

# Research Markets Today

2 December 2024

## Events Round-Up

AU: CPI (y/y%), Oct: 2.1 vs. 2.3 exp.  
 NZ: ANZ consumer confidence, Nov: XX vs. exp.  
 JN: Tokyo CPI (y/y%), Nov: 2.6 vs. 2.2 exp.  
 JN: Tokyo CPI x-fr. fd, energy (y/y%), Nov: 1.9 vs. 1.9 exp.  
 GE: Unemployment rate (%), Nov: 6.1 vs. 6.1 exp.  
 EC: CPI (y/y%), Nov: 2.3 vs. 2.3 exp.  
 EC: CPI core (y/y%), Nov: 2.7 vs. 2.8 exp.  
 CA: GDP (ann'lsd q/q%), Q3: 1.0 vs. 1.1 exp.  
 CH: Manufacturing PMI, Nov: 50.3 vs. 50.2 exp.  
 CH: Non-manufacturing PMI, Nov: 50.0 vs. 50.4 exp.

## Good Morning

US equities ended the holiday shortened session on a positive note with the S&P gaining 0.6% and reaching a new record intra-day high. Reflecting the upbeat sentiment towards equities, EPFR data revealed that investors have allocated US\$141 billion into US stocks over the past four weeks, which is the largest inflow on record. Euro Stoxx closed nearly 1% higher. Global bonds rallied while the yen appreciated and ended the week as the best performing G10 currency.

Eurozone inflation increased 2.3% from a year ago which was in line with consensus expectations. The increase from 2.0% in October was driven by base effects in fuel prices. Core inflation held steady at 2.7%. The broader economic backdrop of generalised disinflation and weak activity in the Eurozone supports further rate cuts by the European Central Bank. The market is pricing ~32bp of easing for the December meeting.

In China, the manufacturing PMI edged higher to 50.3 while non-manufacturing dipped to 50.0, suggesting the stimulus measures are having limited impact at this point. The threat of steep tariffs on Chinese goods is a further risk for the economy.

US treasuries rallied with yields falling 8-9bp across the curve. There was no economic data or other catalysts with month end rebalancing likely contributing to the move. The Bloomberg treasury index extended duration by 0.11 year. 10-year yields fell 9bp to 4.17%, the lowest level in four weeks. Pricing for the December FOMC is little changed with ~17bp of easing implied by futures markets.

European bond yields also fell with 10-year bunds closing 4bp lower at 2.08%. S&P maintained France's credit rating and outlook. The agency said it expects France to gradually consolidate public finances over the medium term despite current political uncertainty. Spreads between French and German 10-year yields reached the highest level since 2012 last week but have since retraced off the highs. Budget negotiations will be in focus to start the week.

The yen gained after a surprising increase in Tokyo CPI, which is a leading indicator for nationwide inflation, and lends weight to further policy normalisation by the Bank of Japan. Governor Ueda said rate hikes are 'nearing' in a Nikkei interview which provided support. Overnight index swaps are pricing 16bp of tightening for the December meeting.

USD/JPY fell below psychological 150 level in Asia and extended lower in otherwise subdued currency markets. EUR/USD was largely stable along with the majority of G10 currencies. The CAD underperformed at the margin after Canada's quarterly GDP figure came in softer than consensus estimates which raised expectations of a 50bp rate cut at the Bank's December meeting.

NZD/USD was confined to a narrow range on Friday night but notably closed near the weekly highs. NZD/JPY dipped towards 88.50, the lowest level in two months while NZD/AUD traded above 0.9090.

NZ fixed ended the local session on Friday little changed with limited domestic catalysts. ANZ consumer confidence rose to the highest level in three years as falling interest rates and easing inflation boosted sentiment. Forward looking indicators are consistent with an economic rebound next year. Swaps rates were unchanged for the most part with the 2 and 10-year closing at 3.71% and 4.06% respectively.

Government bonds were similarly quiet with 10-year yields closing 2bp lower at 4.38%. Australian 10-year government bond futures are 5bp lower in yield terms since the local close on Friday, which suggests a downward bias, for NZ yields on the open.

NZ building permits is the only domestic economic release today. Retail sales for October will be the focus in Australia to see what extent consumption is supported by recent tax

cuts and cost of living relief. The US manufacturing ISM is expected to improve marginally from October.

Looking to the week ahead, the main release is the US labour market report which will help fine-tune expectations for the December FOMC. Fed speakers will also be in focus which include Chair Powell.

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### Coming Up

		Period	Cons.	Prev.	NZT
NZ	Building Permits (m/m%)	Oct	2.6	10:45	
AU	Building Approvals (m/m%)	Oct	2	4.4	13:30
AU	Retail Sales (m/m%)	Oct	0.4	0.1	13:30
CH	Caixin China PMI Mfg	Nov	50.3	14:45	
EC	Unemployment Rate	Oct	6.3	23:00	
US	ISM Manufacturing	Nov	47.6	46.5	04:00

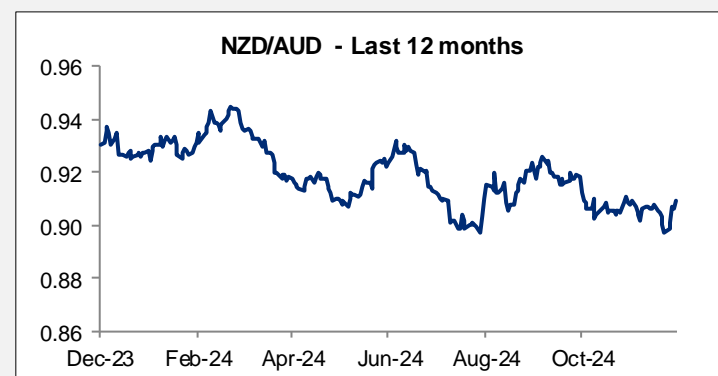
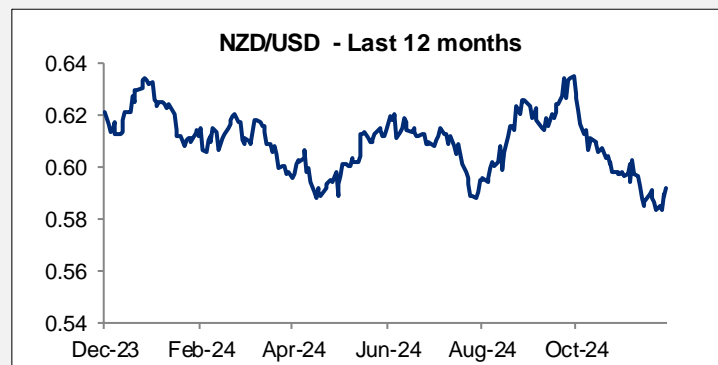
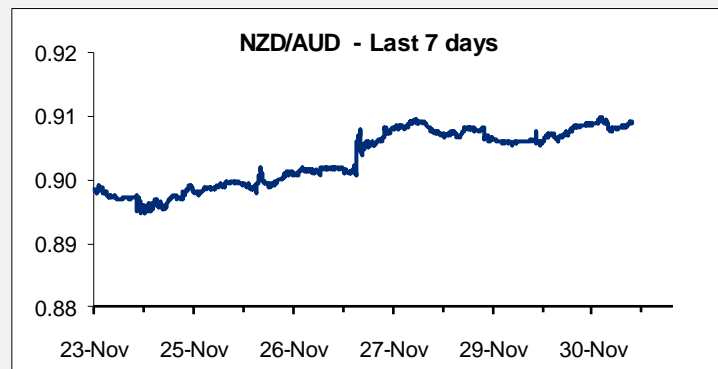
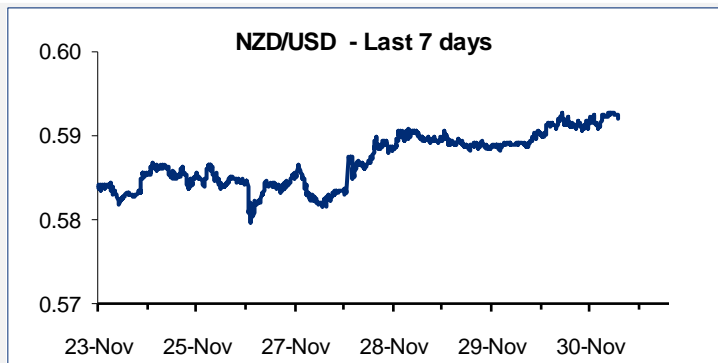
Source: Bloomberg, BNZ

Currencies						Equities				Commodities						
FX Majors	Indicative overnight ranges (*)				Other FX		Major Indices				Price (Near futures, except CRB)					
	Last	% Day	Low	High	Last	% Day	Last	% Day	% Year	Last	Net Day					
NZD	0.5922	+0.6	0.5905	0.5929	CHF	0.8810	-0.2	S&P 500	6,032	+0.6	31.3	Oil (Brent)	71.84	-0.5		
AUD	0.6514	+0.2	0.6496	0.6528	SEK	10.897	-0.2	Dow	44,911	+0.4	23.9	Oil (WTI)	68.00	-1.0		
EUR	1.0578	+0.2	1.0542	1.0597	NOK	11.021	-0.2	Nasdaq	19,218	+0.8	34.3	Gold	2657.0	+0.6		
GBP	1.2735	+0.4	1.2672	1.2750	HKD	7.782	-0.0	Stoxx 50	4,804	+1.0	8.7	HRC steel	700.0	-0.3		
JPY	149.72	-1.2	149.47	150.53	CNY	7.246	+0.0	FTSE	8,287	+0.1	10.1	CRB	286.9	+0.1		
CAD	1.4005	-0.1			SGD	1.340	-0.3	DAX	19,626	+1.0	19.7	Wheat Chic.	548.0	-0.1		
NZD/AUD	0.9091	+0.3			IDR	15,848	-0.2	CAC 40	7,235	+0.8	-1.5	Sugar	21.08	-2.8		
NZD/EUR	0.5598	+0.0			THB	34.29	-0.4	Nikkei	38,208	-0.4	14.3	Cotton	73.35	-0.3		
NZD/GBP	0.4650	+0.0			KRW	1,397	+0.1	Shanghai	3,326	+0.9	9.7	Coffee	318.1	-1.5		
NZD/JPY	88.65	-0.7			TWD	32.51	-0.1	ASX 200	8,436	-0.1	19.3	WM powder	4000	-0.4		
NZD/CAD	0.8293	+0.4			PHP	58.62	-0.1	NZX 50	13,067	+0.1	14.9	<b>Australian Futures</b>				
NZ TWI	69.80	+0.3						VIX Index	13.51	-2.8	+7.0	3 year bond	96.09	0.00		
<b>Interest Rates</b>						<b>NZ Government Bonds</b>				<b>NZ BKBM and Swap Yields</b>						
<b>Rates</b>		<b>Swap Yields</b>			<b>Benchmark 10 Yr Bonds</b>		<b>Last</b>		<b>Chg</b>		<b>Last</b>			<b>Chg</b>		
	Cash	3Mth	2 Yr	10 Yr		Last	Net Day									
USD	4.75	4.85	4.00	3.71	USD	4.17	-0.09	15-Apr-27	3.79	0.02	BKBM 1-mth	4.38	0.00			
AUD	4.35	4.43	3.99	4.35	AUD	4.34	-0.02	15-May-28	3.85	0.00	BKBM 3-mth	4.36	-0.01			
NZD	4.25	4.36	3.71	4.06	NZD	4.38	-0.02	20-Apr-29	3.92	0.00	1 year	3.90	0.01			
EUR	3.25	2.94	2.11	2.16	GER	2.09	-0.04	15-May-30	4.04	-0.01	2 year	3.71	0.02			
GBP	4.75	5.30	4.13	3.79	GBP	4.24	-0.03	15-May-31	4.16	-0.01	3 year	3.66	0.02			
JPY	0.23	-0.03	0.65	1.04	JPY	1.05	-0.01	15-May-32	4.27	-0.01	5 year	3.74	0.00			
CAD	3.75	4.97	2.90	2.91	CAD	3.09	-0.14	14-Apr-33	4.33	-0.01	7 year	3.89	0.00			
					<b>NZ Inflation-Indexed Bonds</b>							10 year	4.06	0.00		
					Sep-30	2.23	0.00	15-May-34	4.46	-0.02	15 year	4.27	0.00			
					Sep-35	2.56	0.00	15-May-36	4.54	-0.02						
					Sep-40	2.81	0.00	15-May-37	4.62	-0.02						
								15-May-41	4.82	-0.01						
								15-May-51	4.94	-0.01						
								15-May-54	4.97	-0.01						

\* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer  
 Rates at NY close  
 Source: Bloomberg

**NZD exchange rates**

30/11/2024	NY close	Prev. NY close
USD	0.5922	0.5889
GBP	0.4650	0.4642
AUD	0.9091	0.9061
EUR	0.5598	0.5581
JPY	88.65	89.25
CAD	0.8293	0.8253
CHF	0.5212	0.5200
DKK	4.1715	4.1611
FJD	1.3470	1.3442
HKD	4.6038	4.5839
INR	49.99	49.76
NOK	6.5203	6.5044
PKR	164.38	163.49
PHP	34.69	34.56
PGK	2.3504	2.3388
SEK	6.4468	6.4334
SGD	0.7924	0.7910
CNY	4.2871	4.2663
THB	20.29	20.28
TOP	1.3966	1.4065
VUV	71.45	71.96
WST	1.6298	1.6307
XPF	66.86	66.59
ZAR	10.6825	10.6669



**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	2.26	2.81
3 Months	5.67	6.81
6 Months	15.43	16.43
9 Months	22.80	29.24
1 Year	33.88	36.88

**NZD/AUD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	0.85	1.93
3 Months	4.51	6.61
6 Months	17.54	21.86
9 Months	28.98	40.74
1 Year	44.98	53.60

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