

Market Alert

Tuesday 23 April 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5918	-0.0001
NZD/AUD	0.9177	-0.0048
NZD/JPY	91.600	-2.50
NZD/EUR	0.5555	-0.0049
NZD/GBP	0.4791	-0.0009
NZD/CNH	4.2879	-0.0410
AUD/USD	0.6448	0.0032
AUD/EUR	0.6052	-0.0021
EUR/USD	1.0650	0.0089
USD/CNH	7.2514	-0.0680
GBP/USD	1.2349	0.0018
EUR/GBP	0.8621	0.0056

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.69%	4.42%
2 year swap	5.10%	4.15%
10 year Govt	4.99%	4.40%

It's Human's I Robot's 0 ...

... after Goldman Sachs sold its robot-adviser to Betterment, although the robots could strike back after the NYSE announced it would undertake a vote amongst its members to decide whether to open trading on a 24-hour basis!

And speaking of US equities, with 180 of the S&P500 companies due to report this week, financial markets took an optimistic approach and opened 1.0%-2.0% higher. Expectations are highest amongst the 'Magnificent 7' those profits are forecast to rise nearly 40% from a year ago ... wow ... although UBS have downgraded their call for these big boys to neutral from overweight. Fun and games are likely to ensure!

Commodity markets were mixed with the positive news that cocoa prices fell -10%,

coffee eased -3% while oil traded slightly lower, although wheat prices reached a 2-month high which means I can only afford to have chocolate with my coffee and not toast! Treasury and FX markets were quiet after the excitement of the last few weeks with US yields slightly lower with the 2 and 10-years trading -2bps and -1bps lower to yield 4.98% and 4.62%, while the USD-index continues to consolidate above the 106.00 level, which left the NZD/USD and AUD/USD unchanged.

Yesterday's highlight ...

... saw the PBoC leave their key 1-year and 5-year Loan Prime Rates (LPR) unchanged at 3.45% and 3.95%, which was as expected although it won't provide any relief for Chinese mortgage holders.

The other releases were predominantly 2nd tier with Canadian producer prices firming 0.8% in March, the Chicago Fed activity index rose +0.15 following February's upwardly revised 0.09 gain, while the Euro-area's deficit-GDP ratio eased down to -3.6% in 2023 from 2022's revised -3.7% with 11 states having deficits higher than the -3.0% target. Worst offenders were Italy (who would have guessed that?) at -7.4% of GDP, although France can't complain as they were at -5.5%. Only 3 countries recorded surpluses with Cyprus at 3.1%, Ireland an impressive 1.7%, and Portugal at 1.2%, probably due to Ronaldo's massive Saudi wages!

I was going to write something about the New Zealand news but all I could find was someone complaining that TVNZ was spending money on an IT upgrade despite job-cuts, that's because machines are cheaper, while someone else warned that if Shortland Street ends, the country is at risk of losing its 'unique voice' ... "you're not in Guatemala now, Dr. Ropata!"

In the central bank chit-chat corner it was nice to have a session with no Fed speakers, although we had Mário Centeno from the ECB take up the mantle and run with it after confirmed that with Euro-zone inflation coming in lower than forecast that total rate cuts this year could exceed 100bps stating, "Yes, potentially. It depends on the confirmation of this reality because we will reach 2.0% faster than we expected in March. We will still be in restrictive territory even after easing 100bps," and in a warning to the RBNZ, well, maybe not but it sounds good, he then added, "Waiting too long to change policy might require more aggressive rate reductions (later)."

Who would have thunk it?

My old watch might be worth something? Well if it's a Rolex split-second chronograph it might be, after one just sold at an auction for USD3.5m. The Rolex 4113, produced in 1942, is one of just 12 ever made and one of only 9 known to exist. I suspect the families of the missing 3 are frantically searching their parent's attic's as the Alzheimer's starts to kick in!



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Tuesday 23 April 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.40					CAD	0.8106	0.8834
NZD/USD	0.5918	0.0000	0.0000	-0.0001	-0.0004	CHF	0.5392	0.5877
NZD/AUD	0.9177	-0.0008	-0.0025	-0.0048	-0.0088	CNY	4.2836	4.6690
NZD/JPY	91.600	-0.42	-1.26	-2.50	-4.79	DKK	4.1443	4.5162
NZD/EUR	0.5555	-0.0007	-0.0023	-0.0049	-0.0104	FJD	1.3237	1.4425
NZD/GBP	0.4791	-0.0001	-0.0003	-0.0009	-0.0022	HKD	4.6365	5.0526
						KRW	815.40	888.57
AU TWI	61.30					MYR	2.8254	3.0789
AUD/USD	0.6448	0.0006	0.0017	0.0032	0.0057	NOK	6.5077	7.0917
AUD/NZD	1.0896	0.0010	0.0028	0.0055	0.0098	SEK	6.4428	7.0210
AUD/JPY	99.81	-0.37	-1.11	-2.22	-4.31	SGD	0.8057	0.8780
AUD/EUR	0.6052	-0.0002	-0.0008	-0.0021	-0.0057	TWD	19.28	21.01
AUD/GBP	0.5219	0.0004	0.0010	0.0018	0.0024	ZAR	11.35	12.37
USD Index	106.14					EQUITIES		
EUR/USD	1.0650	0.0012	0.0039	0.0089	0.0194		Index	
USD/JPY	154.82	-0.70	-2.13	-4.21	-8.00	NZX50	11,853	
GBP/USD	1.2349	0.0002	0.0007	0.0018	0.0043	ASX200	7,649	
EUR/GBP	0.8621	0.0009	0.0028	0.0056	0.0120	Dow Jones	38,257	
						S&P 500	5,022	
INTEREST RATES			New Zealand		Australia	FTSE100	8,024	
			Mid		Mid	DAX 30	17,861	
30 day bank bills			5.60%		4.35%	Nikkei	37,439	
90 day bank bills			5.64%		4.42%	COMMODITIES		
1 year swap			5.52%		4.29%		USD	
2 year swap			5.12%		4.16%	Brent Crude	87.08	
3 year swap			4.88%		4.07%	Gold	2,330.06	
5 year swap			4.69%		4.27%	Silver	27.27	
10 year swap			4.75%		4.52%	Iron Ore	108.25	
3 year Govt bond			4.89%		3.92%	CRB Index	346.35	
5 year Govt bond			4.79%		4.01%		NZD	
10 year Govt bond			4.99%		4.40%	NZ Carbon	55.50	

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