

# Market Alert

Tuesday 27 August 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6212	0.0001
NZD/AUD	0.9165	-0.0023
NZD/JPY	89.790	-2.18
NZD/EUR	0.5565	-0.0044
NZD/GBP	0.4710	-0.0003
NZD/CNH	4.4193	-0.0715
AUD/USD	0.6776	0.0017
AUD/EUR	0.6070	-0.0033
EUR/USD	1.1162	0.0087
USD/CNH	7.1238	-0.1157
GBP/USD	1.3189	0.0000
EUR/GBP	0.8461	0.0059

  

INT RATES	NZ	Australia
OCR/Cash	5.25%	4.35%
90 day bills	5.22%	4.40%
2 year swap	3.82%	3.64%
10 year Govt	4.24%	3.95%

## That made my evening!

It was a Monday evening, and I was wandering down the stairs towards the front door contemplating all the ironing I had to do and, quite frankly, feeling a little depressed! I then entered my happy space ... yes, that's right, I tripped over a box of wine! Now I know where it came from, but I hadn't ordered any, and neither had the wife, but who cares, it made the ironing of 10-shirts a much more pleasant experience!

## It was a bit of a ho-hum session last night ...

... with not a great deal to report. The data releases were pretty much as you'd expect them to be with US durable goods orders surging 9.9% in July following

June's -6.9% decline, in what was the index's largest rise since May 2020, while the Dallas Fed's manufacturing index rose to -9.7 in August from the prior -17.5 to record the index's lowest contraction level since January 2023. Finally, the Atlanta Fed GDPNow tracker was unchanged at 2.0%, while the German IFO Business sentiment index fell from 87.0 to 86.6, its lowest print since February as pessimism increased amongst the business community.

San Fran Fed President, Mary Daly, jumped on the rate cutting rhetoric announcing, *"It's hard to imagine anything that could derail a September rate cut. The time to adjust policy is upon us. I don't want to declare that we're on the path to neutral, but we will find where the neutral rate is as we go. We have a long ways to go to get to 2.50% or 3.00%. The most likely outcome is that we continue to see a gradual slowing of inflation, and a sustainable pace of labour market growth. If the labour market weakens more than anticipated, we would need to be more aggressive. I see further signs that the labour market is slowing as unwelcome."*

## Summing it all up ...

... it wasn't too much of a surprise to see the USD-index bounce off its 12-month low, which contributed to a minor correction for the NZD and AUD. From here, a period of calm would help with the consolidation process, but don't forget we have the US election coming

up which will likely start to impact markets sometime in late September. Treasury yields were steady ahead of this week's PCE release, with the 2 and 10-years firming between 1bps - 2bps to yield 3.94% and 3.82% respectively, while equity markets were broadly flat with Asian markets being the strongest performers following on from Saturday morning's northern hemisphere closes. I suppose the real outlier was the 2.3% rally in oil prices, although the escalating tensions in the Middle East does explain the move, with the balance of commodity prices moving slightly higher.

It's time to get release the hunting dogs ... because a small group of wild pigs, 6 to be exact, caused USD150k of damage to a school in California!



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# Daily Rates

Tuesday 27 August 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	71.30					CAD	0.8370	0.9148
NZD/USD	0.6212	0.0001	0.0001	0.0001	-0.0002	CHF	0.5259	0.5740
NZD/AUD	0.9165	-0.0007	-0.0016	-0.0023	-0.0027	CNY	4.4223	4.8253
NZD/JPY	89.790	-0.42	-1.15	-2.18	-3.81	DKK	4.1509	4.5285
NZD/EUR	0.5565	-0.0008	-0.0023	-0.0044	-0.0083	FJD	1.3496	1.4724
NZD/GBP	0.4710	-0.0001	-0.0002	-0.0003	0.0003	HKD	4.8427	5.2832
						KRW	824.83	899.87
AU TWI	62.30					MYR	2.6987	2.9442
AUD/USD	0.6776	0.0006	0.0013	0.0017	0.0015	NOK	6.5497	7.1456
AUD/NZD	1.0908	0.0008	0.0017	0.0025	0.0011	SEK	6.3395	6.9162
AUD/JPY	97.41	-0.39	-1.10	-2.13	-3.95	SGD	0.8095	0.8832
AUD/EUR	0.6070	-0.0004	-0.0015	-0.0033	-0.0077	TWD	19.77	21.57
AUD/GBP	0.5137	0.0003	0.0006	0.0009	0.0015	ZAR	10.99	11.99
USD Index	100.86					<b>EQUITIES</b>		
EUR/USD	1.1162	0.0017	0.0047	0.0087	0.0159		<b>Index</b>	
USD/JPY	144.55	-0.69	-1.89	-3.52	-6.07	NZX50	12,590	
GBP/USD	1.3189	0.0004	0.0008	0.0000	-0.0021	ASX200	8,085	
EUR/GBP	0.8461	0.0010	0.0030	0.0059	0.0127	Dow Jones	41,227	
						S&P 500	5,615	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	8,328	
			<b>Mid</b>		<b>Mid</b>	DAX 30	18,617	
30 day bank bills			5.36%		4.35%	Nikkei	38,110	
90 day bank bills			5.22%		4.40%	<b>COMMODITIES</b>		
1 year swap			4.46%		3.96%		<b>USD</b>	
2 year swap			3.84%		3.65%	Brent Crude	81.34	
3 year swap			3.64%		3.52%	Gold	2,519.85	
5 year swap			3.62%		3.73%	Silver	30.00	
10 year swap			3.88%		4.02%	Iron Ore	98.05	
3 year Govt bond			3.79%		3.52%	CRB Index	333.67	
5 year Govt bond			3.84%		3.60%		<b>NZD</b>	
10 year Govt bond			4.24%		3.96%	NZ Carbon	61.75	

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