

Market Alert

Wednesday 30 October 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5967	0.0013
NZD/AUD	0.9101	0.0012
NZD/JPY	91.565	-1.84
NZD/EUR	0.5518	-0.0036
NZD/GBP	0.4588	0.0011
NZD/CNH	4.2636	-0.0437
AUD/USD	0.6556	0.0005
AUD/EUR	0.6063	-0.0048
EUR/USD	1.0813	0.0093
USD/CNH	7.1458	-0.0898
GBP/USD	1.3005	-0.0005
EUR/GBP	0.8312	0.0074

INT RATES	NZ	Australia
OCR/Cash	4.75%	4.35%
90 day bills	4.53%	4.44%
2 year swap	3.63%	3.98%
10 year Govt	4.54%	4.54%

Happy birthday Mum ...

... I won't mention how old you are ... because I'm a gentleman ... and also because it reflects badly on me!

In a sign of a cooling labour market ...

... US job openings fell to their lowest level since January 2021 falling by 418k to 7.443m in September, following August's downwardly revised 7.86m. Unsurprisingly, one of the sectors that saw the larger falls in job openings was in government positions. In the other US headlines, consumer confidence recorded its largest monthly acceleration since March 2021, rising 11% to 138 while the 'business expectations index' of future conditions jumped nearly 8%, to print at 89.1, which is well above the sub-80 level that indicates a recession.

The trade deficit widened sharply from USD94.2bn to USD108.2bn in September while the S&P CoreLogic Case-Shiller 20-city home price index increased 5.2% in the year to August, down from July's 5.9% rise.

Looking at the European headlines, the German GfK consumer confidence index reached its highest level since April 2022, although it still remains deeply negative having improved from -21.0 to -18.3. UK mortgage approvals increased by 700 to 65.6k, which was the highest level since August 2022, while the UK's BRC shopping price index fell -0.8% on the year in a further sign of falling inflation. Finally, the Swedish economy unexpectedly contracted -0.1% in Q3 against expectations of a 0.4% increase.

In Asia, Japan's labour market remains tight with the unemployment rate printing at 2.4%, against an expected 2.5%, which should be a positive for wages, while Australian weekly consumer confidence fell from 87.5 to 86.4.

Summing it up ... it was a yawn session! US equity markets shook off the data releases and are trading 'mixed' despite Boeing raising USD21bn in an upsized share sale, although it should be noted the European bourses were -0.25% to -0.75% lower. Commodity markets were also largely unchanged as oil and gas prices consolidated at their lower levels. US treasury yields were a touch lower with the 2 and 10-years easing -3bps and -1bps to yield 4.13% and 4.28%, while the USD-index continues to 'fail' against resistance at the 104.60 level, although the NZD and AUD came under selling pressure in the overnight session.

What the smart money is thinking

... which is also what we've been saying ... Blackrock CEO, Larry Fink, stated, "The Federal Reserve won't cut interest rates as much as markets expect because embedded inflation is too high," while Morgan Stanley CEO, Ted Pick, added, "The end of financial repression, of zero interest rates and zero inflation, that era is over! Interest rates will be higher, will be challenged around the world." Furthermore, the CEOs of Goldman, Standard Chartered, Carlyle, Apollo and State Street all signalled they don't expect two more reductions this year, although that call it a touch trickier!

Japan finance minister Kato announce he, "Won't comment on FX levels," but then added, "It is important for currencies to move in stable manner reflecting fundamentals. We are closely watching FX moves, including those driven by speculators, with a higher sense of vigilance."

Reuters reported China is weighing approving over 10trn yuan (USD1.4 trn) in extra debt in the next few years, although the EU will go ahead with tariffs on Chinese EVs after trade talks broke down.

In news that could have global repercussions, China's "Luckin Coffee" plans to enter the US market ... by undercutting Starbuck prices! Now I'm all for it, if it leads to lower coffee prices in NZ although, to be fair, I haven't tasted Luckin Coffee!



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Daily Rates

Wednesday 30 October 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.80					CAD	0.8304	0.9126
NZD/USD	0.5967	0.0001	0.0006	0.0013	0.0029	CHF	0.5176	0.5689
NZD/AUD	0.9101	-0.0002	0.0001	0.0012	0.0045	CNY	4.2513	4.6717
NZD/JPY	91.565	-0.34	-1.03	-1.84	-3.30	DKK	4.1162	4.5232
NZD/EUR	0.5518	-0.0006	-0.0018	-0.0036	-0.0078	FJD	1.3323	1.4640
NZD/GBP	0.4588	0.0001	0.0005	0.0011	0.0024	HKD	4.6361	5.0945
						KRW	825.75	907.41
AU TWI	61.50					MYR	2.6077	2.8656
AUD/USD	0.6556	0.0002	0.0005	0.0005	-0.0002	NOK	6.5409	7.1878
AUD/NZD	1.0988	0.0002	-0.0003	-0.0018	-0.0061	SEK	6.3527	6.9809
AUD/JPY	100.60	-0.35	-1.15	-2.16	-4.14	SGD	0.7903	0.8685
AUD/EUR	0.6063	-0.0006	-0.0020	-0.0048	-0.0117	TWD	19.13	21.02
AUD/GBP	0.5041	0.0002	0.0005	0.0005	-0.0001	ZAR	10.54	11.58
USD Index	104.31					EQUITIES		
EUR/USD	1.0813	0.0013	0.0044	0.0093	0.0199		Index	
USD/JPY	153.45	-0.57	-1.87	-3.40	-6.22	NZX50	12,783	
GBP/USD	1.3005	-0.0001	-0.0002	-0.0005	-0.0010	ASX200	8,249	
EUR/GBP	0.8312	0.0011	0.0035	0.0074	0.0159	Dow Jones	42,319	
USD/CNY	7.1301	-0.0169	-0.0526	-0.1093	-0.2201	S&P 500	5,842	
						FTSE100	8,220	
						DAX 30	19,478	
						Nikkei	38,904	
INTEREST RATES			New Zealand		Australia			
			Mid		Mid			
30 day bank bills			4.86%		4.36%			
90 day bank bills			4.53%		4.44%			
1 year swap			3.91%		4.20%			
2 year swap			3.64%		4.00%			
3 year swap			3.62%		3.96%			
5 year swap			3.77%		4.20%			
10 year swap			4.15%		4.50%			
3 year Govt bond			3.84%		3.99%			
5 year Govt bond			4.05%		4.11%			
10 year Govt bond			4.54%		4.54%			
						COMMODITIES		
							USD	
						Brent Crude	71.06	
						Gold	2,773.63	
						Silver	34.41	
						Iron Ore	104.15	
						CRB Index	332.13	
							NZD	
						NZ Carbon	63.30	

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