

# Market Alert

Thursday 20 June 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6128	-0.0002
NZD/AUD	0.9185	-0.0044
NZD/JPY	96.850	-2.67
NZD/EUR	0.5702	-0.0053
NZD/GBP	0.4816	-0.0007
NZD/CNH	4.4628	-0.0633
AUD/USD	0.6671	0.0030
AUD/EUR	0.6207	-0.0028
EUR/USD	1.0743	0.0093
USD/CNH	7.2801	-0.1015
GBP/USD	1.2716	0.0013
EUR/GBP	0.8446	0.0063

  

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.65%	4.43%
2 year swap	4.86%	4.17%
10 year Govt	4.61%	4.26%

## China concerns intensify

The PBoC has signalled that it will be getting more involved in intervening to support the Chinese economy. It is likely to start trading bonds in the secondary market, a change in how the central bank currently injects money into the economy and supports liquidity. The PBoC will announce its loan prime rates later today, which are expected to remain steady.

Speaking of China, tensions are once again on the rise after Chinese naval forces captured, albeit temporarily, two small rubber boats that were delivering food and other supplies to a Philippine military outpost in the South China Sea. China has become increasingly assertive

in pressing its claims to virtually the entire sea in recent years and has gone as far as to create artificial islands to reinforce its power projection in the area. This is just one area of geopolitical risk raising headlines at present, with China also taking flak for its support of Russia and also its support for EV companies that undercut US and European carmakers. With tit-for-tat tariffs now being launched, the friction of these superpowers is only likely to intensify as the November US election nears.

## As far as data releases go...

There wasn't too much eventful going on overnight. We will all be waiting patiently to see the domestic GDP figure out shortly at 10:45am, the quarterly number is expected to be a very modest 0.1% gain (0.2% for the year), although there are certainly risks of a negative print – which would extend the official 'recession' label. Four of the last five quarters have been negative and another soft number seems on the cards given the increasingly pessimistic mood.

UK May CPI delivered a result bang in line with what was expected: Up 2.0% from a year earlier, while the core measure came in at a less reasonable 3.5% year-over-year. The numbers are not expected to change how the BoE conducts its meeting tomorrow, with the pending UK election likely to delay the start of the BoEs cutting cycle until August.

New Zealand also had current account figures released for the first quarter of this year, which seems long gone by now, but I'll tell you about it anyway... The data printed at a deficit of -NZD4.36b, slightly better than expectations of a -NZD4.55b deficit. The release had little impact on the NZD/USD, which starts this morning largely unchanged at around 0.6130.

Over in the US, mortgage rates are at their lowest in over 3 months, the average contract interest rate for 30-year fixed mortgages fell sharply to 6.94%, from 7.02% the previous week. Mortgage applications also rose by 0.9% in the week, extending the 15.6% surge from the previous week.

## Expensive carbon anyone?

Yesterday's NZ quarterly carbon market auction failed to sell any units, the auctions \$64/NZU price floor well above the price on the secondary market, which has been trading closer to \$50/NZU – reflecting ongoing political uncertainty around the Emissions Trading Scheme ("ETS") rules going forward. Earlier this month the government announced that farmers will be excluded from the ETS.

And if you didn't know already, NVIDIA just overtook Microsoft yesterday to become the largest public company in the world with a USD3.34 trillion market cap. USD2.12 trillion of this has been added in just the last 6 months.



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

**Barrington**  
TREASURY SERVICES

**Barrington**  
ASSET CONSULTING



**BANCORP**

BANCORP CORPORATE FINANCE LIMITED

# Daily Rates

Thursday 20 June 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	72.50					CAD	0.8400	0.9139
NZD/USD	0.6130	0.0000	-0.0001	-0.0002	-0.0007	CHF	0.5419	0.5900
NZD/AUD	0.9189	-0.0008	-0.0025	-0.0044	-0.0071	CNY	4.4470	4.8411
NZD/JPY	96.885	-0.46	-1.41	-2.67	-4.99	DKK	4.2534	4.6303
NZD/EUR	0.5705	-0.0008	-0.0027	-0.0053	-0.0109	FJD	1.3537	1.4736
NZD/GBP	0.4819	-0.0001	-0.0003	-0.0007	-0.0014	HKD	4.7839	5.2078
						KRW	846.48	921.49
AU TWI	63.50					MYR	2.8832	3.1387
AUD/USD	0.6671	0.0006	0.0017	0.0030	0.0043	NOK	6.4723	7.0458
AUD/NZD	1.0877	0.0009	0.0027	0.0050	0.0078	SEK	6.3943	6.9609
AUD/JPY	105.22	-0.41	-1.25	-2.42	-4.68	SGD	0.8276	0.9009
AUD/EUR	0.6207	-0.0004	-0.0013	-0.0028	-0.0071	TWD	19.84	21.60
AUD/GBP	0.5243	0.0004	0.0011	0.0017	0.0024	ZAR	11.00	11.97
USD Index	105.24					<b>EQUITIES</b>		
EUR/USD	1.0743	0.0015	0.0047	0.0093	0.0181		<b>Index</b>	
USD/JPY	158.04	-0.75	-2.28	-4.32	-7.97	NZX50	11,671	
GBP/USD	1.2716	0.0002	0.0007	0.0013	0.0019	ASX200	7,770	
EUR/GBP	0.8446	0.0011	0.0032	0.0063	0.0127	Dow Jones	38,835	
						S&P 500	5,487	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	8,205	
			<b>Mid</b>		<b>Mid</b>	DAX 30	18,068	
30 day bank bills			5.60%		4.35%	Nikkei	38,571	
90 day bank bills			5.61%		4.43%	<b>COMMODITIES</b>		
1 year swap			5.36%		4.34%		<b>USD</b>	
2 year swap			4.88%		4.19%	Brent Crude	85.27	
3 year swap			4.59%		4.08%	Gold	2,326.31	
5 year swap			4.34%		4.20%	Silver	29.76	
10 year swap			4.36%		4.36%	Iron Ore	107.11	
3 year Govt bond			4.58%		3.90%	CRB Index	346.41	
5 year Govt bond			4.46%		3.94%		<b>NZD</b>	
10 year Govt bond			4.61%		4.23%	NZ Carbon	48.00	

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