

# Market Alert

Monday 18 November 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5868	0.0015
NZD/AUD	0.9068	0.0016
NZD/JPY	90.560	-1.75
NZD/EUR	0.5566	-0.0038
NZD/GBP	0.4649	0.0013
NZD/CNH	4.2466	-0.0277
AUD/USD	0.6467	0.0003
AUD/EUR	0.6135	-0.0053
EUR/USD	1.0541	0.0096
USD/CNH	7.2373	-0.0646
GBP/USD	1.2617	-0.0009
EUR/GBP	0.8350	0.0080

  

INT RATES	NZ	Australia
OCR/Cash	4.75%	4.35%
90 day bills	4.45%	4.47%
2 year swap	3.89%	4.08%
10 year Govt	4.81%	4.73%

## Pick n Mix

In the US, it seems the Fed is in no hurry to cut interest rates, which is hardly surprising given the uncertainty around the policies of newly elected Donald Trump, although I'm not sure they would be willing to speculate on executive government policy. "The economy is not sending any signals that we need to be in a hurry to lower rates," Powell said on Friday in Dallas. "The strength we are currently seeing in the economy gives us the ability to approach our decisions carefully." Chicago Fed President, Austan Goolsbee had a more mixed outlook, as he stated he thinks interest rates will be "a lot" lower over the next 12-18 months, before adding the stipulation that is as long as inflation is heading towards 2.0%. He also added that he is in no rush to get to

neutral and he views current inflation as still too high. Markets now see a December Fed cut as a fifty-fifty call.

Data released over the weekend from the US was mixed. Industrial production fell by 0.3% in the month of October, while September's figure was downwardly revised to -0.5%. Consumer spending, which has been robust, showed no sign of slowing down as headline retail sales were stronger than expected, increasing by 0.4% in the month of October, while September's figure was revised higher, to 0.8%.

## Has that stimulus started working yet?

In China, average house prices for new homes fell 5.9% in the year to October. This marks the data's largest drop in nine years! For used house sales, there was a shocking decrease of 8.8%. Preliminary data for November also indicates sales volume will be even lower than in October.

China's problems don't end at housing either. Industrial production growth for October came in slightly lower than expected at 5.3%. On the flip side, retail sales growth was better than expected, coming in at 4.8% from a year ago.

China's not-so-noisy neighbours, Japan, reported third quarter GDP growth of just 0.9%, down from a 2.2% annualised rate in the previous quarter. This was not good considering the Japanese central bank is going the other direction to most

of its counterparts and is actually slowly raising central bank rates - although there was never any other direction to go from zero!

## What's been happening?

The NZD starts its day at 0.5868, a full cent below where it was a week ago when it was at 0.5970. This has been more due to USD strength rather than NZD weakness and as a result the NZD is unchanged against the AUD at 0.9068. It's the same story for the NZD/EUR, which sits unchanged at 0.5566.

The US 10-year Treasury yield is now at 4.44%, up 2bps from Saturday and up 17bps the past week. The change in US rates has been underpinning our own rates, with the 10-year NZ Government bond gaining 11bps in the last week to sit at 4.78%.



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# Daily Rates

Monday 18 November 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.30					CAD	0.8259	0.9104
NZD/USD	0.5868	0.0002	0.0006	0.0015	0.0030	CHF	0.5208	0.5735
NZD/AUD	0.9068	0.0000	0.0004	0.0016	0.0041	CNY	4.2343	4.6701
NZD/JPY	90.560	-0.32	-0.98	-1.75	-3.25	DKK	4.1496	4.5755
NZD/EUR	0.5566	-0.0005	-0.0018	-0.0038	-0.0087	FJD	1.3144	1.4494
NZD/GBP	0.4649	0.0001	0.0006	0.0013	0.0026	HKD	4.5660	5.0346
						KRW	817.39	901.29
AU TWI	61.50					MYR	2.6205	2.8895
AUD/USD	0.6467	0.0002	0.0003	0.0003	0.0000	NOK	6.4839	7.1494
AUD/NZD	1.1015	-0.0001	-0.0006	-0.0023	-0.0063	SEK	6.4340	7.0944
AUD/JPY	99.74	-0.35	-1.11	-2.13	-4.06	SGD	0.7874	0.8683
AUD/EUR	0.6135	-0.0006	-0.0022	-0.0053	-0.0123	TWD	19.05	21.00
AUD/GBP	0.5123	0.0001	0.0004	0.0005	0.0005	ZAR	10.67	11.76
USD Index	106.67					<b>EQUITIES</b>		
EUR/USD	1.0541	0.0012	0.0043	0.0096	0.0214		<b>Index</b>	
USD/JPY	154.34	-0.59	-1.81	-3.36	-6.24	NZX50	12,685	
GBP/USD	1.2617	-0.0001	-0.0004	-0.0009	-0.0019	ASX200	8,285	
EUR/GBP	0.8350	0.0010	0.0036	0.0080	0.0179	Dow Jones	43,445	
USD/CNY	7.2309	-0.0172	-0.0526	-0.1063	-0.2190	S&P 500	5,871	
						FTSE100	8,064	
<b>INTEREST</b>			<b>New Zealand</b>		<b>Australia</b>	DAX 30	19,211	
<b>RATES</b>			Mid		Mid	Nikkei	38,643	
30 day bank bills			4.57%		4.36%	<b>COMMODITIES</b>		
90 day bank bills			4.45%		4.47%		<b>USD</b>	
1 year swap			4.03%		4.25%	Brent Crude	71.04	
2 year swap			3.91%		4.09%	Gold	2,561.21	
3 year swap			3.90%		4.06%	Silver	30.22	
5 year swap			4.01%		4.31%	Iron Ore	101.63	
10 year swap			4.33%		4.58%	CRB Index	334.50	
3 year Govt bond			4.16%		4.20%		<b>NZD</b>	
5 year Govt bond			4.37%		4.33%	NZ Carbon	63.90	
10 year Govt bond			4.81%		4.73%			

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