

Market Alert

Tuesday 30 July 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5877	0.0002
NZD/AUD	0.8973	-0.0025
NZD/JPY	90.520	-2.34
NZD/EUR	0.5430	-0.0046
NZD/GBP	0.4568	-0.0003
NZD/CNH	4.2735	-0.0575
AUD/USD	0.6548	0.0020
AUD/EUR	0.6048	-0.0035
EUR/USD	1.0822	0.0093
USD/CNH	7.2713	-0.1020
GBP/USD	1.2862	0.0013
EUR/GBP	0.8411	0.0063

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.46%	4.53%
2 year swap	4.18%	4.15%
10 year Govt	4.44%	4.36%

Who would have thunk it?

In one of the most hotly contested elections, incumbent Venezuelan President Maduro has retained power in a hotly contested election ... with 109% of the population voting with the 'winning' margin ranging from 51% to 70% depending on your news source! Man, I like the way that math works! Unsurprisingly China, Russia and Cuba have all congratulated President Maduro on his election victory!

Rishi Sunak may have married a billionaire ...

... but it appears he can't balance his cheque book! Well, not the Governments one anyway after the new Finance minister announced her review of Britain's finances showed the Labour party inherited a shortfall of GBP22bn

from the prior government adding, "The disaster of Truss' mini-budget shows what happens if you don't take action! We will be cutting spending projects. If left unaddressed, it would result in a 25% increase in the budget deficit this year." Rumours of capital gains tax increases and cuts to the winter fuel payments for pensioners are already doing the rounds.

There was little in the way of data releases overnight with the US Treasury confirming it expects to borrow USD740bn in the third quarter, which is a lot lower than April's USD847bn estimate, while the Dallas Fed's manufacturing survey fell to -17.5 in July from June's -15.1.

Somewhat unsurprisingly, ahead of this week's Fed, BoJ and BoE meetings, markets traded sideways. There was little to report but, summing it up, the USD-index firmed, which saw the NZD and AUD ease back a touch. Long-end bond yields fell, with the US 10-years falling -3bps to 4.17%, while equities and commodity markets were mixed.

Everyone has an opinion

Ahead of the biggest week of the northern hemisphere summer, every analysis and economist worth his salt has been giving their version of what will happen ...

Starting with the Fed decision on Thursday morning local time, Morgan Stanley announced, "This week's FOMC statement will lay foundation for 3 cuts this year," while Deutsche's thinking is along similar lines, suggesting there'll

be nothing at this week's meeting but, "The first 25bps cut in September will be followed by a 25bps cut in November and then another 25bps cut in December. There will then be a pause until September 2025."

UBS warned that a Fed policy pivot is on the horizon with their base case being a 25bps cut in September as they, "Expect the US continues to head toward a soft economic landing. The economy has entered a period of below-trend growth, growth has slowed to a modest pace. Steadily rising unemployment rate is also consistent with below-trend growth. We see little evidence of an imminent hard landing. Broad disinflation is in place," although Bank of America is content to counter everyone stating, "We think the markets are back to being overly optimistic about the upcoming rate cycle".

Reuters have also announced the Bank of Japan have undertaken a review of past policy that "will present a paradigm shift for the central bank's ideas around inflation. The comprehensive review will help the BoJ make the case for future rate hikes. The key message of the review is that Japan is 'ready for higher rates'. The Deputy Governor will highlight a change in Japan's deflationary norm, although the review won't lead to change in their price goal target nor policy framework."

Finally, the Australian regulator APRA warns of (slowly) rising arrears on mortgage and business loans.

BlackRock's CEO, Larry Fink, has announced an international search is underway for his successor. Should I send my CV?



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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	69.50					CAD	0.8136	0.9070
NZD/USD	0.5877	0.0000	0.0000	0.0002	0.0008	CHF	0.5205	0.5804
NZD/AUD	0.8973	-0.0007	-0.0017	-0.0025	-0.0015	CNY	4.2650	4.7535
NZD/JPY	90.520	-0.41	-1.22	-2.34	-4.09	DKK	4.0499	4.5138
NZD/EUR	0.5430	-0.0007	-0.0024	-0.0046	-0.0082	FJD	1.3085	1.4584
NZD/GBP	0.4568	-0.0001	-0.0003	-0.0003	0.0002	HKD	4.5882	5.1138
						KRW	811.41	904.36
AU TWI	62.10					MYR	2.7242	3.0363
AUD/USD	0.6548	0.0005	0.0013	0.0020	0.0017	NOK	6.4605	7.2006
AUD/NZD	1.1143	0.0008	0.0020	0.0029	0.0012	SEK	6.3590	7.0875
AUD/JPY	100.86	-0.39	-1.18	-2.35	-4.42	SGD	0.7888	0.8792
AUD/EUR	0.6048	-0.0004	-0.0014	-0.0035	-0.0083	TWD	19.30	21.51
AUD/GBP	0.5088	0.0002	0.0006	0.0010	0.0008	ZAR	10.83	12.07
USD Index	104.54					EQUITIES		
EUR/USD	1.0822	0.0015	0.0045	0.0093	0.0180		Index	
USD/JPY	154.01	-0.70	-2.08	-4.03	-7.16	NZX50	12,314	
GBP/USD	1.2862	0.0003	0.0008	0.0013	0.0009	ASX200	7,990	
EUR/GBP	0.8411	0.0010	0.0030	0.0063	0.0131	Dow Jones	40,602	
						S&P 500	5,475	
INTEREST RATES			New Zealand		Australia	FTSE100	8,292	
			Mid		Mid	DAX 30	18,321	
30 day bank bills			5.54%		4.39%	Nikkei	38,469	
90 day bank bills			5.46%		4.53%	COMMODITIES		
1 year swap			4.81%		4.38%		USD	
2 year swap			4.19%		4.16%	Brent Crude	79.80	
3 year swap			3.94%		4.04%	Gold	2,384.29	
5 year swap			3.85%		4.19%	Silver	27.91	
10 year swap			4.06%		4.39%	Iron Ore	106.86	
3 year Govt bond			4.12%		3.99%	CRB Index	324.05	
5 year Govt bond			4.10%		4.04%		NZD	
10 year Govt bond			4.44%		4.36%	NZ Carbon	51.50	

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