

# Research Markets Today

6 December 2024

## Events Round-Up

NZ: Vol. of building work, (q/q%), Q3: -3.2 vs. -1.9 prev.

AU: Trade balance, Oct: 5953 vs. 4500 exp.

GE: Factory orders (m/m%), Oct: -1.5 vs. -2.0 exp.

US: Trade balance (\$bn), Oct: -73.8 vs. -75.0 exp.

US: Initial jobless claims (k), 30 Nov: 224 vs. 215 exp.

## Good Morning

Markets are in a holding pattern ahead of the key US employment report tonight, with modest changes across equities, bonds and currency markets.

The only price action of note is Bitcoin smashing through the USD100k mark and reaching a high of USD103.8k before meeting resistance, continuing its storming run since Trump was elected. Earlier this week Trump nominated a crypto-friendly candidate Paul Atkins to replace the current SEC Chair Gary Gensler, seen to be hostile on crypto. Comments made by Fed Chair Powell, that he saw bitcoin not as a rival to the USD but to gold, helped fuel price gains in Bitcoin.

Powell spoke soon after we went to print yesterday and on monetary policy he said, "we can afford to be a little more cautious as we try to find neutral". He was positive on the economy, saying it is "in remarkably good shape". Ahead of the jobs report, the market is pricing in a 70% chance of a 25bps rate cut at the December FOMC meeting.

The market expects a weather-related and post-Boeing strike rebound in non-farm payrolls of 215k for November, with the unemployment rate steady at 4.1% and modest average hourly earnings of 0.3% m/m. The report will be a key influence on whether the Fed cuts rates at the December meeting or opts for a pause. US Treasuries continue to range-trade, with the 10-year rate sticky around 4.2%.

In overnight news, US initial jobless claims rose 9k last week to 224k, against market expectations for a relatively flat result. As noted by Pantheon Macroeconomics, claims remain low by long-run standards, but still high enough to perpetuate the rising trend in the unemployment rate, given very modest hiring. German factory orders fell by 1.5% m/m in October, less of a drop than expected and the

previous month's gain was revised up significantly from 4.2% to 7.2%.

After we went to print yesterday, French PM Barnier lost a vote of no confidence, as expected. A caretaker government led by Barnier, despite his resignation after the vote, will remain in place until President Macron appoints a new PM. Macron is due to speak as we go to print. There was no adverse effect on the market of the vote of no confidence, with France's political risk premia already so high. If anything, there has been a relief rally, with the France-Germany 10-year spread narrowing 6bps to 78bps while the euro has modestly outperformed alongside other European currencies over the past 24 hours.

EUR met some resistance just under 1.06, close to its high for the week and is currently around 1.0570, with NZD/EUR nudging down to 0.5555. NZD/USD has traded a tight range over the past 24 hours and is at 0.5870, little changed from this time yesterday. The AUD continues to languish at 0.6440 and NZD/AUD has pushed up to 0.9120.

OPEC+ said it would push back a plan to lift production by three months to April and extend to 18 months the period over which the increase would take place. UAE also agreed to postpone a planned increase of 300,000 barrels per day to its quota. In sum, two-thirds of the oil the group expected to bring on it 2025 is now expected in 2026. The move reflected the recent weakness in oil prices and the announcements had little impact on the market, being already well anticipated. Brent crude has traded a narrow range over the past six weeks and is flat on the day around USD72 per barrel.

In the domestic rates market yesterday, NZGBs underperformed, with rates up 2-4bps across the curve. The weekly tender was underwhelming, particularly for the line of \$250m 10-year bonds on offer and even the \$50m of 2037 bonds, both clearing at discounts to prevailing mids and with wider than usual tails. In the swaps market, ongoing receiving interest at the short end kept a lid on the 2-year swap rate as it closed unchanged at 3.61%.

On the economic calendar, in addition to the release of the US employment report, Canada's employment report is also due tonight, while during the NZ trading session Japan wages data could be an important input for the BoJ's rate decision later this month.

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### Coming Up

		Period	Cons.	Prev.	NZT
JN	Full-time pay - same base (y/y%)	Oct	2.9	2.9	12:30
GE	Industrial production (m/m%)	Oct	1.0	-2.5	20:00
CA	Unemployment rate (%)	Nov	6.6	6.5	02:30
US	Change in nonfarm payrolls (k)	Nov	215	12	02:30
US	Unemployment rate (%)	Nov	4.1	4.1	02:30
US	Avg hourly earnings (m/m%)	Nov	0.3	0.4	02:30
US	Avg hourly earnings (y/y%)	Nov	3.9	4.0	02:30
US	U. of Mich. consumer sentiment	Dec	73.2	71.8	04:00
US	U. of Mich. 5-10y inflation exps.	Dec	3.1	3.2	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	0.5872	+0.3	0.5852	0.5881	CHF	0.8796	-0.5	S&P 500	6,090	+0.1	33.4	Oil (Brent)	72.08	-0.3	
AUD	0.6438	+0.1	0.6423	0.6453	SEK	10.875	-0.5	Dow	44,906	-0.2	24.3	Oil (WTI)	68.30	-0.3	
EUR	1.0568	+0.5	1.0521	1.0590	NOK	11.055	-0.0	Nasdaq	19,781	+0.2	39.0	Gold	2625.8	-1.1	
GBP	1.2747	+0.4	1.2712	1.2771	HKD	7.782	-0.0	Stoxx 50	4,952	+0.7	11.2	HRC steel	689.0	+0.6	
JPY	150.12	-0.3	149.66	150.70	CNY	7.259	-0.1	FTSE	8,349	+0.2	11.5	CRB	285.4	-0.2	
CAD	1.4054	-0.1			SGD	1.340	-0.3	DAX	20,359	+0.6	23.1	Wheat Chic.	556.5	+1.5	
NZD/AUD	0.9121	+0.2			IDR	15,862	-0.5	CAC 40	7,331	+0.4	-0.8	Sugar	21.20	-0.3	
NZD/EUR	0.5556	-0.2			THB	34.14	-0.4	Nikkei	39,396	+0.3	17.8	Cotton	72.94	+0.5	
NZD/GBP	0.4607	-0.0			KRW	1,416	+0.2	Shanghai	3,369	+0.1	13.5	Coffee	314.5	+3.6	
NZD/JPY	88.15	+0.1			TWD	32.40	-0.1	ASX 200	8,475	+0.1	18.1	WM powder	4040	+0.9	
NZD/CAD	0.8253	+0.2			PHP	57.89	-0.6	NZX 50	12,897	+0.0	12.5	<b>Australian Futures</b>			
NZ TWI	69.43	+0.2						VIX Index	13.45	+0.0	+4.7	3 year bond	96.19	0.02	
<b>Interest Rates</b>												10 year bond 95.75 -0.03			
Rates	Swap Yields				Benchmark 10 Yr Bonds		NZ Government Bonds			NZ BKBM and Swap Yields					
	Cash	3Mth	2 Yr	10 Yr	Last	Net Day		Last	Chg	Last	Chg				
USD	4.75	4.85	3.96	3.71	USD	4.18	0.00	15-Apr-27	3.78	0.02	BKBM 1-mth	4.38	0.00		
AUD	4.35	4.43	3.89	4.28	AUD	4.23	-0.03	15-May-28	3.83	0.02	BKBM 3-mth	4.33	-0.01		
NZD	4.25	4.33	3.61	3.99	NZD	4.36	0.03	20-Apr-29	3.91	0.03	1 year	3.82	-0.02		
EUR	3.25	2.88	2.14	2.13	GER	2.11	0.05	15-May-30	4.03	0.03	2 year	3.61	-0.00		
GBP	4.75	5.30	4.14	3.81	GBP	4.28	0.03	15-May-31	4.15	0.03	3 year	3.58	0.01		
JPY	0.23	-0.03	0.65	1.04	JPY	1.07	0.01	15-May-32	4.25	0.03	5 year	3.67	0.03		
CAD	3.75	4.97	2.88	2.86	CAD	3.06	-0.01	14-Apr-33	4.31	0.03	7 year	3.81	0.03		
								15-May-34			4.36	0.03	10 year	3.99	0.03
								15-May-35			4.45	0.04	15 year	4.19	0.04
								15-May-36			4.53	0.04			
								15-May-37			4.62	0.04			
								15-May-41			4.82	0.04			
								15-May-51			4.95	0.04			
								15-May-54			4.98	0.04			
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer								<b>NZ Inflation-Indexed Bonds</b>							
Rates are as of: NZT 06:58								Sep-30			2.25	0.02			
Source: Bloomberg								Sep-35			2.58	0.02			
								Sep-40			2.83	0.02			

**NZD exchange rates**

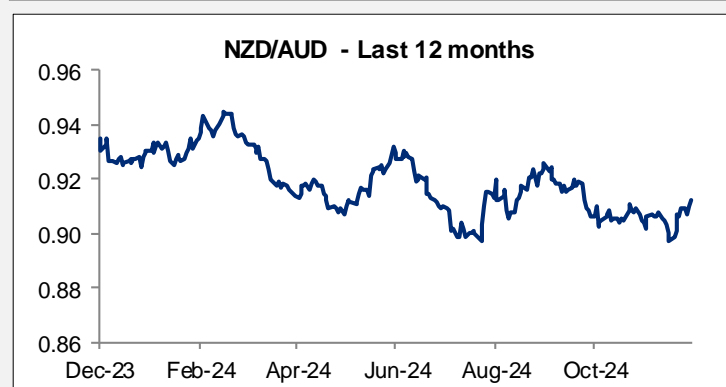
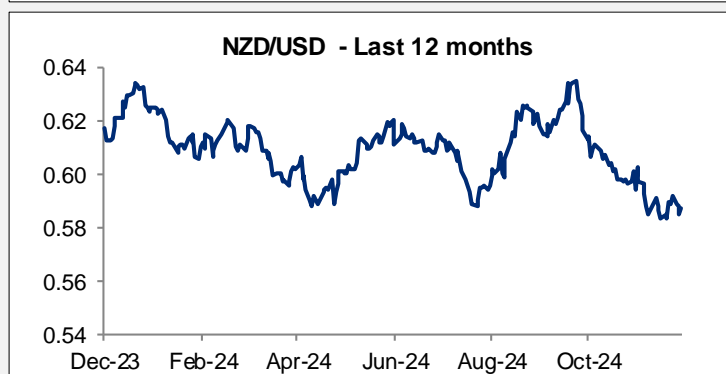
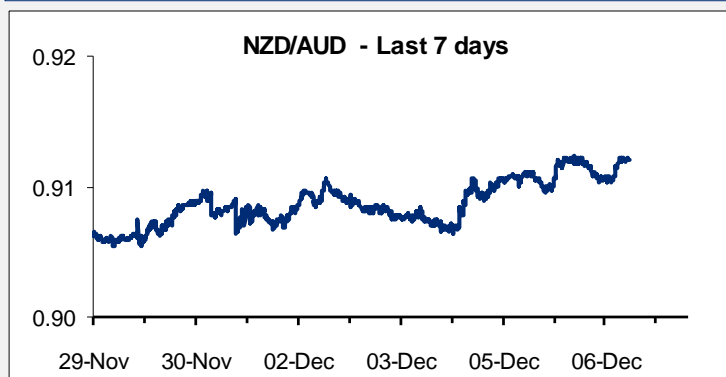
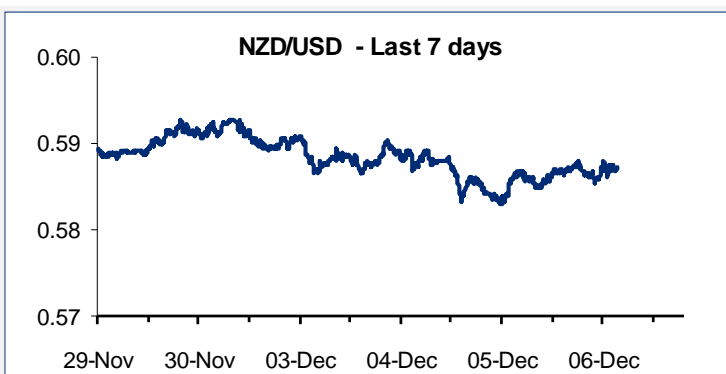
6/12/2024	6:59 am	Prev. NY close
USD	0.5872	0.5851
GBP	0.4607	0.4607
AUD	0.9121	0.9100
EUR	0.5556	0.5567
JPY	88.15	88.11
CAD	0.8253	0.8234
CHF	0.5165	0.5174
DKK	4.1436	4.1515
FJD	1.3474	1.3392
HKD	4.5698	4.5546
INR	49.76	49.58
NOK	6.4914	6.4688
PKR	163.21	162.44
PHP	33.99	34.09
PGK	2.3366	2.3283
SEK	6.3860	6.3933
SGD	0.7866	0.7863
CNY	4.2623	4.2502
THB	20.16	20.12
TOP	1.3918	1.3988
VUV	71.43	71.63
WST	1.6244	1.6134
XPF	66.35	66.41
ZAR	10.6016	10.6278

**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	2.20	2.58
3 Months	6.26	6.78
6 Months	15.55	16.55
9 Months	25.84	27.96
1 Year	35.17	38.17

**NZD/AUD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	1.00	1.80
3 Months	5.37	6.69
6 Months	18.18	20.86
9 Months	32.47	37.14
1 Year	44.85	52.77



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