

Market Alert

Monday 01 July 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6086	-0.0002
NZD/AUD	0.9115	-0.0041
NZD/JPY	97.785	-2.77
NZD/EUR	0.5667	-0.0054
NZD/GBP	0.4814	-0.0009
NZD/CNH	4.4385	-0.0623
AUD/USD	0.6677	0.0026
AUD/EUR	0.6216	-0.0033
EUR/USD	1.0738	0.0098
USD/CNH	7.2978	-0.1000
GBP/USD	1.2642	0.0016
EUR/GBP	0.8471	0.0065

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.50%
2 year swap	4.95%	4.36%
10 year Govt	4.74%	4.39%

It's coming home?

Maybe not definitely not if England keep playing like that!

Still at least they won, unlike my game on Saturday! Rumour has it that we played with the oldest defense in North League history on Saturday ... at least I'm the 'baby' of the defense! The good news is that we only conceded 4, which for us is regarded as a clean sheet, but it was agreed that we only lost because of our strikers, and that if they knew where the goal was, we would have won. So, summing it all up, we conceded 4 goals, but we lost because the Oceania player of the century, and his buddies upfront couldn't score 5! It's a funny old game ...

Saturday's highlight!

Apart from my first touch, was the latest US PCE release which saw the Fed's favoured measure of inflation fall to 0.0% in May to be at 2.6% for the year, with the core reading at 0.1% and 2.6% as well, boosting the case for earlier cuts in US rates. The other US releases saw personal spending increased 0.2% from the prior month, while personal income rose 0.5%, and the University of Michigan survey saw sentiment increase from 65.6 to 68.2 while conditions firmed from 62.5 to 65.9.

Fed member, Thomas Barkin, said that while the inflation battle hasn't been won, the US economy is likely to remain resilient as long as unemployment remains low and asset valuations high!

We also had the latest PMIs from China, with the NBS manufacturing PMI index printing flat at 49.5 in June, while the non-manufacturing PMI index fell from 51.1 to 50.5 in June, below expectations at 51.0.

While French inflation slowed in June to 2.5%, the first round of the elections saw President Macron's centrist alliance suffer staggering losses, falling to third place with 20.3% of the vote, while the National Rally is expected to win 34.0%.

So, an eventful weekend, and we haven't even mentioned the Warrior's win ... up the Wah's! But ultimately, while the US

releases were all positive, they were in fact, a little too positive, as the US economy continues to out-perform. This saw US yields firm, with the 2 and 10-years firming 5bps and 10bps to 4.77% and 4.39%, respectively, so we should expect a higher open in the NZ and AU fixed income markets this morning. In currency-land, the US-index appears content to flatline around the 105.50 level, which meant there was little movement for NZD/USD and AUD/USD, while equities and commodities were broadly weaker.

Bad debates happen ...

... but that was a car-crash! Take the hint Joe ... and stick to golf! What could be worse than watching 2 retirees argue about golf!

This week the markets attention will be on the latest US payrolls and employment report, as well as the FOMC minutes from their June meeting. We also have the latest PMIs, JOLTs job openings, factory orders and US trade numbers. In Europe, following on from the 1st round shift to the right in France, we also have the UK election, which will likely be a disaster for the Conservatives. We also have the latest inflation print for the Euro-zone and Germany, as well as German factory orders and industrial production updates. From the Asian region, Japan will update their Tankan report, which is essentially an update on their manufacturers.



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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	72.00					CAD	0.8317	0.9122
NZD/USD	0.6086	0.0000	0.0000	-0.0002	-0.0008	CHF	0.5468	0.5972
NZD/AUD	0.9115	-0.0008	-0.0023	-0.0041	-0.0063	CNY	4.4257	4.8450
NZD/JPY	97.785	-0.46	-1.36	-2.77	-5.06	DKK	4.2344	4.6471
NZD/EUR	0.5667	-0.0008	-0.0026	-0.0054	-0.0111	FJD	1.3413	1.4720
NZD/GBP	0.4814	-0.0001	-0.0004	-0.0009	-0.0020	HKD	4.7501	5.2131
						KRW	840.04	921.91
AU TWI	63.30					MYR	2.8686	3.1482
AUD/USD	0.6677	0.0006	0.0015	0.0026	0.0031	NOK	6.4838	7.1158
AUD/NZD	1.0967	0.0009	0.0026	0.0045	0.0060	SEK	6.4203	7.0460
AUD/JPY	107.23	-0.41	-1.24	-2.58	-4.88	SGD	0.8243	0.9047
AUD/EUR	0.6216	-0.0004	-0.0014	-0.0033	-0.0081	TWD	19.78	21.70
AUD/GBP	0.5280	0.0004	0.0009	0.0013	0.0013	ZAR	10.96	12.03
USD Index	105.85					EQUITIES		
EUR/USD	1.0738	0.0015	0.0047	0.0098	0.0191		Index	
USD/JPY	160.65	-0.76	-2.23	-4.49	-8.02	NZX50	11,717	
GBP/USD	1.2642	0.0002	0.0008	0.0016	0.0025	ASX200	7,768	
EUR/GBP	0.8471	0.0011	0.0030	0.0065	0.0128	Dow Jones	39,119	
						S&P 500	5,460	
INTEREST RATES			New Zealand		Australia	FTSE100	8,164	
			Mid		Mid	DAX 30	18,235	
30 day bank bills			5.60%		4.35%	Nikkei	39,583	
90 day bank bills			5.63%		4.50%	COMMODITIES		
1 year swap			5.38%		4.47%		USD	
2 year swap			4.96%		4.37%	Brent Crude	85.00	
3 year swap			4.68%		4.29%	Gold	2,325.71	
5 year swap			4.46%		4.41%	Silver	29.13	
10 year swap			4.50%		4.57%	Iron Ore	106.83	
3 year Govt bond			4.72%		4.13%	CRB Index	340.81	
5 year Govt bond			4.60%		4.16%		NZD	
10 year Govt bond			4.74%		4.42%	NZ Carbon	50.50	

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