

Research Markets Today

26 September 2024

Events Round-Up

AU: CPI (y/y%), Aug: 2.7 vs. 2.7 exp.

AU: CPI trimmed mean (y/y%), Aug: 3.4 vs. 3.4 exp.

US: New home sales (k), Aug: 716 vs. 700 exp.

Good Morning

Global equity markets are little changed in the absence of first-tier economic data or other catalysts. The S&P is marginally lower in afternoon trade while stocks in Europe also closed modestly lower. Global bond yields moved higher, and the US dollar bounced strongly off the recent lows. NZD/USD, which traded above 0.6350 yesterday, has fallen back below 0.6270.

Oil prices looked past a further ratcheting up of tensions in the Middle East and declined on signs that supply disruptions in Libya are easing. Brent crude fell to a low near US\$73 per barrel before staging a modest recovery.

In Asia, the Hang Seng opened 3% higher with investor sentiment underpinned by the Chinese authorities wide-ranging stimulus package unveiled the previous day. However, the index pared the bulk of its earlier gains, though remains 5% higher than levels at beginning of the week. A sustained improvement in market sentiment and a rebound in equity valuations will be dependent on an economic recovery in China as well as corporate earnings growth bottoming out.

US new homes sales declined less than expected in August, after a fall in mortgage rates, and optimism for further declines, following the Federal Reserve's 50bps rate cut last week. The annualised rate of new home sales was 716k during the month, marginally above consensus expectations. A further fall in mortgage rates should provide support to housing demand over the next couple of months. The average 30-year-mortgage rate in the US declined by about 38bps to 6.35% during August.

US treasuries moved 4-5bps higher in a largely parallel curve adjustment ahead of 5-year supply. 10-year yields increased 5bps to 3.78% and are close to 20bps above the mid-September lows. The back in yields supported the US\$70 billion 5-year auction which cleared in line with prevailing market levels. The market has a further US\$44 billion of 7-year notes to digest tomorrow. European

bonds also closed higher in yield with German 10-year bunds increasing 3bps to 2.17%.

In currency markets, the US dollar staged a strong recovery in offshore trade. There didn't appear to be an obvious catalyst for the move but the dollar index, which had dropped to back towards multi-month lows in Asian session, climbed almost 0.5%. The move was broad-based against G10 currencies. Commodity currencies, which had benefited from the Chinese stimulus plans, were amongst the weakest performers.

NZD/USD retraced sharply from the 2024 high above 0.6350 reached yesterday. The NZD is lower against the GBP and EUR.

NZ fixed income yields moved lower in the local session yesterday led by the front end of the curve. 2-year swap rates closed 5bps lower at 3.58%, a new low for the cycle. The yield curve continued with the recent steepening trend. The 2y/10y curve extended to 28bps also a new high for the cycle. 10-year government bonds were unchanged at 4.20% with a further modest underperformance against swaps.

The NZGB market looks ahead to the weekly bond tender this afternoon. New Zealand Debt Management (NZDM) is tendering NZ\$500 million of nominal NZGBs today split across May-29 (\$250m), May-35 (\$225m) and Apr-37 (\$25m). NZDM announced yesterday that it expects to undertake a syndicated tap of the existing 15 May 2030 nominal bond before the end of the year.

Australian 10-year government bond futures are ~2bps higher in yield since the local close yesterday, suggesting a modest upward bias for NZ yields on the open.

There is no domestic or regional economic data in the day ahead. US initial jobless claims are expected to increase after being artificially depressed the previous week by seasonal adjustments. There is commentary from several Fed speakers that will outline how they are thinking about the path forward after the FOMC last week.

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Coming Up

		Period	Cons.	Prev.	NZT
GE	GfK Consumer Confidence	Oct	-22.5	-22	18:00
US	Durable Goods Orders	Aug P	-2.7	9.8	00:30
US	Durables Ex Transportation	Aug P	0.1	-0.2	00:30
US	Initial Jobless Claims	Sep 21	223.8	219	00:30
US	Fed's Collins, Kugler Participate in Fireside Chat				01:10
US	Fed's Powell Gives Pre-Recorded Opening Remarks				01:20
US	Fed's Williams Gives Remarks at Conference				01:25
EC	ESRB's Lagarde Gives Welcome Address				01:30
US	Pending Home Sales MoM				02:00
US	Fed's Barr Gives Remarks at Conference				02:30
US	Fed's Kashkari Hosts Fireside Chat with Michael Barr				05:00

Source: Bloomberg, BNZ

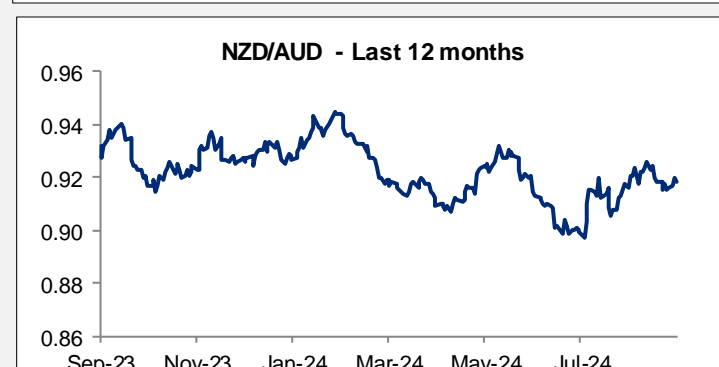
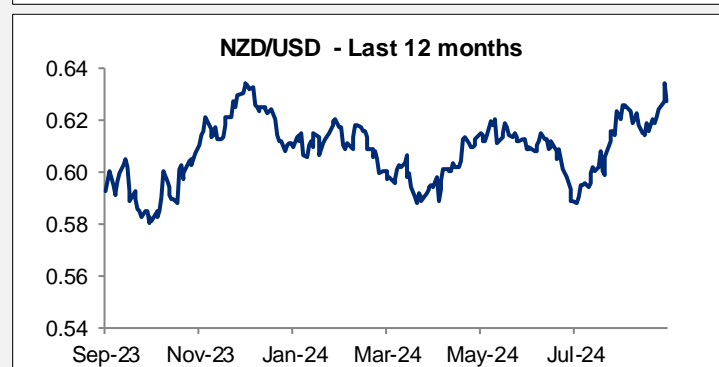
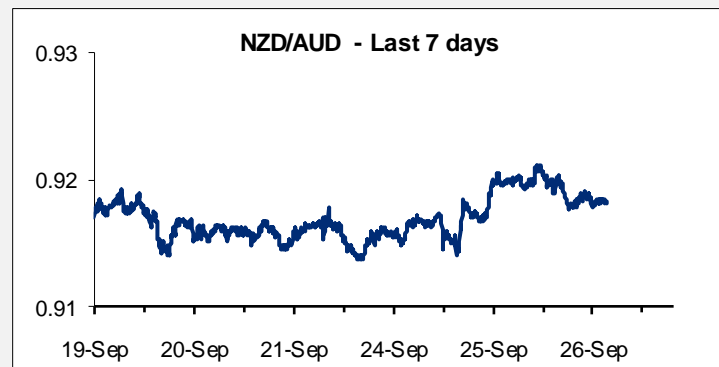
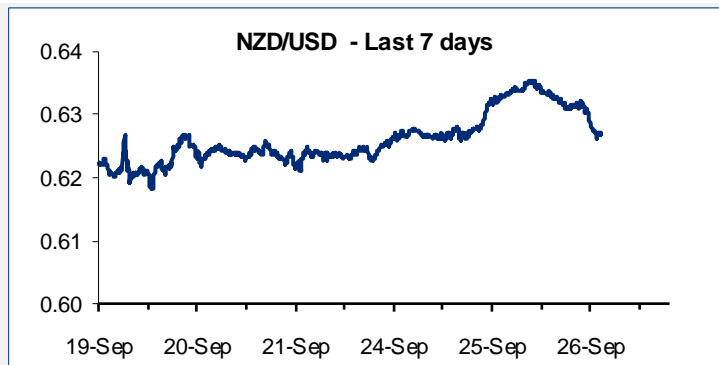
Currencies						Equities				Commodities					
Global froces		Indicative overnight ranges (*)			Other FX		Major Indices				Price (Near futures, except CRB)				
	Last	% Day	Low	High		Last	% Day	% Year		Last	Net Day				
NZD	0.6270	-1.1	0.6263	0.6330	CHF	0.8499	+0.8		S&P 500	5,720	-0.2	31.9	Oil (Brent)	73.52	-2.1
AUD	0.6829	-0.9	0.6819	0.6886	SEK	10.187	+0.9		Dow	41,958	-0.6	23.4	Oil (WTI)	69.78	-2.4
EUR	1.1134	-0.4	1.1122	1.1214	NOK	10.573	+1.6		Nasdaq	18,070	-0.0	36.2	Gold	2659.9	+0.3
GBP	1.3323	-0.7	1.3315	1.3413	HKD	7.785	-0.0		Stoxx 50	4,917	-0.5	18.0	HRC steel	730.0	-2.5
JPY	144.62	+1.0	143.58	144.74	CNY	7.033	+0.0		FTSE	8,269	-0.2	8.5	CRB	287.6	+1.2
CAD	1.3475	+0.3			SGD	1.289	+0.4		DAX	18,919	-0.4	22.8	Wheat Chic.	609.3	+2.0
NZD/AUD	0.9181	-0.2			IDR	15,102	-0.6		CAC 40	7,566	-0.5	6.2	Sugar	23.42	+1.9
NZD/EUR	0.5631	-0.7			THB	32.72	+0.1		Nikkei	37,870	-0.2	17.2	Cotton	74.20	+1.5
NZD/GBP	0.4706	-0.4			KRW	1,337	+0.5		Shanghai	2,896	+1.2	-6.6	Coffee	269.1	+0.3
NZD/JPY	90.68	-0.2			TWD	31.86	-0.5		ASX 200	8,126	-0.2	15.5	WM powder	3470	+0.4
NZD/CAD	0.8449	-0.8			PHP	55.89	-0.6		NZX 50	12,225	-0.6	7.8	Australian Futures		
NZ TWI	71.43	-0.8						VIX Index	15.47	+0.5	-8.5	3 year bond	96.62	-0.03	
Interest Rates										10 year bond			96.05	-0.05	
	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	5.00	4.92	3.35	3.31	USD	3.77	0.05	15-May-26	3.82	-0.04	BKBM 1-mth	5.17	-0.01		
AUD	4.35	4.43	3.60	4.03	AUD	3.91	0.02	15-Apr-27	3.63	-0.04	BKBM 3-mth	4.92	-0.02		
NZD	5.25	4.92	3.58	3.86	NZD	4.20	-0.01	15-May-28	3.65	-0.03	1 year	4.10	-0.04		
EUR	3.50	3.40	2.36	2.42	GER	2.18	0.03	20-Apr-29	3.73	-0.02	2 year	3.58	-0.05		
GBP	5.00	5.30	3.88	3.63	GBP	3.99	0.05	15-May-30	3.85	-0.02	3 year	3.46	-0.04		
JPY	0.23	-0.03	0.41	0.86	JPY	0.82	-0.00	15-May-31	3.96	-0.02	5 year	3.53	-0.03		
CAD	4.25	4.97	2.83	2.87	CAD	2.99	0.04	15-May-32	4.07	-0.02	7 year	3.67	-0.02		
						NZ Inflation-Indexed Bonds		14-Apr-33	4.15	-0.01	10 year	3.86	-0.02		
						Sep-30	2.12	-0.01	15-May-34	4.20	-0.01	15 year	4.07	-0.00	
						Sep-35	2.43	-0.01	15-May-35	4.29	-0.01				
						Sep-40	2.67	-0.02	15-May-36	4.39	-0.00				
								15-May-37	4.49	0.00					
								15-May-41	4.69	0.00					
								15-May-51	4.78	0.01					
								15-May-54	4.81	0.01					

* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer
Rates are as of: NZT 06:27

Source: Bloomberg

NZD exchange rates

26/09/2024 6:27 am		Prev. NY close
USD	0.6270	0.6340
GBP	0.4706	0.4727
AUD	0.9181	0.9199
EUR	0.5631	0.5671
JPY	90.68	90.81
CAD	0.8449	0.8515
CHF	0.5329	0.5347
DKK	4.1995	4.2290
FJD	1.3771	1.3996
HKD	4.8809	4.9354
INR	52.42	53.05
NOK	6.6291	6.5962
PKR	174.57	176.44
PHP	35.04	35.67
PGK	2.4540	2.4804
SEK	6.3873	6.4011
SGD	0.8084	0.8137
CNY	4.4099	4.4582
THB	20.50	20.83
TOP	1.4391	1.4679
VUV	74.19	75.01
WST	1.6936	1.7046
XPF	67.32	68.17
ZAR	10.8277	10.9446



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	-0.03	0.36
3 Months	-0.11	0.39
6 Months	-3.59	-2.59
9 Months	-6.63	-4.62
1 Year	-7.76	-4.76

NZD/AUD Forward points

	BNZ buys NZD	BNZ Sells NZD
1 Month	-4.70	-3.85
3 Months	-8.10	-6.87
6 Months	-7.67	-5.00
9 Months	-2.44	2.53
1 Year	6.93	14.04

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