

# Market Alert

Thursday 28 March 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5997	-0.0002
NZD/AUD	0.9184	-0.0046
NZD/JPY	90.80	-2.47
NZD/EUR	0.5543	-0.0045
NZD/GBP	0.4746	-0.0007
NZD/CNH	4.3516	-0.0493
AUD/USD	0.6528	0.0030
AUD/EUR	0.6032	-0.0021
EUR/USD	1.0821	0.0084
USD/CNH	7.2554	-0.0805
GBP/USD	1.2631	0.0012
EUR/GBP	0.8564	0.0054
INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.39%
2 year swap	4.84%	3.91%
10 year Govt	4.67%	4.09%

## Not a lot of people know that!

Did you know that Mike Tyson is boxing against u-tuber Jake Paul on Netflix? And that the NFL is to play a season opener in Brazil, and are planning to play a game on Christmas day? Or that the 'Lads and Dad's' won the 8-aside Northern League, third division, B conference last night with a team that defied the ages, spanning 40-years from the youngest to the oldest ... and with only 3-players sent off to boot! Not a lot of people know that!

## Looking at the screens, you'd think nothing has changed!

Yet if you look at USD/JPY you will notice that its 24-hour range was 151.03-151.97 as it peaked at its highest level since 1990! This brought out the usual intervention chit-chat, with Japanese

Finance Minister, Shun'ichi Suzuki, stating, "We won't rule out any steps in response to disorderly FX moves. We are watching FX moves with a high sense of urgency." We also had BoJ board member, Naoki Tamura, confirm that the central bank is "likely to maintain its accommodative monetary conditions for the time being. Our economy is showing some signs of weakness but it's recovering moderately." So what does it all mean? Well, speculators will continue to attack the JPY to see when the BoJ will transition from talking about intervention to actually intervening!

There was also further good news after Chinese industrial profits year-to-date rose 10.2% compared to the same period 12-months ago, while Eurozone economic sentiment ticked up to a 3-month high at 96.3 in March, following February's revised 95.5. Australia also appears to have reigned in inflation after it printed at 3.4% for the 3rd consecutive month, which was lower than the expected 3.5%, although the monthly print was slightly higher at 0.5%, than January's 0.4%. The 'core' trimmed mean firmed to 3.9% from 3.8%.

Summing everything up, it's exactly the same as yesterday ... equity markets are 0.5% higher, commodities are lower, with oil falling -0.3%, FX markets are virtually unchanged, and US treasury yields eased -2bps in the 2-years and -4bps in the 10-years to yield 4.57% and 4.20% respectively.

Looking at the latest forecasts, JPMorgan has warned US inflation could prove

to be 'stickier' as "disinflation forecasts are based on beliefs not grounded in the evidence," BOAM suggest there is still more demand to come for the US-dollar as hedge funds and real money are still buyers, while BlackRock still favours US equities remaining tactical overweight.

## It's highly unusual ...

... but it is good news, New Zealand has a government that is keeping its word ... and the word is tax cuts ... even though that's 2-words! Nevertheless, Finance Minister, Nicola Willis, has announced the government will press ahead with tax cuts at its May budget, stating, "tax reductions will be funded within the operating allowance through a mixture of savings, reprioritizations, and additional revenue sources. We won't have to borrow extra to provide tax relief and we won't be adding to inflationary pressures." When pressed Ms Willis said the cuts would be similar to those National campaigned on. And while we're on the fiscal side of things, in its half-yearly update the New Zealand Treasury cut its FY24 inflation forecast from 4.1% to 3.3%, while 2024 GDP growth was butchered, dropping from 1.5% to 0.1% ... that is one heck of an adjustment! For FY25, growth has been upgraded to 2.1% from 1.5%. To add to the positivity, RBNZ Governor, Adrian Orr, added, "I see signs of 'more normalized' rates on the horizon." Enjoy the Easter break ... especially those chocolate eggs!



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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	70.60					CAD	0.8140 0.8864
NZD/USD	0.5997	0.0000	0.0000	-0.0002	-0.0006	CHF	0.5430 0.5913
NZD/AUD	0.9184	-0.0008	-0.0023	-0.0046	-0.0081	CNY	4.3343 4.7181
NZD/JPY	90.80	-0.41	-1.25	-2.47	-4.63	DKK	4.1329 4.4988
NZD/EUR	0.5543	-0.0007	-0.0021	-0.0045	-0.0097	FJD	1.3309 1.4487
NZD/GBP	0.4746	-0.0001	-0.0003	-0.0007	-0.0016	HKD	4.6919 5.1073
						KRW	809.80 881.51
AU TWI	61.50					MYR	2.8366 3.0877
AUD/USD	0.6528	0.0006	0.0016	0.0030	0.0050	NOK	6.4705 7.0435
AUD/NZD	1.0883	0.0009	0.0026	0.0051	0.0089	SEK	6.3705 6.9346
AUD/JPY	98.83	-0.37	-1.12	-2.19	-4.23	SGD	0.8085 0.8800
AUD/EUR	0.6032	-0.0002	-0.0008	-0.0021	-0.0054	TWD	19.18 20.88
AUD/GBP	0.5167	0.0004	0.0010	0.0018	0.0025	ZAR	11.33 12.33
USD Index	104.36					EQUITIES	
EUR/USD	1.0821	0.0013	0.0039	0.0084	0.0176		Index
USD/JPY	151.37	-0.75	-2.09	-4.13	-7.62	NZX50	12,011
GBP/USD	1.2631	0.0002	0.0005	0.0012	0.0024	ASX200	7,820
EUR/GBP	0.8564	0.0009	0.0027	0.0054	0.0118	Dow Jones	39,587
INTEREST RATES		New Zealand		Australia		S&P 500	5,228
		Mid		Mid		FTSE100	7,932
30 day bank bills		5.59%		4.35%		DAX 30	18,477
90 day bank bills		5.64%		4.39%		Nikkei	40,763
1 year swap		5.33%		4.17%		COMMODITIES	
2 year swap		4.85%		3.93%			USD
3 year swap		4.55%		3.83%		Brent Crude	86.11
5 year swap		4.33%		4.00%		Gold	2,190.83
10 year swap		4.39%		4.24%		Silver	24.60
3 year Govt bond		4.56%		3.68%		Iron Ore	110.28
5 year Govt bond		4.43%		3.74%		CRB Index	333.07
10 year Govt bond		4.67%		4.11%			NZD
						NZ Carbon	58.00

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