

# Market Alert

Monday 23 September 2024

| CURRENCIES | Spot   | 6mths   |
|------------|--------|---------|
| NZD/USD    | 0.6234 | -0.0004 |
| NZD/AUD    | 0.9163 | -0.0009 |
| NZD/JPY    | 89.710 | -2.00   |
| NZD/EUR    | 0.5585 | -0.0038 |
| NZD/GBP    | 0.4679 | 0.0003  |
| NZD/CNH    | 4.3957 | -0.0667 |
| AUD/USD    | 0.6802 | 0.0002  |
| AUD/EUR    | 0.6093 | -0.0037 |
| EUR/USD    | 1.1162 | 0.0069  |
| USD/CNH    | 7.0405 | -0.1031 |
| GBP/USD    | 1.3321 | -0.0019 |
| EUR/GBP    | 0.8379 | 0.0063  |

  

| INT RATES    | NZ    | Australia |
|--------------|-------|-----------|
| OCR/Cash     | 5.25% | 4.35%     |
| 90 day bills | 4.99% | 4.47%     |
| 2 year swap  | 3.63% | 3.64%     |
| 10 year Govt | 4.28% | 4.01%     |

## It was the first swim of the summer

... but strewth, the sea was cold. I actually bumped into 2 icebergs and a polar bear! But a big shout out to my wife's New Zealand sister ... it was a great weekend to be on the water and better than watching the rugby!

## Summing up Friday's action!

The BoJ unanimously retained its key short-term interest rate at 0.25%, keeping it at the highest level since 2008 after the rate hikes in March and July. The BoJ believes that the Japan's economy remains on track for a moderate recovery, which was borne out ahead of the official announcement after Japanese inflation printed at 3.0% on the year, with the core at 2.0%, which was in-line with expectations.

China's NDRC, its 'state planner' approved 83 fixed-asset investment projects worth a total of CNY673.1bn between January-August. And, in an attempt to re-stimulate the Chinese economy and provide some confidence, it also announced, *"We are capable, and confident, of achieving our full-year economic and social development goals. We will coordinate funds from the central government budget, ultra-long special sovereign bonds, and local government special bonds to support projects to boost a new type of urbanization."*

UK consumer confidence fell to -20 in September amid concern about future tax rises, which was a lot lower than the forecast at -13 and the lowest level since March. This followed the announcement that UK government borrowing came in higher than forecast in the first 5-months of the fiscal year, adding pressure on Chancellor Rachel Reeves to raise taxes. On a positive note, UK retail sales jumped 1.0% in August following July's upwardly revised 0.7% rise.

In Germany, producer prices recorded their 14th straight month of deflation falling -0.8% in August.

But after the 'surprise' of the Fed's 50bps rate cut, equity markets closed out the week in 'mixed' territory with the European exchanges giving up -0.8% to -1.5%, while the US exchanges were broadly flat. Commodity and currency prices were also flat, although it should be noted the JPY weakened after the BoJ's 'hold' decision, while the US treasury curved continued its steepening bias with the 2-years firming 2bps to

3.61%, while the 10-year firmed 3bps to 3.74%. This means we should expect local swap rates to open a touch firmer this morning.

## The week ahead.

Despite last week's slew of central bank meetings, we're not out of the woods yet with an interest rate update from the RBA on Tuesday, as well as from Sweden and Switzerland later in the week. We also have, from the US, another inflation update with the PCE release, the final Q2 GDP print, PMIs, consumer confidence, durable goods orders, a housing update, and the usual Fed speakers following the blackout period. We also have the latest inflation updates from Australia and France, as well as the latest PMI releases from Australia, Japan, France, Germany, the Eurozone, and the UK. Germany will release its IFO Business and GfK consumer confidence updates, as well as its latest employment data, while Canada will report GDP growth for August.

## What could go wrong?

In the UK, Thames Water is working with creditors to delay a cash crunch, including the release of reserves, as the entity only has enough money to last until the end of May.

The Three Mile Island nuclear facility will be back up and running following its partial nuclear meltdown in 1979, after Constellation Energy announced it will invest USD1.6bn to revive the plant after agreeing to sell the output to Microsoft to power its AI needs.



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# Daily Rates

Monday 23 September 2024

| FX                    | Spot   | FECs (mid) |                    |         |                  | Spot Mid           |              |        |
|-----------------------|--------|------------|--------------------|---------|------------------|--------------------|--------------|--------|
|                       | Mid    | 1mth       | 3mths              | 6mths   | 12mths           | NZD/...            | AUD/...      |        |
| NZ TWI                | 71.10  |            |                    |         |                  | CAD                | 0.8456       | 0.9234 |
| NZD/USD               | 0.6234 | 0.0000     | 0.0000             | -0.0004 | -0.0009          | CHF                | 0.5298       | 0.5786 |
| NZD/AUD               | 0.9163 | -0.0004    | -0.0008            | -0.0009 | -0.0003          | CNY                | 4.3942       | 4.7950 |
| NZD/JPY               | 89.710 | -0.37      | -1.08              | -2.00   | -3.52            | DKK                | 4.1640       | 4.5441 |
| NZD/EUR               | 0.5585 | -0.0007    | -0.0019            | -0.0038 | -0.0074          | FJD                | 1.3515       | 1.4748 |
| NZD/GBP               | 0.4679 | 0.0000     | 0.0001             | 0.0003  | 0.0010           | HKD                | 4.8554       | 5.2986 |
|                       |        |            |                    |         |                  | KRW                | 830.01       | 905.78 |
| AU TWI                | 62.20  |            |                    |         |                  | MYR                | 2.6179       | 2.8568 |
| AUD/USD               | 0.6802 | 0.0003     | 0.0005             | 0.0002  | -0.0014          | NOK                | 6.5217       | 7.1171 |
| AUD/NZD               | 1.0927 | 0.0004     | 0.0008             | 0.0007  | -0.0016          | SEK                | 6.3358       | 6.9142 |
| AUD/JPY               | 97.92  | -0.37      | -1.10              | -2.11   | -3.87            | SGD                | 0.8039       | 0.8773 |
| AUD/EUR               | 0.6093 | -0.0005    | -0.0016            | -0.0037 | -0.0084          | TWD                | 19.95        | 21.77  |
| AUD/GBP               | 0.5105 | 0.0002     | 0.0005             | 0.0008  | 0.0009           | ZAR                | 10.85        | 11.84  |
| USD Index             | 100.74 |            |                    |         |                  | <b>EQUITIES</b>    |              |        |
| EUR/USD               | 1.1162 | 0.0013     | 0.0037             | 0.0069  | 0.0131           |                    | <b>Index</b> |        |
| USD/JPY               | 143.91 | -0.59      | -1.71              | -3.12   | -5.37            | NZX50              | 12,479       |        |
| GBP/USD               | 1.3321 | -0.0001    | -0.0004            | -0.0019 | -0.0055          | ASX200             | 8,210        |        |
| EUR/GBP               | 0.8379 | 0.0010     | 0.0030             | 0.0063  | 0.0130           | Dow Jones          | 42,063       |        |
|                       |        |            |                    |         |                  | S&P 500            | 5,703        |        |
| <b>INTEREST RATES</b> |        |            | <b>New Zealand</b> |         | <b>Australia</b> | FTSE100            | 8,230        |        |
|                       |        |            | <b>Mid</b>         |         | <b>Mid</b>       | DAX 30             | 18,720       |        |
| 30 day bank bills     |        |            | 5.23%              |         | 4.36%            | Nikkei             | 37,724       |        |
| 90 day bank bills     |        |            | 4.99%              |         | 4.47%            | <b>COMMODITIES</b> |              |        |
| 1 year swap           |        |            | 4.21%              |         | 3.98%            |                    | <b>USD</b>   |        |
| 2 year swap           |        |            | 3.65%              |         | 3.65%            | Brent Crude        | 74.49        |        |
| 3 year swap           |        |            | 3.51%              |         | 3.55%            | Gold               | 2,621.96     |        |
| 5 year swap           |        |            | 3.55%              |         | 3.76%            | Silver             | 31.11        |        |
| 10 year swap          |        |            | 3.85%              |         | 4.05%            | Iron Ore           | 91.93        |        |
| 3 year Govt bond      |        |            | 3.71%              |         | 3.54%            | CRB Index          | 335.31       |        |
| 5 year Govt bond      |        |            | 3.81%              |         | 3.62%            |                    | <b>NZD</b>   |        |
| 10 year Govt bond     |        |            | 4.28%              |         | 4.02%            | NZ Carbon          | 62.10        |        |

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