

Market Alert

Friday 13 September 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6179	-0.0001
NZD/AUD	0.9192	-0.0014
NZD/JPY	87.660	-2.03
NZD/EUR	0.5582	-0.0040
NZD/GBP	0.4711	0.0000
NZD/CNH	4.4001	-0.0698
AUD/USD	0.6722	0.0009
AUD/EUR	0.6072	-0.0035
EUR/USD	1.1069	0.0078
USD/CNH	7.1217	-0.1119
GBP/USD	1.3116	-0.0004
EUR/GBP	0.8439	0.0061

INT RATES	NZ	Australia
OCR/Cash	5.25%	4.35%
90 day bills	5.10%	4.47%
2 year swap	3.69%	3.62%
10 year Govt	4.25%	3.94%

OMG ... it's Friday the 13th ...

... so don't ask me for anything! It's not that I'm superstitious, but I'm going home to bed at lunchtime!

There was no surprise ...

... in the fact that ECB cut their key benchmark interest rates by 25bps for the second time this year, which saw their deposit rate fall to 3.50%, with their main refinancing and marginal lending rates falling to 3.65% and 3.90%, respectively. The real surprise was in their growth projections ... or rather, the lack thereof ... with their 2024, 2025 and 2026 projections lowered to 0.8%, 1.3% and 1.1% respectively. That is a very benign outlook. The central bank's inflation forecasts were unchanged. After the meeting, ECB President Christine Lagarde confirmed, "The decision was unanimous. Based on surveys,

the recovery is facing headwinds. Fading the restrictiveness of monetary policy should support the economy and recovery."

Wait ... could the Fed go 50bps next week? Probably not, but US PPI did outperform forecasts printing at 0.2% against the 0.1% expected, while the core was at 0.3%. Annually, the headline reached 1.7%, while the core was at 2.4%. Initial claims also exceeded expectations, printing at 230k against forecasts at 226k, while continuing claims were at 1,850k. Finally, the US government posted a USD380bn deficit in August, which was a stark reversal from their USD89bn surplus 12 months ago. In terms of funding itself, the US Treasury department auctioned off USD58bn of 30-year bonds, which seemed to go well with a high yield of 4.015% and a 1.4bps tail.

Japan PPI inflation fell -0.2% in August, against expectations at 0.0%, which saw the annual rate fall to 2.5% as lower commodity prices, falling utility prices, and the appreciation of the Japanese yen contributed to the lower prints. These positives saw Q3 business sentiment jump from the -1.0% to 4.5% while BoJ board member Naoki Tamura continued the central banks recent bullish rhetoric announcing, "Japan's neutral rate is likely to be around 1.0% at the minimum. The path towards ending easy policy is still very long. We will carefully examine the pros and cons of exiting our easy policy settings."

The UK housing market is at last showing some signs of a recovery after the RICS house price data surged from -18 to +1, which is its strongest print since January 2020.

The Melbourne Institute Survey of Australian Consumer Inflationary Expectations fell to 4.4% from 4.5%. Former RBA Governor, Bernie Fraser, believes the Board should cut the cash rate due to the looming "recessionary risks" that would be devastating for the jobs market.

The NZ FPI, or food price index firmed 0.2% in August, which was better than July's 0.4%, while retail sales continued their trend lower firming 0.2% on the month but falling -2.9% on the year.

Summing it all up, equity markets bounced back to be a sea of green this morning, with most exchanges gaining in the region of 0.5%-1.0%, while commodities performed even better with oil gaining 2.5%, while natural gas and silver rallied 4.0%. Bond yields firmed, with the 2-year 1bps higher at 3.66% while the 10-year firmed 2bps to 3.68%, while the USD-index continues to gyrate around the 101.30 level, which saw the NZD and AUD post 0.7% gains to be the strongest performers overnight.

That's not a good look ...

Berkshire Hathaway Vice Chairman of Operations, Ajit Jain, has sold more than half of his stake in the company!

The New York police commissioner has resigned amid federal corruption investigation!

CitiBank has moved underweight equities amid a dimming growth outlook.

Don't believe Gary Stevenson ... we've all made more than that!



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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	70.70					CAD	0.8392	0.9132
NZD/USD	0.6179	0.0000	0.0002	-0.0001	-0.0009	CHF	0.5258	0.5722
NZD/AUD	0.9192	-0.0005	-0.0011	-0.0014	-0.0011	CNY	4.3960	4.7839
NZD/JPY	87.660	-0.38	-1.07	-2.03	-3.53	DKK	4.1645	4.5312
NZD/EUR	0.5582	-0.0008	-0.0020	-0.0040	-0.0078	FJD	1.3471	1.4658
NZD/GBP	0.4711	-0.0001	0.0000	0.0000	0.0003	HKD	4.8206	5.2451
						KRW	826.06	898.80
AU TWI	61.60					MYR	2.6769	2.9126
AUD/USD	0.6722	0.0004	0.0010	0.0009	-0.0003	NOK	6.6245	7.2079
AUD/NZD	1.0879	0.0006	0.0012	0.0015	0.0002	SEK	6.3554	6.9150
AUD/JPY	95.37	-0.35	-1.05	-2.07	-3.80	SGD	0.8042	0.8750
AUD/EUR	0.6072	-0.0005	-0.0014	-0.0035	-0.0079	TWD	19.83	21.58
AUD/GBP	0.5124	0.0002	0.0006	0.0008	0.0009	ZAR	10.99	11.96
USD Index	101.34					EQUITIES		
EUR/USD	1.1069	0.0015	0.0042	0.0078	0.0139		Index	
USD/JPY	141.86	-0.61	-1.77	-3.27	-5.51	NZX50	12,820	
GBP/USD	1.3116	0.0002	0.0004	-0.0004	-0.0035	ASX200	8,076	
EUR/GBP	0.8439	0.0010	0.0029	0.0061	0.0126	Dow Jones	41,060	
						S&P 500	5,594	
INTEREST RATES			New Zealand		Australia	FTSE100	8,241	
			Mid		Mid	DAX 30	18,518	
30 day bank bills			5.32%		4.36%	Nikkei	36,833	
90 day bank bills			5.10%		4.47%	COMMODITIES		
1 year swap			4.29%		3.99%		USD	
2 year swap			3.71%		3.64%	Brent Crude	72.17	
3 year swap			3.56%		3.51%	Gold	2,556.84	
5 year swap			3.56%		3.69%	Silver	29.82	
10 year swap			3.82%		3.96%	Iron Ore	92.30	
3 year Govt bond			3.74%		3.53%	CRB Index	323.80	
5 year Govt bond			3.82%		3.58%		NZD	
10 year Govt bond			4.25%		3.95%	NZ Carbon	61.85	

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