

Market Alert

Wednesday 23 October 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6047	0.0013
NZD/AUD	0.9048	0.0012
NZD/JPY	91.315	-1.85
NZD/EUR	0.5598	-0.0035
NZD/GBP	0.4659	0.0010
NZD/CNH	4.3139	-0.0441
AUD/USD	0.6682	0.0005
AUD/EUR	0.6186	-0.0048
EUR/USD	1.0801	0.0092
USD/CNH	7.1346	-0.0885
GBP/USD	1.2979	-0.0002
EUR/GBP	0.8321	0.0071

INT RATES	NZ	Australia
OCR/Cash	4.75%	4.35%
90 day bills	4.57%	4.44%
2 year swap	3.65%	3.97%
10 year Govt	4.60%	4.52%

Sleep? It's overrated!

It was lovely getting a coffee and a biscuit in bed this morning ...but 5:00am could be considered a little early. I think it's time I set all the clocks in the house to the right time ... but now, it's time for another coffee!

Just for a change ... the IMF praised central bankers for beating inflation

... but warned there were still risks in the global financial system.

The IMF acknowledged the fight against inflation is 'almost won,' projecting global inflation will fall from 5.8% in 2024 to 3.5% in 2025. The agency also warned that rising market volatility, geo-political conflicts, trade protectionism, and a

spike in commodity prices were all risks. The IMF also lowered its 2025 global growth projections to match its 2024 forecast at 3.2% - which it called "stable yet underwhelming."

China's FX regulator, the State Administration of Foreign Exchange ("SAFE"), confirmed commercial banks sold USD121.3bn across the January - September period to support the CNY adding, "The yuan exchange is basically stable at reasonable and balanced levels. The FX market shows relatively strong resilience."

There was a distinct lack of data overnight, with the highlight being the US October Richmond Fed manufacturing composite index, which firmed from -21 to -14! Trust Labour ... a UK report suggested the Government is running a much larger deficit than expected, with the Government borrowing at GBP79.6bn between April and September, a GBP6.7bn overshoot!

San Francisco Fed President, Mary Daly, confirmed, "The recent Fed rate cut a 'close call' and the 50bps cut was meant to right-size policy. We didn't want to find out we had overtightened and taken jobs from people. So far we have not seen anything that would suggest we would not continue to cut rates. The Fed will learn, experientially, where the neutral rate really is. My own neutral rate estimate is around 3%."

ECB President, Christine Lagarde, confirmed, "We are not unhappy with what we have seen on inflation. We are absolutely confident in hitting our inflation

target sustainably in the course of 2025, but not sure when. We have to be very sharp in evaluating services inflation. I don't want to speculate on what it would take to cut 50bps. I don't know where neutral is," while ECB member, François Villeroy de Galhau, announced, "There is a risk of undershooting 2.0% target, especially if growth is weak. Inflation could be at target in early 2025. The ECB is not behind the curve, but the risk of cutting rates too late is bigger than cutting too early. There is no reason for rates to stay restrictive in 2025."

New Zealand September exports firmed from NZD4.97bn to NZD5.01bn, while imports eased from NZD7.17bn to NZD7.12bn, although it still left a NZD2.11bn deficit for the month and NZD9.1bn deficit for the year. Imports were down a touch.

The big mover overnight ...

... was the JPY, which surged through the 150.00 level to be just below the 151.00 level! But the good news for local-JPY exporters is that while the NZD/JPY has firmed, its only half-a yen higher at 91.32 and still within its 90.00-92.15 range. Overall, the USD Index was a touch stronger, although the NZD and AUD also managed to hold onto their modest gains last night on our close. Treasury yields cemented in their recent gains, with the 2-year yield at 4.04% and the 10-year at 4.20%, while oil and gold prices extended their gains. Equity markets were mixed.



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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	70.00					CAD	0.8355 0.9235
NZD/USD	0.6047	0.0001	0.0006	0.0013	0.0029	CHF	0.5231 0.5783
NZD/AUD	0.9048	-0.0003	0.0000	0.0012	0.0047	CNY	4.3038 4.7569
NZD/JPY	91.315	-0.37	-1.05	-1.85	-3.29	DKK	4.1735 4.6133
NZD/EUR	0.5598	-0.0007	-0.0018	-0.0035	-0.0076	FJD	1.3306 1.4708
NZD/GBP	0.4659	0.0001	0.0005	0.0010	0.0020	HKD	4.6981 5.1931
						KRW	834.22 922.13
AU TWI	62.40					MYR	2.6145 2.8900
AUD/USD	0.6682	0.0003	0.0006	0.0005	-0.0006	NOK	6.5976 7.2928
AUD/NZD	1.1050	0.0002	-0.0002	-0.0018	-0.0068	SEK	6.3697 7.0409
AUD/JPY	100.92	-0.38	-1.16	-2.19	-4.14	SGD	0.7956 0.8794
AUD/EUR	0.6186	-0.0006	-0.0020	-0.0048	-0.0115	TWD	19.37 21.41
AUD/GBP	0.5148	0.0002	0.0005	0.0004	-0.0004	ZAR	10.60 11.72
USD Index	104.04					EQUITIES	
EUR/USD	1.0801	0.0015	0.0043	0.0092	0.0191		Index
USD/JPY	151.02	-0.63	-1.87	-3.39	-6.10	NZX50	12,813
GBP/USD	1.2979	-0.0001	-0.0001	-0.0002	-0.0001	ASX200	8,206
EUR/GBP	0.8321	0.0012	0.0035	0.0071	0.0149	Dow Jones	42,957
USD/CNY	7.123	-0.0189	-0.0530	-0.1090	-0.2155	S&P 500	5,855
						FTSE100	8,307
INTEREST			New Zealand		Australia	DAX 30	19,422
RATES			Mid		Mid	Nikkei	38,412
30 day bank bills			4.88%		4.36%	COMMODITIES	
90 day bank bills			4.57%		4.44%		USD
1 year swap			3.92%		4.21%	Brent Crude	75.95
2 year swap			3.67%		3.99%	Gold	2,744.24
3 year swap			3.65%		3.95%	Silver	34.72
5 year swap			3.80%		4.19%	Iron Ore	105.23
10 year swap			4.19%		4.49%	CRB Index	335.06
3 year Govt bond			3.89%		3.97%		NZD
5 year Govt bond			4.11%		4.09%	NZ Carbon	63.00
10 year Govt bond			4.60%		4.52%		

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