

Market Alert

Monday 19 August 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6041	0.0003
NZD/AUD	0.9064	-0.0022
NZD/JPY	89.150	-2.20
NZD/EUR	0.5478	-0.0043
NZD/GBP	0.4670	-0.0001
NZD/CNH	4.3193	-0.0665
AUD/USD	0.6664	0.0019
AUD/EUR	0.6042	-0.0034
EUR/USD	1.1027	0.0090
USD/CNH	7.1597	-0.1133
GBP/USD	1.2930	0.0007
EUR/GBP	0.8517	0.0062

INT RATES	NZ	Australia
OCR/Cash	5.25%	4.35%
90 day bills	5.25%	4.42%
2 year swap	3.75%	3.74%
10 year Govt	4.21%	4.02%

Where were the upsets?

In a wet and wild weekend, the rugby went pretty much to plan, and it was good to see the return of the Premier League, although the results went to plan there as well! Israel Adesanya deserves a huge shout-out while the Warriors, well, they are the Warriors after all, but where were all the shocks and upsets?

And speaking of dull!

Friday saw a very dull close to the week with little of note to report from the European and US closes ... US consumer sentiment, from the University of Michigan survey, rose for the first time in 5 months, rallying from 66.9 to 67.8, although the US housing market is looking precarious after building permits fell by 4.0% to an annualised 1.396 million

in July, while housing starts plunged by 6.8% to 1.238m. In the other headlines, UK retail sales rose 0.5% in July following June's revised -0.9% decline.

Friday saw a few local headlines, with New Zealand manufacturing PMIs firming from 41.1 to 44.0 in July, while the central bank may be concerned after Q2 PPI inflation saw output firm from 0.6% to 1.1% while inputs also gapped higher jumping from 0.5% to 1.4%. As one would expect after an MPS, we also had RBNZ Governor Adrian Orr on the newswires stating, "*The Bank's MPC has achieved a very strong level of confidence that low and stable inflation is back within 1.0%- 3.0% range. I (shouldn't that read as we?) want to see inflation expectations and pricing intentions continue to remain anchored.*"

The AUD also had a string session after RBA Governor Michelle Bullock confirmed, "*The Board is of the view that it currently has the balance right between reducing inflation in a reasonable timeframe. Based on what the board knows at present, it does not expect that it will be in a position to cut rates in the near term. It's 'premature' to think about cutting interest rates and about rate cuts helping the AUD.*"

It appears the NZD, AUD and the GBP were supported by the return of the carry trade after Nomura saw a "notable move back" into JPY shorts, but despite this bounce higher, the NZD and AUD remain within their recent ranges. The softer inflation data, robust retail sales, and lower unemployment claims helped

calm concerns about potential recession, which saw 2 and 10-year US yields trade -4bps and -3bps lower at 4.06% and 3.89% respectively. Commodity markets were mixed with iron ore reaching its lowest level since 2022, although copper prices reached a 2-week high as a strike at BHP's mine in Chile threatened to disrupt more than 5.0% of global supply, while gold prices rose to their highest level on record!

The week ahead ...

... is shaping up to be another busy one! Most of the focus will be on this week's meeting of central bankers and economists at Jackson Hole with Fed Chair Jerome Powell due to speak on Friday with BoE Governor Andrew Bailey and ECB chief economist Philip Lane also due to speak. The annual Jackson Hole Symposium is known to be used by central banks as an event to communicate policy changes. We also have the PBoC updating their LPR fixings, the Riksbank and BoK with their rate announcement, the minutes from the ECB, RBA, Eurozone, Canadian and Japanese inflation, and the usual flash PMI monthly reports. From New Zealand we have the services index, trade balance card spending, retail sales and the GDT auction.



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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	69.90					CAD	0.8255	0.9122
NZD/USD	0.6041	0.0001	0.0002	0.0003	0.0007	CHF	0.5223	0.5772
NZD/AUD	0.9064	-0.0006	-0.0016	-0.0022	-0.0016	CNY	4.3339	4.7721
NZD/JPY	89.150	-0.40	-1.16	-2.20	-3.79	DKK	4.0794	4.5075
NZD/EUR	0.5478	-0.0007	-0.0022	-0.0043	-0.0078	FJD	1.3513	1.4932
NZD/GBP	0.4670	-0.0001	-0.0002	-0.0001	0.0008	HKD	4.7007	5.1941
						KRW	813.65	899.05
AU TWI	61.90					MYR	2.6705	2.9508
AUD/USD	0.6664	0.0006	0.0013	0.0019	0.0018	NOK	6.3806	7.0502
AUD/NZD	1.1006	0.0007	0.0018	0.0021	0.0006	SEK	6.2885	6.9485
AUD/JPY	98.33	-0.38	-1.11	-2.21	-4.03	SGD	0.7933	0.8766
AUD/EUR	0.6042	-0.0004	-0.0014	-0.0034	-0.0076	TWD	19.38	21.41
AUD/GBP	0.5150	0.0003	0.0007	0.0011	0.0016	ZAR	10.77	11.90
USD Index	102.40					EQUITIES		
EUR/USD	1.1027	0.0016	0.0047	0.0090	0.0167		Index	
USD/JPY	147.57	-0.69	-1.96	-3.68	-6.38	NZX50	12,728	
GBP/USD	1.2930	0.0005	0.0009	0.0007	-0.0010	ASX200	7,971	
EUR/GBP	0.8517	0.0009	0.0029	0.0062	0.0132	Dow Jones	40,660	
						S&P 500	5,554	
INTEREST RATES			New Zealand		Australia	FTSE100	8,311	
			Mid		Mid	DAX 30	18,322	
30 day bank bills			5.36%		4.35%	Nikkei	38,063	
90 day bank bills			5.25%		4.42%	COMMODITIES		
1 year swap			4.41%		4.04%		USD	
2 year swap			3.77%		3.75%	Brent Crude	79.68	
3 year swap			3.57%		3.63%	Gold	2,507.28	
5 year swap			3.55%		3.81%	Silver	29.01	
10 year swap			3.82%		4.07%	Iron Ore	97.81	
3 year Govt bond			3.75%		3.61%	CRB Index	325.47	
5 year Govt bond			3.81%		3.69%		NZD	
10 year Govt bond			4.21%		4.04%	NZ Carbon	54.00	

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