

Research Markets Today

13 November 2024

Events Round-Up

NZ: Card Spending Total (m/m%), Oct: 0.4 vs. 0.3 prev.
 AU: Westpac Cons. Conf. Index, Nov: 94.6 vs. 89.8 prev.
 AU: NAB Business Conditions, Oct: 7 vs. 7 prev.
 UK: ILO Unemployment Rate 3Mths, Sep: 4.3 vs. 4.1 exp.
 UK: Wkly earnings ex bonus (y/y%), Sep: 4.8 vs. 4.7 exp.
 GE: ZEW Survey Expectations, Nov: 7.4 vs. 13.2 exp.
 US: NFIB Small Business Optimism, Oct: 93.7 vs. 92.0 exp.

Good Morning

The post-election surge in US equities has lost some momentum, as major indices consolidate near record highs, and investors look ahead to key US inflation data this evening. The S&P is marginally lower in afternoon trading. There were larger falls in European stocks with Euro Stoxx closing more than 2% lower. Treasury yields have moved sharply higher supporting the US dollar index which extended its uptrend. OPEC cut its oil demand forecasts for the fourth consecutive month with weak demand noted in China. Brent crude prices were little changed near US\$72 per barrel

Chinese stocks and the yuan remained under pressure, amid disappointment from investors over the size of its fiscal stimulus, and the threat of higher tensions from the incoming Trump administration. The Hang Seng China Enterprises Index fell more than 3% to the lowest level since September. Bloomberg reported yesterday that Chinese authorities are planning to reduce taxes for home purchases to in a bid to support the housing market.

US treasuries re-opened after the public holiday higher in yield with a curve steepening bias. The only data of note was the NFIB index of small business optimism, which was stronger than expected, and is likely to gain further following the election result. 2-year treasury yields increased 11bp to 4.36% which is the highest level since July. 10-year treasury yields are up 14bp to 4.44%, though still below the 4.48%, post-election peak. Gilt yields moved higher across the curve amid mixed labour market data. Wages were slightly stronger than expected, but the unemployment rate also rose.

The US dollar made further broad-based gains against G10 currencies, extending the recent trend, which has seen the dollar index gain close to 2% since the election and 6%

since its September low. EUR/USD fell below 1.06, reaching a new low for the year. The ZEW indicator of economic sentiment in Germany unexpectedly fell, with the collapse of the coalition government, likely weighing on investor sentiment. The yen was amongst the weaker G10 currencies with USD/JPY approaching the psychological 155 level.

The NZD remained under pressure set against the stronger US dollar backdrop. NZD/USD dipped below its post-election low in offshore trade and fell to the lowest level since early August.

NZ fixed income closed higher in yield in the local session yesterday with limited domestic data to provide direction. There was further pressure in the short end as the market continued to reprice the terminal cash rate higher. 2-year swap rates increased 4bp to 3.88%, the highest level since early September as the market absorbed speculative pay-side flow. 10-year rates closed 2bp higher at 4.29% with the curve continuing to flatten. The 2y/10y curve, which peaked above 55bp in late October, has retraced to 41bp.

10-year NZ government bonds ended unchanged at 4.59%. The NZ Local Government Funding Agency is offering NZ\$160 million of bonds in its monthly tender today split across the April-33 (NZ\$80m) and April-37 (NZ\$80m) lines.

Australian 10-year government bond futures are ~8bp higher in yield terms since the local close yesterday which suggests an upwards bias for NZ yields on the open.

NZ migration data for September is the only domestic economic release of note in the day ahead. Q3 wages are released in Australia with the annual rate expected to decline to 3.6% from 4.1% in Q2. While wages growth has clearly peaked, it is unclear if the current level is consistent with the RBA's inflation target given subdued productivity gains.

The key release overnight is US CPI data for October. The consensus estimate is for the core rate to increase 0.3% for the second consecutive month. That would leave the annual core rate unchanged at 3.3%, which if sustained, could indicate inflation progress is stalling.

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Coming Up

	Period	Cons.	Prev.	NZT
NZ Net Migration SA	Sep		1840	10:45
AU Wage Price Index (y/y%)	3Q	3.6	4.1	13:30
AU Wage Price Index (q/q%)	3Q	0.9	0.8	13:30
EC Industrial Production SA (m/m%)	Sep	-1.4	1.8	23:00
US CPI (m/m%)	Oct	0.2	0.2	02:30
US CPI Ex Food and Energy (m/m%)	Oct	0.3	0.3	02:30
US CPI (y/y%)	Oct	2.6	2.4	02:30
US CPI Ex Food and Energy (y/y%)	Oct	3.3	3.3	02:30

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	0.5911	-0.9	0.5910	0.5959	CHF	0.8835	+0.3	S&P 500	5,978	-0.4	35.4	Oil (Brent)	71.90	+0.4
AUD	0.6517	-0.9	0.6514	0.6558	SEK	10.934	+0.8	Dow	44,021	-0.7	28.4	Oil (WTI)	68.12	+0.5
EUR	1.0597	-0.5	1.0595	1.0639	NOK	11.101	+0.6	Nasdaq	19,250	-0.3	39.5	Gold	2600.1	-0.6
GBP	1.2727	-1.1	1.2719	1.2833	HKD	7.779	+0.0	Stoxx 50	4,745	-2.3	13.0	HRC steel	697.0	+0.0
JPY	154.92	+0.8	153.61	154.92	CNY	7.233	+0.2	FTSE	8,026	-1.2	9.0	CRB	278.9	-1.0
CAD	1.3949	+0.2			SGD	1.340	+0.4	DAX	19,034	-2.1	24.9	Wheat Chic.	565.5	-2.3
NZD/AUD	0.9070	-0.0			IDR	15,782	+0.6	CAC 40	7,227	-2.7	2.6	Sugar	21.44	-0.2
NZD/EUR	0.5578	-0.4			THB	34.88	+1.0	Nikkei	39,376	-0.4	20.8	Cotton	68.91	-1.2
NZD/GBP	0.4644	+0.2			KRW	1,409	+0.6	Shanghai	3,422	-1.4	12.3	Coffee	263.3	+2.9
NZD/JPY	91.57	-0.1			TWD	32.44	+0.3	ASX 200	8,256	-0.1	18.8	WM powder	3795	+2.0
NZD/CAD	0.8245	-0.7			PHP	58.83	+0.4	NZX 50	12,749	+0.5	14.9	Australian Futures		
NZ TWI	69.83	-0.4						VIX Index	14.99	+0.1	+5.8	3 year bond	95.89	-0.01
												10 year bond	95.34	-0.07
Interest Rates					NZ Government Bonds					NZ BKBM and Swap Yields				
Rates	Swap Yields				Benchmark 10 Yr Bonds		Last	Chg	Last	Chg	Last	Chg		
	Cash	3Mth	2 Yr	10 Yr	Last	Net Day							Last	Chg
USD	4.75	4.85	4.16	3.94	USD	4.44	0.13	15-May-26	4.01	0.02	BKBM 1-mth	4.62	-0.02	
AUD	4.35	4.42	4.17	4.66	AUD	4.56	-0.02	15-Apr-27	3.97	0.02	BKBM 3-mth	4.45	-0.02	
NZD	4.75	4.45	3.88	4.29	NZD	4.59	-0.00	15-May-28	4.02	0.02	1 year	4.02	0.03	
EUR	3.25	3.04	2.26	2.35	GER	2.36	0.04	20-Apr-29	4.13	0.02	2 year	3.88	0.04	
GBP	4.75	5.30	4.34	4.08	GBP	4.50	0.07	15-May-30	4.26	0.02	3 year	3.86	0.04	
JPY	0.23	-0.03	0.59	1.03	JPY	1.02	0.01	15-May-31	4.37	0.01	5 year	3.97	0.03	
CAD	3.75	4.97	3.06	3.14	CAD	3.29	0.10	15-May-32	4.46	0.01	7 year	4.12	0.02	
								14-Apr-33	4.53	0.00	10 year	4.29	0.02	
								15-May-34	4.59	-0.00	15 year	4.51	0.01	
								15-May-35	4.67	-0.01				
								15-May-36	4.76	-0.01				
								15-May-37	4.82	-0.00				
								15-May-41	5.01	-0.01				
								15-May-51	5.14	-0.01				
								15-May-54	5.16	-0.01				

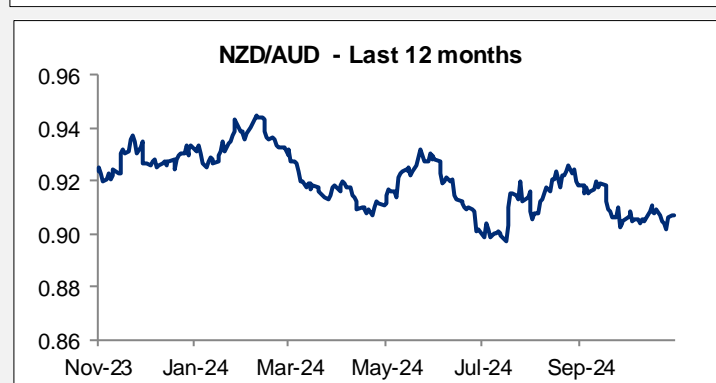
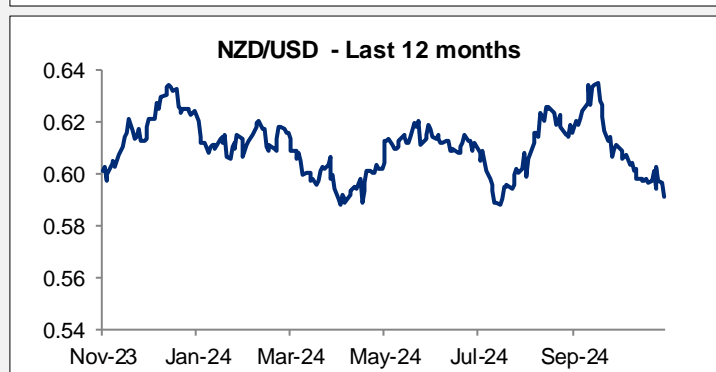
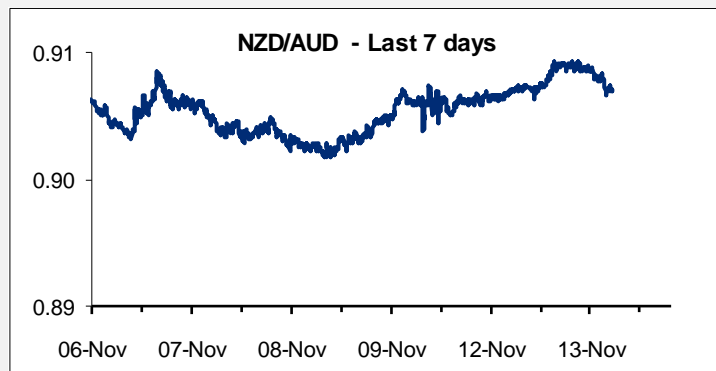
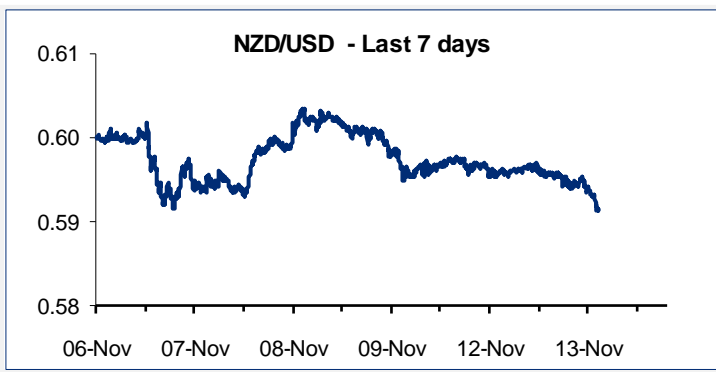
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer

Rates are as of: NZT 06:50

Source: Bloomberg

NZD exchange rates

13/11/2024	6:50 am	Prev. NY close
USD	0.5911	0.5964
GBP	0.4644	0.4635
AUD	0.9070	0.9071
EUR	0.5578	0.5597
JPY	91.57	91.68
CAD	0.8245	0.8305
CHF	0.5222	0.5252
DKK	4.1608	4.1746
FJD	1.3410	1.3548
HKD	4.5979	4.6375
INR	49.89	50.33
NOK	6.5621	6.5807
PKR	164.24	165.58
PHP	34.77	34.95
PGK	2.3391	2.3592
SEK	6.4632	6.4686
SGD	0.7921	0.7955
CNY	4.2764	4.3030
THB	20.57	20.50
TOP	1.3731	1.3879
VUV	71.75	72.37
WST	1.6202	1.6193
XPF	65.79	66.20
ZAR	10.7359	10.6995



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	1.47	1.73
3 Months	5.65	6.10
6 Months	14.51	15.59
9 Months	23.71	25.71
1 Year	32.03	35.03

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	-0.26	0.35
3 Months	3.26	4.37
6 Months	15.66	18.28
9 Months	31.16	35.76
1 Year	44.96	52.33

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