

Research Markets Today

30 July 2024

Events Round-Up

NZ: Filled jobs (m/m%), Jun: -0.1 vs. -0.3 prev.

Good Morning

Newsflow has been light and market movements have been well contained at the start of a busy week. US equities are flat, global rates are down slightly and the USD is slightly stronger, with the NZD probing fresh multi-month lows below 0.5860.

It is an action-packed week ahead with policy meetings from the BoJ, BoE and Fed and top-tier economic releases including the US employment report, employment cost index, Australian CPI, China PMI, and euro area CPI and GDP data. The US earnings season is in full swing with Amazon, Apple, Meta and Microsoft reporting this week.

McDonald's earnings report offered some insight into the macro economy, with US same-store sales down 1% in the June quarter, the weakest outcome in four years. Global sales also fell by 1%. The CEO said lower-income consumers began reducing their visits last year, but the slowdown has deepened and broadened across the US and other major markets. The weak trends are continuing in the current quarter. He added that consumers have been buying fewer items per visit or selecting cheaper ones, while many people are opting to dine at home.

After falling over the past two weeks, the S&P500 has started the new week relatively flat. In bond markets, the US 10-year rate has traded a tight range of 4.15-4.19% since the Asian open. European 10-year rates are down 5bps across most markets. The Fed is expected to guide towards a September rate cut, conditional on the data between now and then, which is fully priced. This a strong consensus view and was endorsed by Nick Timiraos in a WSJ article.

Oil prices continue to trend lower, with Brent crude down 2% to slip to a 7-week low below USD80, with fears of global demand more than offsetting tensions in the Middle East – the alleged attack on Israeli-occupied territory by Hizbollah over the weekend, providing no support to prices. The widespread downturn in commodity prices continues, with Bloomberg's industrial metals price index down 1%, making it lower 10 of the past 11 days.

In the currency market, the USD is broadly stronger, although gains have been small. The NZD and AUD

continue to struggle against the backdrop of lower commodity prices. The NZD has traded fresh three-month low just below 0.5860, with support at the April low holding, and it currently trades at 0.5875. The AUD is currently at 0.6545 and NZD/AUD continues to find support near 0.8975.

They aren't the weakest majors to start the week though, with CHF and EUR slightly underperforming, seeing EUR at 1.0820 and NZD/EUR a whisker higher at 0.5430.

In other news, the FT reports that the EU is developing a two-step trade strategy to deal with Donald Trump, offering him a quick deal if he wins a second term as president, and targeted retaliation if he opts for punitive tariffs instead. Should talks over improving trade fail and Trump applies higher tariffs, the European Commission's trade department is drawing up lists of imports it could hit with duties of 50% or more.

It was an uneventful trading session in the domestic rates market, with NZGB yields marked down 2bps across the curve, the 10-year swap rate also marked down 2bps, while the 2-year swap rate was unchanged at 4.19%. NZ filled jobs fell for the third consecutive month in June, with downward revisions for prior months and Q2 now showing a 0.3% q/q drop. While the quarterly movements don't always follow employment as measured by the HLFS, the data tilt the balance of risk to the downside for next week's labour market figures.

In the day ahead the economic calendar kicks up a gear, with euro area Q2 GDP data, expected to show a modest 0.2% q/q lift. German CPI data, the US JOLTs labour market report and US consumer confidence will also be of interest to markets.

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Coming Up

		Period	Cons.	Prev.	NZT
AU	Building approvals (m/m%)	Jun	-2.5	5.5	13:30
GE	GDP (q/q%)	Q2	0.1	0.2	20:00
EA	Economic confidence	Jul	95.2	95.9	21:00
EA	GDP (q/q%)	Q2	0.2	0.3	21:00
GE	CPI EU harmonised (y/y%)	Jul	2.5	2.5	00:00
US	JOLTS job openings (k)	Jun	8055	8140	02:00
US	Conf. Board consumer confid.	Jul	99.5	100.4	02:00

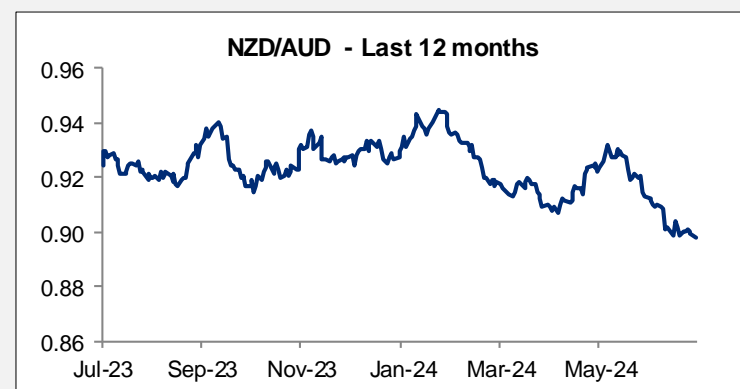
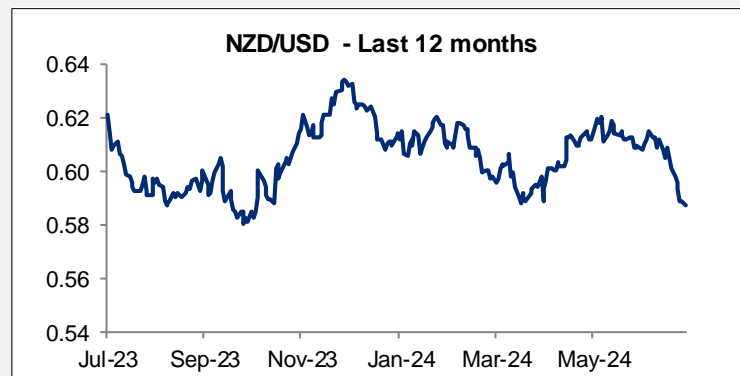
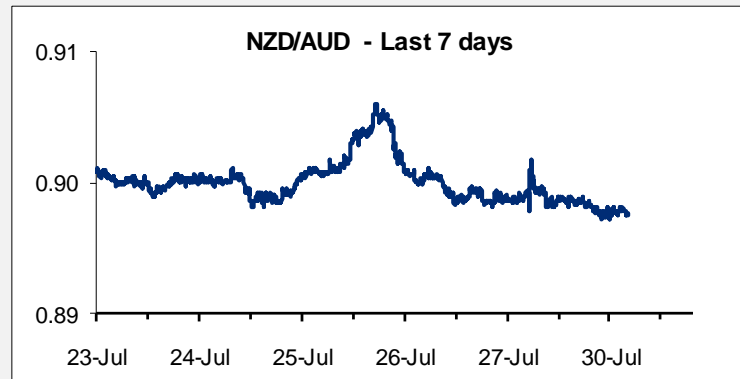
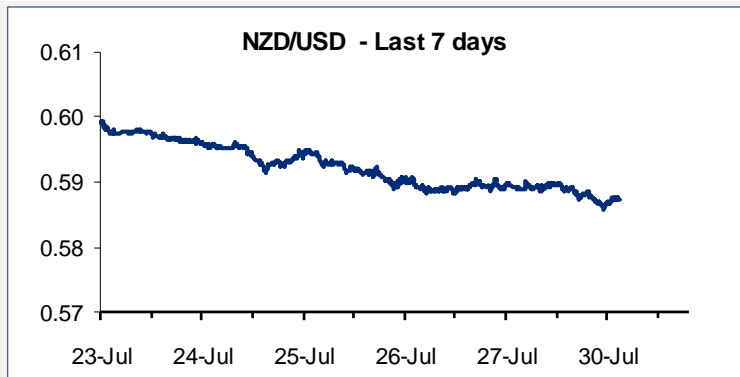
Source: Bloomberg, BNZ

Currencies							Equities				Commodities			
Global froces		Indicative overnight ranges (*)			Other FX		Major Indices				Price (Near futures, except CRB)			
	Last	% Day	Low	High		Last	% Day			Last	Net Day			
NZD	0.5873	-0.2	0.5858	0.5891	CHF	0.8864	+0.3	S&P 500	5,463	+0.1	19.2	Oil (Brent)	79.82	-1.6
AUD	0.6543	-0.1	0.6524	0.6557	SEK	10.832	+0.1	Dow	40,549	-0.1	14.4	Oil (WTI)	75.89	-1.6
EUR	1.0821	-0.3	1.0803	1.0860	NOK	11.003	-0.2	Nasdaq	17,354	-0.0	21.2	Gold	2378.0	-0.1
GBP	1.2859	-0.1	1.2807	1.2868	HKD	7.810	+0.0	Stoxx 50	4,815	-1.0	7.8	HRC steel	664.0	+0.0
JPY	154.01	+0.2	153.24	154.21	CNY	7.260	+0.1	FTSE	8,292	+0.1	7.8	CRB	277.4	-0.8
CAD	1.3857	+0.1			SGD	1.343	+0.1	DAX	18,321	-0.5	11.2	Wheat Chic.	554.5	+1.1
NZD/AUD	0.8976	-0.2			IDR	16,281	-0.1	CAC 40	7,444	-1.0	-0.4	Sugar	19.01	+3.2
NZD/EUR	0.5427	+0.1			THB	35.99	+0.2	Nikkei	38,469	+2.1	17.4	Cotton	67.51	+2.2
NZD/GBP	0.4567	-0.2			KRW	1,382	-0.1	Shanghai	2,892	+0.0	-11.7	Coffee	230.4	+0.1
NZD/JPY	90.45	-0.1			TWD	32.88	+0.2	ASX 200	7,990	+0.9	7.9	WM powder	3040	+0.0
NZD/CAD	0.8138	-0.1			PHP	58.51	+0.2	NZX 50	12,314	-0.3	3.1	Australian Futures		
NZ TWI	69.32	-0.2						VIX Index	16.42	+0.2	+23.2	3 year bond	96.06	0.01
Interest Rates												10 year bond	95.72	0.00
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	5.52	4.23	3.74	USD	4.18	-0.02	15-May-26	4.32	-0.02	BKBM 1-mth	5.54	-0.03	
AUD	4.35	4.48	4.17	4.39	AUD	4.28	-0.03	15-Apr-27	4.09	-0.02	BKBM 3-mth	5.46	-0.03	
NZD	5.50	5.46	4.19	4.07	NZD	4.36	-0.02	15-May-28	4.01	-0.02	1 year	4.81	0.00	
EUR	3.75	3.66	2.94	2.65	GER	2.36	-0.05	20-Apr-29	4.03	-0.02	2 year	4.19	0.00	
GBP	5.25	5.30	4.32	3.76	GBP	4.05	-0.05	15-May-30	4.08	-0.02	3 year	3.94	0.00	
JPY	0.08	-0.03	0.45	0.96	JPY	1.03	-0.04	15-May-31	4.16	-0.02	5 year	3.86	0.00	
CAD	4.50	4.97	3.54	3.21	CAD	3.29	-0.03	15-May-32	4.26	-0.02	7 year	3.93	-0.01	
					NZ Inflation-Indexed Bonds			14-Apr-33	4.32	-0.02	10 year	4.07	-0.02	
					Sep-30	2.23	0.01	15-May-34	4.36	-0.02	15 year	4.21	-0.02	
					Sep-35	2.51	0.01	15-May-35	4.43	-0.02				
					Sep-40	2.74	0.01	15-May-37	4.58	-0.02				
								15-May-41	4.76	-0.02				
								15-May-51	4.81	-0.02				
								15-May-54	4.84	-0.02				

* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer
 Rates are as of: NZT 06:54
 Source: Bloomberg

NZD exchange rates

30/07/2024 6:54 am		Prev. NY close
USD	0.5873	0.5888
GBP	0.4567	0.4576
AUD	0.8976	0.8992
EUR	0.5427	0.5424
JPY	90.45	90.53
CAD	0.8138	0.8147
CHF	0.5206	0.5203
DKK	4.0501	4.0475
FJD	1.3290	1.3400
HKD	4.5868	4.5965
INR	49.18	49.30
NOK	6.4622	6.4892
PKR	163.45	163.86
PHP	34.37	34.36
PGK	2.2702	2.2760
SEK	6.3615	6.3710
SGD	0.7890	0.7905
CNY	4.2640	4.2691
THB	21.18	21.28
TOP	1.3970	1.3835
VUV	71.44	71.51
WST	1.6128	1.6068
XPF	64.56	64.62
ZAR	10.8322	10.7604



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	-0.06	0.17
3 Months	0.00	0.42
6 Months	1.28	2.28
9 Months	3.45	5.45
1 Year	7.24	10.24

NZD/AUD Forward points

	BNZ buys NZD	BNZ Sells NZD
1 Month	-6.74	-6.20
3 Months	-17.65	-16.60
6 Months	-25.70	-23.11
9 Months	-24.83	-19.81
1 Year	-17.20	-9.19

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