

Market Alert

Tuesday 12 November 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5960	0.0015
NZD/AUD	0.9070	0.0016
NZD/JPY	91.675	-1.78
NZD/EUR	0.5595	-0.0036
NZD/GBP	0.4633	0.0014
NZD/CNH	4.3089	-0.0334
AUD/USD	0.6571	0.0004
AUD/EUR	0.6168	-0.0052
EUR/USD	1.0652	0.0094
USD/CNH	7.2302	-0.0732
GBP/USD	1.2865	-0.0008
EUR/GBP	0.8279	0.0079

INT RATES	NZ	Australia
OCR/Cash	4.75%	4.35%
90 day bills	4.47%	4.46%
2 year swap	3.80%	4.10%
10 year Govt	4.70%	4.67%

To the moon!

It is Veterans Day in the USA, but the USD is most certainly not taking a day off! Trump trades continue to remain prevalent in the markets as the USD dollar index is up 54pts overnight to be currently at 105.54. However, commodity currencies such as the Antipodeans are relatively unchanged from the start of the week, the NZD/USD is at 0.5960, still within the current 0.5950-0.6050 range, while the AUD/USD is at 0.6571. However, commodities themselves were softer overnight, WTI crude is back below USD70.00 at USD 68.08, while gold is down 2.5% at USD 2618.92. Trump trades extend beyond your usual financial markets as well, Bitcoin is now trading above USD 85,000 (NZD 143,000), on the belief that the many of the newly elected Republican candidates are 'pro-crypto', Trump even

promised on his campaign to make the US into the "crypto capital of the planet", a marked change in outlook compared to the Biden administration that was viewed as being more opposed to the adoption of cryptocurrencies.

Inflation expectations within range

The latest RBNZ inflation expectations data show mixed trends across different timeframes, but overall, they are unlikely to raise significant concerns about inflation risks, with the expectations falling within the RBNZ's target 1.00% - 3.00% band. The 2-year inflation expectations rose to 2.12%, up from 2.03% from the previous quarter, indicating a moderate rise expected over the medium term. In contrast, 1-year inflation expectations fell to 2.05%, down from 2.40%, reflecting more cautious sentiment on short-term conditions, consistent with the drop in actual inflation over the past year. Long-term expectations saw an upward shift. The 5-year expectations increased to 2.24%, compared to 2.07%, and 10-year expectations rose to 2.19% from 2.03%. These increases suggest that businesses expect inflation to gradually rise over the longer term, aligning with a stable economic outlook and near the RBNZ's medium-term target. While the mixed nature of the data reflects various factors, including both domestic and international influences, the overall picture is consistent with the RBNZ's medium-term target. This suggests that the RBNZ will remain comfortable with its policy stance, with markets

still expecting another 50bps cut at the RBNZ's last monetary policy decision for the year on the 27th of November.

As touched on yesterday, China introduced a 10 trillion-yuan debt package aimed at erasing local government financing, but investors were dissuaded by the lack of direct economic stimulus. Additionally, new Yuan loans also fell to a 15-year low coming in at CNY500 billion for the month, down from CNY738 billion in the corresponding period last year. The low figure reflects the lack of demand for new investment in projects in the Chinese economy at present.

The Land of the Rising Sun

Japan's Balance of Payments Current Account Balance decreased to JPY1.72 trillion for September, missing forecasts of a gain of JPY 3,273 trillion. Still, it marks the 20th consecutive month of a current account surplus but is still a recent low. Japanese loan growth also hit a recent low, a one-year low to be exact, rising by just 2.7% in the October year, although this was actually in line with market expectations unlike the former read. Much like the slowdown in Chinese new loans, this figure represents a lack of demand for industrial and commercial expansion in Japan.

Elsewhere in the nation, the Japanese parliament voted to re-elect Prime Minister, Shigeru Ishiba, after his liberal democratic party lost its majority along with its coalition partner in the October election.



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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	69.90					CAD	0.8297	0.9151
NZD/USD	0.5960	0.0002	0.0006	0.0015	0.0033	CHF	0.5245	0.5785
NZD/AUD	0.9070	0.0000	0.0003	0.0016	0.0047	CNY	4.2981	4.7403
NZD/JPY	91.675	-0.33	-0.99	-1.78	-3.26	DKK	4.1714	4.6006
NZD/EUR	0.5595	-0.0005	-0.0017	-0.0036	-0.0082	FJD	1.3234	1.4596
NZD/GBP	0.4633	0.0001	0.0006	0.0014	0.0029	HKD	4.6329	5.1096
						KRW	834.64	920.51
AU TWI	62.10					MYR	2.6257	2.8958
AUD/USD	0.6571	0.0002	0.0004	0.0004	0.0000	NOK	6.5738	7.2501
AUD/NZD	1.1024	-0.0001	-0.0006	-0.0022	-0.0062	SEK	6.4622	7.1271
AUD/JPY	101.06	-0.36	-1.13	-2.14	-4.11	SGD	0.7949	0.8767
AUD/EUR	0.6168	-0.0006	-0.0022	-0.0052	-0.0123	TWD	19.30	21.29
AUD/GBP	0.5107	0.0001	0.0004	0.0005	0.0004	ZAR	10.70	11.80
USD Index	105.54					EQUITIES		
EUR/USD	1.0652	0.0013	0.0042	0.0094	0.0212		Index	
USD/JPY	153.81	-0.58	-1.80	-3.35	-6.26	NZX50	12,686	
GBP/USD	1.2865	-0.0001	-0.0005	-0.0008	-0.0016	ASX200	8,266	
EUR/GBP	0.8279	0.0010	0.0035	0.0079	0.0173	Dow Jones	44,304	
USD/CNY	7.2139	-0.0165	-0.0515	-0.1067	-0.2210	S&P 500	5,999	
						FTSE100	8,125	
INTEREST			New Zealand		Australia	DAX 30	19,449	
RATES			Mid		Mid	Nikkei	39,533	
30 day bank bills			4.75%		4.36%	COMMODITIES		
90 day bank bills			4.47%		4.46%		USD	
1 year swap			3.99%		4.28%	Brent Crude	71.77	
2 year swap			3.84%		4.12%	Gold	2,619.60	
3 year swap			3.82%		4.08%	Silver	30.62	
5 year swap			3.94%		4.33%	Iron Ore	103.82	
10 year swap			4.27%		4.59%	CRB Index	336.55	
3 year Govt bond			4.03%		4.14%		NZD	
5 year Govt bond			4.22%		4.27%	NZ Carbon	63.95	
10 year Govt bond			4.70%		4.67%			

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