

# Research Markets Today

9 October 2024

## Events Round-Up

AU: Westpac Consumer Conf Index, Oct: 89.8 vs. 84.6 prev.  
 AU: NAB Business Conditions, Sep: 7 vs. 3 prev.  
 JN: Full-Time Pay (y/y%), Aug: 2.9 vs. 3.0 exp.  
 GE: Industrial Production (m/m%), Aug: 2.9 vs. 0.8 exp.  
 US: NFIB Small Business Optimism, Sep: 91.5 vs. 92.0 exp.  
 US: Trade Balance (US\$bn), Aug: -70.4 vs. -70.5 exp.

## Good Morning

US equities have rebounded from the previous session with the S&P up 0.8% in afternoon trade, despite falls in Asia and Europe, after Chinese officials held off announcing more stimulus. The Euro Stoxx closed 0.4% lower. Global bond markets are little changed in the absence of first-tier economic data to provide direction. The US dollar was generally stable, and oil prices retraced from recent highs. Brent crude fell toward US\$77 per barrel having traded above US\$81 earlier this week.

Stocks in Hong Kong made a dramatic reversal lower yesterday as mainland markets reopened after the Golden Week holiday. The Hang Seng China Enterprises Index closed ~9% lower after a briefing from China's key planning body, the NDRC, which underwhelmed investors. The absence of new initiatives on the fiscal side weighed on China sensitive assets and commodity prices. Separately the latest World Bank forecasts show growth below the Chinese authorities target of 5% this year despite the recent stimulus measures.

US treasuries are little changed. 2-year yields retraced from the dip in the Asian session yesterday and are 3bps lower at 3.96%. 10-year yields are unchanged at 4.03% resulting in a marginally steeper curve. The 2y/10y UST curve appears to be stabilising near 6bps after the sharp curve flattening following the strong payrolls print.

The US\$ 58 billion 3-year note auction attracted only tepid demand with below average bid-cover despite the back up in yields in recent sessions. The clearing rate was above the prevailing level in the market. The market has 10-and 30-year supply to absorb in the next few days.

Currency markets were subdued for the most part. The US dollar edged higher against the euro and yen. Oil sensitive currencies, the Canadian dollar and Norwegian Krone,

underperformed within the G10 basket following the pullback in crude prices.

The Australasian currencies, which fell in the Asian session yesterday in line with other China sensitive assets, were generally stable. NZD/USD oscillated in a narrow range around 0.6120 ahead of the RBNZ's policy decision today. There was limited movement on the major NZD cross rates.

NZ swap rates moved higher across the curve with a flattening bias in the local session yesterday. 2-year yields increased 4bps to 3.69% while 10-year rates increased 2bps to 4.0%. 10-year government bonds closed 2bps lower at 4.31%, with a notable outperformance relative to swaps, which appears to be flow related. 10-year asset swap spreads have compressed to 32bps from a recent peak near 40bps.

Australian 10-year government bond futures are 2bps higher in yield terms since the local close yesterday which suggests a modest upward bias for NZ yields on the open.

There is a consensus amongst economists for a 50bps reduction in the Official Cash Rate to 4.75% at the RBNZ Monetary Policy Review today. The market will be focussed on the accompanying record of meeting, to gauge the pace and magnitude of the easing cycle, and how the Bank assesses the economy is tracking relative to its August projections.

Minutes for the September FOMC are likely to outline that policy makers will be data dependent when assessing the pace of rate cuts. Recent commentary from Fed officials, suggests a consensus to reduce restrictive monetary policy settings, notwithstanding the dissenting vote from Governor Bowman, who preferred a smaller 25bps cut in September.

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## Coming Up

		Period	Cons.	Prev.	NZT
NZ	RBNZ Official Cash Rate	Oct	4.75	5.25	14:00
US	FOMC Meeting Minutes	Sep			07:00

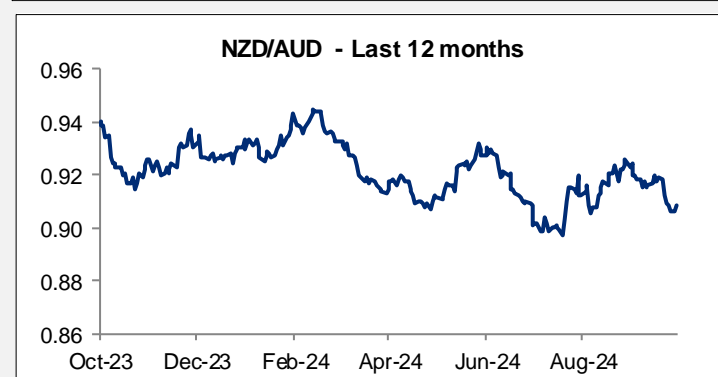
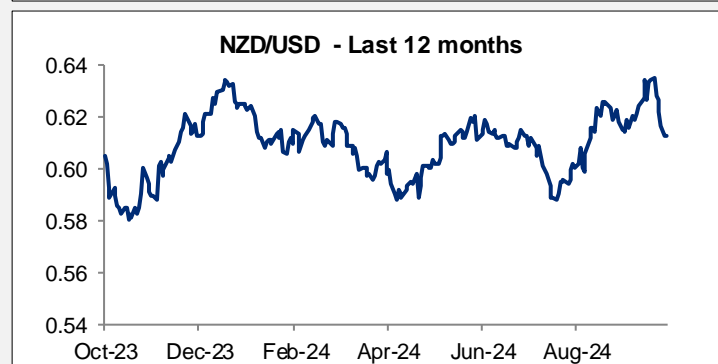
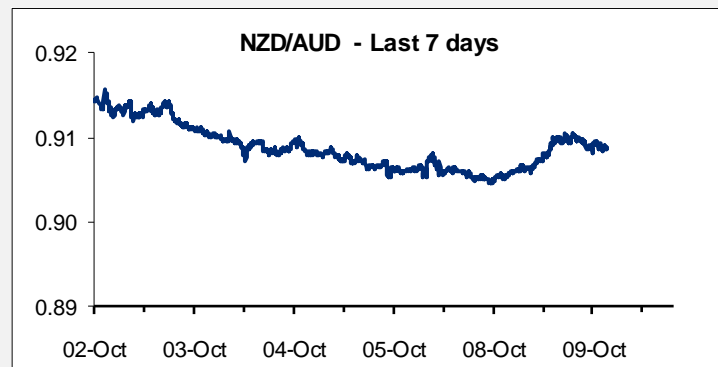
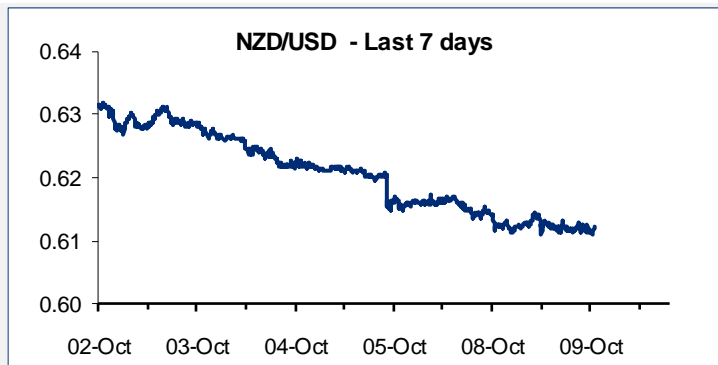
Source: Bloomberg, BNZ

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	0.6124	-0.2	0.6109	0.6133	CHF	0.8571	+0.4	S&P 500	5,738	+0.7	33.2	Oil (Brent)	77.37	-4.3		
AUD	0.6740	-0.4	0.6719	0.6745	SEK	10.353	+0.1	Dow	42,019	-0.0	25.8	Oil (WTI)	73.72	-4.3		
EUR	1.0975	-0.1	1.0961	1.0997	NOK	10.722	+0.9	Nasdaq	18,134	+1.0	35.0	Gold	2635.1	-1.3		
GBP	1.3095	-0.0	1.3064	1.3113	HKD	7.774	+0.1	Stoxx 50	4,949	-0.4	19.4	HRC steel	708.0	-1.8		
JPY	148.07	+0.1	147.35	148.36	CNY	7.062	+0.6	FTSE	8,191	-1.4	9.3	CRB	293.6	+0.7		
CAD	1.3660	+0.3			SGD	1.304	+0.1	DAX	19,066	-0.2	25.2	Wheat Chic.	614.8	-0.1		
NZD/AUD	0.9086	+0.2			IDR	15,655	-0.2	CAC 40	7,521	-0.7	6.5	Sugar	22.48	-0.4		
NZD/EUR	0.5580	-0.1			THB	33.56	+0.3	Nikkei	38,938	-1.0	25.6	Cotton	73.29	+0.4		
NZD/GBP	0.4677	-0.1			KRW	1,346	+0.1	Shanghai	3,490	+4.6	12.7	Coffee	247.1	+1.5		
NZD/JPY	90.68	-0.1			TWD	32.24	+0.2	ASX 200	8,177	-0.3	17.3	WM powder	3565	+0.8		
NZD/CAD	0.8365	+0.2			PHP	56.91	+0.2	NZX 50	12,556	-0.3	12.1	<b>Australian Futures</b>				
NZ TWI	70.51	+0.2						VIX Index	21.41	-5.4	+22.7	3 year bond	96.31	0.07		
<b>Interest Rates</b>																
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	5.00	4.85	3.76	3.56	USD	4.02	-0.00	15-May-26	3.87	0.01	BKBM 1-mth	4.96	-0.03			
AUD	4.35	4.42	3.87	4.27	AUD	4.17	0.09	15-Apr-27	3.71	0.01	BKBM 3-mth	4.77	-0.01			
NZD	5.25	4.77	3.69	4.00	NZD	4.30	-0.01	15-May-28	3.75	0.01	1 year	4.11	0.04			
EUR	3.50	3.27	2.45	2.47	GER	2.24	-0.01	20-Apr-29	3.83	0.01	2 year	3.69	0.04			
GBP	5.00	5.30	4.08	3.82	GBP	4.18	-0.02	15-May-30	3.96	0.00	3 year	3.58	0.04			
JPY	0.23	-0.03	0.47	0.90	JPY	0.93	-0.01	15-May-31	4.06	-0.01	5 year	3.65	0.03			
CAD	4.25	4.97	3.15	3.13	CAD	3.25	0.01	15-May-32	4.17	-0.01	7 year	3.82	0.02			
								<b>NZ Inflation-Indexed Bonds</b>								
								Sep-30	2.27	0.02	15-May-36	4.50	-0.02	10 year	4.00	0.02
								Sep-35	2.58	0.03	15-May-37	4.58	-0.03	15 year	4.23	0.02
								Sep-40	2.83	0.02	15-May-41	4.78	-0.03			
											15-May-51	4.90	-0.03			
											15-May-54	4.94	-0.03			

\* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer  
 Rates are as of: NZT 06:19  
 Source: Bloomberg

**NZD exchange rates**

9/10/2024	6:19 am	Prev. NY close
USD	0.6124	0.6125
GBP	0.4677	0.4682
AUD	0.9086	0.9065
EUR	0.5580	0.5580
JPY	90.68	90.76
CAD	0.8365	0.8342
CHF	0.5249	0.5234
DKK	4.1620	4.1607
FJD	1.3633	1.3712
HKD	4.7610	4.7566
INR	51.42	51.44
NOK	6.5659	6.5165
PKR	170.09	170.46
PHP	34.85	34.79
PGK	2.4006	2.4038
SEK	6.3400	6.3434
SGD	0.7983	0.7987
CNY	4.3246	4.2990
THB	20.51	20.49
TOP	1.4365	1.4168
VUV	73.01	72.85
WST	1.6533	1.6500
XPF	66.43	66.50
ZAR	10.7500	10.6503



**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	1.23	1.44
3 Months	3.36	3.90
6 Months	5.45	6.63
9 Months	9.85	11.85
1 Year	14.92	17.92

**NZD/AUD Forward points**

	BNZ buys NZD	BNZ Sells NZD
1 Month	-2.63	-2.18
3 Months	-4.18	-2.97
6 Months	-0.70	2.06
9 Months	9.29	14.25
1 Year	21.81	28.85

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