# Research Markets Today

### 12 November 2024

# **Events Round-Up**

NZ: RBNZ 2yr inflation expectations, Q4: 2.1 vs. 2.0 prev.

# **Good Morning**

Equity markets remained well supported to start the week. Post-election rotations continued with the economically sensitive Russell 2000 index of small-cap firms hitting the highest level since 2021. The S&P has advanced 0.2% by early afternoon in the absence of first-tier economic data or other catalysts. European equities made solid gains with the Euro Stoxx closing 1.2% higher.

Global bonds were mixed with the cash US treasury market closed for the Veterans Day public holiday. The US dollar made broad based gains against developed market currencies. Oil prices declined - Brent crude traded below US\$72 per barrel with the soft outlook on Chinese demand weighing.

There was a tepid response from China sensitive equities to the measures announced to support the economy, at the conclusion of the NPC meeting on Friday. Although policy makers outlined plans to restructure local government debt, there was little in terms of further stimulus aimed at boosting struggling sectors of the economy like housing and consumer demand. The Hang Seng China Enterprises Index closed 1.5% lower albeit off the session lows.

The US dollar extended its uptrend. The dollar index gained more than 0.5% in overnight trade, as investors continue to recalibrate positioning to align with less anticipated easing by the US Federal Reserve, and the increased risk of tariffs. CFTC data, covering currency futures positioning, shows speculative accounts had built a long dollar position ahead of the US election, albeit not to the same degree as earlier in the year. Data covering positioning changes after the election will be available at the end of the week.

EUR/USD was relatively weak within the G10 group of currencies, and traded to the lowest level since April, which was the 2024 low near 1.06. NZD/USD was marginally weaker in offshore trade, but was confined to a narrow range, after declining into the end of last week. The NZD was broadly stable on the major cross rates with NZD/EUR, which traded back towards 0.5600, the only mover of note.

**DNZ\*** MARKETS

The cash US treasury market is closed while futures are open and imply that 10-year yields are ~3bp higher, compared with the 4.30% close at the end of last week. European bond markets are generally lower in yield. German 10-year bunds closed 4bp lower at 2.32% in a parallel curve shift.

It was a quiet session for NZ fixed income in the local session yesterday. 2-year swap rates closed 2bp higher at 3.83%. There was limited market reaction to Q4 2-year inflation expectations data, which increased marginally to 2.1%, compared with 2.0% in Q3. Longer term inflation expectations, while benign overall, picked up relative to Q3. This supports the case for a 50bp RBNZ cut in November, rather than 75bp move, for which there is still around a 20% chance priced.

10-year NZ government bonds closed 1bp lower at 4.56%. Australian 10-year government bond futures little changed since the local close yesterday which suggests limited directional bias for NZ yields on the open.

NZ card spending for October is released today with recent monthly data revealing consistently weak retail activity. The NAB Business Survey and consumer sentiment will be the focus in Australia. In Europe, the German ZEW survey will be monitored for any hit to sentiment from the US election while labour market data is released in the UK. Influential Fed Governor Waller is speaking early tomorrow morning (NZT), and the Fed also publishes its Senior Loan Officer Opinion Survey.

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### Coming Up

		Period	Cons.	Prev.	NZT
NZ	Card Spending Total (m/m%)	Oct		0.3	10:45
AU	Westpac Consumer Conf Index	Nov		89.8	12:30
AU	NAB Business Conditions	Oct		7	13:30
UK	ILO Unemployment Rate 3Mths	Sep	4.1	4	20:00
UK	Wklyearnings exbonus (y/y%)	Sep	4.7	4.9	20:00
GE	ZEW Survey Expectations	Nov	13.2	13.1	23:00
US	NFIB Small Business Optimism	Oct	92	91.5	00:00
US	Fed's Waller Speaks at Banking	Conference	ce		04:00

Currenci	es							Equities				Commoditie	s	
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	0.5961	-0.1	0.5952	0.5977	CHF	0.8800	+0.5	S&P 500	6,009	+0.2	36.1	Oil (Brent)	71.88	-2.7
AUD	0.6571	-0.2	0.6566	0.6595	SEK	10.855	+0.4	Dow	44,348	+0.8	29.4	Oil (WTI)	68.25	-3.0
EUR	1.0652	-0.6	1.0629	1.0722	NOK	11.051	+0.5	Nasdaq	19,270	-0.1	39.7	Gold	2620.5	-2.8
GBP	1.2869	-0.4	1.2856	1.2922	HKD	7.776	+0.0	Stoxx 50	4,854	+1.1	15.6	HRC steel	698.0	-1.3
JPY	153.82	+0.8	153.32	153.95	CNY	7.208	+0.3	FTSE	8,125	+0.7	10.4	CRB	281.7	-1.6
CAD	1.3920	+0.1			SGD	1.334	+0.6	DAX	19,449	+1.2	27.7	Wheat Chic.	575.8	-2.0
NZD/AUD	0.9072	+0.1			IDR	15,690	+0.1	CAC 40	7,427	+1.2	5.4	Sugar	21.42	-1.7
NZD/EUR	0.5596	+0.4			THB	34.53	+0.7	Nikkei	39,533	+0.1	21.4	Cotton	70.08	-1.3
NZD/GBP	0.4632	+0.3			KRW	1,401	+0.2	Shanghai	3,470	+0.5	14.2	Coffee	256.2	+1.1
NZD/JPY	91.69	+0.7			TWD	32.33	+0.7	ASX 200	8,266	-0.3	18.5	WM powder	3720	+0.0
NZD/CAD	0.8298	-0.1			PHP	58.61	+0.5	NZX 50	12,686	-0.7	13.9	Australian Fu	itures	
NZ TWI	70.08	+0.2						VIX Index	15.03	+0.6	+6.1	3 year bond	95.90	-0.02
Interest F	Rates											10 year bond	95.42	-0.04
	Rates		Swap Yie	elds	Benchn	nark 10 Y	'r Bonds	NZ Governn	nent Bond	5		NZ BKBM and	d Swap Yi	elds
•	Cash	3Mth	2 Yr	10 Yr		Last	Net Day			Last	Chg	_	Last	Chg
USD	4.75	4.85	4.05	3.83	USD	4.30	0.00	15-May-26		3.99	0.03	BKBM 1-mth	4.64	-0.05
AUD	4.35	4.41	4.12	4.58	AUD	4.58	0.00	15-Apr-27		3.95	0.04	BKBM 3-mth	4.47	-0.02
NZD	4.75	4.47	3.84	4.27	NZD	4.60	0.02	15-May-28		4.00	0.04	1 year	3.99	0.01
EUR	3.25	3.03	2.25	2.30	GER	2.33	-0.04	20-Apr-29		4.11	0.04	2 year	3.84	0.02
GBP	4.75	5.30	4.26	3.98	GBP	4.43	-0.01	15-May-30		4.24	0.04	3 year	3.82	0.02
JPY	0.23	-0.03	0.57	0.99	JPY	1.00	-0.01	15-May-31		4.36	0.03	5 year	3.94	0.02
CAD	3.75	4.97	2.98	3.03	CAD	3.18	-0.04	15-May-32		4.46	0.03	7 year	4.10	0.01
								14-Apr-33		4.53	0.02	10 year	4.27	0.01
								15-May-34		4.60	0.02	15 year	4.50	0.00
								15-May-35		4.68	0.02			
					NZ Infla	tion-Inde	exed Bonds	15-May-36		4.77	0.02			
These are	indicative r	anges fror	m 5pm NZ	Г;	Sep-30	2.45	0.04	15-May-37		4.83	0.02			
please con	firm rates v	with your B	NZ dealer		Sep-35	2.78	0.04	15-May-41		5.01	0.02			
Rates are as	s of: NZT	06:23			Sep-40	3.03	0.03	15-May-51		5.14	0.02			
Source: Bloomberg					15-May-54		5.17	0.02						

NZD exchan	de rates		
12/11/2024	6:24 am	Prev. NY close	0.61 NZD/USD - Last 7 days
USD	0.5961	0.5967	
GBP	0.4632	0.4618	. Julia
AUD	0.9072	0.9064	0.60
EUR	0.5596	0.5567	Au tomme
JPY	91.69	91.08	W Mr W
CAD	0.8298	0.8301	0.59 -
CHF	0.5246	0.5225	
DKK	4.1737	4.1514	0.58
	-	-	
FJD	1.3496	1.3361	05-Nov 06-Nov 07-Nov 08-Nov 09-Nov 12-Nov
HKD	4.6353	4.6390	
INR	50.30	50.35	0.91 NZD/AUD - Last 7 days
NOK	6.5874	6.5646	Marsham A. A. Marsham
PKR	165.63	165.66	
PHP	34.94	34.77	
PGK	2.3580	2.3604	0.90 -
SEK	6.4704	6.4558	
SGD	0.7951	0.7909	
CNY	4.3009	4.2868	
ТНВ	20.49	20.30	
TOP	1.3815	1.3813	
VUV	72.34	72.26	05-Nov 06-Nov 07-Nov 08-Nov 09-Nov 12-Nov
WST	1.6186	1.6205	
XPF	66.18	66.15	NZD/USD - Last 12 months
740	10.6971	10.5020	0.64
ZAR	10.0971	10.0020	
ZAR	10.0971	10.0020	
ZAR	10.0371	10.0020	MANY WWW L
		10.0020	0.62 - 0.60 - 0.
NZD/USD For	ward Points		0.60 0.60 0.60 0.60 0.60 0.60 0.60 0.60
NZD/USD For	ward Points BNZ buys NZD	BNZ sells NZD	MANY WWW L
NZD/USD For 1 Month	ward Points BNZ buys NZD 1.23	<b>BNZ sells NZD</b> 1.67	0.60 0.60 0.60 0.60 0.60 0.60 0.60 0.60
<b>NZD/USD For</b> 1 Month 3 Months	ward Points BNZ buys NZD 1.23 5.64	<b>BNZ sells NZD</b> 1.67 6.26	0.60
NZD/USD For 1 Month 3 Months 6 Months	ward Points BNZ buys NZD 1.23 5.64 14.41	<b>BNZ sells NZD</b> 1.67 6.26 15.42	0.60 0.58 0.56 0.54
NZD/USD For 1 Month 3 Months 6 Months 9 Months	ward Points BNZ buys NZD 1.23 5.64 14.41 23.86	<b>BNZ sells NZD</b> 1.67 6.26 15.42 26.00	0.60
NZD/USD For 1 Month 3 Months 6 Months	ward Points BNZ buys NZD 1.23 5.64 14.41	<b>BNZ sells NZD</b> 1.67 6.26 15.42	0.60 0.58 0.56 0.54 Nov-23 Jan-24 Mar-24 May-24 Jul-24 Sep-24
NZD/USD For 1 Month 3 Months 6 Months 9 Months 1 Year	ward Points BNZ buys NZD 1.23 5.64 14.41 23.86 31.54	<b>BNZ sells NZD</b> 1.67 6.26 15.42 26.00	0.60 0.58 0.56 0.54
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NZD/USD For 1 Month 3 Months 6 Months 9 Months 1 Year NZD/AUD For 1 Month 3 Months	ward Points BNZ buys NZD 1.23 5.64 14.41 23.86 31.54 ward Points BNZ buys NZD -0.49 3.15	<b>BNZ sells NZD</b> 1.67 6.26 15.42 26.00 34.54 <b>BNZ sells NZD</b> 0.45 4.64	0.60 0.58 0.56 0.54 Nov-23 Jan-24 Mar-24 May-24 Jul-24 Sep-24 NZD/AUD - Last 12 months
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NZD/USD For 1 Month 3 Months 6 Months 9 Months 1 Year NZD/AUD For 1 Month 3 Months 6 Months 9 Months 9 Months	ward Points BNZ buys NZD 1.23 5.64 14.41 23.86 31.54 ward Points BNZ buys NZD -0.49 3.15 15.51 31.32	<b>BNZ sells NZD</b> 1.67 6.26 15.42 26.00 34.54 <b>BNZ sells NZD</b> 0.45 4.64 18.39 36.84	0.60 0.58 0.56 0.54 Nov-23 Jan-24 Mar-24 May-24 Jul-24 Sep-24 NZD/AUD - Last 12 months 0.96 0.94 0.92 0.90
NZD/USD For 1 Month 3 Months 6 Months 9 Months 1 Year NZD/AUD For 1 Month 3 Months 6 Months	ward Points BNZ buys NZD 1.23 5.64 14.41 23.86 31.54 ward Points BNZ buys NZD -0.49 3.15 15.51	<b>BNZ sells NZD</b> 1.67 6.26 15.42 26.00 34.54 <b>BNZ sells NZD</b> 0.45 4.64 18.39	0.60 0.58 0.56 0.54 Nov-23 Jan-24 Mar-24 May-24 Jul-24 Sep-24 NZD/AUD - Last 12 months 0.96 0.94 0.92
NZD/USD For 1 Month 3 Months 6 Months 9 Months 1 Year NZD/AUD For 1 Month 3 Months 6 Months 9 Months 9 Months	ward Points BNZ buys NZD 1.23 5.64 14.41 23.86 31.54 ward Points BNZ buys NZD -0.49 3.15 15.51 31.32	<b>BNZ sells NZD</b> 1.67 6.26 15.42 26.00 34.54 <b>BNZ sells NZD</b> 0.45 4.64 18.39 36.84	0.60 0.58 0.56 0.54 Nov-23 Jan-24 Mar-24 May-24 Jul-24 Sep-24 NZD/AUD - Last 12 months 0.96 0.94 0.92 0.90 0.88
NZD/USD For 1 Month 3 Months 6 Months 9 Months 1 Year NZD/AUD For 1 Month 3 Months 6 Months 9 Months 9 Months	ward Points BNZ buys NZD 1.23 5.64 14.41 23.86 31.54 ward Points BNZ buys NZD -0.49 3.15 15.51 31.32	<b>BNZ sells NZD</b> 1.67 6.26 15.42 26.00 34.54 <b>BNZ sells NZD</b> 0.45 4.64 18.39 36.84	0.60 0.58 0.56 0.54 Nov-23 Jan-24 Mar-24 May-24 Jul-24 Sep-24 NZD/AUD - Last 12 months 0.96 0.94 0.92 0.90 0.88 0.86
NZD/USD For 1 Month 3 Months 6 Months 9 Months 1 Year NZD/AUD For 1 Month 3 Months 6 Months 9 Months 9 Months	ward Points BNZ buys NZD 1.23 5.64 14.41 23.86 31.54 ward Points BNZ buys NZD -0.49 3.15 15.51 31.32	<b>BNZ sells NZD</b> 1.67 6.26 15.42 26.00 34.54 <b>BNZ sells NZD</b> 0.45 4.64 18.39 36.84	0.60 0.58 0.56 0.54 Nov-23 Jan-24 Mar-24 May-24 Jul-24 Sep-24 NZD/AUD - Last 12 months 0.96 0.94 0.92 0.90 0.88 0.86

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