

# Research Markets Today

25 June 2024

## Events Round-Up

NZ: Trade balance (ann \$b), May: -10.1 vs. 10.2 prev.

GE: IFO expectations, Jun: 89.0 vs. 90.7 exp.

## Good Morning

It has been a quiet start to the week in what could be a quiet week overall. Market movements have been well-contained. The S&P500 is down slightly, US Treasury yields show little net change and the USD is broadly weaker, with the NZD slightly higher around 0.6130. Oil prices continue to push higher.

Newsflow has been light and the economic calendar for the entire week looks light. US PCE deflator data and the first US Presidential election debate, both near the end of the week, look to be the highlights.

Germany's IFO business climate index fell, driven by the expectations component which was lower for the first time in five months to 89.0, while the current conditions component was steady. The IFO President noted particular weakness in the manufacturing sector, noting automotive companies are concerned about the prospect of a tariff war with China, but also noting domestic problems, with a reluctance to invest.

Marine Le Pen's likely choice for Prime Minister if her RN party does well in the forthcoming French election, Jordan Bardella, played to the markets and batted away concerns about fiscal recklessness, pledging to stick to "reasonable" budgets if voted in. He said he aimed to repair the country's "degraded public finances". Markets continue to pare French political risk premia that have been priced since President Macron called a snap election. The France-Germany 10-year bond spread fell another 3bps, while France's benchmark index continues to recover previous losses, with the CAC-40 closing up 1%. The Euro Stoxx 600 index rose 0.7%.

Currency market moves have been modest, but the euro heads the leaderboard, with a 0.4% gain from the end of last week to 1.0740. The USD is broadly weaker, and the NZD is slightly higher at 0.6130, but it is a touch weaker on most crosses. NZD/AUD is trading close to 92, while NZD/EUR has edged down towards 0.57.

Yesterday, Japan stepped up verbal intervention on the yen, with vice Finance Minister Kanda warning that

authorities stand ready to intervene in currency markets 24 hours a day if necessary and "in the event of excessive moves based on speculation, we are prepared to take appropriate action". The market ignored his comments as well as the daily warning from Finance Minister Suzuki. USD/JPY met some resistance just under 160 and NZD/JPY is currently 97.8 after trading a fresh 17-year high just below 98.

US Treasury yields show little net movement. The 10-year rate has traded in a tight 4bps range of 4.235-4.275 since the Asian open and currently sits mid-range.

US equity market benchmarks show a mixed performance, with the IT sector underperforming, dragging down the tech-heavy Nasdaq index, while most other sectors are trading positively, seeing the S&P500 barely lower. Nvidia is down over 5%, extending its fall over the past three trading sessions to over 11%.

Oil prices continue to push higher, with Brent crude up 1% to USD86 per barrel, extending its gain for the month to date to 8%. Traders report fresh speculative longs entering the market to add to the short-covering rally after its USD77 low in early June.

Bitcoin is down over 5% and traded below USD60k overnight. This follows a poor run with back-to-back losses of over 4% over the past couple of weeks. The market is currently being buffeted by outflows from exchange-traded products that hold the cryptocurrency.

The domestic rates market was quiet yesterday, with NZGB and swap rates marked down 3-4bps across the curve on global forces.

On the calendar today, Australian and US consumer confidence and Canadian CPI figures are released.

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## Coming Up

		Period	Cons.	Prev.	NZT
AU	Westpac consumer confidence	Jun		82.2	12:30
CA	CPI (y/y%)	May	2.6	2.7	00:30
CA	CPI core (avg median/trim y/y%)	May	2.7	2.75	00:30
US	Conf. Board consumer confid.	Jun	100.0	102.0	02:00

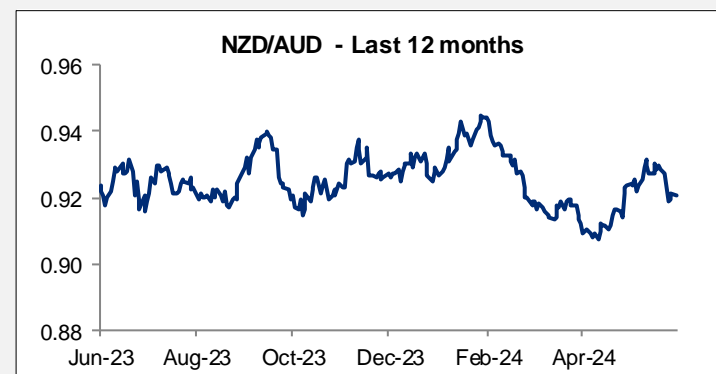
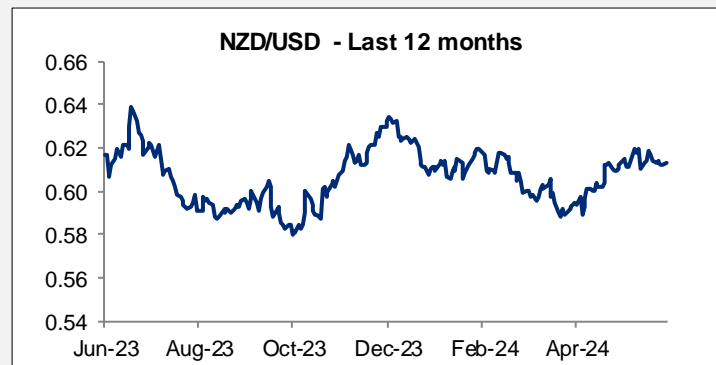
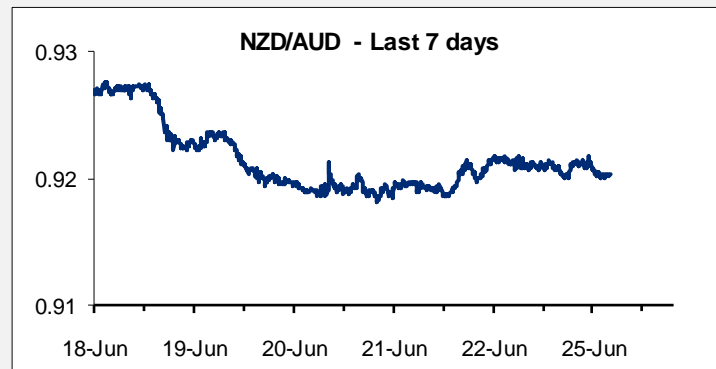
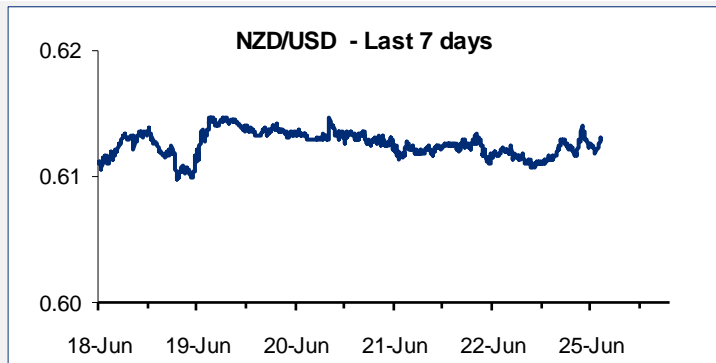
Source: Bloomberg, BNZ

Currencies							Equities				Commodities					
Global froces		Indicative overnight ranges (*)			Other FX		Major Indices				Price (Near futures, except CRB)					
	Last	% Day	Low	High		Last	% Day			Last	% Day	Net Day				
NZD	0.6130	+0.2	0.6114	0.6140	CHF	0.8929	-0.1			S&P 500	5,461	-0.1	25.6	Oil (Brent)	86.05	+0.9
AUD	0.6661	+0.3	0.6638	0.6668	SEK	10.468	-0.4			Dow	39,432	+0.7	16.9	Oil (WTI)	81.65	+1.1
EUR	1.0737	+0.4	1.0702	1.0746	NOK	10.534	-0.3			Nasdaq	17,566	-0.7	30.2	Gold	2330.0	+0.6
GBP	1.2693	+0.4	1.2645	1.2698	HKD	7.808	+0.0			Stoxx 50	4,951	+0.9	15.9	HRC steel	717.0	-0.6
JPY	159.57	-0.1	158.82	159.81	CNY	7.259	-0.0			FTSE	8,282	+0.5	11.0	CRB	293.2	-0.7
CAD	1.3652	-0.3			SGD	1.353	-0.2			DAX	18,326	+0.9	15.8	Wheat Chic.	571.5	-0.7
NZD/AUD	0.9203	-0.1			IDR	16,394	-0.3			CAC 40	7,707	+1.0	7.6	Sugar	19.41	+2.3
NZD/EUR	0.5709	-0.2			THB	36.62	-0.3			Nikkei	38,805	+0.5	18.4	Cotton	71.29	+4.9
NZD/GBP	0.4829	-0.2			KRW	1,389	+0.1			Shanghai	2,963	-1.2	-7.3	Coffee	236.3	+5.0
NZD/JPY	97.82	+0.0			TWD	32.39	+0.0			ASX 200	7,734	-0.8	8.9	WM powder	3150	+0.0
NZD/CAD	0.8369	-0.1			PHP	58.82	-0.0			NZX 50	11,628	-0.5	-0.9	<b>Australian Futures</b>		
NZ TWI	72.45	+0.0							VIX Index	13.32	+0.9	-0.9	3 year bond	96.10	-0.02	
<b>Interest Rates</b>																
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	5.50	5.61	4.55	3.84	USD	4.25	-0.01	15-May-26	4.78	-0.03	BKBM 1-mth	5.60	0.00			
AUD	4.35	4.39	4.20	4.39	AUD	4.22	0.00	15-Apr-27	4.58	-0.03	BKBM 3-mth	5.62	-0.00			
NZD	5.50	5.62	4.92	4.41	NZD	4.59	-0.04	15-May-28	4.47	-0.03	1 year	5.38	-0.01			
EUR	3.75	3.69	3.18	2.76	GER	2.42	0.01	20-Apr-29	4.43	-0.03	2 year	4.92	-0.03			
GBP	5.25	5.30	4.47	3.78	GBP	4.08	-0.00	15-May-30	4.44	-0.03	3 year	4.62	-0.04			
JPY	0.08	-0.03	0.40	1.00	JPY	1.00	0.02	15-May-31	4.47	-0.03	5 year	4.39	-0.04			
CAD	4.75	4.96	4.20	3.61	CAD	3.35	-0.00	15-May-32	4.52	-0.03	7 year	4.36	-0.04			
							<b>NZ Inflation-Indexed Bonds</b>									
							Sep-30	2.22	-0.05	15-May-34	4.55	-0.03	10 year	4.41	-0.04	
							Sep-35	2.53	-0.05	15-May-35	4.59	-0.04	15 year	4.54	-0.04	
							Sep-40	2.73	-0.05	15-May-37	4.64	-0.04				
										15-May-39	4.76	-0.04				
										15-May-41	4.90	-0.03				
										15-May-51	4.91	-0.03				
										15-May-54	4.94	-0.03				

\* These are indicative r 06:55  
 please confirm rates with your BNZ dealer  
 Rates are as of: NZT  
 Source: Bloomberg

**NZD exchange rates**

25/06/2024 6:55 am		Prev. NY close
USD	0.6130	0.6119
GBP	0.4829	0.4839
AUD	0.9203	0.9214
EUR	0.5709	0.5722
JPY	97.82	97.78
CAD	0.8369	0.8378
CHF	0.5473	0.5470
DKK	4.2585	4.2686
FJD	1.3806	1.3769
HKD	4.7861	4.7767
INR	51.17	51.12
NOK	6.4576	6.4673
PKR	170.60	170.29
PHP	36.05	35.99
PGK	2.3559	2.3517
SEK	6.4171	6.4303
SGD	0.8291	0.8291
CNY	4.4500	4.4430
THB	22.49	22.43
TOP	1.4141	1.4115
VUV	73.88	73.56
WST	1.6655	1.6622
XPF	67.82	67.84
ZAR	11.0984	10.9953



**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	-0.18	0.12
3 Months	-0.40	0.01
6 Months	-2.06	-1.06
9 Months	-5.41	-2.19
1 Year	-8.31	-5.31

**NZD/AUD Forward points**

	BNZ buys NZD	BNZ Sells NZD
1 Month	-7.70	-7.00
3 Months	-22.87	-21.84
6 Months	-43.09	-40.47
9 Months	-59.48	-52.78
1 Year	-70.97	-63.37

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