

Market Alert

Wednesday 08 May 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6003	0.0000
NZD/AUD	0.9097	-0.0044
NZD/JPY	92.840	-2.58
NZD/EUR	0.5581	-0.0050
NZD/GBP	0.4799	-0.0007
NZD/CNH	4.3366	-0.0501
AUD/USD	0.6598	0.0031
AUD/EUR	0.6133	-0.0025
EUR/USD	1.0754	0.0093
USD/CNH	7.2249	-0.0831
GBP/USD	1.2510	0.0016
EUR/GBP	0.8596	0.0059

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.47%
2 year swap	4.98%	4.20%
10 year Govt	4.77%	4.39%

The RBA left rates unchanged ... for the fourth time in a row!

In leaving the cash rate at 4.35%, as was expected, the RBA meeting generate headlines with the statement sounding a lot less confident that Australia is any closer to winning the inflationary battle noting that services inflation is "moderating only gradually" and that the data indicates "continuing excess demand in the economy." Furthermore, it suggested that wage growth is "still above the level that can be sustained given trend productivity growth."

The last paragraph also had an ominous tone noting that the "Recent data indicates that, while inflation is easing, it is doing so more slowly than previously expected and it remains high. The Board expects that it will be some time yet before inflation is sustainably in the target range and will

remain vigilant to upside risks. The path of interest rates that will best ensure that inflation returns to target in a reasonable timeframe remains uncertain and the Board is not ruling anything in or out."

There were also a couple of subtle changes in the language as, "The Board expects that it will be some time yet before inflation is sustainably in the target range" with the added wording, "and will remain vigilant to upside risks" with the first subhead in the statement highlighting, "Inflation remains high and is falling more gradually than expected."

In terms of market moves, the AUD/USD eased back -0.4% from 0.6626 prior to the decision to 0.6600 while 3-year bond futures have firmed, sending yields and swap rates a touch lower.

Despite the futures being mixed...

... the GDT auction produced another positive result firming 1.8% to 1,106 with the key products, WMP and SMP, firming 2.4% and 0.4% respectively, while cheddar surged 8.0%. Overall, all products except lactose posted positive results.

Most of the other releases overnight were predominately second tier and 'mixed'. In the US, economic optimism falling to its lowest level in 5-months dropping to 41.8 in May from April's 43.2 and below expectations at 44.1. In the Euro-zone retail sales jumped 0.8% in March to rebound strongly from February's -0.3% and surge ahead of expectations at 0.6% although German factory orders

unexpectedly dropped -0.4% in March. Finally, UK house prices rose 1.1% in the year to April 2024, accelerating sharply from March's upwardly revised 0.4%.

Fed bull, Neel Kashkari, announced, "It's too soon to declare we are stalled out on inflation. Inflation where it is now is not the new normal; the Fed will achieve 2.0% inflation. If we need to hold rates for an extended period, or raise rates, we will do that."

Overnight, European equity markets were on a tear broadly rallying 1.5%, although US markets were flat. US treasuries also posted gains, which saw yields ease back with the 2-years a touch lower at 4.83% while the 10-years eased -4bps to 4.46%. Despite this, the USD-index firmed a touch, which saw the NZD fall back to the 0.6000 level. Commodities were steady.

Sometimes you just can't catch a break!

BOJ Governor, Kazuo Ueda, advised Japanese PM Fumio Kishida that he's 'carefully' watching the impact of the weak yen on prices. Unfortunately the JPY weakened another Yen against the USD overnight with the pair at 154.65!

RIP Jeannie Epper, the groundbreaking stuntwoman who died overnight. Her feats include doubling for Lynda Carter on Wonder Woman and doing that mudslide for Kathleen Turner in Romancing the Stone!



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Wednesday 08 May 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.80					CAD	0.8236	0.9056
NZD/USD	0.6003	0.0000	0.0000	0.0000	-0.0001	CHF	0.5451	0.5995
NZD/AUD	0.9097	-0.0009	-0.0025	-0.0044	-0.0068	CNY	4.3316	4.7632
NZD/JPY	92.840	-0.45	-1.29	-2.58	-4.77	DKK	4.1615	4.5754
NZD/EUR	0.5581	-0.0007	-0.0024	-0.0050	-0.0100	FJD	1.3271	1.4591
NZD/GBP	0.4799	-0.0001	-0.0003	-0.0007	-0.0017	HKD	4.6936	5.1605
						KRW	815.91	897.08
AU TWI	62.50					MYR	2.8421	3.1248
AUD/USD	0.6598	0.0007	0.0017	0.0031	0.0048	NOK	6.5446	7.1957
AUD/NZD	1.0992	0.0011	0.0029	0.0051	0.0075	SEK	6.5165	7.1648
AUD/JPY	102.05	-0.41	-1.15	-2.35	-4.52	SGD	0.8125	0.8933
AUD/EUR	0.6133	-0.0002	-0.0009	-0.0025	-0.0064	TWD	19.44	21.38
AUD/GBP	0.5274	0.0004	0.0010	0.0017	0.0020	ZAR	11.10	12.21
USD Index	105.38					EQUITIES		
EUR/USD	1.0754	0.0014	0.0042	0.0093	0.0191		Index	
USD/JPY	154.65	-0.75	-2.14	-4.28	-7.93	NZX50	11,801	
GBP/USD	1.2510	0.0002	0.0007	0.0016	0.0038	ASX200	7,793	
EUR/GBP	0.8596	0.0009	0.0029	0.0059	0.0123	Dow Jones	388,994	
						S&P 500	5,187	
INTEREST RATES			New Zealand		Australia	FTSE100	8,314	
			Mid		Mid	DAX 30	18,430	
30 day bank bills			5.60%		4.37%	Nikkei	38,835	
90 day bank bills			5.63%		4.47%	COMMODITIES		
1 year swap			5.43%		4.39%		USD	
2 year swap			4.99%		4.22%	Brent Crude	83.21	
3 year swap			4.72%		4.12%	Gold	2,314.13	
5 year swap			4.51%		4.29%	Silver	27.26	
10 year swap			4.59%		4.49%	Iron Ore	119.56	
3 year Govt bond			4.65%		4.03%	CRB Index	337.17	
5 year Govt bond			4.58%		4.10%		NZD	
10 year Govt bond			4.77%		4.43%	NZ Carbon	54.50	

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