

# Market Alert

Wednesday 26 June 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6121	-0.0002
NZD/AUD	0.9203	-0.0043
NZD/JPY	97.710	-2.69
NZD/EUR	0.5710	-0.0054
NZD/GBP	0.4820	-0.0008
NZD/CNH	4.4619	-0.0637
AUD/USD	0.6647	0.0028
AUD/EUR	0.6201	-0.0029
EUR/USD	1.0715	0.0095
USD/CNH	7.2889	-0.0999
GBP/USD	1.2691	0.0016
EUR/GBP	0.8439	0.0064

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.65%	4.45%
2 year swap	4.89%	4.17%
10 year Govt	4.62%	4.28%

## A big shout out this morning ...

... to all those people suffering across the northeast of New Zealand as wild storms hit the Gisborne and Hawkes Bay regions once again. It's a beautiful part of the world, and you've been doing it tough for a couple of years. Hopefully you're all safely tucked up somewhere warm and dry, and your loved ones are safe.

## This won't please the BoC!

After cutting interest rates in a pre-emptive move earlier in the month, Canadian inflation unexpectedly accelerated to 2.9% in May from April's 2.7%, significantly higher than the forecast 2.6%, as services inflation outperformed. Core inflation also firmed, up to 1.8% from 1.6%.

In the US, US consumer confidence slipped to 100.4 in June from May's revised 101.3 while the Richmond Fed's Fifth District composite manufacturing index slumped to -10 in June from the prior print of 0, and in sharp contrast to the forecast at 2. Meanwhile, the 20-city S&P CoreLogic Case-Shiller price index saw house prices firm 7.2% in the year to April, which was ahead of forecasts at 6.9%, although it was a touch lower than March's revised 7.5%.

Fed Governor, Michelle Bowman, announced, "We remain willing to raise rates if inflation progress stalls. We are not yet at the point where it is appropriate to cut rates. the baseline outlook is for inflation to return to 2.0%, and should the data show that, it will eventually become appropriate to gradually lower the policy rate." Colleague, Lisa Cook, then added, "Current policy is well positioned, attentive to inflation expectations. At some point it will be appropriate to cut. We expect the disinflation trend to continue (although) we expect 12-month inflation to move sideways for the rest of the year, slowing more sharply next year."

Chinese Premier, Li Qiang, has warned against a "vicious cycle" of economic decoupling from the West adding, "If countries only consider maximizing their own interests, if we ignore the interests of others, and even go back in history and engage in decoupling ... it will only raise the economic operating costs of the entire society and the world."

Looking at the impact on financial markets, US equities recovered from yesterday's weakness driven by a 'bounce' in tech stocks with Nvidia shares up nearly 7.0% following yesterday's -6.0% decline ... just because some chap suggested they should have a USD6trn valuation! Against this, the European bourses had a negative day easing between -0.25% and -0.75%, with this downward trajectory mirrored in commodity markets which were a sea of red with wheat (-5.5%) and natural gas (-3.6%) the biggest movers. US treasury markets were quiet, with the 2 and 10-years flatlining at 4.74% and 4.24%, as were currency markets with the NZD and AUD a smidge lower. Still no word from BoJ officials on USD/JPY, which is currently trading at 159.70, with the real question being, at what level will they next intervene ... 160, 165, or 170?

## Well ... that's a reason to fly Jetstar!

German airliner Lufthansa has hiked ticket prices by up to USD77.00 ... due to environmental costs! And speaking of sustainability, NZ Rugby has announced an NZD9m loss confirming work needs to be done to become sustainable.

Despite losing a by-election in a Liberal stronghold, Canadian Prime Minister Justin Trudeau has vowed to stay on. And speaking of Canada, the Florida Panthers won the Stanley Cup for the first time in their history, beating the Edmonton Oilers 2-1 in Game 7 and extending Canada's Stanley Cup drought to 31-years.



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# Daily Rates

Wednesday 26 June 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	72.40					CAD	0.8358	0.9079
NZD/USD	0.6123	0.0000	0.0000	-0.0002	-0.0010	CHF	0.5473	0.5946
NZD/AUD	0.9208	-0.0008	-0.0023	-0.0043	-0.0070	CNY	4.4456	4.8276
NZD/JPY	97.735	-0.51	-1.40	-2.69	-5.07	DKK	4.2606	4.6267
NZD/EUR	0.5713	-0.0009	-0.0026	-0.0054	-0.0110	FJD	1.3482	1.4641
NZD/GBP	0.4823	-0.0001	-0.0004	-0.0008	-0.0019	HKD	4.7800	5.1907
						KRW	851.25	924.40
AU TWI	63.60					MYR	2.8787	3.1261
AUD/USD	0.6647	0.0006	0.0016	0.0028	0.0041	NOK	6.4910	7.0487
AUD/NZD	1.0859	0.0009	0.0026	0.0048	0.0073	SEK	6.4278	6.9802
AUD/JPY	106.13	-0.44	-1.22	-2.40	-4.68	SGD	0.8288	0.9001
AUD/EUR	0.6201	-0.0004	-0.0013	-0.0029	-0.0071	TWD	19.87	21.58
AUD/GBP	0.5235	0.0003	0.0009	0.0016	0.0021	ZAR	11.15	12.11
USD Index	105.59					<b>EQUITIES</b>		
EUR/USD	1.0715	0.0016	0.0047	0.0095	0.0188		<b>Index</b>	
USD/JPY	159.63	-0.79	-2.21	-4.27	-7.99	NZX50	11,716	
GBP/USD	1.2691	0.0002	0.0008	0.0016	0.0021	ASX200	7,839	
EUR/GBP	0.8439	0.0011	0.0031	0.0064	0.0131	Dow Jones	39,098	
						S&P 500	5,470	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	8,248	
			<b>Mid</b>		<b>Mid</b>	DAX 30	18,178	
30 day bank bills			5.60%		4.35%	Nikkei	39,173	
90 day bank bills			5.61%		4.45%	<b>COMMODITIES</b>		
1 year swap			5.36%		4.34%		<b>USD</b>	
2 year swap			4.90%		4.18%	Brent Crude	84.93	
3 year swap			4.60%		4.07%	Gold	2,319.62	
5 year swap			4.37%		4.20%	Silver	28.93	
10 year swap			4.38%		4.37%	Iron Ore	106.55	
3 year Govt bond			4.60%		3.96%	CRB Index	342.52	
5 year Govt bond			4.47%		4.00%		<b>NZD</b>	
10 year Govt bond			4.62%		4.31%	NZ Carbon	50.55	

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