

Market Alert

Tuesday 18 June 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6128	-0.0002
NZD/AUD	0.9264	-0.0046
NZD/JPY	96.640	-2.62
NZD/EUR	0.5708	-0.0052
NZD/GBP	0.4823	-0.0007
NZD/CNH	4.4564	-0.0613
AUD/USD	0.6613	0.0031
AUD/EUR	0.6160	-0.0026
EUR/USD	1.0731	0.0094
USD/CNH	7.2698	-0.0982
GBP/USD	1.2704	0.0014
EUR/GBP	0.8446	0.0064

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.65%	4.42%
2 year swap	4.93%	4.10%
10 year Govt	4.67%	4.19%

Walking into the office this morning ...

I wandered past the local Adidas shop, and it would appear that 'brown' is going to be the colour for this summer, or specifically, brown and orange! Now, I'm no fashionista, I mean, I only get new clothes on birthday's or at Christmas, but even I know brown and orange haven't been fashionable since 1977! Some great things came out of the 1970's ... skateboards, post-it-notes, the mobile phone, Stevie Wonder's soul funk phase, the Sony Walkman, disco and the Rubik's Cube (maybe we should skip those last 2) but brown and orange definitely wasn't one of them. Put it back in the box adidas!

Also, if you are under 35 and reading this, we'll let you know what a Sony Walkman is tomorrow!

Hooray ... its RBA day!

But before we get to this afternoon's excitement, lets quickly round up the overnight price action ...

Equity punts will be happy after Goldman's boosted its S&P500 year-end target to 5,600, but that paled into insignificance after Evercore upped its call to 6,000! And right on que, the S&P 500 is set to close with its 30th record high in 2024! Neel Kashkari's comment that the Fed is well placed to take its time before cutting rates saw treasury yields give up some of their recent gains with the 2 and 10-years 6bps and 3bps higher at 4.77% and 4.28%, while FX markets were quiet with the NZD and AUD flat from last nights close. Commodity prices were mixed with oil prices surprisingly higher despite the announcement the US will release more oil from its Strategic Petroleum Reserves, while copper prices fell to their lowest level in 2-months

The NY Empire State manufacturing index increased from may's -15.6 to -6 in June, its highest level in 4-months while the 'optimism' index reached a 2-year high, while wages in the Eurozone rose 5.3% in the 12-months to Q1, following on from Q4's 3.2% increase. Furthermore, Germany's largest labour union is seeking a wage increase of 7% for its 3.9m workers.

In China, the PBoC left the 1-year MLF rate at 2.50%, as was expected. As you may recall, the MLF rate is the benchmark rate that local commercial banks can borrow funds from the PBoC at. And

the (relatively) elevated MLF rate is not helping house prices either after Chinese new home prices decreased by -0.7% in May and -3.9% on the year in what was the index's 11th consecutive month of decline!

Is services inflation an issue in New Zealand? Apparently not after May service PMIs plummeted to 43.0 from 46.6! These levels are worse than the GFC and well below the long-term average at 53.3!

We also had a few central bank speakers with perma-hawk, Fed member, and Minneapolis President, Neel Kashkari, announcing, "*The US economy is stronger than in other countries (although) it is reasonable that a rate cut could come in December. The median projection is for one cut, and that's likely to be toward end of the year.*" Philly Fed President, Patrick Harker, then added, "*If my economic forecast plays out, I think 1-cut would be appropriate this year. 2-cuts, or none, is also 'quite possible' depending on the data.*" Finally, with the political fall-out in France, the ECB's Christine Lagarde, rather benignly stated, "*The ECB is attentive to the proper functioning of markets.*"

Congratulations Bryson DeChambeau

On winning the US Open ... but let's spare a thought for Rory McIlroy who bogeyed 3 of his final 4 holes. Mind you, the runner-up check for USD2.32m should help!



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Tuesday 18 June 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	72.50					CAD	0.8412	0.9078
NZD/USD	0.6130	0.0000	0.0000	-0.0002	-0.0007	CHF	0.5452	0.5885
NZD/AUD	0.9269	-0.0009	-0.0024	-0.0046	-0.0081	CNY	4.4368	4.7860
NZD/JPY	96.675	-0.47	-1.35	-2.62	-5.02	DKK	4.2589	4.5960
NZD/EUR	0.5711	-0.0009	-0.0025	-0.0052	-0.0108	FJD	1.3537	1.4608
NZD/GBP	0.4825	-0.0001	-0.0003	-0.0007	-0.0016	HKD	4.7863	5.1651
						KRW	845.24	912.14
AU TWI	62.90					MYR	2.8906	3.1194
AUD/USD	0.6613	0.0005	0.0017	0.0031	0.0048	NOK	6.5309	7.0477
AUD/NZD	1.0787	0.0009	0.0026	0.0052	0.0084	SEK	6.4204	6.9286
AUD/JPY	104.29	-0.42	-1.19	-2.33	-4.55	SGD	0.8282	0.8937
AUD/EUR	0.6160	-0.0004	-0.0011	-0.0026	-0.0065	TWD	19.81	21.38
AUD/GBP	0.5205	0.0004	0.0010	0.0017	0.0026	ZAR	11.18	12.07
USD Index	105.35					EQUITIES		
EUR/USD	1.0731	0.0016	0.0047	0.0094	0.0190		Index	
USD/JPY	157.71	-0.78	-2.19	-4.24	-7.95	NZX50	11,699	
GBP/USD	1.2704	0.0002	0.0007	0.0014	0.0019	ASX200	7,700	
EUR/GBP	0.8446	0.0011	0.0031	0.0064	0.0132	Dow Jones	38,815	
						S&P 500	5,487	
INTEREST RATES			New Zealand		Australia	FTSE100	8,142	
			Mid		Mid	DAX 30	18,068	
30 day bank bills			5.60%		4.35%	Nikkei	38,102	
90 day bank bills			5.61%		4.42%	COMMODITIES		
1 year swap			5.39%		4.28%		USD	
2 year swap			4.95%		4.11%	Brent Crude	84.44	
3 year swap			4.66%		4.00%	Gold	2,320.20	
5 year swap			4.41%		4.14%	Silver	29.49	
10 year swap			4.43%		4.34%	Iron Ore	107.33	
3 year Govt bond			4.62%		3.84%	CRB Index	343.31	
5 year Govt bond			4.51%		3.88%		NZD	
10 year Govt bond			4.67%		4.19%	NZ Carbon	50.00	

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