

Market Alert

Tuesday 02 July 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6075	-0.0002
NZD/AUD	0.9129	-0.0038
NZD/JPY	98.095	-2.74
NZD/EUR	0.5658	-0.0053
NZD/GBP	0.4804	-0.0008
NZD/CNH	4.4385	-0.0617
AUD/USD	0.6653	0.0025
AUD/EUR	0.6196	-0.0033
EUR/USD	1.0737	0.0096
USD/CNH	7.3052	-0.0995
GBP/USD	1.2642	0.0015
EUR/GBP	0.8490	0.0065

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.50%
2 year swap	4.91%	4.39%
10 year Govt	4.72%	4.47%

Interesting stat of the day.

Portuguese centre back Pepe is older than 8 of the countries at the Euro's football tournament!

Ooops, I did it again!

Sang Britney Spears, but she's not the only one as it appears the Japanese authorities are also 'doing one again' by allowing USD/JPY to trade above the April FX intervention levels with the pair reaching an overnight high at 161.73 after a high ranking currency official hinted 165.00 could be the new, new line in the sand!

Donald Trump 'victory' in last week's debate has seen bond markets start to evaluate the impact of a Trump Presidency, with the assumption it will underpin inflation and increase the fiscal

deficit. This saw US yields continue their grind higher with the 2 and 10-years firming 1bps and 6bps to 4.77% and 4.48% amid a noticeable flattening trend. These moves also supported the USD-index as it firmed to the 105.85 level, which saw the NZD/USD and AUD/USD weaken, although EUR/USD remains around the 1.0740 level as the EUR found support from Marine Le Pen's victory in the 1st round of French parliamentary elections. Beyond that, equity markets started Q3 on a positive footing, as did commodity prices.

Looking at the Japanese economy, it should be emphasised, it is a bit of a conundrum! On a positive note, the Q2 Tankan sentiment report rose from 11 to 13 to reach the index's highest level in 2-years amid an improving economic outlook, but against this, the BoJ concluded the Japanese economy likely contracted at a slightly faster pace than initially reported as they revised their Q1 GDP print lower to -2.9% from -1.8% due to capital spending adjustments.

ECB President, Christine Lagarde, was also on the newswires announcing, "It will take time to be certain that inflation is on track. A soft landing for Euro-zone economy not guaranteed. We are still facing several uncertainties regarding future inflation, especially in terms of how the nexus of profits, wages and productivity will evolve and whether the economy will be hit by new supply-side shocks." ECB Colleague, Pierre Wunsch, also chimed in with, "The markets pricing on rate path is reasonable. The ECB would need convincing to cut more than twice this year. A July cut

is an option in theory, but in practice, the ECB must be cautious." On a positive note, the preliminary estimate for German inflation saw the annual rate fall from 2.4% to 2.2% in June, which was below forecasts at 2.3%.

US ISM manufacturing PMIs fell from 48.7 to 48.05 in May. It was the index's 3rd consecutive decline, the weakest print since February, and below forecasts at 49.1. In a similar vein, Australian manufacturing PMIs fell to 47.2 to record the index's 5th consecutive month in contractionary territory.

In case you missed the start of WWII

US military bases in Europe have been placed on high alert as there is "credible intel pointing to an attack".

The Philippine coastguard has reported Chinese military boats arrived not to help, but to 'obstruct and hinder' efforts to rescue some injured Filipino fishermen. Meanwhile, national security authorities have been granted greater powers to inspect smartphones on suspicion of espionage within China.

The US Supreme Court has granted Donald Trump immunity from some criminal charges for trying to reverse the 2020 election result, thereby ensuring that a trial won't happen before the November election.

At last! Roaring Kitty, aka Keith Gill, has been sued for securities fraud with the defendant having engaged in a pump-and-dump scheme!



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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	72.10					CAD	0.8342	0.9141
NZD/USD	0.6075	0.0000	0.0000	-0.0002	-0.0007	CHF	0.5485	0.6011
NZD/AUD	0.9129	-0.0008	-0.0022	-0.0038	-0.0056	CNY	4.4148	4.8356
NZD/JPY	98.095	-0.50	-1.36	-2.74	-5.00	DKK	4.2184	4.6212
NZD/EUR	0.5658	-0.0009	-0.0025	-0.0053	-0.0104	FJD	1.3490	1.4778
NZD/GBP	0.4804	-0.0001	-0.0004	-0.0008	-0.0016	HKD	4.7445	5.1977
						KRW	839.99	920.21
AU TWI	63.70					MYR	2.8604	3.1336
AUD/USD	0.6653	0.0006	0.0015	0.0025	0.0032	NOK	6.4736	7.0919
AUD/NZD	1.0953	0.0009	0.0025	0.0043	0.0060	SEK	6.4496	7.0652
AUD/JPY	107.45	-0.46	-1.25	-2.57	-4.87	SGD	0.8246	0.9033
AUD/EUR	0.6196	-0.0004	-0.0013	-0.0033	-0.0078	TWD	19.76	21.65
AUD/GBP	0.5261	0.0004	0.0008	0.0013	0.0014	ZAR	11.16	12.23
USD Index	105.85					EQUITIES		
EUR/USD	1.0737	0.0016	0.0047	0.0096	0.0186		Index	
USD/JPY	161.48	-0.81	-2.22	-4.46	-8.06	NZX50	11,789	
GBP/USD	1.2642	0.0002	0.0008	0.0015	0.0023	ASX200	7,751	
EUR/GBP	0.8490	0.0011	0.0031	0.0065	0.0127	Dow Jones	39,146	
						S&P 500	5,464	
INTEREST RATES			New Zealand		Australia	FTSE100	8,167	
			Mid		Mid	DAX 30	18,291	
30 day bank bills			5.60%		4.35%	Nikkei	39,631	
90 day bank bills			5.63%		4.50%	COMMODITIES		
1 year swap			5.35%		4.51%		USD	
2 year swap			4.93%		4.40%	Brent Crude	86.83	
3 year swap			4.65%		4.32%	Gold	2,329.89	
5 year swap			4.45%		4.45%	Silver	29.40	
10 year swap			4.49%		4.63%	Iron Ore	106.83	
3 year Govt bond			4.68%		4.17%	CRB Index	342.25	
5 year Govt bond			4.57%		4.21%		NZD	
10 year Govt bond			4.72%		4.49%	NZ Carbon	51.50	

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