

Market Alert

Monday 11 March 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6174	-0.0004
NZD/AUD	0.9326	-0.0054
NZD/JPY	90.83	-2.52
NZD/EUR	0.5646	-0.0047
NZD/GBP	0.4798	-0.0007
NZD/CNH	4.4519	-0.0605
AUD/USD	0.6620	0.0032
AUD/EUR	0.6048	-0.0020
EUR/USD	1.0943	0.0083
USD/CNH	7.1998	-0.0936
GBP/USD	1.2863	0.0006
EUR/GBP	0.8504	0.0057

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.69%	4.40%
2 year swap	4.92%	3.92%
10 year Govt	4.68%	4.06%

It was yet another great weekend of sport ...

... with the biggest cheer coming in the cricket, with the Black Caps having the Aussie's right where they want them. Unfortunately, the biggest groan could be heard on Friday night at Mt Smart, with the Warrior's result not following the script. There were also a couple of thrilling rugby games in the Southern and Northern hemispheres, the F1 went as one would expect, while this morning's football was a stupendous draw. With all this excitement over the weekend ... I'm looking forward to a quiet week at work!

But that may not play out after the weekend's excitement!

First up was Friday's US employment

report which had a little for everyone, with on the positive side, nonfarm payrolls increasing by 275k, although on the negative side of the ledger, the December and January numbers were revised lower by a chunky 167k which saw the unemployment rate climb to a 2-year high at 3.9%. The 275k and 3.9% prints were against forecasts at 198k and 3.8% to highlight that while the US jobs market remains healthy, it has cooled. Average hourly earnings slowed slightly at just 0.1% on the month, below estimates at 0.2%, and were up 4.3% from a year ago, which was slightly below the 4.4% estimate.

There was some positive news out of China as well. Following on from last week's positive releases, the weekend saw a positive uptick after Chinese consumer inflation prices rose by 0.7% in the year to February, which was above forecasts at 0.3%, and a drastic about-turn from January's -0.8% print. It was the first CPI increase since last August, although it was mainly driven by the Lunar New Year holiday. One positive was that food prices recorded their 8th consecutive month of lower prices, although non-food inflation accelerated sharply. Unfortunately, producer price inflation remains weak, falling -2.7% in February against forecasts of -2.5%. It was the 17th straight month of contracting factory prices, as the manufacturing sector continues to struggle.

Following Friday's US releases, US treasuries advanced further, which saw the 2 and 10-year yields ease back -3bps and -2bps to yield 4.48% and 4.08% respectively. Interestingly, the OIS curve has also adjusted to price in a further 25bps cut, with 4 now projected for the calendar year. The USD-index dropped sharply after the non-farms release, which saw the NZD and AUD spike, although the momentum was soon lost as traders read the fine print, which saw the antipodean currencies post modest gains. The yen also rallied strongly after a Reuters report suggested that a growing number of BoJ policymakers are leaning towards ending negative rates at their meeting later this month. Equity markets lost some of their recent shine, as did commodity prices, with oil off -1.2% while gold prices firmed.

This week ...

... financial markets will be focused on the US inflation report, alongside retail sales, producer inflation, industrial production, and the Michigan consumer sentiment index. In the UK, attention will turn to the unemployment rate, industrial production, and January's GDP growth update. We also have an update on Chinese households with new loans, car sales, and house prices, while, from the Euro-area, we have industrial production numbers. Finally, we have business confidence index from Australia, and food inflation and manufacturing updates from New Zealand.



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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	72.00					CAD	0.8323	0.8933
NZD/USD	0.6187	0.0000	-0.0001	-0.0004	-0.0014	CHF	0.5418	0.5783
NZD/AUD	0.9327	-0.0010	-0.0027	-0.0054	-0.0105	CNY	4.4370	4.7604
NZD/JPY	90.85	-0.45	-1.28	-2.52	-4.77	DKK	4.2063	4.5101
NZD/EUR	0.5647	-0.0008	-0.0022	-0.0047	-0.0104	FJD	1.3548	1.4527
NZD/GBP	0.4809	-0.0001	-0.0003	-0.0007	-0.0017	HKD	4.8282	5.1770
						KRW	812.50	871.19
AU TWI	61.70					MYR	2.8907	3.0995
AUD/USD	0.6620	0.0006	0.0018	0.0032	0.0050	NOK	6.4116	6.8747
AUD/NZD	1.0711	0.0008	0.0028	0.0055	0.0095	SEK	6.2958	6.7506
AUD/JPY	97.42	-0.39	-1.13	-2.21	-4.32	SGD	0.8216	0.8810
AUD/EUR	0.6048	-0.0002	-0.0008	-0.0020	-0.0060	TWD	19.39	20.79
AUD/GBP	0.5145	0.0003	0.0010	0.0019	0.0026	ZAR	11.55	12.39
USD Index	102.74					EQUITIES		
EUR/USD	1.0943	0.0014	0.0041	0.0083	0.0176		Index	
USD/JPY	147.03	-0.72	-2.06	-3.99	-7.40	NZX50	11,924	
GBP/USD	1.2863	0.0002	0.0006	0.0006	0.0010	ASX200	7,847	
EUR/GBP	0.8504	0.0009	0.0027	0.0057	0.0129	Dow Jones	38,723	
						S&P 500	5,124	
INTEREST RATES			New Zealand		Australia	FTSE100	7,660	
			Mid		Mid	DAX 30	17,815	
30 day bank bills			5.59%		4.35%	Nikkei	39,689	
90 day bank bills			5.65%		4.40%	COMMODITIES		
1 year swap			5.43%		4.16%		USD	
2 year swap			4.93%		3.94%	Brent Crude	82.08	
3 year swap			4.62%		3.83%	Gold	2,177.51	
5 year swap			4.38%		4.00%	Silver	24.31	
10 year swap			4.39%		4.24%	Iron Ore	117.05	
3 year Govt bond			4.65%		3.66%	CRB Index	319.25	
5 year Govt bond			4.49%		3.72%		NZD	
10 year Govt bond			4.68%		4.08%	NZ Carbon	69.50	

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