

# Market Alert

Friday 06 September 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6221	-0.0001
NZD/AUD	0.9236	-0.0017
NZD/JPY	89.210	-2.10
NZD/EUR	0.5602	-0.0042
NZD/GBP	0.4722	-0.0001
NZD/CNH	4.4107	-0.0724
AUD/USD	0.6735	0.0011
AUD/EUR	0.6064	-0.0034
EUR/USD	1.1105	0.0081
USD/CNH	7.0893	-0.1152
GBP/USD	1.3174	-0.0002
EUR/GBP	0.8430	0.0061

  

INT RATES	NZ	Australia
OCR/Cash	5.25%	4.35%
90 day bills	5.15%	4.44%
2 year swap	3.75%	3.70%
10 year Govt	4.29%	4.02%

## Comparing myself to Ronaldo!

Yes, I am! This morning Ronaldo scored his 131st international goal which, when combined with his 769 goals at club level, brings his total to 900 goals. That's incredible, and right up there with Pele's 1,000 goals! Now, compared to me, that is a lot of goals, and while I used to be a striker, that was a long time ago. To be fair, I haven't scored in 13-seasons and I'm just 899-goals behind, but I'm going for it. I've decided I'm going to be my team's penalty taker. Get some new batteries for your calculators because my comeback as a goal scorer starts this weekend!

## There was a lot of data out last night ...

... so we're going to crack through it as quickly as we can ...

The US ADP employment report saw 99k jobs added in August, although it was the lowest print since January 2021 and a lot lower than the 145k expected. Furthermore, the July number was revised lower, from 122k to 111k, annual pay growth for job-stayers flatlined at 4.8%, while job-changers' pay gains firmed from 7.2% to 7.3%. On the other side of the coin, initial jobless claims were at 227k, against forecasts at 230k, while continuing claims eased from a revised 1.860m to 1.838m. US Q2 unit labour costs fell from 0.8% to 0.4% while the final S&P services PMI print for August firmed from the preliminary 55.2 to 55.7.

The Fed's Mary Daly re-iterated, "Rate reductions are needed to keep the labour market healthy," while Oaktree's Howard Marks stated, US rates will settle in a 3.0%-4.0% range but won't go lower.

Eurozone retail sales remained subdued in July at +0.1%, but at least it was positive, as the June number was revised lower, from -0.3% to -0.4%. On a positive note, a poll showed that 64 of 77 economists predict the ECB will cut rates by 25bps at next week's meeting and then again in December. Four respondents expect just one 25bps rate cut for the remainder of the year, while eight are seeing 3 rate cuts, one at each remaining meeting.

German industrial orders spiked 2.9% against expectation for a -1.5% contraction, although the IFO has downgraded its German growth projections from 0.4% to 0.0% in 2024, and from 1.5% to 0.9% in 2025.

RBA Governor, Michelle Bullock, doesn't give many speeches, but when she does, she goes for it, confirming, "As of now, the board does not expect to be in a position to cut rates in the near term. The board remains vigilant to the upside risks to inflation. We need to see results on inflation before lowering rates. The Board is not going to focus on one inflation number. A slightly elevated AUD is positive for inflation fight. We will be looking closely at Q3 CPI, but there are other indicators as we need to see inflation slowing in the actual numbers before acting. The labour market remains relatively tight and labour cost growth is strong, reflecting wage increases and weak productivity."

US Treasuries advanced after the ADP release with the 2-years falling -2bps to 3.75%, while the 10-years eased -3bps to 3.73%. The USD-index was also a smidge lower, which saw the NZD/USD pop back above the 0.6200 level, while the AUD/USD bounced off the 0.6700 level. US and European bourses were slightly lower, while commodity prices stocks played to trend, with oil lower as gold climbed USD25 in a fresh challenge to its all-time high.

## It was amazing to watch yesterday.

Okioki i runga i te Rangimarie Kiingi Tuheitia Pootatau Te Wherowhero VII. And respect to the new Queen, Kuini Nga wai hono i te po.



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# Daily Rates

Friday 06 September 2024

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	71.20					CAD	0.8401 0.9099
NZD/USD	0.6221	0.0000	0.0001	-0.0001	-0.0007	CHF	0.5249 0.5685
NZD/AUD	0.9236	-0.0006	-0.0013	-0.0017	-0.0014	CNY	4.4025 4.7687
NZD/JPY	89.210	-0.40	-1.11	-2.10	-3.70	DKK	4.1782 4.5248
NZD/EUR	0.5602	-0.0008	-0.0022	-0.0042	-0.0081	FJD	1.3534 1.4657
NZD/GBP	0.4722	-0.0001	-0.0001	-0.0001	0.0005	HKD	4.8476 5.2498
						KRW	829.20 898.00
AU TWI	61.80					MYR	2.6962 2.9200
AUD/USD	0.6735	0.0004	0.0010	0.0011	0.0000	NOK	6.6138 7.1625
AUD/NZD	1.0825	0.0007	0.0014	0.0017	0.0006	SEK	6.3763 6.9054
AUD/JPY	96.57	-0.36	-1.07	-2.10	-3.89	SGD	0.8086 0.8757
AUD/EUR	0.6064	-0.0004	-0.0015	-0.0034	-0.0081	TWD	19.92 21.57
AUD/GBP	0.5112	0.0002	0.0006	0.0009	0.0010	ZAR	11.01 11.92
USD Index	101.11					<b>EQUITIES</b>	
EUR/USD	1.1105	0.0015	0.0044	0.0081	0.0147		<b>Index</b>
USD/JPY	143.40	-0.62	-1.81	-3.36	-5.77	NZX50	12,679
GBP/USD	1.3174	0.0003	0.0004	-0.0002	-0.0033	ASX200	7,982
EUR/GBP	0.8430	0.0009	0.0029	0.0061	0.0131	Dow Jones	40,705
						S&P 500	5,510
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	8,242
			<b>Mid</b>		<b>Mid</b>	DAX 30	18,577
30 day bank bills			5.36%		4.35%	Nikkei	36,657
90 day bank bills			5.15%		4.44%	<b>COMMODITIES</b>	
1 year swap			4.37%		4.02%		<b>USD</b>
2 year swap			3.79%		3.71%	Brent Crude	72.76
3 year swap			3.62%		3.59%	Gold	2,514.46
5 year swap			3.62%		3.77%	Silver	28.76
10 year swap			3.90%		4.05%	Iron Ore	92.93
3 year Govt bond			3.81%		3.54%	CRB Index	321.45
5 year Govt bond			3.87%		3.62%		<b>NZD</b>
10 year Govt bond			4.29%		4.00%	NZ Carbon	62.25

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