# Research Markets Today

10 September 2024

# **Events Round-Up**

CH: PPI (y/y%), Aug: -1.8 vs. -1.5 exp. CH: CPI (y/y%), Aug: 0.6 vs. 0.7 exp.

US: NY Fed 1-yr inflation exp. (%), Aug: 3.00 vs. 2.97 prev.

# **Good Morning**

Newsflow has been light to start the week. US equities have rebounded after last week's hefty loss but otherwise market movements have been well contained. US Treasury rates show net movements of 3bps or less from last week's close, while the USD shows a modest broadly based gain. The NZD trades around 0.6150 this morning.

After last week's 4.25% fall in the S&P500 index, there was keen interest in how this week would fare. In the event, it looks like dip buyers have been out in force, with the index currently up 1% and all sectors have contributed to the increase. September is historically a choppy month for equity markets and seasonally the worst performing month of the year, and it has so far lived up to that reputation. Apple presented its new upgraded product range but this didn't impress and its share price is currently down over 1%.

The economic calendar has been light with the focus directed towards the US CPI and PPI figures later this week, although with the Fed changing its focus to the labour market rather than inflation, their release shouldn't have as much market impact as they have over the past couple of years. In terms of second-tier news, inflation expectations, according to the NY Fed survey, were unchanged at 3.0% and 2.8% for the median year ahead and five years ahead measures in August, while the three-years ahead measure lifted two-tenths to 2.5% after a chunky fall in July.

US Treasuries show small net changes for the day compared to last week's close, with the 2-year rate currently up less than 3bps to 3.67% while the 10-year rate is down 1bp to 3.70%. That rate lifted to as high as 3.76% in early European trading, before steadily falling to as low as 3.69%.

Yesterday, China inflation data remained very weak, with PPI deflation deepening and core CPI inflation falling to a more than three year low of just 0.3% y/y, supporting other indicators of overcapacity and weak domestic demand.

In currency markets the USD is broadly stronger, with the CAD the only major currency to make any gain, even if small. Broad USD strength from yesterday afternoon took the NZD down from 0.6185 to as low as 0.6125 overnight before recovering to around 0.6150. The NZD is flat to modestly weaker on key crosses, including nudging down to 0.9230 against the AUD. NZD/CAD is the biggest mover, down 0.5% to 0.8335.

The domestic rates market was influenced by global forces, with some added bond-swap cheapening thrown into the mix as NZGBs traded heavy. NZGB yields were up 3-7bps across the curve with a steepening bias. The 6bps lift in the 10-year NZGB to 4.23% compared to a 4bps lift in the 10-year swap rate to 3.91%, taking the bond-swap spread out to minus 32bps, the greatest gap since 2011. The 2-year swap rate rose just 1bp to 3.78%.

In the day ahead, Stats NZ will release Q2 data on various sectors that will help firm up GDP estimates for the quarter. Globally, the only top-tier release is UK labour market data, in particular wages, which will help guide BoE rate cut expectations. The market currently sees the BoE pausing this month, ahead of the next likely rate cut in November.

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# **Coming Up**

		Period	Cons.	Prev.	NZT
NZ	Manufacturing volumes (q/q%)	Q2		-0.4	10:45
AU	Westpac consumer confidence	Sep		85	12:30
AU	NAB business conditions	Aug		6	13:30
СН	Exports (y/y%)	Aug	6.6	7	
СН	Imports (y/y%)	Aug	2.3	7.2	
UK	Unemployment rate (%)	Jul	4.1	4.2	18:00
UK	Wkly earnings ex bonus (3m/y%)	Jul	5.1	5.4	18:00
US	NFIB small business optimism	Aug	93.7	93.7	22:00

Source: Bloomberg, BNZ

www.bnz.co.nz/research Page 1

Markets Today 10 September 2024

Currenc	ies							Equities				Commodities	s	
Global froces 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	0.6147	-0.5	0.6125	0.6159	CHF	0.8483	+0.6	S&P 500	5,457	+0.9	22.4	Oil (Brent)	71.80	+1.0
AUD	0.6662	-0.1	0.6648	0.6673	SEK	10.363	+0.6	Dow	40,800	+1.1	18.0	Oil (WTI)	68.68	+1.5
EUR	1.1045	-0.4	1.1034	1.1066	NOK	10.834	+1.1	Nasdaq	16,814	+0.7	22.2	Gold	2508.6	+0.3
GBP	1.3083	-0.4	1.3068	1.3109	HKD	7.797	+0.0	Stoxx 50	4,779	+0.9	12.8	HRC steel	700.0	+0.0
JPY	142.89	+0.4	142.66	143.80	CNY	7.114	+0.2	FTSE	8,271	+1.1	10.6	CRB	266.9	-1.6
CAD	1.3557	-0.1			SGD	1.305	+0.2	DAX	18,444	+0.8	17.1	Wheat Chic.	568.0	+0.2
NZD/AUD	0.9227	-0.3			IDR	15,456	+0.5	CAC 40	7,425	+1.0	2.5	Sugar	18.83	-0.4
NZD/EUR	0.5565	-0.1			THB	33.84	+0.3	Nikkei	36,216	-0.5	11.1	Cotton	67.54	+0.3
NZD/GBP	0.4698	-0.1			KRW	1,341	+0.1	Shanghai	2,736	-1.1	-12.2	Coffee	245.4	+4.0
NZD/JPY	87.83	-0.1			TWD	32.10	+0.6	ASX 200	7,988	-0.3	11.6	WM powder	3450	+0.4
NZD/CAD	0.8333	-0.6			PHP	56.45	+1.0	NZX 50	12,622	+0.0	11.3	Australian Fu	itures	
NZ TW I	70.87	-0.2						VIX Index	19.95	-10.9	+44.1	3 year bond	96.46	-0.05
Interest	Rates							•				10 year bond	96.08	0.00
Rates Swap Yields		elds	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	5.50	5.20	3.46	3.23	USD	3.70	-0.01	15-May-26		4.00	0.03	BKBM 1-mth	5.36	0.00
AUD	4.35	4.41	3.67	4.02	AUD	3.95	0.07	15-Apr-27		3.78	0.04	BKBM 3-mth	5.12	-0.01
NZD	5.25	5.12	3.78	3.91	NZD	4.23	0.06	15-May-28		3.76	0.05	1 year	4.35	0.00
EUR	3.75	3.47	2.49	2.42	GER	2.17	-0.00	20-Apr-29		3.81	0.05	2 year	3.78	0.01
GBP	5.00	5.30	3.87	3.52	GBP	3.86	-0.03	15-May-30		3.92	0.05	3 year	3.62	0.02
JPY	0.23	-0.03	0.45	0.88	JPY	0.90	0.05	15-May-31		4.03	0.05	5 year	3.63	0.03
CAD	4.25	4.97	2.97	2.83	CAD	2.94	-0.02	15-May-32		4.13	0.06	7 year	3.75	0.03
								14-Apr-33		4.19	0.06	10 year	3.91	0.04
								15-May-34		4.23	0.06	15 year	4.11	0.04
					NZ Infla	tion-Inde	exed Bonds	15-May-35		4.30	0.07			
* These are indicative ranges from 5pm NZT; Sep-30 2.14 0.03			0.03	15-May-37		4.47	0.07							
please confirm rates with your BNZ dealer Sep-35 2.46 0.03			15-May-41		4.65	0.07								
Rates are as of: NZT Sep-40 2.70 0.03			0.03	15-May-51		4.71	0.07							
Source: Blo	omberg				•			15-May-54		4.74	0.07			

www.bnz.co.nz/research Page 2

Markets Today 10 September 2024

NZD exchange rates							
10/09/2024	6:52 am	Prev. NY close					
USD	0.6147	0.6176					
GBP	0.4698	0.4704					
AUD	0.9227	0.9258					
EUR	0.5565	0.5572					
JPY	87.83	87.88					
CAD	0.8333	0.8383					
CHF	0.5215	0.5206					
DKK	4.1527	4.1576					
FJD	1.3660	1.3740					
HKD	4.7931	4.8145					
INR	51.61	51.85					
NOK	6.6595	6.6170					
PKR	171.35	#VALUE!					
PHP	34.71	34.53					
PGK	2.3993	2.4087					
SEK	6.3704	6.3620					
SGD	0.8024	0.8045					
CNY	4.3729	4.3837					
THB	20.87	20.70					
TOP	1.4269	1.4149					
VUV	73.48	73.60					
WST	1.6621	1.6637					
XPF	66.31	66.47					
ZAR	10.9778	11.0245					

NZD/USD Forward Points							
	BNZ buys NZD	<b>BNZ</b> sells NZD					
1 Month	0.08	0.28					
3 Months	1.22	1.72					
6 Months	-1.12	-0.12					
9 Months	-5.90	-3.90					
1 Year	-10.31	-7.29					

# **NZD/AUD Forward points**

	<b>BNZ</b> buys NZD	<b>BNZ Sells NZD</b>
1 Month	-6.28	-5.82
3 Months	-13.02	-11.86
6 Months	-16.59	-14.21
9 Months	-16.15	-11.65
1 Year	-13.19	-5.90









www.bnz.co.nz/research Page 3

Markets Today 10 September 2024

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