

Research Markets Today

19 November 2024

Events Round-Up

NZ: Performance of services index, Oct: 46.0 vs. 45.7 prev.

NZ: PPI output (q/q%), 3Q: 1.5 vs. 1.1 prev.

US: NAHB housing market index, Nov: 46 vs. 42 exp.

Good Morning

It has been a quiet start to the week with little newsflow. US equities have bounced back after last week's losses. US Treasuries are little changed, with the 10-year note finding support just under 4.5%. For a change, the USD is broadly weaker, falling against all majors apart from the yen. The NZD hit a fresh 2024 low below 0.5840 before recovering to 0.5885.

On a quiet day for news, stories about president-elect Trump seem to dominate the news stream. For the market, there is keen interest in his appointment of Treasury Secretary. Support for Lutnick and Bessent looks to have diminished, with the pool of candidates opening up to include ex Fed Governor Warsh. Media reports tell of some in-fighting amongst Trump's advisors about who should get this coveted role.

US equities have opened the week on a positive note, with the S&P500 up 0.4% in early afternoon trading, recovering some of last week's 2.1% loss. Gains have been broad-based, with Tesla one of the top performers, gaining 7%, with talk that Trump's team hopes to push forward with a new framework to regulate self-driving vehicles.

The economic calendar has been sparse. US home builder sentiment rose to a seven-month high, with the NAHB index rising 3pts to 46, with the greatest increase coming from the 6-months-ahead outlook component. Builders noted uncertainty around the presidential election as restraining sales recently. With that risk cleared and talk of looser regulations, confidence in the outlook has improved, despite the recent lift in mortgage rates. The data continued the run of positive US economic surprises, with Citigroup's index rising to a fresh nine-month high.

US Treasury yields show little net movement. The 10-year rate found some support just under 4.5%, rising to as high as 4.49%, before buying interest returned and it currently trades at 4.42%.

The USD was strong, but sentiment turned as the NY trading session opened and the currency has since seen some steady selling pressure, falling against majors apart from the yen for the day. The DXY index is down 0.3% since last week's close. The yen weakened after traders were disappointed that BoJ Governor Ueda didn't provide a hint that the Bank might raise its policy rate in December. Recent yen weakness gave him an opportunity to provide some support, but he chose not to. When asked about policy following a speech, he simply reiterated that risks and additional information since October would be assessed at the meeting.

The NZD fell to a fresh 2024 low of 0.5836 before the swing in the USD saw it recover to 0.5885. The recovery in the AUD saw it break up through 0.65. Relative to last week's close, the NZD is flat to marginally weaker on all key crosses apart from the yen, where it is up 0.7% to just over 91. NZD/AUD has nudged down to 0.9050. Movements against EUR, GBP and CAD have been insignificant.

Oil prices are up nearly 3%, with Brent crude trading at USD73 per barrel. Prices have been supported by geopolitical risks, with the US giving the green light to use long-range missiles inside of Russia, and European supply outages in Norway and Kazakhstan.

In the domestic rates market yesterday, NZ yields fell in line with global moves. NZGB yields were down 3-4bps across the curve and swaps were down 3-5bps. NZ economic activity data continued to show a lack of pulse. The PSI ticked higher to 46.0 but remained well in contractionary territory. The composite PSI/PMI index is still consistent with the economy contracting. Job ads continued to trend lower, consistent with a steadily rising unemployment rate.

On the economic calendar ahead, the ECB releases its quarterly survey of wages. US housing starts/permits and Canadian CPI data are also released.

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Coming Up

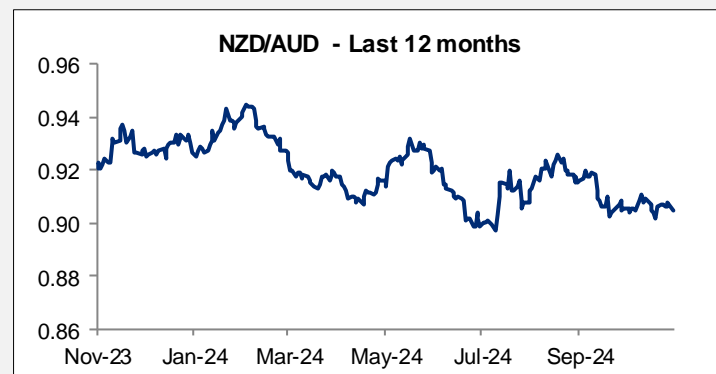
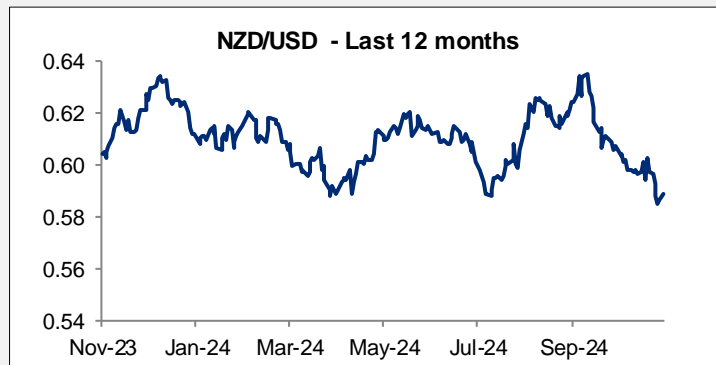
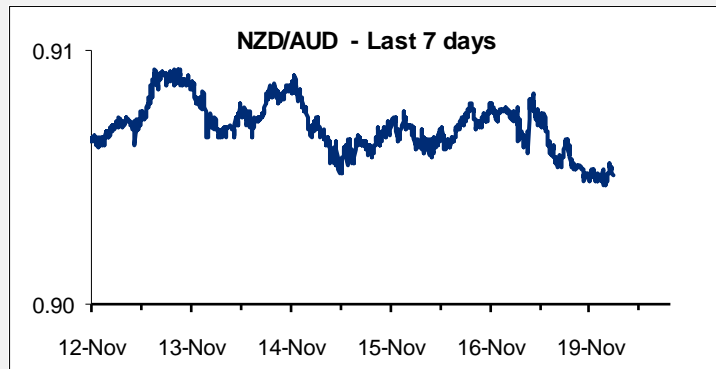
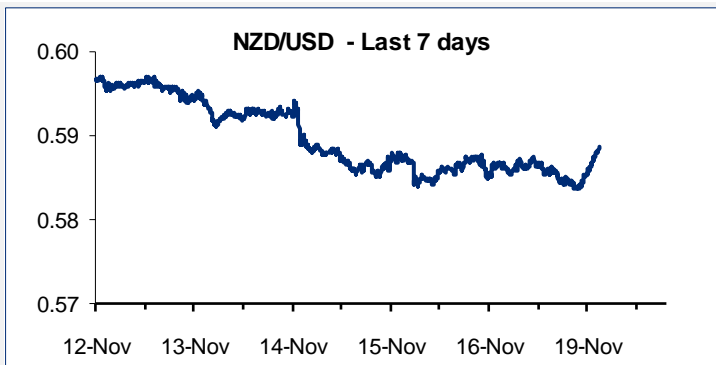
		Period	Cons.	Prev.	NZT
EC	ECB negotiated wages indicator	Q3			23:00
US	Housing starts (k)	Oct	1337	1354	02:30
US	Building permits (k)	Oct	1440	1428	02:30
CA	CPI (y/y%)	Oct	1.9	1.6	02:30
CA	CPI core (avg med/trim y/y%)	Oct	2.4	2.35	02:30

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	0.5888	+0.4	0.5836	0.5888	CHF	0.8841	-0.4	S&P 500	5,898	+0.5	30.7	Oil (Brent)	72.96	+2.7
AUD	0.6505	+0.7	0.6448	0.6506	SEK	10.925	-0.5	Dow	43,452	+0.0	24.3	Oil (WTI)	68.82	+2.7
EUR	1.0592	+0.5	1.0533	1.0592	NOK	11.012	-0.7	Nasdaq	18,791	+0.6	33.0	Gold	2614.2	+1.7
GBP	1.2667	+0.4	1.2613	1.2669	HKD	7.784	-0.0	Stoxx 50	4,790	-0.1	10.4	HRC steel	691.0	-0.1
JPY	154.67	+0.2	154.30	155.36	CNY	7.233	+0.0	FTSE	8,109	+0.6	8.1	CRB	279.7	-0.3
CAD	1.4012	-0.6			SGD	1.339	-0.2	DAX	19,189	-0.1	20.5	Wheat Chic.	567.3	+2.3
NZD/AUD	0.9051	-0.3			IDR	15,857	-0.1	CAC 40	7,278	+0.1	0.6	Sugar	22.25	+3.2
NZD/EUR	0.5559	-0.1			THB	34.56	-0.8	Nikkei	38,221	-1.1	13.8	Cotton	66.46	-0.5
NZD/GBP	0.4648	+0.0			KRW	1,395	-0.2	Shanghai	3,324	-0.2	8.8	Coffee	282.3	-0.4
NZD/JPY	91.07	+0.7			TWD	32.54	+0.2	ASX 200	8,300	+0.2	17.7	WM powder	3840	+0.0
NZD/CAD	0.8250	-0.1			PHP	58.69	-0.1	NZX 50	12,765	+0.6	14.2	Australian Futures		
NZ TWI	69.54	+0.2						VIX Index	15.63	-3.2	+13.3	3 year bond	95.88	0.05
Interest Rates										10 year bond			95.41	0.02
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	4.09	3.91	USD	4.42	-0.02	15-Apr-27	4.02	-0.04	BKBM 1-mth	4.53	-0.04	
AUD	4.35	4.43	4.08	4.57	AUD	4.60	-0.03	15-May-28	4.11	-0.04	BKBM 3-mth	4.43	-0.02	
NZD	4.75	4.43	3.86	4.31	NZD	4.67	-0.04	20-Apr-29	4.22	-0.04	1 year	3.99	-0.04	
EUR	3.25	3.00	2.26	2.32	GER	2.37	0.02	15-May-30	4.34	-0.04	2 year	3.86	-0.05	
GBP	4.75	5.30	4.27	3.99	GBP	4.47	-0.01	15-May-31	4.45	-0.04	3 year	3.85	-0.04	
JPY	0.23	-0.03	0.62	1.06	JPY	1.08	0.01	15-May-32	4.54	-0.03	5 year	3.98	-0.03	
CAD	3.75	4.97	3.04	3.10	CAD	3.28	0.00	14-Apr-33	4.61	-0.04	7 year	4.13	-0.03	
								15-May-34	4.67	-0.04	10 year	4.31	-0.03	
								15-May-35	4.74	-0.04	15 year	4.52	-0.03	
								15-May-36	4.82	-0.04				
								15-May-37	4.89	-0.04				
								15-May-41	5.07	-0.04				
								15-May-51	5.19	-0.04				
								15-May-54	5.22	-0.03				
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer						Sep-30	2.52	-0.01						
Rates are as of: NZT 06:57						Sep-35	2.86	-0.01						
Source: Bloomberg						Sep-40	3.10	-0.01						

NZD exchange rates

19/11/2024 6:57 am		Prev. NY close
USD	0.5888	0.5866
GBP	0.4648	0.4649
AUD	0.9051	0.9078
EUR	0.5559	0.5565
JPY	91.07	90.51
CAD	0.8250	0.8265
CHF	0.5206	0.5207
DKK	4.1467	4.1504
FJD	1.3464	1.3365
HKD	4.5833	4.5668
INR	49.69	49.51
NOK	6.4841	6.5021
PKR	163.60	162.85
PHP	34.55	34.46
PGK	2.3328	2.3241
SEK	6.4328	6.4381
SGD	0.7886	0.7872
CNY	4.2586	4.2408
THB	20.49	20.43
TOP	1.3773	1.3709
VUV	72.36	71.81
WST	1.6167	1.5957
XPF	66.29	66.36
ZAR	10.5667	10.6688



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	1.82	2.07
3 Months	5.87	6.37
6 Months	14.88	15.94
9 Months	23.46	25.56
1 Year	30.56	33.56

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	0.39	0.93
3 Months	3.74	4.93
6 Months	16.28	18.83
9 Months	30.01	34.90
1 Year	41.90	49.31

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