

Research Markets Today

29 November 2024

Events Round-Up

NZ: Filled jobs (m/m%), Oct: -0.1 vs. -0.1 prev.

NZ: ANZ activity outlook, Nov: 48.0 vs. 45.9 prev.

EC: Economic confidence, Nov: 95.8 vs. 95.2 exp.

GE: CPI EU harmonised (y/y%), Nov: 2.4 vs. 2.6 exp.

Good Morning

With US markets closed for the Thanksgiving holiday, news headlines overnight are Europe-centric. ECB President was interviewed by the FT and she urged Europe's political leaders to co-operate with Donald Trump over tariffs and buy more products made in the US, warning that an acrimonious trade war risks wiping out global economic growth. Lagarde said that Europe should deal with a second Trump term with a "cheque-book strategy" in which it offered "to buy certain things from the United States", such as liquefied natural gas and defence equipment. "This is a better scenario than a pure retaliation strategy, which can lead to a tit-for-tat process where no one is really a winner".

France's 10-year yield rose above Greece for the first time ever on a rising French political risk premium, with the chance of the government collapsing. France's government led by PM Barnier is struggling to push through measures that would reduce the deficit. The fate of the government is in the hands of Marine Le Pen's party, which is putting pressure on the government ease back on proposed tax increases. By the close, France's 10-year rate had fallen from a high of 3.03% to 2.94%, putting it back below Greece's 10-year rate, but only by 2bps.

European bond markets were supported by some dovish-leaning comments by the ECB's Villeroy de Galhau. He said there won't be any reasons for monetary policy to remain restrictive, with inflation at 2% and a sluggish growth outlook, and "going even further", taking rates below neutral, could be an option "if growth were to remain subdued and inflation at risk of falling below target". German's 10-year rate closed down 3bps, with larger falls in peripheral markets.

German CPI inflation was two-tenths lower than forecast, remaining steady at 2.4% y/y. Base effects are expected to keep inflation higher than otherwise over coming months, before falling again into 2025.

While US markets are closed, the 10-year Treasury future is consistent with a yield of about 4.25%, just below the last close. S&P futures show a small gain of 0.3%, while the Euro Stoxx 600 index closed up 0.5%.

Currency movements overnight have been small. The AUD was supported after RBA Governor Bullock spoke and kept to her previous script that inflation is too high to consider interest rate cuts in the near term. The RBA is looking through the temporary fall in headline inflation, with a sustainable return of underlying inflation to target only forecast to occur in 2026. The AUD pushed back up to around 0.65, after a soft patch heading into the speech.

The NZD is little changed from the NZ close, continuing to track just under 0.59. NZD/AUD has pushed down to 0.9060. EUR is steady around 1.0550, surviving a few attempts to take it lower and finding support at 1.0530 each time. NZD/EUR is flat at 0.5580.

The domestic rates market followed global rates down yesterday, with NZGB yields down 4-7bps across the curve. The weekly bond tender was well covered, with decent demand across the three bonds offered and all clearing under mids. The 10-year rate closed down 6bps at 4.40%. Swap rates were down 3-7bps, with a flattening bias.

RBNZ MPC members were rolled out, giving various interviews. Deputy Governor Hawkesby's interview with the WSJ was focused on the impact of Trump's policies. He said, "what's clear to us is that we are moving into a zone in the future where there's likely to be increased volatility for prices and aggregate inflation". In an interview with MNI, Chief Economist Conway ran a similar line, and he said that the Bank will look through higher global price volatility and only adjust policy if inflation expectations change, similar to a response to an oil shock. He noted that the Bank was in a "confident ease" mode and flagged Governor Orr's comment of a further 50bps cut at the next meeting February.

In domestic economic news, forward looking indicators in the ANZ business survey maintained recent strength in November, supporting the view that the NZ economy can recover next year, a contrasting picture to indicators which still show a very weak economy heading into year-end. On that note, filled jobs continued to fall and were down 1.5% y/y in October, consistent with falling employment and a further lift in the unemployment rate. In the ANZ survey, while year-ahead inflation expectations continued to trend

lower, down to a 3½ year low of 2.5%, the pricing intentions indicator remained higher than that historically consistent with annual CPI inflation at 2% on a sustained basis.

On the calendar today the key release will be Euro area CPI data, expected to show a lift in annual inflation for the headline and core measures, and Canadian Q3 GDP. China PMI data are released over the weekend. During the NZ trading session, NZ consumer confidence and Tokyo CPI data are released.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	ANZ consumer confidence	Nov		91.2	10:00
JN	Tokyo CPI (y/y%)	Nov	2.2	1.8	12:30
JN	Tokyo CPI x-fr. fd, energy (y/y%)	Nov	1.9	1.8	12:30
GE	Unemployment rate (%)	Nov	6.1	6.1	21:55
EC	CPI (y/y%)	Nov	2.3	2	23:00
EC	CPI core (y/y%)	Nov	2.8	2.7	23:00
CA	GDP (ann'lsd q/q%)	Q3	1.1	2.1	02:30
US	Chicago PMI	Nov	45.0	40.2	03:45
Saturday					
CH	Manufacturing PMI	Nov	50.2	50.1	14:30
CH	Non-manufacturing PMI	Nov	50.4	50.2	14:30

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	0.5891	-0.1	0.5881	0.5897	CHF	0.8830	+0.1	S&P 500	5,999	-0.4	31.7	Oil (Brent)	73.23	+0.5
AUD	0.6503	+0.1	0.6477	0.6506	SEK	10.926	+0.1	Dow	44,722	-0.3	26.3	Oil (WTI)	69.03	+0.4
EUR	1.0553	-0.1	1.0528	1.0557	NOK	11.047	-0.1	Nasdaq	19,060	-0.6	33.5	Gold	2641.2	+0.0
GBP	1.2688	+0.1	1.2645	1.2690	HKD	7.784	+0.0	Stoxx 50	4,759	+0.5	9.4	HRC steel	703.0	+0.1
JPY	151.47	+0.3	151.36	151.95	CNY	7.245	-0.0	FTSE	8,281	+0.1	11.1	CRB	286.7	-0.5
CAD	1.4008	-0.2			SGD	1.342	+0.1	DAX	19,426	+0.9	21.5	Wheat Chic.	548.5	-1.7
NZD/AUD	0.9059	-0.1			IDR	15,872	-0.4	CAC 40	7,179	+0.5	-1.0	Sugar	21.69	+0.6
NZD/EUR	0.5582	+0.1			THB	34.40	-0.4	Nikkei	38,349	+0.6	15.1	Cotton	73.57	+0.3
NZD/GBP	0.4643	-0.1			KRW	1,396	+0.3	Shanghai	3,296	-0.4	9.1	Coffee	323.1	+4.6
NZD/JPY	89.23	+0.2			TWD	32.54	-0.0	ASX 200	8,444	+0.4	20.0	WM powder	4015	-0.1
NZD/CAD	0.8252	-0.2			PHP	58.68	-0.1	NZX 50	13,054	-1.2	16.2	Australian Futures		
NZ TWI	69.55	-0.0						VIX Index	13.90	-1.4	+9.5	3 year bond	96.09	0.06
Interest Rates												10 year bond	95.63	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	4.05	3.79	USD	4.26	0.00	15-Apr-27	3.77	-0.04	BKBM 1-mth	4.38	0.05	
AUD	4.35	4.42	4.00	4.40	AUD	4.36	-0.06	15-May-28	3.85	-0.05	BKBM 3-mth	4.38	0.05	
NZD	4.25	4.38	3.68	4.06	NZD	4.40	-0.06	20-Apr-29	3.92	-0.06	1 year	3.89	-0.01	
EUR	3.25	2.91	2.16	2.20	GER	2.13	-0.03	15-May-30	4.04	-0.06	2 year	3.68	-0.03	
GBP	4.75	5.30	4.16	3.82	GBP	4.28	-0.02	15-May-31	4.17	-0.06	3 year	3.65	-0.04	
JPY	0.23	-0.03	0.64	1.04	JPY	1.06	-0.02	15-May-32	4.28	-0.06	5 year	3.74	-0.05	
CAD	3.75	4.97	3.02	3.03	CAD	3.22	-0.03	14-Apr-33	4.34	-0.07	7 year	3.89	-0.06	
						NZ Inflation-Indexed Bonds		15-May-34	4.40	-0.06	10 year	4.06	-0.07	
						Sep-30	2.23	-0.03	15-May-35	4.48	-0.06	15 year	4.27	-0.07
						Sep-35	2.56	-0.03	15-May-36	4.56	-0.06			
						Sep-40	2.81	-0.03	15-May-37	4.64	-0.05			
									15-May-41	4.83	-0.05			
									15-May-51	4.95	-0.05			
									15-May-54	4.98	-0.05			

* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer

Rates are as of: NZT 06:55

Source: Bloomberg

NZD exchange rates

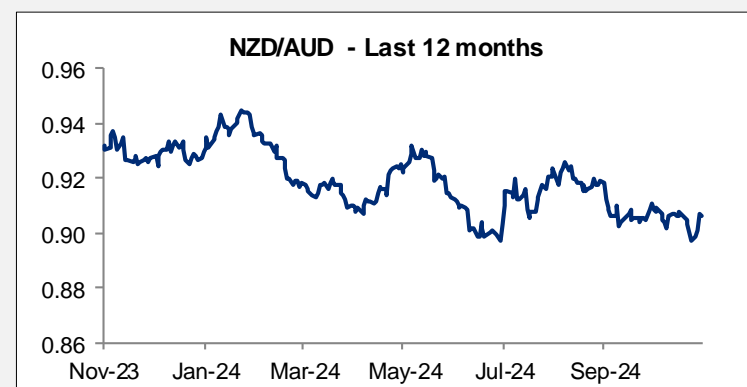
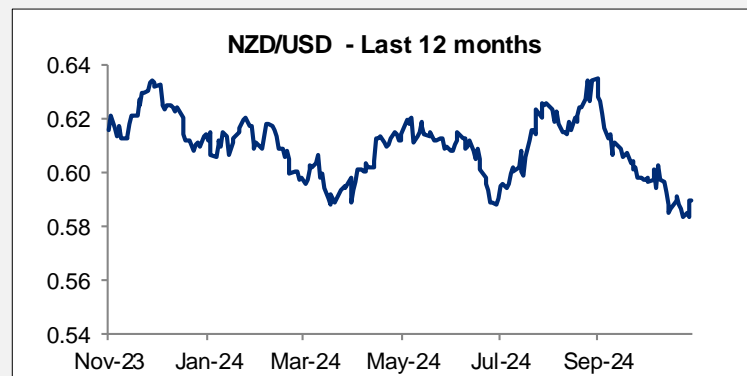
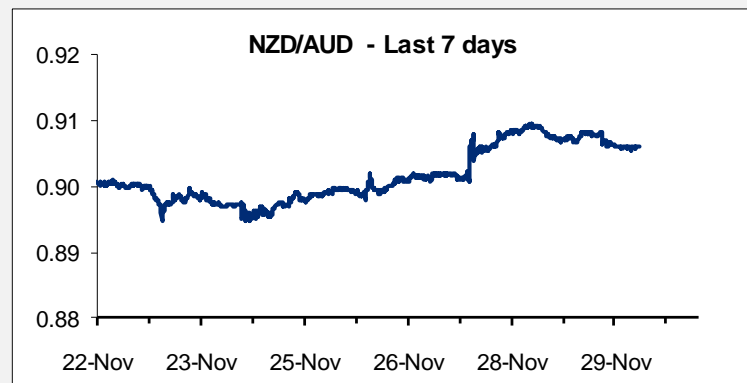
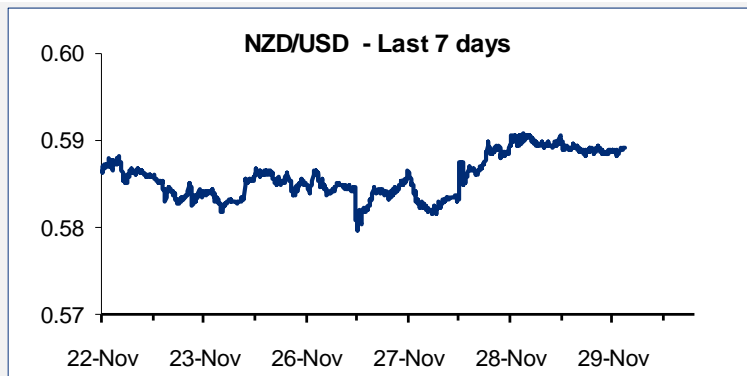
29/11/2024 6:55 am		Prev. NY close
USD	0.5891	0.5894
GBP	0.4643	0.4648
AUD	0.9059	0.9072
EUR	0.5582	0.5578
JPY	89.23	89.05
CAD	0.8252	0.8269
CHF	0.5202	0.5197
DKK	4.1626	4.1602
FJD	1.3447	1.3454
HKD	4.5856	4.5864
INR	49.78	49.78
NOK	6.5079	6.5187
PKR	163.81	163.63
PHP	34.57	34.61
PGK	2.3340	2.3417
SEK	6.4364	6.4305
SGD	0.7908	0.7900
CNY	4.2677	4.2703
THB	20.29	20.38
TOP	1.3943	1.4020
VUV	72.04	72.01
WST	1.6234	1.6251
XPF	66.61	66.46
ZAR	10.6650	10.7159

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	2.22	2.62
3 Months	5.63	6.81
6 Months	15.84	17.25
9 Months	26.40	28.77
1 Year	36.52	39.52

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	0.87	1.76
3 Months	4.17	6.66
6 Months	18.58	22.10
9 Months	32.94	40.09
1 Year	44.99	59.75



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