

# Market Alert

Thursday 14 March 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6163	-0.0002
NZD/AUD	0.9298	-0.0050
NZD/JPY	91.04	-2.55
NZD/EUR	0.5627	-0.0046
NZD/GBP	0.4814	-0.0007
NZD/CNH	4.4331	-0.0643
AUD/USD	0.6627	0.0032
AUD/EUR	0.6050	-0.0018
EUR/USD	1.0953	0.0084
USD/CNH	7.1915	-0.1015
GBP/USD	1.2798	0.0010
EUR/GBP	0.8555	0.0056

  

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.68%	4.40%
2 year swap	4.88%	3.97%
10 year Govt	4.69%	4.10%

## Food fight!

Finally, some good news about the cost of lunch and dinner in NZ as food prices for February dropped -0.6% on the month, a 33-month low! But don't get too excited... January's statistic printed at a shocking 1.2% monthly increase, so this only serves to partially reverse the prior months increase. Another crucial component in inflation, rental prices, increased by 4.5% for the year, while petrol prices also shot up 12.3% over the same period.

Locally, the 10-year government bond yield jumped nearly 4 bps to 4.69% and the NZX slid for its third consecutive day, down -0.2%.

## From East to West

BoJ Governor, Kazuo Ueda, doesn't sound like he is in a rush to make big changes at the central bank's policy meeting next week. While speculation is swirling that the BoJ may move to exit the world's last negative interest rate policy, Ueda offered some insight into how the bank will formulate a decision in the coming months, "We will consider tweaking negative rate, YCC and other monetary easing tools if sustained achievement of our price target comes into sight." He said, before switching rhetoric and offering some dovish commentary on the ongoing labour union pay negotiations occurring currently in Japan. "This year's wage negotiation is critical in deciding timing on exit from stimulus. Unions have demanded higher pay. We're seeing many companies make offers, including today. We hope to reach an appropriate decision looking comprehensively at these results," Toyota currently leads the way in offering big wage increases to unions, recently agreeing to its biggest wage hike in 25 years, with more set to follow as Japan's unions negotiate throughout the spring. Wins from the unions in next few months could pave the way for a rate rise at the BoJ's April meeting.

ECB Member, Pierre Wunsch, said the ECB will have to gamble with an interest rate cut, even though wage inflation and price rises for services are still uncomfortably high. "We are going to have

to make a bet at some point," he said "But it will remain a cautious move on the basis of what I know today because of the problem that has been commented again and again and again that service inflation and wage developments are still running at levels that are ultimately not compatible with our objective". Data released after his speech may further justify Wunsch's stance, as industrial production printed at -3.2% for the month of January, below forecasts of -1.5%. Worryingly, December's reading of 2.6% was revised sharply downwards to 1.6%.

Europe's most recent divorcee, the UK, swung from recession to economic growth, as GDP grew by 0.2% in January. This was following a slight contraction of -0.1% in December and was in line with expectations.

## Ding ding ding!

Current President Joe Biden, and Former President Donald Trump, have both clinched the Presidential nominations for their respective parties, setting the stage for a rematch of the 2020 election. Not that it seemed like it was going to go any other way for the last few months, but I thought I'd let you know anyway! Meanwhile, a President who is definitely less concerned about elections, Vladimir Putin, says that from a military-technical point of view, Russia is ready for nuclear war! He went on to say that "not everything is rushing to it" which, frankly, did very little to calm my nerves.



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# Daily Rates

Thursday 14 March 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	71.60					CAD	0.8297	0.8923
NZD/USD	0.6164	0.0000	0.0000	-0.0002	-0.0012	CHF	0.5409	0.5817
NZD/AUD	0.9301	-0.0009	-0.0026	-0.0050	-0.0095	CNY	4.4281	4.7622
NZD/JPY	91.06	-0.45	-1.31	-2.55	-4.84	DKK	4.1952	4.5111
NZD/EUR	0.5628	-0.0007	-0.0022	-0.0046	-0.0105	FJD	1.3527	1.4546
NZD/GBP	0.4816	-0.0001	-0.0003	-0.0007	-0.0020	HKD	4.8203	5.1840
						KRW	809.34	870.28
AU TWI	61.60					MYR	2.8875	3.1054
AUD/USD	0.6627	0.0006	0.0018	0.0032	0.0054	NOK	6.4506	6.9363
AUD/NZD	1.0749	0.0009	0.0028	0.0054	0.0091	SEK	6.2956	6.7695
AUD/JPY	97.89	-0.39	-1.15	-2.24	-4.27	SGD	0.8205	0.8824
AUD/EUR	0.6050	-0.0002	-0.0007	-0.0018	-0.0052	TWD	19.39	20.85
AUD/GBP	0.5177	0.0004	0.0011	0.0019	0.0031	ZAR	11.44	12.30
USD Index	102.74					<b>EQUITIES</b>		
EUR/USD	1.0953	0.0014	0.0042	0.0084	0.0179		<b>Index</b>	
USD/JPY	147.72	-0.72	-2.13	-4.12	-7.60	NZX50	11,809	
GBP/USD	1.2798	0.0002	0.0006	0.0010	0.0019	ASX200	7,729	
EUR/GBP	0.8555	0.0009	0.0027	0.0056	0.0120	Dow Jones	39,096	
						S&P 500	5,176	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	7,772	
			<b>Mid</b>		<b>Mid</b>	DAX 30	17,961	
30 day bank bills			5.59%		4.35%	Nikkei	38,696	
90 day bank bills			5.64%		4.40%	<b>COMMODITIES</b>		
1 year swap			5.41%		4.18%		<b>USD</b>	
2 year swap			4.90%		3.99%	Brent Crude	84.13	
3 year swap			4.59%		3.87%	Gold	2,175.77	
5 year swap			4.35%		4.05%	Silver	24.99	
10 year swap			4.39%		4.30%	Iron Ore	113.15	
3 year Govt bond			4.65%		3.68%	CRB Index	321.42	
5 year Govt bond			4.50%		3.75%		<b>NZD</b>	
10 year Govt bond			4.69%		4.09%	NZ Carbon	66.00	

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