

Market Alert

Monday 04 March 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6097	-0.0005
NZD/AUD	0.9351	-0.0053
NZD/JPY	91.64	-2.58
NZD/EUR	0.5621	-0.0047
NZD/GBP	0.4815	-0.0007
NZD/CNH	4.3983	-0.0596
AUD/USD	0.6521	0.0032
AUD/EUR	0.6013	-0.0017
EUR/USD	1.0840	0.0081
USD/CNH	7.2083	-0.0930
GBP/USD	1.2656	0.0009
EUR/GBP	0.8560	0.0057

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.69%	4.39%
2 year swap	5.01%	4.00%
10 year Govt	4.80%	4.23%

It was a great weekend for sport ... although most of the results went against the grain.

Still, the cricketers will have another chance to restore some pride, as will the crusaders. Yes, the Ferrari's are fast, just not fast enough, while a certain Mr. Klopp appears to be receiving a fair amount of good fortune recently! But a big well done to the Phoenix and Hamish Kerr!

Friday evening's highlight was the European inflation report, which saw headline CPI fall from 2.8% to 2.6%, while core inflation fell from 3.3% to 3.1%, as base effects impacted. Unfortunately, it probably won't be enough for the ECB to cut rates this week, but it does open up the debate for May, despite the Eurozone unemployment rate falling to its lowest level since the birth of the single

currency in 1999 after it ticked down to 6.4% from December's 6.5%.

Financial markets played out as one would expect, with equities establishing new record highs, although oil prices also rallied with crude gaining 2.2%, while Brent rallied 1.8%. The US 10-year yield fell below the 4.20% level dropping 7bps to 4.18% as weaker than expected manufacturing data weighed on the USD-index and contributed to modest gains for the NZD and AUD.

Friday's PMIs

There was also whole host of PMIs out on Friday, but let's keep it brief! US ISM manufacturing PMIs have now been in contractionary territory for 16 consecutive months after they declined from 49.1 to 47.8 in February. It was a similar story with the Chinese manufacturing PMIs after they printed at 49.1, for a 5th successive month in negative territory, having fallen from 49.2, although on-manufacturing fared better with their best print since September 2023 reaching 51.4, which saw the composite flatline at 50.9. Fortunately, the Chinese manufacturing alternative, the Caixin PMI index, exceeded expectations, after production and new orders grew faster in February to reach 50.9. Australian manufacturing PMIs remained in contraction having fallen from 50.1 to 47.8, while the Japanese S&P/Jibun manufacturing PMI index recorded its 9th straight month of contraction, and the fastest drop since

August 2020, after it plummeted to 47.2 as, "Depressed demand in domestic and international markets continued to weigh on sector performance." Japanese unemployment remained flat at 2.4%.

We also had the RBNZ out-and-about after last week's RBNZ meeting, with Governor Orr confirming, "Inflation is still too high but is falling. The economy is evolving as anticipated (although) monetary policy needs to stay restrictive for some time. We expect to begin normalising policy in 2025 with economic growth expected to begin picking up in 2024." Deputy Governor, Hawkesby, also added, "Policy is going to stay restrictive for some time yet to ensure inflation expectations remain anchor at 2.0%. We don't have a lot of room to manoeuvre when it comes to future inflation shocks. We are on the right path with inflation, have to hold our course. We are not in a mindset to cut rates now, (but we) will be cutting sometime down the track."

This week's excitement

Will centre on Friday's payrolls and labour updates while the Fed Chair, Jerome Powell, has a 2-day testimony before Congress on the monetary policy. Internationally we also have various speeches by Fed officials, ISM service PMIs, JOLTS job openings, factory orders, foreign trade data, central bank meetings by the ECB and BoC, and an Australian GDP update. Finally, from NZ, we have our trade balance, commodity price index, a manufacturing update, and REINZ house sales.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Monday 04 March 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	71.50					CAD	0.8267	0.8848
NZD/USD	0.6105	0.0000	0.0000	-0.0005	-0.0017	CHF	0.5385	0.5747
NZD/AUD	0.9357	-0.0010	-0.0027	-0.0053	-0.0101	CNY	4.3939	4.6947
NZD/JPY	91.75	-0.45	-1.30	-2.58	-4.88	DKK	4.1927	4.4842
NZD/EUR	0.5631	-0.0007	-0.0022	-0.0047	-0.0103	FJD	1.3483	1.4421
NZD/GBP	0.4822	-0.0001	-0.0003	-0.0007	-0.0018	HKD	4.7730	5.1049
						KRW	811.22	867.63
AU TWI	61.00					MYR	2.8918	3.0929
AUD/USD	0.6521	0.0006	0.0018	0.0032	0.0049	NOK	6.4017	6.8469
AUD/NZD	1.0671	0.0009	0.0029	0.0057	0.0094	SEK	6.2763	6.7127
AUD/JPY	97.92	-0.39	-1.12	-2.22	-4.36	SGD	0.8194	0.8764
AUD/EUR	0.6013	-0.0007	-0.0022	-0.0047	-0.0103	TWD	19.26	20.59
AUD/GBP	0.5150	0.0004	0.0011	0.0021	0.0028	ZAR	11.65	12.46
USD Index	103.89					EQUITIES		
EUR/USD	1.0840	0.0014	0.0040	0.0081	0.0171		Index	
USD/JPY	150.10	-0.73	-2.12	-4.11	-7.64	NZX50	11,744	
GBP/USD	1.2656	0.0002	0.0006	0.0009	0.0013	ASX200	7,746	
EUR/GBP	0.8560	0.0009	0.0026	0.0057	0.0122	Dow Jones	39,087	
						S&P 500	5,137	
INTEREST RATES			New Zealand		Australia	FTSE100	7,683	
			Mid		Mid	DAX 30	17,735	
30 day bank bills			5.59%		4.35%	Nikkei	39,911	
90 day bank bills			5.65%		4.39%	COMMODITIES		
1 year swap			5.51%		4.21%		USD	
2 year swap			5.03%		4.01%	Brent Crude	83.55	
3 year swap			4.73%		3.93%	Gold	2,083.39	
5 year swap			4.50%		4.13%	Silver	23.15	
10 year swap			4.56%		4.40%	Iron Ore	113.89	
3 year Govt bond			4.74%		3.74%	CRB Index	319.51	
5 year Govt bond			4.61%		3.83%		NZD	
10 year Govt bond			4.80%		4.22%	NZ Carbon	66.25	

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED