix is looking like its going to be an exciting finish!

For all the talk of cracks in the US jobs market ...

... Friday saw US nonfarm payrolls advanced 272k last month, against expectations at 180k, while average hourly earnings accelerated from 3.9% to 4.1% while the unemployment rate surprisingly ticked up to 4.0% from 3.9%. Treasury yields surged as traders pushed back the timing of the Feds cutting cycle with September now pricing in a 60% chance of a 25bps cut, while a full cut isn't priced in until December! We actually have the Federal Reserve's FOMC meeting this week, where the focus will shift to the member's dot plot projections with the question being, will they reduce their cuts from 3 to 2, or from 3 to 1?

As mentioned, US treasury yields surged post the nonfarm's release, and the local fixed income markets will open higher this morning given that the 2 and 10-year US yields closed 16bps and 15bps higher at 4.90% and 4.44%. The USD-index also gapped higher rallying towards the 105.00 handle, which saw the NZD/USD and AUD/USD give-up the best part of a cent. Equity markets sold off, as did commodity markets, on the higher for longer narrative.

In the other headlines, Canada added a more-than-expected 26.7k jobs while wages came in higher than forecast, German industrial production unexpectedly fell 0.1%, China's May exports beat expectations climbing 7.6% in USD-terms from 12-months ago, the IMF warned the US on their ballooning fiscal burden, the European

Union's elections saw a swing to the right (according to the exit polls), while the PBoC completely stopped buying gold last month after an 18-month buying spree.

Following last week's ECB cut, the weekend saw a warning from ECB member, Robert Holzmann, that *"If the original assumption of three rate cuts were to materialise, and the Federal Reserve didn't respond, it would certainly have an impact on the Euro exchange rate, and with it inflation."*

As mentioned,

this week's FOMC decision will take centre stage, while we also have the latest US CPI and PPI reports, as well as the Michigan consumer sentiment update. We also have the BoJ's latest interest rate decision, the latest CPI and PPI inflation reports from China, UK GDP and unemployment re-caps, industrial production updates from the UK and the Euro-zone, alongside the latest trade numbers from the Euro-zone. From our part of the world, we have Australian consumer and business confidence, as well as the latest employment numbers, although there is not much out of New Zealand.

Finally, congratulations to the Mowbray's after they beat out magnate Graeme Hart to the top spot on the NBR rich list.



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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	72.80					CAD	0.8412	0.9055
NZD/USD	0.6117	0.0000	-0.0001	-0.0003	-0.0010	CHF	0.5482	0.5889
NZD/AUD	0.9285	-0.0009	-0.0025	-0.0047	-0.0079	CNY	4.4244	4.7688
NZD/JPY	95.855	-0.45	-1.33	-2.60	-5.00	DKK	4.2235	4.5433
NZD/EUR	0.5669	-0.0008	-0.0025	-0.0051	-0.0105	FJD	1.3555	1.4581
NZD/GBP	0.4810	-0.0001	-0.0003	-0.0007	-0.0017	HKD	4.7780	5.1397
						KRW	843.27	907.11
AU TWI	63.20					MYR	2.8672	3.0842
AUD/USD	0.6579	0.0005	0.0016	0.0030	0.0049	NOK	6.5307	7.0251
AUD/NZD	1.0765	0.0009	0.0028	0.0053	0.0076	SEK	6.4507	6.9390
AUD/JPY	103.12	-0.39	-1.16	-2.30	-4.58	SGD	0.8269	0.8895
AUD/EUR	0.6097	-0.0003	-0.0011	-0.0025	-0.0064	TWD	19.83	21.33
AUD/GBP	0.5171	0.0004	0.0010	0.0018	0.0024	ZAR	11.54	12.41
USD Index	104.94					EQUITIES		
EUR/USD	1.0790	0.0015	0.0046	0.0093	0.0186		Index	
USD/JPY	156.70	-0.71	-2.16	-4.20	-7.92	NZX50	11,857	
GBP/USD	1.2713	0.0002	0.0006	0.0013	0.0020	ASX200	7,860	
EUR/GBP	0.8482	0.0010	0.0030	0.0061	0.0125	Dow Jones	38,799	
						S&P 500	5,347	
INTEREST RATES			New Zealand		Australia	FTSE100	8,245	
			Mid		Mid	DAX 30	18,557	
30 day bank bills			5.60%		4.34%	Nikkei	38,684	
90 day bank bills			5.62%		4.40%	COMMODITIES		
1 year swap			5.45%		4.31%		USD	
2 year swap			5.01%		4.21%	Brent Crude	79.62	
3 year swap			4.73%		4.14%	Gold	2,292.71	
5 year swap			4.49%		4.28%	Silver	29.18	
10 year swap			4.51%		4.48%	Iron Ore	108.48	
3 year Govt bond			4.69%		3.94%	CRB Index	339.05	
5 year Govt bond			4.56%		4.00%		NZD	
10 year Govt bond			4.71%		4.30%	NZ Carbon	52.75	

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