

# Market Alert

Wednesday 14 August 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6077	-0.0002
NZD/AUD	0.9158	-0.0029
NZD/JPY	89.225	-2.27
NZD/EUR	0.5525	-0.0047
NZD/GBP	0.4723	-0.0004
NZD/CNH	4.3439	-0.0700
AUD/USD	0.6634	0.0017
AUD/EUR	0.6031	-0.0033
EUR/USD	1.0998	0.0088
USD/CNH	7.1482	-0.1115
GBP/USD	1.2865	0.0005
EUR/GBP	0.8546	0.0066

  

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.38%	4.41%
2 year swap	3.98%	3.72%
10 year Govt	4.32%	4.09%

## Seriously, what is it with New Zealand drivers?

Yes, we all think we're good but actually, we're rubbish! Take this morning for example (naturally), I pulled out on the road with no cars about ... and within 100-yards there is a car right behind me. Now, he wasn't tailgating me, and I wasn't busting -a-gut to get to the office, but you could tell he was in a hurry. I've only got a 10-minute drive, yet somehow, he managed to overtake me ... twice ... one time on a roundabout to boot! And at the end of the day ... he walked out of the car park a full 5-seconds in front of me ... simply put, was it worth it?

## Was it worth it will also be the question ...

... on everyone's lips this evening as well. We can all talk about what Mr. Orr should

do until we're blue in the face, but the reality is no-one knows what he's going to do. So much for transparency!

Overnight, the NZD was once again the strongest performing currency after the USD-index was sold following the US PPI print which supported the business case for a US September rate cut ... either that or the currency markets aren't buying into the local OIS pricing! The USD-index crashed through the 103.00 level and will close just above the 102.50 level this morning, which saw the NZD/USD rally 1.0% while the AUD/USD firmed 0.8%. This saw NZD/AUD firm back above the 0.9150 level, while it would appear speculators are re-establishing JPY shorts as it had another awful session. Bond markets liked the news as well, with US yields continuing the week's trend lower with the 2 and 5-years falling -8bps and -6bps to yield 3.95% and 3.85% respectively.

The PPI print also supported the equity bounce, with US and European bourses firming between 0.5%-1.5%, although commodity prices were smashed with oil falling -2.0%, while the energy, metal, and agri commodities were all trading into negative territory.

As previously mentioned, the rationale for the positivity was the fact US PPI rose less than anticipated fuelling speculation that the Federal Reserve may consider a larger interest rate cut in September. The actual print saw factory prices rise 0.1%, slowing from June's 0.2% increase and below forecasts at 0.2%. US small business optimism also rose climbing to

93.7 in July from June's 91.5.

We also had Fed member, Raphael Bostic, confirm, "If the economy evolves as I expect, there would be rate cut by the end of the year. We are at an inflection point where inflation is nearing its target. The election is not considered when the Fed makes its decision."

But it was a different situation in Germany, where the ZEW indicator of economic sentiment plummeted to 19.2 in August from July's 41.8. It was the index's lowest print in 7-months and well below expectations at 32.6, while the Eurozone ZEW also plummeted dropping 25.8 points to a nine-month low of 17.9, which was also well below forecasts at 35.4.

The UK job market is holding up well, which explains why so many Kiwis are going there! Unemployment unexpectedly fell to 4.2% from 4.4% in the 3-months to June. while wages grew 5.4%.

In New Zealand there were a couple of releases that were ignored ... the light traffic index lifted 1.5% in July, the heavy traffic index rallied 6.1%, while annual immigration flows slowed, with the monthly rate seeing a net 2,710 increase, which saw the annual number fall from 83,742 to 73,268.

## Anyway ... until this afternoon ...



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# Daily Rates

Wednesday 14 August 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.40					CAD	0.8326	0.9096
NZD/USD	0.6077	0.0001	0.0000	-0.0002	-0.0008	CHF	0.5254	0.5738
NZD/AUD	0.9158	-0.0007	-0.0019	-0.0029	-0.0035	CNY	4.3467	4.7459
NZD/JPY	89.225	-0.43	-1.18	-2.27	-3.96	DKK	4.1213	4.5006
NZD/EUR	0.5525	-0.0008	-0.0023	-0.0047	-0.0089	FJD	1.3360	1.4590
NZD/GBP	0.4723	-0.0001	-0.0003	-0.0004	-0.0002	HKD	4.7314	5.1668
						KRW	826.98	903.08
AU TWI	61.60					MYR	2.7009	2.9495
AUD/USD	0.6634	0.0006	0.0013	0.0017	0.0012	NOK	6.5171	7.1168
AUD/NZD	1.0918	0.0008	0.0021	0.0031	0.0022	SEK	6.3521	6.9366
AUD/JPY	97.42	-0.40	-1.10	-2.22	-3.99	SGD	0.7999	0.8735
AUD/EUR	0.6031	-0.0004	-0.0013	-0.0033	-0.0076	TWD	19.63	21.44
AUD/GBP	0.5154	0.0003	0.0007	0.0011	0.0016	ZAR	11.00	12.01
USD Index	102.60					<b>EQUITIES</b>		
EUR/USD	1.0998	0.0016	0.0046	0.0088	0.0160		<b>Index</b>	
USD/JPY	146.81	-0.73	-1.95	-3.69	-6.28	NZX50	12,319	
GBP/USD	1.2865	0.0005	0.0008	0.0005	-0.0020	ASX200	7,827	
EUR/GBP	0.8546	0.0009	0.0030	0.0066	0.0133	Dow Jones	39,766	
						S&P 500	5,434	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	8,235	
			<b>Mid</b>		<b>Mid</b>	DAX 30	17,812	
30 day bank bills			5.46%		4.35%	Nikkei	36,233	
90 day bank bills			5.38%		4.41%	<b>COMMODITIES</b>		
1 year swap			4.63%		4.05%		<b>USD</b>	
2 year swap			4.02%		3.74%	Brent Crude	80.81	
3 year swap			3.81%		3.62%	Gold	2,466.41	
5 year swap			3.75%		3.81%	Silver	27.82	
10 year swap			3.99%		4.08%	Iron Ore	100.67	
3 year Govt bond			3.97%		3.66%	CRB Index	326.39	
5 year Govt bond			3.98%		3.73%		<b>NZD</b>	
10 year Govt bond			4.32%		4.09%	NZ Carbon	54.10	

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