

Research Markets Today

24 January 2025

Events Round-Up

CA: Retail sales ex auto (m/m%), Nov: -0.7 vs. 0.1 exp.
 US: Initial jobless claims (k), wk to 18-Jan: 223 vs. 220 exp.
 US: Continuing claims, (k), wk to 11-Jan: 1899 vs. 1866 exp.
 EC: Consumer confidence, Jan: -14.2 vs. -14.1 exp.

Good Morning

Market movements for the day were uninspiring until President Trump spoke virtually to an audience at the World Economic Forum in Davos. His comments saw Treasury yields nudge down, a weaker USD and lower oil prices. After closing at a fresh record high yesterday, the S&P 500 shows a small gain in early afternoon trading.

Much of the President Trump's message was the same as we heard on the campaign trail, including "My message to every business in the world is very simple: Come make your product in America and we will give you among the lowest taxes of any nation on Earth...but if you don't make your product in America, which is your prerogative, then, very simply, you will have to pay a tariff."

Trump said he was going to ask Saudi Arabia and OPEC to bring down the cost of oil, which saw a 1.7% drop in Brent crude to USD78 per barrel, before paring some of that loss. Trump showed off his credentials as a low interest rates guy saying "I'll demand that interest rates drop immediately. And likewise, they should be dropping all over the world. Interest rates should follow us all over". This comment saw US Treasury yields nudge down a couple of basis points. The 2-year rate is trading near its low for the day at 4.28%. The 10-year rate traded an overnight high of 4.66% and is currently 4.64%, up 4bps from the NZ close.

While the USD dropped as Trump spoke, the changes in currency markets have been small overall. The NZD is at 0.5680, slightly higher from this time yesterday and the NZ close. Same goes for the AUD at 0.6290, while NZD/AUD is flat at 0.9030. JPY has reversed some of yesterday's loss, ahead of an expected rate hike today. Movements in NZD crosses are all minimal.

In economic news, US initial jobless claims increased 6k to 223k last week, a little inflated by the California wildfires, while continuing claims rose 46k to 1.9m for the prior

week, a fresh three-year high, signalling it is taking unemployed people a longer time to find a new job, consistent with a softening in the labour market. Canadian retail sales were weaker than expected in November, flat for the headline and down 0.7% excluding autos, but the advance estimate for December showed a 1.6% m/m rebound, supported by the temporary sales tax holiday.

The domestic rates market showed only small net movement in rates yesterday. The large amount of duration risk the market had to absorb at the weekly bond tender wasn't a problem, with solid demand across the lines. The 10-year rate (2035) ended the day flat at 4.66%. The 2-year swap rate closed down 1bp at 3.53% while the 10-year rate was flat at 4.16%.

In the day ahead, focus will turn to Japan, where the CPI is expected to lift to 3.4% y/y, getting close to three years on the trot with above-2% inflation. A third BoJ rate hike this cycle, with the policy rate up 25bps to 0.5%, is widely expected, which does nothing much to change the fact that real rates remain deeply negative. Tonight sees the release of flash PMI data for January across Europe and the US.

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Coming Up

		Period	Cons.	Prev.	NZT
JN	CPI (y/y%)	Dec	3.4	2.9	12:30
JN	CPI x fr. food, energy (y/y%)	Dec	2.4	2.4	12:30
UK	GfK consumer confidence	Jan	-18	-17	13:01
JN	BOJ Target Rate	Jan	0.5	0.25	
GE	Manufacturing PMI	Jan	42.7	42.5	21:30
GE	Services PMI	Jan	51.0	51.2	21:30
EC	Manufacturing PMI	Jan	45.4	45.1	22:00
EC	Services PMI	Jan	51.5	51.6	22:00
UK	Manufacturing PMI	Jan	47.0	47.0	22:30
UK	Services PMI	Jan	50.8	51.1	22:30
US	Manufacturing PMI	Jan	49.8	49.4	03:45
US	Services PMI	Jan	56.5	56.8	03:45
US	U. of Mich. consumer sentiment	Jan	73.2	73.2	04:00
US	U. of Mich. 5-10y inflation exp.	Jan	3.2	3.3	04:00
US	Existing home sales (m/m%)	Dec	1.2	4.8	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	0.5683	+0.3	0.5647	0.5684	CHF	0.9066	-0.0	S&P 500	6,094	+0.1	25.3	Oil (Brent)	78.62	-0.4		
AUD	0.6295	+0.3	0.6255	0.6295	SEK	10.992	-0.1	Dow	44,454	+0.7	17.3	Oil (WTI)	75.01	-0.5		
EUR	1.0430	+0.2	1.0373	1.0430	NOK	11.253	-0.2	Nasdaq	19,940	-0.3	29.3	Gold	2763.3	-0.3		
GBP	1.2365	+0.4	1.2294	1.2364	HKD	7.790	+0.0	Stoxx 50	5,218	+0.2	16.8	HRC steel	688.0	+0.0		
JPY	155.95	-0.4	155.87	156.72	CNY	7.287	+0.1	FTSE	8,565	+0.2	14.4	CRB	309.4	+0.2		
CAD	1.4339	-0.3			SGD	1.354	-0.1	DAX	21,412	+0.7	28.8	Wheat Chic.	571.0	+0.7		
NZD/AUD	0.9028	-0.0			IDR	16,284	+0.0	CAC 40	7,893	+0.7	6.8	Sugar	18.67	+2.9		
NZD/EUR	0.5449	+0.1			THB	33.92	+0.1	Nikkei	39,959	+0.8	10.3	Cotton	67.53	+0.6		
NZD/GBP	0.4596	-0.1			KRW	1,435	-0.1	Shanghai	3,230	+0.5	14.5	Coffee	343.0	+0.3		
NZD/JPY	88.63	-0.0			TWD	32.77	-0.0	ASX 200	8,379	-0.6	11.4	WM powder	4010	+0.0		
NZD/CAD	0.8149	+0.0			PHP	58.70	+0.3	NZX 50	13,060	+0.2	10.2	Australian Futures				
NZ TWI	67.99	+0.2						VIX Index	14.66	-2.9	+16.8	3 year bond	96.09	0.00		
Interest Rates						NZ Government Bonds				NZ BKBM and Swap Yields						
	Rates				Swap Yields		Benchmark 10 Yr Bonds		Last		Chg		Last		Chg	
	Cash	3Mth	2 Yr	10 Yr	Last	Net Day	Last	Chg	Last	Chg	Last	Chg	Last	Chg		
USD	4.50	4.85	4.12	4.17	USD	4.64	0.03	15-Apr-27	3.69	0.00	BKBM 1-mth	4.30	-0.01			
AUD	4.35	4.33	3.91	4.51	AUD	4.47	0.01	15-May-28	3.82	0.00	BKBM 3-mth	4.02	-0.03			
NZD	4.25	4.02	3.53	4.16	NZD	4.66	0.00	20-Apr-29	3.94	-0.01	1 year	3.61	-0.01			
EUR	3.00	2.67	2.36	2.49	GER	2.55	0.02	15-May-30	4.08	-0.01	2 year	3.53	-0.01			
GBP	4.75	5.30	4.19	4.11	GBP	4.64	0.00	15-May-31	4.24	-0.00	3 year	3.58	-0.01			
JPY	0.23	-0.03	0.72	1.14	JPY	1.21	0.01	15-May-32	4.39	-0.00	5 year	3.75	-0.00			
CAD	3.25	4.97	2.81	3.08	CAD	3.34	0.03	14-Apr-33	4.49	-0.00	7 year	3.94	0.00			
								15-May-34	4.58	0.00	10 year	4.16	0.00			
								15-May-35	4.66	0.00	15 year	4.41	0.00			
								15-May-36	4.73	-0.01						
								15-May-37	4.82	-0.01						
								15-May-41	5.02	-0.01						
								15-May-51	5.18	-0.01						
								15-May-54	5.18	-0.02						
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer Rates are as of: NZT 06:45 Source: Bloomberg						NZ Inflation-Indexed Bonds Sep-30 2.37 -0.01 Sep-35 2.78 -0.01 Sep-40 3.04 -0.01										

NZD exchange rates

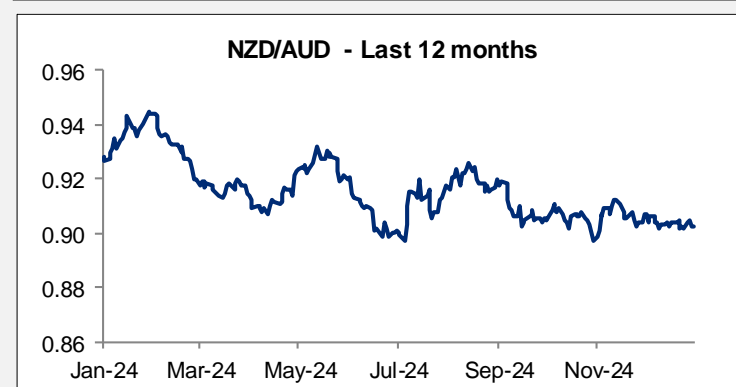
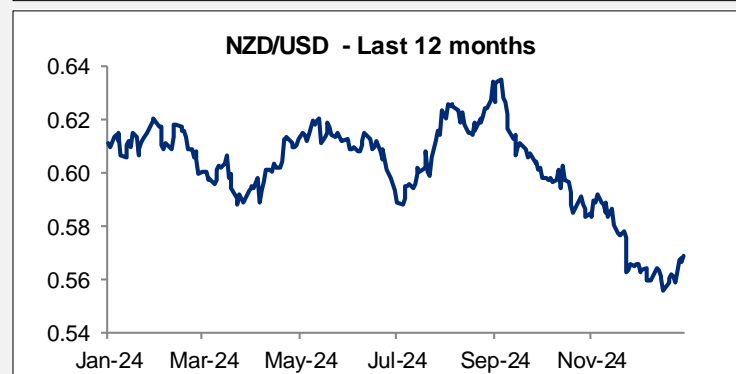
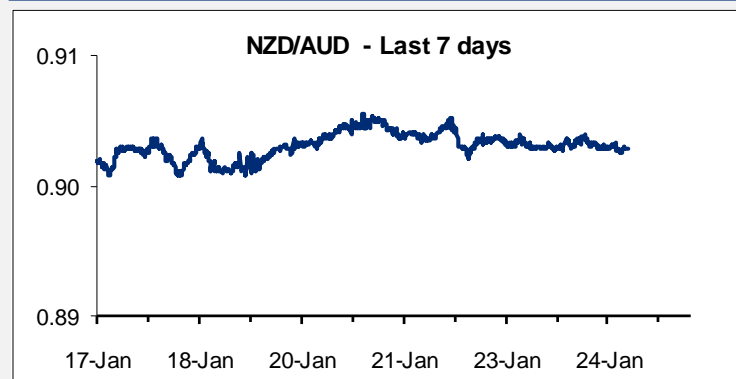
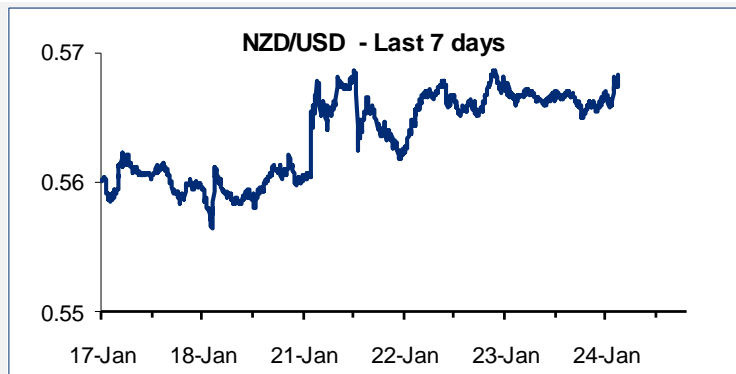
24/01/2025 6:45 am		Prev. NY close
USD	0.5683	0.5665
GBP	0.4596	0.4600
AUD	0.9028	0.9029
EUR	0.5449	0.5442
JPY	88.63	88.67
CAD	0.8149	0.8146
CHF	0.5152	0.5138
DKK	4.0652	4.0602
FJD	1.3213	1.3221
HKD	4.4268	4.4122
INR	49.14	48.91
NOK	6.3951	6.3897
PKR	158.39	157.78
PHP	33.36	33.15
PGK	2.2787	2.2715
SEK	6.2465	6.2348
SGD	0.7695	0.7679
CNY	4.1411	4.1220
THB	19.33	19.16
TOP	1.3774	1.3717
VUV	70.41	69.97
WST	1.5922	1.5916
XPF	65.73	65.55
ZAR	10.4964	10.4733

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	1.46	1.74
3 Months	7.71	8.32
6 Months	19.94	21.24
9 Months	32.64	34.85
1 Year	45.32	48.32

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	1.89	2.56
3 Months	9.42	10.88
6 Months	24.05	27.21
9 Months	38.43	43.72
1 Year	51.92	60.53



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