

Market Alert

Monday 21 October 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6074	0.0012
NZD/AUD	0.9054	0.0010
NZD/JPY	90.820	-1.85
NZD/EUR	0.5593	-0.0035
NZD/GBP	0.4654	0.0010
NZD/CNH	4.3210	-0.0450
AUD/USD	0.6706	0.0004
AUD/EUR	0.6174	-0.0047
EUR/USD	1.0858	0.0090
USD/CNH	7.1150	-0.0880
GBP/USD	1.3048	-0.0002
EUR/GBP	0.8325	0.0070

INT RATES	NZ	Australia
OCR/Cash	4.75%	4.35%
90 day bills	4.59%	4.44%
2 year swap	3.60%	3.91%
10 year Govt	4.54%	4.31%

Something is out of sync with the cosmos ...

... and the stars are aligning because suddenly, New Zealand has become great at sport! Not only did we win the first ever 3-peat with the 'Auld Mug', the men's cricket team actually won a test ... in India ... the ladies won the T20 world cup, AFC Auckland won, heck, even the Silver Ferns defeated Australia! Something feels right with the world!

After last week's disappointing CPI and PPI releases ...

... it was encouraging to see some positive data out of China for a change after Q3 GDP grew at 0.9% on the quarter, and 4.6% on the year, against expectations at 1.0% and 4.5%. Retail sales surged 3.2% in the year to September and

industrial production jumped 5.4%, against expectations at 2.5% and 4.6%, although new house prices disappointed at -5.7% against expectations at -5.3%. Meanwhile, PBoC Governor Pan Gongsheng suggested there could be further rate cuts to the 7-day reverse repo facility, the MLF and LPR facilities.

Japanese inflation fell from 3.0% to 2.5% in September, which saw Japan's Vice-Finance Minister, Atsushi Mimura, attempt to prop up the yen stating, "The recent yen moves are somewhat rapid and one-sided. We are closely watching FX moves with a high sense of urgency. Excess volatility in FX market is undesirable."

US housing starts edged down 0.5% to 1.35m in September, which was in line with expectations, while building permits dropped 2.9% to 1.43m, which was below expectations at 1.46m. In the UK, retail sales unexpectedly rose 0.3% in September, while the Chancellor Rachel Reeves is planning to reform inheritance tax in the upcoming UK budget.

ECB Council member, Francois Villeroy de Galhau, announced, "We're on our way to defeating inflation. There may be some temporary rebounds in the coming months, but that's a technical effect. Baring large external shocks, we'll be at 2.0% of inflation next year, probably toward the beginning of the year."

Atlanta Fed President, Raphael Bostic, said he's not in a hurry to lower interest rates stating, "I'm not in a rush to get to neutral. We must get inflation back to our 2.0% target, and I don't want us to get to a

place where inflation stalls out because we haven't been restrictive for long enough. So I'm going to be patient."

There wasn't a great deal to report from Friday's close with currency markets steady, while the 2 and 10-year treasury yields both closed -1bps lower at 3.97% and 4.08%. Equity markets continued their relentless grind higher, while commodity markets were mixed with oil prices falling -2.0%.

It's a pretty 'empty' week ahead ...

... with not a lot to shake markets! From a central bank perspective, the highlight will be the PBoC decision on its Loan Prime Rates, which currently sit at 3.35% in the 1-year and 3.85% for the 5-year. We also have the BoC decision, with a possible 50bps cut on the table after inflation fell to 1.6%, while from the US, we have the latest PMI releases, durable goods orders, and new home sales. Across the Atlantic we have the German IFO business index and consumer confidence figures for the Eurozone and the UK. We also have the latest manufacturing and services PMIs from Australia, Japan and the UK, and the latest trade numbers and consumer confidence data from New Zealand, while the RBNZ Governor, Adrian Orr, is even planning to give a speech!



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.20					CAD	0.8373	0.9255
NZD/USD	0.6074	0.0001	0.0005	0.0012	0.0027	CHF	0.5247	0.5788
NZD/AUD	0.9054	-0.0002	0.0000	0.0010	0.0038	CNY	4.3113	4.7623
NZD/JPY	90.820	-0.36	-1.03	-1.85	-3.27	DKK	4.1643	4.6022
NZD/EUR	0.5593	-0.0007	-0.0018	-0.0035	-0.0075	FJD	1.3322	1.4722
NZD/GBP	0.4654	0.0001	0.0004	0.0010	0.0019	HKD	4.7149	5.2106
						KRW	830.33	917.63
AU TWI	62.40					MYR	2.6105	2.8849
AUD/USD	0.6706	0.0003	0.0005	0.0004	-0.0005	NOK	6.6140	7.3094
AUD/NZD	1.1034	0.0002	-0.0002	-0.0016	-0.0062	SEK	6.3706	7.0404
AUD/JPY	100.23	-0.37	-1.15	-2.16	-4.04	SGD	0.7950	0.8786
AUD/EUR	0.6174	-0.0006	-0.0020	-0.0047	-0.0110	TWD	19.45	21.49
AUD/GBP	0.5137	0.0002	0.0004	0.0004	-0.0002	ZAR	10.65	11.77
USD Index	103.46					EQUITIES		
EUR/USD	1.0858	0.0015	0.0044	0.0090	0.0189		Index	
USD/JPY	149.51	-0.61	-1.84	-3.34	-5.97	NZX50	12,824	
GBP/USD	1.3048	-0.0001	-0.0001	-0.0002	-0.0006	ASX200	8,283	
EUR/GBP	0.8325	0.0011	0.0034	0.0070	0.0147	Dow Jones	43,276	
USD/CNY	7.1015	-0.0182	-0.0520	-0.1007	-0.1976	S&P 500	5,865	
						FTSE100	8,358	
INTEREST			New Zealand		Australia	DAX 30	19,657	
RATES			Mid		Mid	Nikkei	38,982	
30 day bank bills			4.88%		4.35%	COMMODITIES		
90 day bank bills			4.59%		4.44%		USD	
1 year swap			3.94%		4.16%	Brent Crude	73.06	
2 year swap			3.62%		3.92%	Gold	2,720.25	
3 year swap			3.59%		3.85%	Silver	33.66	
5 year swap			3.74%		4.08%	Iron Ore	105.37	
10 year swap			4.09%		4.36%	CRB Index	333.12	
3 year Govt bond			3.86%		0.00%			
5 year Govt bond			4.06%		0.00%		NZD	
10 year Govt bond			4.54%		0.00%	NZ Carbon	63.10	

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