

Market Alert

Monday 09 September 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6165	-0.0001
NZD/AUD	0.9245	-0.0017
NZD/JPY	87.720	-2.05
NZD/EUR	0.5562	-0.0042
NZD/GBP	0.4697	0.0000
NZD/CNH	4.4068	-0.0714
AUD/USD	0.6666	0.0010
AUD/EUR	0.6012	-0.0035
EUR/USD	1.1083	0.0080
USD/CNH	7.0934	-0.1144
GBP/USD	1.3123	-0.0003
EUR/GBP	0.8439	0.0061

INT RATES	NZ	Australia
OCR/Cash	5.25%	4.35%
90 day bills	5.13%	4.45%
2 year swap	3.77%	3.65%
10 year Govt	4.26%	3.98%

So much for opening my goal scoring account ...

...over the weekend. We defaulted... which meant I had to go to the "Home Show" event ... that pushed the retirement back another 12 months! But there was some good news over the weekend ... all those towels we lost, about a dozen of them ... turned up at one of the boyfriends' houses. At least it wasn't my socks!

And welcome back to our office Claire, who has just returned after visiting the hairy men of Stewart Island Borneo.

For all of the noise leading into the NFP release ...

... as to what sort of number would generate a 50bps cut by the Fed later in the month, the simple fact is that non-farm payrolls had literally no impact

at all given that on Friday morning the market was pricing in -35bps of US cuts this month, while this morning it's pricing in -33bps of cuts. Breaking the payrolls data down, the US economy added 142k jobs in August, which was more than July's downwardly revised 89k although it was below forecasts at 160k. Although the headline release was slightly disappointing, it meant the US unemployment rate actually eased back slightly, from 4.3% to 4.2%, while average hourly earnings increased to 0.4% from July's 0.2% rise, jumping from 3.6% to 3.8% annually.

Equity markets didn't like the result with the US and European exchanges falling between -0.75% and -1.75%, with commodities tracking a similar projectory, while results saw the US yield curve turn positive with the 2-years losing -10bps to close at 3.65%, while the 10-years eased -2bps to be at 3.71%, although it should be noted the 10-years traded at a low of 3.645% during the session. The USD-index closed slighted higher than its open, although it had a wide intra-day range, which saw the NZD and AUD give up some of their recent gains. Both tested key support levels during the session, with both holding.

Christopher Waller of the FOMC confirmed, "The time has come to begin reducing [interest rates]. I will be an advocate for front-loading rate cuts if that is appropriate. I would also cut at consecutive meetings if the data calls for it as I would be for larger cuts if needed."

Chicago Fed President Austin Goolsbee announced, "The critical challenge is not

letting things turn into something worse. I worry the percentage chance of a recession might be rising. Unemployment was expected to rise but not this fast." While colleague John Williams added, "I'm not ready to say how big the first rate cut should be but it's clear labour market imbalances have eased."

China's foreign exchange reserves increased by USD31.8bn to reach USD3.288trn in August, while it should also be noted that they didn't buy any gold in August after the PBoC confirmed its reserves remained at 72.8m ounces (that is a lot of ounces)!

After NFP, the focus is on CPI and PPI.

That's right, we need more acronyms!

This week the focus reverts to inflation with US CPI and producer price inflation. There are also the latest US trade numbers, NFIB business optimism, consumer credit, and the Michigan consumer confidence survey. From the Euro-zone, the key focus will be on Friday's ECB meeting while we'll also have an update on industrial production. The Chinese bean counters will have a busy week with CPI, PPI, foreign trade and new yuan loans while, from the UK, we have unemployment, GDP, and industrial production. In Australia, the latest consumer and business confidence surveys will be closely monitored, while in NZ we have manufacturing, house prices, migration, food inflation, card spending and business PMIs.



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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	71.40					CAD	0.8354	0.9050
NZD/USD	0.6165	0.0000	0.0002	-0.0001	-0.0012	CHF	0.5188	0.5621
NZD/AUD	0.9245	-0.0006	-0.0013	-0.0017	-0.0015	CNY	4.3811	4.7330
NZD/JPY	87.720	-0.38	-1.08	-2.05	-3.62	DKK	4.1430	4.4862
NZD/EUR	0.5562	-0.0008	-0.0021	-0.0042	-0.0082	FJD	1.3456	1.4570
NZD/GBP	0.4697	-0.0001	-0.0001	0.0000	0.0005	HKD	4.7988	5.1964
						KRW	823.22	891.42
AU TWI	61.60					MYR	2.6643	2.8850
AUD/USD	0.6666	0.0005	0.0011	0.0010	-0.0004	NOK	6.5902	7.1362
AUD/NZD	1.0809	0.0007	0.0014	0.0017	0.0007	SEK	6.3408	6.8661
AUD/JPY	94.84	-0.35	-1.04	-2.06	-3.79	SGD	0.8018	0.8682
AUD/EUR	0.6012	-0.0004	-0.0015	-0.0035	-0.0081	TWD	19.72	21.36
AUD/GBP	0.5077	0.0002	0.0006	0.0009	0.0012	ZAR	10.99	11.90
USD Index	101.19					EQUITIES		
EUR/USD	1.1083	0.0015	0.0044	0.0080	0.0139		Index	
USD/JPY	142.27	-0.62	-1.78	-3.28	-5.61	NZX50	12,616	
GBP/USD	1.3123	0.0003	0.0005	-0.0003	-0.0042	ASX200	8,013	
EUR/GBP	0.8439	0.0010	0.0030	0.0061	0.0133	Dow Jones	40,345	
						S&P 500	5,408	
INTEREST RATES			New Zealand		Australia	FTSE100	8,181	
			Mid		Mid	DAX 30	18,302	
30 day bank bills			5.36%		4.35%	Nikkei	36,391	
90 day bank bills			5.13%		4.45%	COMMODITIES		
1 year swap			4.34%		3.99%		USD	
2 year swap			3.79%		3.66%	Brent Crude	71.06	
3 year swap			3.62%		3.57%	Gold	2,497.03	
5 year swap			3.62%		3.75%	Silver	27.92	
10 year swap			3.90%		4.04%	Iron Ore	91.61	
3 year Govt bond			3.78%		3.54%	CRB Index	316.27	
5 year Govt bond			3.85%		3.62%		NZD	
10 year Govt bond			4.26%		4.01%	NZ Carbon	61.65	

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