

Market Alert

Wednesday 05 June 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6177	-0.0003
NZD/AUD	0.9290	-0.0048
NZD/JPY	95.610	-2.60
NZD/EUR	0.5675	-0.0051
NZD/GBP	0.4835	-0.0007
NZD/CNH	4.4769	-0.0643
AUD/USD	0.6647	0.0030
AUD/EUR	0.6107	-0.0024
EUR/USD	1.0880	0.0090
USD/CNH	7.2467	-0.1009
GBP/USD	1.2771	0.0011
EUR/GBP	0.8518	0.0064

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.66%	4.40%
2 year swap	5.01%	4.16%
10 year Govt	4.81%	4.39%

You can tell when their lying ... because they're lips are moving!

Following on from Donald Trump's and Boris Johnson's outrageous exaggerations, Indian President Narendra Modi has clearly been drinking from same cool aid, having already claimed he'd won a 2/3rd majority, only for the actual results to show that he will need to form a coalition to secure a third term. Yes, I know it's all the trend in politics, to lie and exaggerate, but can't these politicians reign it in to show some resemblance of truth? At least we don't have that problem here in New Zealand and Australia ... wait a minute ... D'oh!

The shock that the incumbents will have to form a coalition saw the Indian Nifty 50 index plummet -5.9% to record its

worst day in more than 4-years, with Indian equities erasing USD386bn in market value in a single session!

Are you listening Mr. Orr?

Overnight we have the Bank of Canada interest rate decision, with the ECB's due out on Friday morning our time ... both are expected to cut their respective cash rates by 25bps.

In a further sign of a slowing economy, the US JOLTS job openings declined by 296k from the prior month to 8.059m in April. It was below forecasts at 8.34m and the lowest level since February 2021. But contrary to the slowing jobs market, industry is performing well with manufactured new orders jumping 0.7% on the month, which was above expectations at 0.6%, while the logistics manager's index jumped to 55.6 in May from April's 52.9 with the index having expanded in 9 of the last 10 months.

The ECB announced it will push 'some' German banks to build higher reserves against commercial property loan defaults.

The GDT auction produced another positive result with the overall index firming a further 1.7% to send dairy prices to their highest levels in about 20-months, although volumes were slightly lower. The core products, SMP and WMP, both had positive results firming 3.0% and 1.7% respectively, as did the fats with butter powder rallying 10.4% while butter firmed 1.7%.

Yawn ... we saw some more 'verbal intervention' from the BoJ with the announcement they are 'mulling' a reduction in their bond buy programme potentially from their June meeting. At least it had the desired effect this time with the JPY firming across the board ... from very very weak to very weak! Unfortunately, they then put their foot in it acknowledging they will wait to the last minute before deciding, although they have no intention of surprising markets!

Summing it all up ...

The move lower in Indian equities weighed on the European exchanges with most easing back -0.5% to -1.0%, although the potential for US rate cuts saw the US exchanges post modest (very modest) gains. The re-think also supported bond markets with yields falling for the 5th consecutive session with the 2 and 10-year yields falling -3bps and -6bps to 4.78% and 4.33%, although sentiment didn't flow through to currency markets with the USD-index posting modest gains. Interestingly, the NZD was one of the better performing currencies, which saw NZD/AUD firm towards 0.9300. Commodities were lower with oil leading the way, with Brent now below USD78.00.

Finally, congratulations to Wellington Phoenix goalkeeper Alex Paulsen for signing for Premier League side Bournemouth for, allegedly, NZD4m!



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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	72.70					CAD	0.8447	0.9091
NZD/USD	0.6179	0.0000	-0.0001	-0.0003	-0.0012	CHF	0.5496	0.5916
NZD/AUD	0.9294	-0.0009	-0.0025	-0.0048	-0.0088	CNY	4.4698	4.8105
NZD/JPY	95.635	-0.48	-1.33	-2.60	-4.97	DKK	4.2338	4.5559
NZD/EUR	0.5678	-0.0009	-0.0025	-0.0051	-0.0107	FJD	1.3690	1.4732
NZD/GBP	0.4837	-0.0001	-0.0003	-0.0007	-0.0017	HKD	4.8258	5.1930
						KRW	848.91	913.50
AU TWI	63.20					MYR	2.9032	3.1241
AUD/USD	0.6647	0.0006	0.0017	0.0030	0.0048	NOK	6.5257	7.0222
AUD/NZD	1.0758	0.0009	0.0028	0.0053	0.0091	SEK	6.4483	6.9389
AUD/JPY	102.89	-0.41	-1.16	-2.27	-4.43	SGD	0.8315	0.8948
AUD/EUR	0.6107	-0.0003	-0.0010	-0.0024	-0.0061	TWD	19.98	21.50
AUD/GBP	0.5203	0.0004	0.0011	0.0019	0.0030	ZAR	11.56	12.44
USD Index	104.14					EQUITIES		
EUR/USD	1.0880	0.0016	0.0046	0.0090	0.0185		Index	
USD/JPY	154.78	-0.76	-2.14	-4.15	-7.75	NZX50	11,881	
GBP/USD	1.2771	0.0002	0.0006	0.0011	0.0013	ASX200	7,737	
EUR/GBP	0.8518	0.0011	0.0030	0.0064	0.0132	Dow Jones	38,702	
						S&P 500	5,285	
INTEREST RATES			New Zealand		Australia	FTSE100	8,232	
			Mid		Mid	DAX 30	18,406	
30 day bank bills			5.60%		4.34%	Nikkei	38,837	
90 day bank bills			5.62%		4.40%	COMMODITIES		
1 year swap			5.47%		4.31%		USD	
2 year swap			5.03%		4.17%	Brent Crude	77.54	
3 year swap			4.76%		4.07%	Gold	2,326.52	
5 year swap			4.53%		4.22%	Silver	29.51	
10 year swap			4.56%		4.40%	Iron Ore	110.10	
3 year Govt bond			4.77%		4.01%	CRB Index	334.70	
5 year Govt bond			4.67%		4.06%		NZD	
10 year Govt bond			4.81%		4.38%	NZ Carbon	55.50	

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