

Market Alert

Wednesday 18 September 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6185	-0.0001
NZD/AUD	0.9156	-0.0012
NZD/JPY	87.940	-1.98
NZD/EUR	0.5564	-0.0038
NZD/GBP	0.4700	0.0001
NZD/CNH	4.3978	-0.0654
AUD/USD	0.6753	0.0007
AUD/EUR	0.6075	-0.0035
EUR/USD	1.1115	0.0074
USD/CNH	7.1105	-0.1049
GBP/USD	1.3159	-0.0007
EUR/GBP	0.8447	0.0059
INT RATES	NZ	Australia
OCR/Cash	5.25%	4.35%
90 day bills	5.01%	4.47%
2 year swap	3.58%	3.58%
10 year Govt	4.20%	3.92%

Retailers and factories

Retail sales in the US edged up 0.1% in August following the 1.1% surge in July, beating forecasts of a -0.2% decline. Shortly following this, industrial production figures were out, also looking good with a 0.8% gain against a 0.2% expected gain, bouncing back from a -0.9% decline in July. The data releases sent the odds of the much-discussed 50 basis point Fed down slightly, from 68% to 64% ahead of the decision early tomorrow morning, just last Friday, the odds of a 25 basis point cut was seen as more likely. As of the time of writing, the US 10-year treasury has jumped from 3.60% before the data to 3.64% now, while the NZDUSD has fallen from 0.6200 to 0.6185.

Former Dallas Fed President, Robert Kaplan, spoke to reporters ahead of the meeting, personally advocating for a 50 basis point cut, saying that's what he would be doing if he was still on the committee *"If I were sitting at the table, I would be advocating for 50 in this meeting,"* Kaplan also stated, *"I think the Fed may be a meeting or so late, and if I had a do-over, I might prefer we had started the cutting in July, not September."* Before commenting on Fed Chair, Jerome Powell's power to influence the outcome *"If the group is split, a lot of this will depend, actually, on what Jay Powell personally thinks, what is his personal disposition on all this, and then his ability to wrangle everybody to a unanimous decision."*

More trouble in the Middle East

A shocking attack occurred in Lebanon overnight with over 2,800 injured, 200 in critical condition, and nine confirmed dead after a batch of pagers in use by members of Hezbollah simultaneously exploded across Lebanon and Syria. Although it's not entirely clear who put the 20 grams of high explosive in the pagers before their delivery to Hezbollah, Hezbollah have been quick to blame Israel for what they are calling a "blatant act of sinful aggression".

The news had an immediate effect on the oil market, shooting prices up USD1.41 per barrel to USD71.50. Notably still a relatively low level, according to the US Department of Energy ("DoE") anyway,

who are looking to replenish its Strategic Petroleum Reserve back up to the level it was in 2022 before it sold 180 million barrels in six months to combat rising prices due to the onset of the war in Ukraine. The DoE has set a target price of anything below USD79.99 and wants to complete the purchases for delivery in early 2025. While oil is now far below the target price, conflict in the Middle East along with a plethora of other factors can quickly change this, even the purchase of the oil itself will cause the price to move adversely against the DoE.

Modest GDT increase

The GDT auction for 17 September saw the index up 0.8% with an average winning price of USD3,883/MT. Mozzarella saw the greatest increase, up 4.5%, with Cheddar up 2.9%. Butter and AMF were down -1.7% and -1.2%, respectively. WMP was up 1.5%. The overall result was in-line with expectations.



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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	70.90					CAD	0.8407	0.9182
NZD/USD	0.6185	0.0000	0.0002	-0.0001	-0.0007	CHF	0.5236	0.5719
NZD/AUD	0.9156	-0.0005	-0.0009	-0.0012	-0.0003	CNY	4.3856	4.7920
NZD/JPY	87.940	-0.39	-1.05	-1.98	-3.44	DKK	4.1510	4.5330
NZD/EUR	0.5564	-0.0008	-0.0019	-0.0038	-0.0074	FJD	1.3458	1.4696
NZD/GBP	0.4700	-0.0001	0.0000	0.0001	0.0006	HKD	4.8194	5.2628
						KRW	815.42	890.45
AU TWI	61.70					MYR	2.6307	2.8727
AUD/USD	0.6753	0.0004	0.0007	0.0007	-0.0007	NOK	6.5576	7.1607
AUD/NZD	1.0920	0.0005	0.0010	0.0011	-0.0005	SEK	6.2991	6.8779
AUD/JPY	96.03	-0.38	-1.05	-2.06	-3.81	SGD	0.8016	0.8753
AUD/EUR	0.6075	-0.0005	-0.0015	-0.0035	-0.0083	TWD	19.75	21.56
AUD/GBP	0.5131	0.0002	0.0005	0.0006	0.0004	ZAR	10.88	11.88
USD Index	100.98					EQUITIES		
EUR/USD	1.1115	0.0015	0.0041	0.0074	0.0137		Index	
USD/JPY	142.18	-0.63	-1.73	-3.18	-5.43	NZX50	12,672	
GBP/USD	1.3159	0.0001	0.0003	-0.0007	-0.0038	ASX200	8,141	
EUR/GBP	0.8447	0.0011	0.0028	0.0059	0.0122	Dow Jones	41,552	
						S&P 500	5,626	
INTEREST RATES			New Zealand		Australia	FTSE100	8,310	
			Mid		Mid	DAX 30	18,726	
30 day bank bills			5.27%		4.35%	Nikkei	36,203	
90 day bank bills			5.01%		4.47%	COMMODITIES		
1 year swap			4.19%		3.95%		USD	
2 year swap			3.62%		3.59%	Brent Crude	73.85	
3 year swap			3.47%		3.48%	Gold	2,568.36	
5 year swap			3.49%		3.67%	Silver	30.61	
10 year swap			3.78%		3.95%	Iron Ore	91.94	
3 year Govt bond			3.67%		3.44%	CRB Index	330.75	
5 year Govt bond			3.75%		3.50%		NZD	
10 year Govt bond			4.20%		3.90%	NZ Carbon	61.45	

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