

Market Alert

Tuesday 03 September 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6235	0.0000
NZD/AUD	0.9177	-0.0020
NZD/JPY	91.570	-2.17
NZD/EUR	0.5632	-0.0043
NZD/GBP	0.4743	-0.0001
NZD/CNH	4.4365	-0.0722
AUD/USD	0.6792	0.0014
AUD/EUR	0.6134	-0.0033
EUR/USD	1.1071	0.0083
USD/CNH	7.1159	-0.1160
GBP/USD	1.3143	0.0001
EUR/GBP	0.8421	0.0061

INT RATES	NZ	Australia
OCR/Cash	5.25%	4.35%
90 day bills	5.21%	4.45%
2 year swap	3.94%	3.78%
10 year Govt	4.41%	4.11%

That didn't go well ...

Being a football fan, I thought it would be worthwhile to get up at 3:00am on Monday morning to watch the Manchester United vs. Liverpool game. As always, United faltered to deceive and by the end of the game, were truly awful. Its 2 hours of my life that I'll never get back! But that's when I committed the classic schoolboy error ... I always set my alarms to go off every day, so I don't accidentally set them for the wrong day. I even thought to turn it off a couple of times yesterday ... but I kept getting side-tracked. Yep ... you guessed it, I forgot, and it went off at 3:00am this morning ... but the issue is I accidentally hit the snooze button instead of the off button ... so it came back on 3 times!

To be fair, I was probably the only one awake ...

... because financial markets were in a deep sleep overnight! To be fair, it was Labour Day in the US and Canada, but there was very little price action and even less to report ... the highlight was the Chinese Caixin manufacturing PMI report, which rose to 50.4 from July's 9-month low of 49.8, with expectations for a 50.0, while UK manufacturing PMIs were a close second after they reached a 26-month high at 52.5 in August, up from July's 52.1. Eurozone manufacturing remains in contraction at 45.8, weighed down by Germany (42.4) and France (43.9).

In Australia manufacturing PMIs firmed from 47.5 to 48.5, while Q2 business inventories rose slightly gaining 0.1% on the month, job ads fell -2.1% in August, building permits jumped 10.4%, and the Melbourne Institute's inflation forecasting model is projecting August inflation will be at -0.1% on the month and at 2.5% for the year.

There was some activity in bond markets after the German regional elections, which saw a swing to the right raising the question as to whether incumbent coalition will last the full term. Markets don't like uncertainty, especially political uncertainty, which saw the German 10-year bund government bond yield gap 5bps higher to 2.34%, the highest level in a month. The US markets were flat with the 10-year yield consolidating on

its bounce back from the 3.80% level at 3.91% this morning, with the 2-year flatlining at 3.93%.

The USD-index also spent the session in consolidatory territory above the 101.50 level at 101.65, while the NZD, which sold-off during our session yesterday, was virtually unchanged overnight, which was contrary to the AUD and EUR which posted modest gains. This saw NZD/AUD ease back to 0.9175, while the JPY had another weak session with USD/JPY closing in on the 147.00 level.

European equity markets posted modest gains while commodity prices were mixed with oil prices a touch firmer while gold and silver eased lower.

WSJ Fed-watcher, Nick Timiraos, highlighted, "*The July PCE shows disinflation over the last three months continues to be relatively broad-based.*" Goldman Sachs raised their Q3 US GDP estimate to 2.7% (q/q annualized), from 2.5%.

I want his vacation days!

In a country where the average number of vacation days is 9, President Joe Biden has spent 382 days, or 40% of his presidency, on 'personal' trips away from the White House, putting him on course to become America's most idle commander-in-chief! I have a buddy who gets 12-weeks a year vacation ... but that's nothing compared to Joe!



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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	71.80					CAD	0.8410	0.9166
NZD/USD	0.6235	0.0000	0.0001	0.0000	-0.0006	CHF	0.5306	0.5783
NZD/AUD	0.9177	-0.0007	-0.0015	-0.0020	-0.0018	CNY	4.4358	4.8336
NZD/JPY	91.570	-0.40	-1.14	-2.17	-3.88	DKK	4.1990	4.5756
NZD/EUR	0.5632	-0.0008	-0.0022	-0.0043	-0.0084	FJD	1.3538	1.4752
NZD/GBP	0.4743	-0.0001	-0.0002	-0.0001	0.0004	HKD	4.8592	5.2950
						KRW	833.21	907.94
AU TWI	62.40					MYR	2.7114	2.9545
AUD/USD	0.6792	0.0005	0.0012	0.0014	0.0007	NOK	6.5961	7.1876
AUD/NZD	1.0896	0.0007	0.0016	0.0020	0.0011	SEK	6.3880	6.9608
AUD/JPY	99.78	-0.35	-1.09	-2.16	-4.05	SGD	0.8145	0.8876
AUD/EUR	0.6134	-0.0004	-0.0014	-0.0033	-0.0080	TWD	19.97	21.77
AUD/GBP	0.5165	0.0003	0.0006	0.0009	0.0014	ZAR	11.11	12.11
USD Index	101.65					EQUITIES		
EUR/USD	1.1071	0.0015	0.0043	0.0083	0.0153		Index	
USD/JPY	146.87	-0.64	-1.85	-3.48	-6.09	NZX50	12,556	
GBP/USD	1.3143	0.0004	0.0006	0.0001	-0.0024	ASX200	8,110	
EUR/GBP	0.8421	0.0009	0.0029	0.0061	0.0130	Dow Jones	41,563	
						S&P 500	5,648	
INTEREST RATES			New Zealand		Australia	FTSE100	8,364	
			Mid		Mid	DAX 30	18,931	
30 day bank bills			5.36%		4.36%	Nikkei	38,701	
90 day bank bills			5.21%		4.45%	COMMODITIES		
1 year swap			4.47%		4.09%		USD	
2 year swap			3.96%		3.79%	Brent Crude	77.28	
3 year swap			3.79%		3.68%	Gold	2,499.29	
5 year swap			3.78%		3.88%	Silver	28.50	
10 year swap			4.05%		4.17%	Iron Ore	100.55	
3 year Govt bond			3.95%		3.62%	CRB Index	328.00	
5 year Govt bond			4.01%		3.71%		NZD	
10 year Govt bond			4.41%		4.11%	NZ Carbon	62.25	

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