

Market Alert

Wednesday 24 April 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5933	-0.0001
NZD/AUD	0.9145	-0.0049
NZD/JPY	91.490	-2.53
NZD/EUR	0.5560	-0.0048
NZD/GBP	0.4765	-0.0008
NZD/CNH	4.2901	-0.0438
AUD/USD	0.6487	0.0032
AUD/EUR	0.6060	-0.0022
EUR/USD	1.0703	0.0088
USD/CNH	7.2589	-0.0710
GBP/USD	1.2450	0.0014
EUR/GBP	0.8595	0.0058

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.42%
2 year swap	5.06%	4.15%
10 year Govt	4.94%	4.35%

With tomorrow's ANZAC National Day of Remembrance ...

... there won't be a Market Alert but let's make sure we spare a moment for those "who served and died in all wars, conflicts, and peacekeeping operations!"

PMI Corner

There is a lot to get through, so let's go quickly

US composite PMIs declined to 50.9 in April, with manufacturing falling to a 3-month low while service PMIs fell to a 5-month low. Eurozone preliminary composite PMIs improved for the second consecutive month firming to 51.4 while the all-important German composite index moved into positive territory rallying from 47.7 to 50.5. In Japan, the manufacturing PMI surged from 48.2 to 49.9 as services went from 54.1 to 54.6.

Across the ditch, manufacturing PMI recorded a large increase from 47.3 to 49.9, while services ticked slightly lower from 54.4 to 54.2.

So, what did it all mean? Well, not a lot really. At the headline level with stronger PMIs from the Euro-zone, and weaker US prints, treasury yields and the USD index gave up some of their recent gains with the 2-year yield falling -4bps to 4.93% while the 10-year is a smidge (yes, that is an official 'market' term) lower at 4.60%. The USD index is down -0.5% on the day having fallen through the 106.00 level. This has seen the NZD/USD breach the 0.5925 level while the AUD/USD is closing in on 0.6500. Commodity markets are also trading higher, with oil having a good session rallying 1.5%, as are equities although Tesla and Meta are reporting after the bell.

In other headlines, the BoE Chief Economist, Huw Pill, suggested the "Combination of little news and the passage of time have brought a bank rate cut somewhat closer. A cut in the Bank rate would not undo the restrictive stance of policy." Meanwhile, a Japanese former FX chief, Mitsuhiro Furusawa, has played the 155.00 intervention card stating, "Amid no change in US and Japan interest rates, the yen has depreciated against the dollar quite rapidly. Should this trend continue, intervention will come," before adding "we are very close."

The RBNZ has picked a fight ...

... with the Commerce Commission of all people, after the Commission delivered a

report suggesting that the smaller banks should have lower capital requirements similar to those of the big 4, whose capital requirements are roughly 15% lower than their peers! What ... our ancestors went to war so that the likes of the big four could have a competitive advantage? While the RBNZ acknowledged it would improve competition, they're not for the change after Deputy Governor, Christian Hawkesby, stated, "The Commission's suggested changes to our risk-weighting framework in the draft report would lead to very marginal benefits to competition and could have unintended consequences and put us out of step with international regulatory approaches." On a positive note, Christian announced he supported the recommendations to speed up the implementation of open banking, reduce the costs/barriers to switching bank accounts, and improve access to services, but these were a bit of a no-brainer really.

Waging financial war ... which I guess is better than waging a physical war!

A WSJ report claims the US is drafting sanctions to cut some Chinese banks from the global financial system! China has claimed to be listening to western warnings of not sending arms and military support to Russia in its war in the Ukraine, but some banks have, allegedly, been sneakily circumventing this by sending 'parts' such as circuitry, aircraft, machinery, and tools which are all conveniently used in the production of military equipment.



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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	70.40					CAD	0.8102 0.8851
NZD/USD	0.5933	0.0000	0.0000	-0.0001	-0.0004	CHF	0.5407 0.5913
NZD/AUD	0.9145	-0.0009	-0.0025	-0.0049	-0.0087	CNY	4.2968 4.6996
NZD/JPY	91.490	-0.45	-1.26	-2.53	-4.81	DKK	4.1334 4.5209
NZD/EUR	0.5560	-0.0007	-0.0022	-0.0048	-0.0103	FJD	1.3461 1.4723
NZD/GBP	0.4765	-0.0001	-0.0003	-0.0008	-0.0021	HKD	4.6472 5.0828
						KRW	814.31 890.65
AU TWI	61.50					MYR	2.8338 3.0995
AUD/USD	0.6487	0.0006	0.0017	0.0032	0.0055	NOK	6.4737 7.0806
AUD/NZD	1.0934	0.0010	0.0028	0.0055	0.0092	SEK	6.4124 7.0135
AUD/JPY	99.71	-0.39	-1.12	-2.26	-4.39	SGD	0.8071 0.8828
AUD/EUR	0.6060	-0.0002	-0.0008	-0.0022	-0.0058	TWD	19.30 21.11
AUD/GBP	0.5210	0.0004	0.0011	0.0019	0.0026	ZAR	11.33 12.39
USD Index	105.68					EQUITIES	
EUR/USD	1.0703	0.0014	0.0041	0.0088	0.0192		Index
USD/JPY	154.80	-0.78	-2.13	-4.18	-7.98	NZX50	11,803
GBP/USD	1.2450	0.0002	0.0006	0.0014	0.0038	ASX200	7,684
EUR/GBP	0.8595	0.0010	0.0028	0.0058	0.0122	Dow Jones	38,497
						S&P 500	5,068
INTEREST RATES			New Zealand		Australia	FTSE100	8,045
			Mid		Mid	DAX 30	18,138
30 day bank bills			5.60%		4.35%	Nikkei	37,552
90 day bank bills			5.64%		4.42%	COMMODITIES	
1 year swap			5.50%		4.30%		USD
2 year swap			5.08%		4.16%	Brent Crude	88.42
3 year swap			4.83%		4.08%	Gold	2,322.51
5 year swap			4.64%		4.27%	Silver	27.29
10 year swap			4.69%		4.52%	Iron Ore	108.62
3 year Govt bond			4.84%		3.91%	CRB Index	345.74
5 year Govt bond			4.74%		3.99%		NZD
10 year Govt bond			4.94%		4.36%	NZ Carbon	56.00

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