

# Market Alert

Wednesday 13 November 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5921	0.0015
NZD/AUD	0.9069	0.0015
NZD/JPY	91.635	-1.78
NZD/EUR	0.5577	-0.0037
NZD/GBP	0.4647	0.0014
NZD/CNH	4.2889	-0.0298
AUD/USD	0.6528	0.0004
AUD/EUR	0.6149	-0.0052
EUR/USD	1.0615	0.0096
USD/CNH	7.2437	-0.0681
GBP/USD	1.2740	-0.0009
EUR/GBP	0.8331	0.0079

  

INT RATES	NZ	Australia
OCR/Cash	4.75%	4.35%
90 day bills	4.45%	4.47%
2 year swap	3.86%	4.16%
10 year Govt	4.70%	4.66%

## One more stimulus measure will surely fix it!

Trump trades continued to dominate overnight, the US Dollar index lifting above the 106.00 level. The NZD and AUD could not withhold the stronger USD, the NZD/USD is currently at 0.5921, while the AUD/USD is at 0.6528 – both testing recent lows. US Treasury yields also spiked, with the 10-year yield up 12bp to 4.42%. This will most likely lift local swaps on the open.

Once again, China is planning some further measures in order to boost its property sector. Bloomberg reported, albeit citing unnamed sources, that this time the Chinese government are looking at cutting house buying taxes - to enable major urban centres to reduce the deed tax down to as low as 1.0%, from the current 3.0%.

## Confidence is key

New Zealand electronic card spending rose 0.6% over the month of October but was down 1.1% on an annual basis. Warmer weather and the recent OCR cuts by the RBNZ no doubt played a large factor in the recent increase in consumption. Expectations are that another 50bps rate cut by the RBNZ later this month will provide a further boost to retail spending, although the upcoming Black Friday and Christmas sales are not expected to see a highly significant increase in spending.

The Westpac-Melbourne Institute Consumer Sentiment Index showed an increase in Australian consumer sentiment in November, up 5.3% to 94.6 from the previous figure of 89.8. The report stated that consumers were optimistic about the outlook for the economy and finances, although the index figure was still below the 'neutral' level of 100. Interestingly, the survey was fielded over the week ending November 9, starting the week at a reading of 99.7 and being unaffected by the RBA's cash rate decision. The reading dropped following the US election, indicating uncertainty following President Trump's re-election, before a slight bounce back near the end of the week.

Australian business confidence saw a large increase over the month at a reading of 5 in October, a significant jump from September's figure of -2. According to NAB, this is the highest level it's been in nearly two years. The figure indicates

resilient activity levels in the Australian economy, with pricing and cost pressures slowly alleviating, although the report stated that it will still be some time before inflation pressures normalise.

## The new sick man of Europe

British unemployment jumped from 4.0% to 4.3% in the month of October, with payrolls declining too. But the data was not wholly bad, pay growth is still strong and real wages seem to be holding steady, or thereabouts, since their worrying decline back in May of this year. The data was still seen as a dovish read to the BoE, but Chief Economist, Huw Pill, was not convinced that the BoE had been knocked off course, "Today's labour data shows pay growth still at high levels. Further rate cuts are likely to be a gradual process" he said, before speaking more cautiously about the risks, "Shocks to the world economy could knock the UK off its lower inflation path."

The German November ZEW survey of current conditions came in at -91.4, against -85.9 expected. Once again, the figures out of Europe's largest economy are poor. The outlook is also looking grim as the nation stares down the barrel of potential Trump tariffs. German Chancellor, Olaf Scholz, is also expected to face a vote of confidence next month, brought forward from the original plan of early next year, amid a collapse of support from his coalition partners. An election is then expected shortly after.



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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	70.10					CAD	0.8258	0.9108
NZD/USD	0.5921	0.0001	0.0006	0.0015	0.0032	CHF	0.5224	0.5761
NZD/AUD	0.9069	0.0000	0.0004	0.0015	0.0046	CNY	4.2802	4.7214
NZD/JPY	91.635	-0.35	-0.99	-1.78	-3.27	DKK	4.1599	4.5871
NZD/EUR	0.5577	-0.0006	-0.0017	-0.0037	-0.0083	FJD	1.3205	1.4562
NZD/GBP	0.4647	0.0001	0.0006	0.0014	0.0030	HKD	4.6050	5.0780
						KRW	833.25	918.82
AU TWI	62.00					MYR	2.6249	2.8945
AUD/USD	0.6528	0.0002	0.0004	0.0004	-0.0001	NOK	6.5619	7.2358
AUD/NZD	1.1026	0.0000	-0.0006	-0.0022	-0.0058	SEK	6.4587	7.1220
AUD/JPY	101.02	-0.38	-1.13	-2.15	-4.12	SGD	0.7926	0.8740
AUD/EUR	0.6149	-0.0006	-0.0022	-0.0052	-0.0124	TWD	19.22	21.19
AUD/GBP	0.5124	0.0002	0.0004	0.0006	0.0006	ZAR	10.74	11.84
USD Index	106.04					<b>EQUITIES</b>		
EUR/USD	1.0615	0.0013	0.0043	0.0096	0.0215		<b>Index</b>	
USD/JPY	154.75	-0.63	-1.82	-3.38	-6.32	NZX50	12,749	
GBP/USD	1.2740	-0.0001	-0.0004	-0.0009	-0.0017	ASX200	8,256	
EUR/GBP	0.8331	0.0011	0.0036	0.0079	0.0178	Dow Jones	44,034	
USD/CNY	7.232	-0.0177	-0.0531	-0.1095	-0.2258	S&P 500	5,971	
						FTSE100	8,026	
<b>INTEREST</b>			<b>New Zealand</b>		<b>Australia</b>	DAX 30	19,034	
<b>RATES</b>			Mid		Mid	Nikkei	39,376	
30 day bank bills			4.62%		4.36%	<b>COMMODITIES</b>		
90 day bank bills			4.45%		4.47%		<b>USD</b>	
1 year swap			3.97%		4.30%	Brent Crude	71.92	
2 year swap			3.88%		4.18%	Gold	2,597.02	
3 year swap			3.86%		4.14%	Silver	30.62	
5 year swap			3.97%		4.39%	Iron Ore	103.10	
10 year swap			4.29%		4.66%	CRB Index	333.37	
3 year Govt bond			4.05%		4.15%		<b>NZD</b>	
5 year Govt bond			4.24%		4.28%	NZ Carbon	63.95	
10 year Govt bond			4.70%		4.66%			

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