

Market Alert

Tuesday 12 March 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6163	-0.0003
NZD/AUD	0.9330	-0.0051
NZD/JPY	90.49	-2.52
NZD/EUR	0.5639	-0.0046
NZD/GBP	0.4814	-0.0007
NZD/CNH	4.4262	-0.0640
AUD/USD	0.6604	0.0032
AUD/EUR	0.6047	-0.0017
EUR/USD	1.0917	0.0082
USD/CNH	7.1825	-0.1001
GBP/USD	1.2801	0.0010
EUR/GBP	0.8527	0.0057

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.69%	4.40%
2 year swap	4.86%	3.92%
10 year Govt	4.64%	4.04%

Close ... but no cigar!

And the Aussie's will be happily puffing away after grinding down the Black Caps to take the series. Yep ... it looked promising at one stage, but deep down, are we really surprised? And congratulations to all of those Oscar winners as well ... I suspect there was a few cigars smoked there as well.

The White House is expecting the US economy to cool markedly in 2024 with GDP increasing a modest 1.7% in the 2024 calendar year, well below the median forecast at 2.1%, while inflation is expected to remain stubbornly, if modestly, above the Federal Reserve's target.

ECB board member, Peter Kazimir, announced he is "increasingly confident that inflation is coming down. Upside risks

to inflation are alive and kicking (although) I am confident rate cuts will only come in June."

Overnight, there were a few releases, although they were 2nd tier ... US consumer inflation expectations for the year ahead remained steady at a 3-year low at 3.0%, while the 3-year forecast rose from 2.4% to 2.7%, with the 5-year firming from 2.5% to 2.9%. Earnings growth was unchanged at 2.8%. The other release saw Chinese vehicle sales slump -19.9% in February from a year earlier to sharply reverse January's 47.9% jump.

International equity markets started the week mixed with little directional bias, while bond markets were also distinctly lacklustre, with the 10-year yield 2bps higher at 4.10%. Currency markets were quiet with the USD-index posting modest gains, as did most commodities.

Japan avoids technical recession.

Well ... thank heavens for that! Japan's GDP data for Q4 of 2023 was revised up to 0.1%, from the preliminary reading of -0.1%, thereby avoiding a technical recession, although this figure was lower than the forecast 0.3%. Annualised, GDP was revised up to 0.4% from the preliminary -0.4%, with business spending the key input behind the revised figure from the preliminary reading of -0.1%, although private consumption remained sluggish, falling from -0.2% to -0.3%. In amongst this, there are growing expectations that the

BoJ may revise their policy-settings from negative interest rates after hawkish comments from a couple of board members suggested that Japan was heading towards its 2.0% inflation target. Currently the local market is pricing in about a 65% probability of a rate hike next week. Meanwhile, Japanese PM, Fumio Kishida, has announced the Government will hold a 3-way meeting with labour and corporate management to strengthen momentum for higher wages, which would provide further support a change in the Japanese central bank's settings.

I don't know whether to laugh or cry!

With the local banks slowly ... and I mean very slowly ... dropping mortgage rates, the local property market continues to tread wearily, according to the latest QV house price index, after prices fell -2.0% in the 3-months to February, although they were up 1.3% on the same period 12-months prior.

Bless his poor little cotton whites ... a BNP Paribas banker who won about EUR4.5m in a Paris unfair-dismissal case in 2019 has been ordered to return the money because he'd already used similar arguments to get a much smaller payout – about GBP81k – in a London case!



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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	71.90					CAD	0.8313	0.8913
NZD/USD	0.6164	0.0000	0.0000	-0.0003	-0.0011	CHF	0.5414	0.5803
NZD/AUD	0.9332	-0.0010	-0.0026	-0.0051	-0.0091	CNY	4.4242	4.7423
NZD/JPY	90.51	-0.47	-1.27	-2.52	-4.74	DKK	4.2082	4.5093
NZD/EUR	0.5640	-0.0008	-0.0022	-0.0046	-0.0101	FJD	1.3480	1.4444
NZD/GBP	0.4815	-0.0001	-0.0003	-0.0007	-0.0018	HKD	4.8200	5.1649
						KRW	808.65	866.51
AU TWI	61.50					MYR	2.8843	3.0907
AUD/USD	0.6604	0.0007	0.0018	0.0032	0.0052	NOK	6.4532	6.9150
AUD/NZD	1.0714	0.0010	0.0028	0.0056	0.0097	SEK	6.3198	6.7721
AUD/JPY	96.97	-0.40	-1.11	-2.19	-4.17	SGD	0.8200	0.8787
AUD/EUR	0.6047	-0.0002	-0.0006	-0.0017	-0.0051	TWD	19.28	20.66
AUD/GBP	0.5159	0.0004	0.0011	0.0021	0.0032	ZAR	11.51	12.34
USD Index	102.89					EQUITIES		
EUR/USD	1.0917	0.0015	0.0041	0.0082	0.0178		Index	
USD/JPY	147.02	-0.75	-2.06	-4.00	-7.44	NZX50	11,874	
GBP/USD	1.2801	0.0002	0.0006	0.0010	0.0010	ASX200	7,704	
EUR/GBP	0.8527	0.0010	0.0027	0.0057	0.0123	Dow Jones	38,747	
						S&P 500	5,118	
INTEREST RATES			New Zealand		Australia	FTSE100	7,669	
			Mid		Mid	DAX 30	17,746	
30 day bank bills			5.59%		4.35%	Nikkei	38,820	
90 day bank bills			5.65%		4.40%	COMMODITIES		
1 year swap			5.39%		4.16%		USD	
2 year swap			4.88%		3.94%	Brent Crude	82.23	
3 year swap			4.57%		3.83%	Gold	2,177.55	
5 year swap			4.33%		4.00%	Silver	24.38	
10 year swap			4.36%		4.23%	Iron Ore	117.05	
3 year Govt bond			4.61%		3.63%	CRB Index	319.25	
5 year Govt bond			4.44%		3.70%		NZD	
10 year Govt bond			4.64%		4.05%	NZ Carbon	68.40	

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