

Market Alert

Thursday 21 November 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5873	0.0017
NZD/AUD	0.9040	0.0017
NZD/JPY	91.215	-1.74
NZD/EUR	0.5577	-0.0036
NZD/GBP	0.4642	0.0015
NZD/CNH	4.2572	-0.0228
AUD/USD	0.6495	0.0004
AUD/EUR	0.6168	-0.0052
EUR/USD	1.0529	0.0096
USD/CNH	7.2499	-0.0612
GBP/USD	1.2650	-0.0007
EUR/GBP	0.8321	0.0079

INT RATES	NZ	Australia
OCR/Cash	4.75%	4.35%
90 day bills	4.40%	4.47%
2 year swap	3.76%	4.07%
10 year Govt	4.72%	4.66%

Sorry but Market Alert may be a little late this morning ...

... as I was up late last night removing my Bancorp patches!

No surprises from the PBoC!

As expected, the PBoC left its Loan Prime Rates ("LPR") unchanged at 3.10% for the 1-year and at 3.60% for the 5-years. On a side note, economists suggest the impact of Trump implementing 38% tariffs on Chinese goods would reduce Chinese growth by between 0.5% and 0.9%.

The ECB, in its latest financial stability review, warned, "Economic growth remains fragile. Concerns about the global trade outlook have added to geopolitical and policy uncertainty. High valuations and risk concentration make markets more susceptible to sudden corrections. The

market concentration among a few large firms raises concerns over the possibility of an AI-related asset price bubble." Meanwhile, ECB Vice President, Luis de Guindos, announced, "The current low growth environment has more to do with structural policy. Monetary policy is not almighty." In other words, it's not my fault!

Looking at the actual data, Eurozone negotiated wage growth accelerated to its highest level since 1993 jumping from 3.5% in Q2 to 5.4% in Q3, German PPI inflation printed in line with expectations at 0.2%, although UK CPI inflation reached its highest level in 6-months firming from 1.7% to 2.3%.

Ahead of next month's mid-year Budget update, Australian Treasurer, Jim Chalmers, confirmed that tumbling iron ore prices and a softening labour market have impacted the government's revenues, adding that he was "confident, but not complacent" that the worst of the inflation had passed. Meanwhile, the Australian 'Leading Index' moved into positive territory rising from -0.2% to 0.3% in October suggesting an improvement in Australian growth momentum is imminent. The positive result was derived from improvements in consumer sentiment and commodity prices.

Fed Governor, Michelle Bowman, warned, "It's concerning to me that we're recalibrating policy, but we haven't as yet achieved our inflation goal," adding that the neutral policy rate is much higher than it was before Covid, implying "we may therefore be closer to a neutral policy stance than we currently think."

With the USD-index firming after 3-days of losses, the biggest impact was felt by the NZD which fell 0.7%, with the AUD, EUR and JPY all falling in the region of 0.4% to 0.5%. To add to the pessimistic tone, the latest US treasury auction, in which it sold USD16bn of 20-year bonds, fell flat with low domestic demand, below average international demand, and a 3bps tail yielding 4.68% versus the prior 4.65%, which was well above the 0.1bps average over the last 6-months. Currently the 2 and 10-years are trading 2bps and 1bps higher at 4.31% and 4.41%. Globally, equity markets are a 'sea of red' falling between 0.3% and 1.0%, after a weaker than expected earnings report Target saw its shares plummet 20.0%, although we have Nvidia reporting after the bell. Finally, commodity prices are mixed with oil 0.8% lower.

While UK long-range missiles have now also been used alongside

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... US missiles by Ukrainian forces against Russian targets, China has been causing its own issues after an underwater data cable in the Baltic Sea that connects Finland, Germany, Sweden and Lithuania was severed on Monday ... with tracking data showing a Chinese vessel drifted 'back and forth' for around an hour at the time the cables were 'damaged'!

One of the major North American banks has projected the US Federal government's deficit will reach 100% of GDP this year and reach 122% by 2034.



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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	69.80					CAD	0.8213	0.9089
NZD/USD	0.5873	0.0002	0.0006	0.0017	0.0036	CHF	0.5192	0.5746
NZD/AUD	0.9040	0.0000	0.0004	0.0017	0.0050	CNY	4.2520	4.7007
NZD/JPY	91.215	-0.32	-1.00	-1.74	-3.19	DKK	4.1587	4.6007
NZD/EUR	0.5577	-0.0005	-0.0018	-0.0036	-0.0080	FJD	1.3137	1.4533
NZD/GBP	0.4642	0.0002	0.0006	0.0015	0.0033	HKD	4.5697	5.0554
						KRW	821.79	909.14
AU TWI	61.90					MYR	2.6237	2.9026
AUD/USD	0.6495	0.0002	0.0004	0.0004	0.0002	NOK	6.4957	7.1861
AUD/NZD	1.1062	-0.0001	-0.0006	-0.0024	-0.0066	SEK	6.4790	7.1676
AUD/JPY	100.89	-0.36	-1.16	-2.13	-4.08	SGD	0.7887	0.8725
AUD/EUR	0.6168	-0.0006	-0.0023	-0.0052	-0.0122	TWD	19.10	21.13
AUD/GBP	0.5133	0.0002	0.0004	0.0006	0.0007	ZAR	10.62	11.75
USD Index	106.70					EQUITIES		
EUR/USD	1.0529	0.0013	0.0045	0.0096	0.0214		Index	
USD/JPY	155.30	-0.60	-1.88	-3.39	-6.34	NZX50	12,737	
GBP/USD	1.2650	-0.0001	-0.0004	-0.0007	-0.0015	ASX200	8,326	
EUR/GBP	0.8321	0.0011	0.0038	0.0079	0.0174	Dow Jones	43,202	
USD/CNY	7.2459	-0.0183	-0.0545	-0.1089	-0.2247	S&P 500	5,893	
						FTSE100	8,085	
INTEREST			New Zealand		Australia	DAX 30	19,005	
RATES			Mid		Mid	Nikkei	38,352	
30 day bank bills			4.49%		4.37%	COMMODITIES		
90 day bank bills			4.40%		4.47%		USD	
1 year swap			3.95%		4.26%	Brent Crude	72.96	
2 year swap			3.78%		4.09%	Gold	2,649.69	
3 year swap			3.78%		4.05%	Silver	31.03	
5 year swap			3.91%		4.30%	Iron Ore	101.89	
10 year swap			4.24%		4.57%	CRB Index	341.09	
3 year Govt bond			4.05%		4.13%		NZD	
5 year Govt bond			4.27%		4.26%	NZ Carbon	63.95	
10 year Govt bond			4.72%		4.66%			

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