

Research Markets Today

30 October 2024

Events Round-Up

NZ: Filled jobs (m/m%), Sep: 0.0 vs. 0.2 prior.
 GE: GfK consumer confidence, Nov: -18.3 vs. -20.5 exp.
 US: Goods trade balance (\$b), Sep: -108.2 vs. -95.9 exp.
 US: JOLTS job openings (k), Sep: 7443 vs. 7935 exp.
 US: Conf. Board confidence, Oct: 108.7 vs. 99.3 exp.

Good Morning

US equities are little changed in afternoon trade, amid mixed economic data, and ahead of key results from large US technology firms. Equities in Europe made a modest pullback with the Euro Stoxx closing 0.4% lower. Global bonds continued to move higher in yield and the US dollar index is marginally stronger. Brent crude prices stabilised near US\$71 per barrel, following the recent sharp sell-off related to a reduction in the geopolitical risk premium, after Israel avoided striking Iranian oil facilities.

US JOLT job openings, a proxy for labour demand, fell more than expected. There were 7.4 million vacant jobs in September, which is the lowest level since February 2021, suggesting declining demand for workers ahead of the key non-farm payrolls data on Friday night (NZT). Voluntary job quits declined to 3.1 million, a signal that workers have less confidence in their ability to find a new job.

US consumer confidence surged in October, easily outstripping economists' estimates, on optimism about the economy and the labour market. The index compiled by the Conference Board increased to 108.7, which is the highest level since the start of the year. The difference between those that said jobs were plentiful and that said jobs were hard to get – a closely followed metric of the labour market – improved for the first time since January.

10-year US treasury yields traded higher initially after a temporary dip following the JOLTS report. Investors were cautious ahead of the US\$44 billion 7-Year note auction after 2-year and 5-year treasury auctions both cleared at the above the prevailing market rate yesterday. 10-year yields traded to an intra-day peak of 4.34% - a fresh cycle high since the September trough - before retracing to 4.30%, after the 7-year auction saw strong investor demand and cleared 2bp below market levels.

In currency markets, the US dollar index pared earlier gains and is little changed against major FX pairings. The recent yen weakness has seen Finance Minister Kato say the Government will watch developments in the currency market with a 'heightened sense of urgency'. NZD/USD is marginally softer overnight trading below 0.5960. The NZD was stable on most of the major crosses though NZD/GBP dipped towards 0.4585, the lowest level since July.

NZ yields moved modestly higher in the local session yesterday, largely reflecting the moves in offshore markets since Friday, given the Labour Day public holiday. The market looked past filled jobs data which were flat in September, and pointed towards ongoing weakness, ahead of Q3 labour market data next week. Filled jobs are 0.9% lower than a year ago. 2-year swap rates increased 3bp to 3.64% with a parallel curve shift higher. 10-year rates closed at 4.15%.

Australian 10-year government bond futures are 4bp higher in yield terms since the local close yesterday which suggests an upward bias for NZ yields on the open.

There is no domestic data of note today and the regional focus will centre on Q3 CPI data in Australia. The consensus expects trimmed mean inflation of 0.7% q/q and 3.5% y/y, which aligns closely with the Reserve Bank of Australia's August forecasts. In the event of a downside surprise, the RBA would likely look for further confirmation of the trend in Q4 data given the potential impact from government subsidies, before contemplating a rate cut in February 2025.

Euro-area Q3 GDP data is expected to show the economy grew by 0.2%. The regional level data will also be monitored to see if the German economy has fallen back into a recession. The UK Budget is released with Chancellor Reeves having previously flagged a change in fiscal rules to allow additional borrowing for infrastructure investment.

The US economy is expected to post robust growth in Q3 and the accompanying core PCE deflator will slow to a 2.0% annual rate from a 3.3% average in H1-2024 according to consensus forecasts. ADP private payrolls data rounds out a busy economic calendar.

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Coming Up

	Period	Cons.	Prev.	NZT
AU CPI (y/y%)	3Q	2.9	3.8	13:30
AU CPI Trimmed Mean (q/q%)	3Q	0.7	0.8	13:30
AU CPI Trimmed Mean (y/y%)	3Q	3.5	3.9	13:30
GE Unemployment Claims Rate SA	Oct	6.1	6	21:55
GE GDP SA (q/q%)	3Q P	-0.1	-0.1	22:00
EC Economic Confidence	Oct	96.3	96.2	23:00
EC GDP SA (q/q%)	3Q A	0.2	0.2	23:00
US ADP Employment Change	Oct	111.5	143	01:15
UK UK Budget				01:30
US GDP Annualized (q/q%)	3Q A	3	3	01:30
US Core PCE Price Index (q/q%)	3Q A	2	2.8	01:30
GE CPI EU Harmonized (y/y%)	Oct P	2.1	1.8	02:00
US Pending Home Sales (m/m%)	Sep	1.9	0.6	03:00

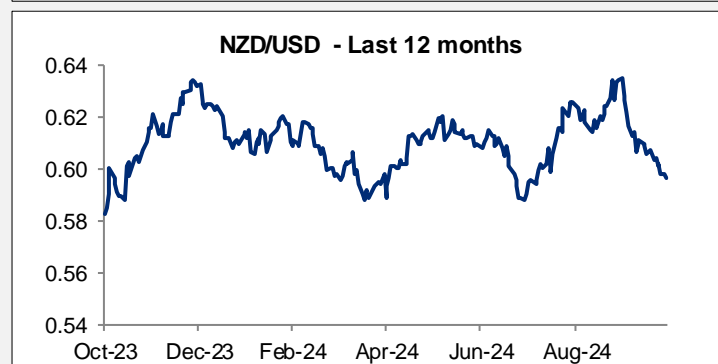
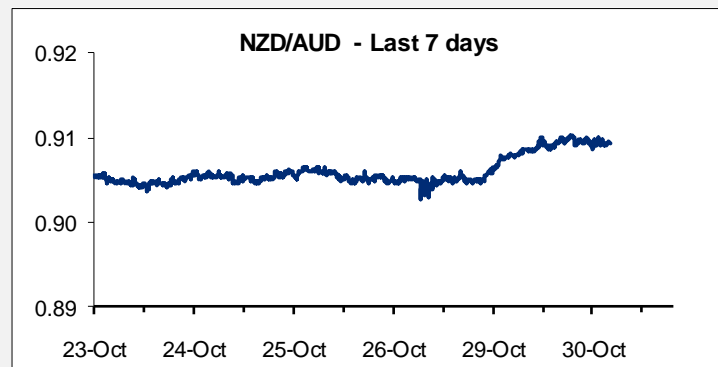
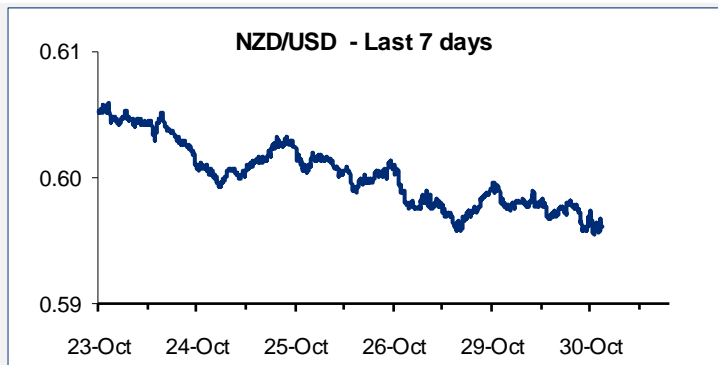
Source: Bloomberg, BNZ

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	0.5963	-0.3	0.5954	0.5983	CHF	0.8681	+0.3	S&P 500	5,841	+0.3	41.9	Oil (Brent)	71.04	-0.5
AUD	0.6557	-0.4	0.6545	0.6581	SEK	10.655	+0.1	Dow	42,312	-0.2	30.5	Oil (WTI)	67.03	-0.5
EUR	1.0804	-0.1	1.0769	1.0826	NOK	10.968	-0.3	Nasdaq	18,699	+0.7	47.9	Gold	2742.9	+0.1
GBP	1.3000	+0.2	1.2963	1.3012	HKD	7.771	-0.0	Stoxx 50	4,950	-0.4	23.3	HRC steel	709.0	+0.9
JPY	153.43	+0.1	152.84	153.87	CNY	7.131	+0.0	FTSE	8,220	-0.8	12.7	CRB	277.7	-2.4
CAD	1.3919	+0.2			SGD	1.325	+0.2	DAX	19,478	-0.3	32.6	Wheat Chic.	592.5	+2.2
NZD/AUD	0.9094	+0.1			IDR	15,771	+0.3	CAC 40	7,511	-0.6	10.5	Sugar	22.08	+0.5
NZD/EUR	0.5519	-0.2			THB	33.71	-0.2	Nikkei	38,904	+0.8	26.7	Cotton	70.85	+0.6
NZD/GBP	0.4587	-0.5			KRW	1,383	-0.1	Shanghai	3,286	-1.1	8.8	Coffee	248.4	-1.6
NZD/JPY	91.49	-0.2			TWD	32.10	+0.1	ASX 200	8,249	+0.3	21.8	WM powder	3555	+0.9
NZD/CAD	0.8300	-0.1			PHP	58.28	+0.0	NZX 50	12,783	+0.1	19.0	Australian Futures		
NZ TWI	69.67	-0.2						VIX Index	19.22	-2.9	-9.6	3 year bond	96.07	0.03
Interest Rates														
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	4.85	3.91	3.80	USD	4.30	0.02	15-May-26	3.78	0.02	BKBM 1-mth	4.86	-0.02	
AUD	4.35	4.39	4.02	4.53	AUD	4.45	-0.04	15-Apr-27	3.75	0.02	BKBM 3-mth	4.53	-0.02	
NZD	4.75	4.53	3.64	4.15	NZD	4.44	0.02	15-May-28	3.82	0.01	1 year	3.91	0.01	
EUR	3.25	3.05	2.29	2.40	GER	2.34	0.05	20-Apr-29	3.94	0.01	2 year	3.64	0.03	
GBP	5.00	5.30	4.07	3.91	GBP	4.32	0.06	15-May-30	4.06	0.01	3 year	3.62	0.03	
JPY	0.23	-0.03	0.52	0.99	JPY	0.98	0.00	15-May-31	4.19	0.01	5 year	3.77	0.03	
CAD	3.75	4.97	2.96	3.13	CAD	3.29	0.02	15-May-32	4.29	0.01	7 year	3.95	0.04	
								14-Apr-33	4.38	0.01	10 year	4.15	0.04	
								15-May-34	4.44	0.02	15 year	4.39	0.04	
								15-May-35	4.52	0.01				
								15-May-36	4.59	0.02				
								15-May-37	4.66	0.01				
								15-May-41	4.83	0.02				
								15-May-51	4.94	0.01				
								15-May-54	4.96	0.01				

* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer
 Rates are as of: NZT 06:29
 Source: Bloomberg

NZD exchange rates

30/10/2024 6:29 am		Prev. NY close
USD	0.5963	0.5981
GBP	0.4587	0.4611
AUD	0.9094	0.9086
EUR	0.5519	0.5532
JPY	91.49	91.68
CAD	0.8300	0.8308
CHF	0.5176	0.5176
DKK	4.1177	4.1252
FJD	1.3571	1.3581
HKD	4.6337	4.6482
INR	50.14	50.29
NOK	6.5405	6.5777
PKR	165.65	166.06
PHP	34.75	34.83
PGK	2.3532	2.3594
SEK	6.3536	6.3693
SGD	0.7899	0.7911
CNY	4.2514	4.2640
THB	20.13	20.25
TOP	1.3768	1.4073
VUV	72.09	72.30
WST	1.6097	1.6209
XPF	65.80	65.84
ZAR	10.5460	10.5862



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	0.60	0.81
3 Months	5.49	6.01
6 Months	13.00	14.06
9 Months	21.28	23.43
1 Year	28.94	31.95

NZD/AUD Forward points

	BNZ buys NZD	BNZ Sells NZD
1 Month	-2.07	-1.60
3 Months	0.84	2.14
6 Months	12.14	14.70
9 Months	28.31	33.38
1 Year	44.60	52.39

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