

Market Alert

Tuesday 19 November 2024

| CURRENCIES | Spot | 6mths |
|------------|--------|---------|
| NZD/USD | 0.5889 | 0.0015 |
| NZD/AUD | 0.9055 | 0.0016 |
| NZD/JPY | 91.080 | -1.75 |
| NZD/EUR | 0.5559 | -0.0036 |
| NZD/GBP | 0.4648 | 0.0015 |
| NZD/CNH | 4.2583 | -0.0195 |
| AUD/USD | 0.6502 | 0.0004 |
| AUD/EUR | 0.6137 | -0.0052 |
| EUR/USD | 1.0593 | 0.0095 |
| USD/CNH | 7.2303 | -0.0528 |
| GBP/USD | 1.2670 | -0.0008 |
| EUR/GBP | 0.8358 | 0.0080 |

| INT RATES | NZ | Australia |
|--------------|-------|-----------|
| OCR/Cash | 4.75% | 4.35% |
| 90 day bills | 4.43% | 4.48% |
| 2 year swap | 3.84% | 4.04% |
| 10 year Govt | 4.77% | 4.69% |

Shaken ... but not stirred!

Yes ... I am back ... after a weeks' vacation visiting the great southern lakes! The heart and brain are ready, but the liver is bent! And there's further good news ... the All Whites won last night to be just 2-games away from World Cup qualification!

Last night's moves ...

... were a comforting factor given the 'excessive' moves we've seen over the last week or so. US Treasury yields edged lower with the 2 and 10-years each falling 2bps to yield 4.31% and 4.41% respectively, which is quite the pullback for the 10-years which traded above 4.50% during Friday's session. The USD-index also eased back 0.4%, which saw the AUD outperform, firming 0.6%, while the NZD firmed 0.4%. This saw the NZD/

AUD pair ease back towards the 0.9050 level. Internationally equity markets were mixed, although the US bourses will likely close in positive territory, while commodity prices all rallied higher with oil prices gaining 3.0%, silver and copper both gaining 1.5%, the outlier was iron ore which fell back below the USD102.00 level easing 0.6%. Bitcoin, yes, that old chestnut, continued its stellar run briefly topping the USD92k level.

There was little in the way of significant releases overnight, but let's quickly run through them all ... US homebuilder sentiment hit a 7-month high firming to 46 in November from October's 44, Canadian housing starts increased to a 3-month high rising 7.8%, although UK house prices fell 1.4% after the disappointing budget. Economists' forecasts are predicting the German economy will likely contract 0.1% in 2024, which is a touch worse than their prior 0.0% forecast.

For a change we also had a few NZ releases with a further jump in Q3 producer prices with output prices rising 1.5%, while input prices rose 1.9%. If you feel like your business is getting squeezed ... there's your proof! The largest output contributions were from dairy and cattle farming, up 13.9%, while electricity and gas were up 6.3%. The largest input contributions were from dairy manufacturing, up 10.9%, and, yep, you guessed it, electricity and gas which rose 8.5%. Services PMIs firmed 46.0, up 0.3 points from September, but the index remains in contractionary territory. Interestingly, this index has varied by only

0.7 points over the past four months!

ECB President, Christine Lagarde, gave a speech, and while she didn't mention directly refer to monetary policy, she did highlight that Europe is falling behind in innovation and productivity compared to the US.

One Governor that did comment on monetary policy was the BoJ's Kazuo Ueda, who stated, "*The BoJ will increase rates upon realisation of a strong economic outlook. the timing of the adjustment will depend on the economy and prices.*" Kazuo also confirmed they are paying attention to various global risks, including for the US economy.

Chicago Fed President, Austan Goolsbee, confirmed, "*I see concentration of Treasury clearing as a risk.*"

Looking further afield ...

Goldman lowered its Australian GDP forecast from 2.0% to 1.8% given the likely "*negative spillovers*" from the incoming Trump administration and the anticipated tariff increases. In NZ, Goldman's base case is for the central bank to continue to cut in 50bps increments in November and February, although it will then slow the pace to 25bps reductions before reaching a terminal rate of 3.0% in July 2025.

On the political front, not that he's a 'lame duck' President, Joe Biden will allow Ukraine to use US long-range missiles to strike deep into Russian territory, although Russia has threatened retaliation against those countries whose weapons are used.



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Daily Rates

Tuesday 19 November 2024

| FX | Spot | FECs (mid) | | | | Spot Mid | | |
|-------------------|--------|------------|--------------------|---------|------------------|--------------------|---------|--------------|
| | Mid | 1mth | 3mths | 6mths | 12mths | NZD/... | AUD/... | |
| NZ TWI | 69.50 | | | | | CAD | 0.8250 | 0.9114 |
| NZD/USD | 0.5889 | 0.0002 | 0.0006 | 0.0015 | 0.0032 | CHF | 0.5202 | 0.5748 |
| NZD/AUD | 0.9055 | 0.0001 | 0.0004 | 0.0016 | 0.0041 | CNY | 4.2396 | 4.6847 |
| NZD/JPY | 91.080 | -0.31 | -0.97 | -1.75 | -3.22 | DKK | 4.1451 | 4.5781 |
| NZD/EUR | 0.5559 | -0.0005 | -0.0017 | -0.0036 | -0.0081 | FJD | 1.3155 | 1.4530 |
| NZD/GBP | 0.4648 | 0.0002 | 0.0006 | 0.0015 | 0.0031 | HKD | 4.5824 | 5.0612 |
| | | | | | | KRW | 819.44 | 905.04 |
| AU TWI | 61.40 | | | | | MYR | 2.6362 | 2.9116 |
| AUD/USD | 0.6502 | 0.0002 | 0.0003 | 0.0004 | 0.0002 | NOK | 6.4792 | 7.1561 |
| AUD/NZD | 1.1041 | -0.0001 | -0.0006 | -0.0022 | -0.0058 | SEK | 6.4294 | 7.1010 |
| AUD/JPY | 100.58 | -0.36 | -1.12 | -2.12 | -4.05 | SGD | 0.7882 | 0.8706 |
| AUD/EUR | 0.6137 | -0.0006 | -0.0022 | -0.0052 | -0.0120 | TWD | 19.11 | 21.11 |
| AUD/GBP | 0.5130 | 0.0001 | 0.0004 | 0.0006 | 0.0008 | ZAR | 10.56 | 11.67 |
| USD Index | 106.26 | | | | | EQUITIES | | |
| EUR/USD | 1.0593 | 0.0012 | 0.0043 | 0.0095 | 0.0208 | | | Index |
| USD/JPY | 154.64 | -0.59 | -1.81 | -3.36 | -6.27 | NZX50 | | 12,765 |
| GBP/USD | 1.2670 | -0.0001 | -0.0004 | -0.0008 | -0.0020 | ASX200 | | 8,300 |
| EUR/GBP | 0.8358 | 0.0010 | 0.0036 | 0.0080 | 0.0177 | Dow Jones | | 43,347 |
| USD/CNY | 7.2364 | -0.0172 | -0.0524 | -0.1068 | -0.2203 | S&P 500 | | 5,895 |
| | | | | | | FTSE100 | | 8,109 |
| INTEREST | | | New Zealand | | Australia | DAX 30 | | 19,189 |
| RATES | | | Mid | | Mid | Nikkei | | 38,221 |
| 30 day bank bills | | | 4.53% | | 4.36% | COMMODITIES | | |
| 90 day bank bills | | | 4.43% | | 4.48% | | | USD |
| 1 year swap | | | 4.00% | | 4.25% | Brent Crude | | 73.14 |
| 2 year swap | | | 3.86% | | 4.06% | Gold | | 2,607.79 |
| 3 year swap | | | 3.86% | | 4.03% | Silver | | 31.01 |
| 5 year swap | | | 3.98% | | 4.29% | Iron Ore | | 101.63 |
| 10 year swap | | | 4.31% | | 4.57% | CRB Index | | 334.50 |
| 3 year Govt bond | | | 4.12% | | 4.15% | | | NZD |
| 5 year Govt bond | | | 4.33% | | 4.28% | NZ Carbon | | 63.90 |
| 10 year Govt bond | | | 4.77% | | 4.69% | | | |

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