

Research Markets Today

21 November 2024

Events Round-Up

UK: CPI (y/y%), Oct: 2.3 vs. 2.2 exp.

UK: CPI core (y/y%), Oct: 3.3 vs. 3.1 exp.

EA: ECB negotiated wages (y/y%), Oct: 5.4 vs. 3.5 prev.

Good Morning

Newsflow remains light. US equities are weaker for the first day this week, ahead of Nvidia's earnings release. US Treasury yields pared an earlier lift, after reports that Ukraine fired British-made missiles into Russia, leaving the 10-year rate little changed for the day. The USD is broadly stronger, seeing the NZD back below 0.59.

US stocks are weaker, led by the IT sector, with some nerves ahead of Nvidia's result which comes after the market closes. The S&P500 is down 0.4% in early afternoon trading, after paring an earlier fall of 1%. Retailer Target is down over 20% after a softer than expected earnings report but there is no macro read for the economy, as it follows stronger results for discount chains Walmart and Costco.

US Treasuries remain in a consolidation mode. The 10-year rate has traded only a 5bps range for the day. A lift to nearly 4.44% was pared after reports that Ukraine fired British-made Storm Shadow missiles at military targets in Russia for the first time. This came a day after Ukraine fired US-made long-range missiles into Russia. Rates pushed lower and the current yield of 4.39% is little changed for the day or from the NZ close.

In economic news, UK CPI inflation data were stronger than expected across the board. Annual headline inflation picked up from 1.7% y/y to 2.3% y/y in October due to base effects and higher energy bills. The core rate picked up slightly to 3.3% while the closely watched services CPI also picked up slightly to 5.0% y/y.

The data reinforced market expectations that the BoE would likely skip next month's meeting for an opportunity to cut rates. The scope for rate cuts next year, amidst easier fiscal policy, is seen as limited, with only two full rate cuts priced and a chance of a third one in the second half. Market reaction was limited, with UK gilts moving in line with other European rates (slightly higher across most

of the curve) and a small lift in GBP quickly unwound. Speaking after the release, MPC member Ramsden commented that inflation was only marginally above forecast, with no impact on his assessment of the outlook, and he backed the Bank's current gradual approach to easing.

The ECB reported that wage inflation picked up to 5.4% y/y in Q3, up from 3.5% in Q2, a record lift since the euro area was formed. A jump had been anticipated after large, negotiated wage rises in Germany for auto and engineering workers. The ECB expects wage inflation to fall next year to a rate more consistent with the 2% inflation target. Market reaction was limited, with the data playing to the view that the ECB is likely to cut by only 25bps next month.

In currency markets the USD is broadly stronger. The euro is on the soft side of the ledger, down 0.5% overnight to 1.0530. The NZD has also underperformed, down 0.5% overnight to 0.5875, its foray above 0.59 yesterday proving to be brief. The AUD has fallen back below 0.65. While NZD/EUR is flat at 0.5580, other NZD crosses are modestly weaker. NZD/AUD has nudged down to 0.9040.

Yesterday, in an uneventful trading session, the domestic rates market showed only small movements in yield, falling 1bp or less across the NZGB and swap curves apart from a 2bp fall in 10-year swap to 4.24%.

On the calendar ahead, RBA Governor Bullock will be speaking tonight. There are only second tier data releases, including US initial jobless claims, the Philly Fed business survey and existing home sales.

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Coming Up

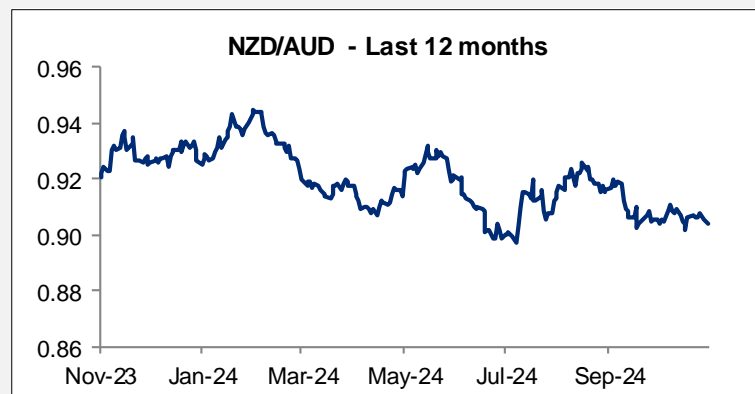
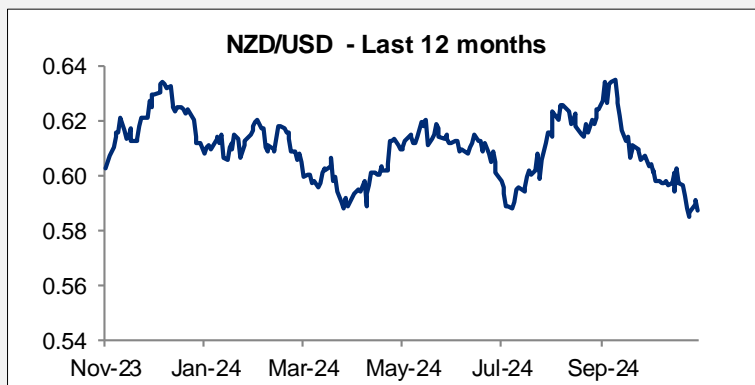
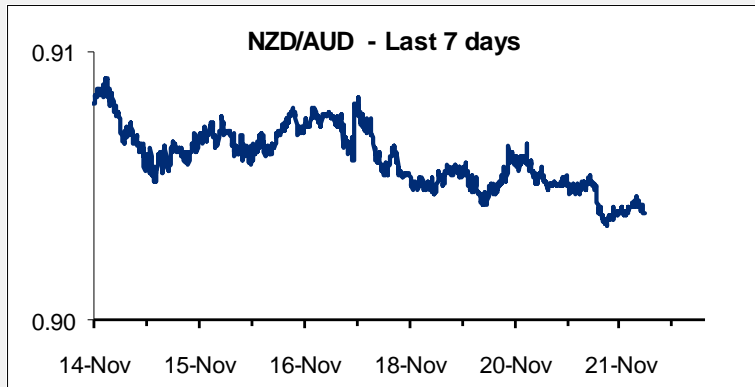
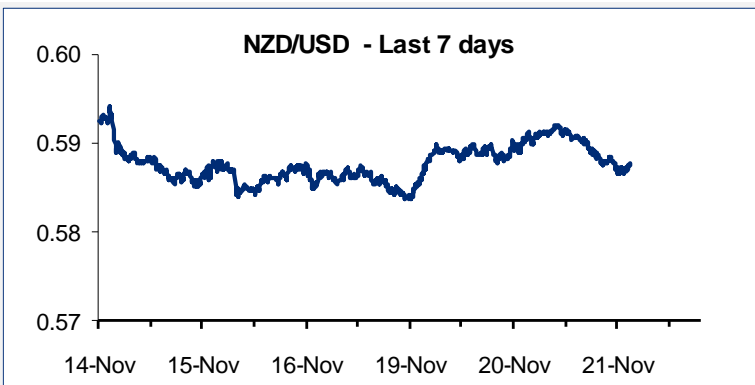
		Period	Cons.	Prev.	NZT
AU	RBA's Bullock-Speech				21:00
US	Philly Fed business outlook	Nov	8.0	10.3	02:30
US	Initial jobless claims (k)	16-Nov	220	217	02:30
EC	Consumer confidence	Nov	-12.4	-12.5	04:00
US	Existing home sales (m/m%)	Oct	2.9	-1.0	04:00

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	0.5874	-0.6	0.5864	0.5907	CHF	0.8843	+0.2	S&P 500	5,892	-0.4	29.6	Oil (Brent)	72.96	-0.5
AUD	0.6498	-0.5	0.6485	0.6532	SEK	11.036	+1.1	Dow	43,206	-0.1	22.9	Oil (WTI)	69.12	-0.4
EUR	1.0531	-0.6	1.0507	1.0596	NOK	11.066	+0.8	Nasdaq	18,851	-0.7	32.0	Gold	2654.9	+0.9
GBP	1.2653	-0.2	1.2631	1.2715	HKD	7.784	+0.0	Stoxx 50	4,730	-0.5	8.9	HRC steel	680.0	-0.9
JPY	155.25	+0.4	155.06	155.89	CNY	7.245	+0.1	FTSE	8,085	-0.2	7.9	CRB	285.1	+0.4
CAD	1.3990	+0.2			SGD	1.343	+0.4	DAX	19,005	-0.3	19.5	Wheat Chic.	574.3	+1.1
NZD/AUD	0.9040	-0.1			IDR	15,871	+0.2	CAC 40	7,198	-0.4	-0.7	Sugar	21.53	-2.2
NZD/EUR	0.5578	-0.0			THB	34.63	+0.3	Nikkei	38,352	-0.2	15.0	Cotton	68.15	+2.0
NZD/GBP	0.4642	-0.4			KRW	1,400	+0.5	Shanghai	3,368	+0.7	9.8	Coffee	293.4	+4.2
NZD/JPY	91.19	-0.3			TWD	32.50	+0.3	ASX 200	8,326	-0.6	17.6	WM powder	3865	-0.1
NZD/CAD	0.8218	-0.4			PHP	58.93	+0.2	NZX 50	12,737	-0.6	14.1	Australian Futures		
NZ TWI	69.51	-0.4						VIX Index	17.73	+8.4	+32.2	3 year bond	95.92	0.00
Interest Rates										10 year bond			95.42	-0.04
	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	3.90	USD	4.39	-0.00	15-Apr-27	3.95	-0.01	BKBM 1-mth	4.49	-0.02	
AUD	4.35	4.42	4.08	4.55	AUD	4.56	-0.01	15-May-28	4.05	-0.01	BKBM 3-mth	4.40	-0.01	
NZD	4.75	4.40	3.78	4.24	NZD	4.61	-0.00	20-Apr-29	4.15	-0.01	1 year	3.94	-0.00	
EUR	3.25	3.01	2.27	2.35	GER	2.35	0.01	15-May-30	4.28	-0.01	2 year	3.78	-0.01	
GBP	4.75	5.30	4.25	3.99	GBP	4.47	0.03	15-May-31	4.40	-0.01	3 year	3.78	-0.01	
JPY	0.23	-0.03	0.62	1.06	JPY	1.08	0.01	15-May-32	4.49	-0.00	5 year	3.91	-0.01	
CAD	3.75	4.97	3.09	3.16	CAD	3.35	0.02	14-Apr-33	4.55	-0.00	7 year	4.07	-0.01	
								15-May-34	4.61	-0.00	10 year	4.24	-0.02	
								15-May-35	4.69	-0.00	15 year	4.45	-0.02	
								15-May-36	4.77	-0.01				
								15-May-37	4.84	0.00				
								15-May-41	5.03	0.00				
								15-May-51	5.16	0.00				
								15-May-54	5.18	0.00				
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer						NZ Inflation-Indexed Bonds								
Rates are as of: NZT 06:56						Sep-30	2.48	-0.02						
Source: Bloomberg						Sep-35	2.81	-0.02						
						Sep-40	3.05	-0.02						

NZD exchange rates

21/11/2024 6:56 am		Prev. NY close
USD	0.5874	0.5912
GBP	0.4642	0.4662
AUD	0.9040	0.9051
EUR	0.5578	0.5579
JPY	91.19	91.43
CAD	0.8218	0.8251
CHF	0.5194	0.5217
DKK	4.1607	4.1621
FJD	1.3390	1.3470
HKD	4.5722	4.6014
INR	49.58	49.89
NOK	6.5002	6.4920
PKR	163.21	164.13
PHP	34.61	34.77
PGK	2.3291	2.3442
SEK	6.4825	6.4564
SGD	0.7891	0.7910
CNY	4.2557	4.2799
THB	20.39	20.46
TOP	1.3711	1.3920
VUV	71.73	72.20
WST	1.6099	1.6204
XPF	66.33	66.56
ZAR	10.6352	10.6732



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	1.97	2.29
3 Months	6.39	6.88
6 Months	15.87	17.07
9 Months	26.06	28.20
1 Year	35.67	38.67

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	0.24	0.96
3 Months	3.90	5.10
6 Months	17.19	20.04
9 Months	33.33	38.54
1 Year	48.93	56.65

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