

Market Alert

Monday 02 December 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5924	0.0016
NZD/AUD	0.9078	0.0018
NZD/JPY	88.705	-1.69
NZD/EUR	0.5595	-0.0040
NZD/GBP	0.4647	0.0014
NZD/CNH	4.2859	-0.0286
AUD/USD	0.6521	0.0003
AUD/EUR	0.6158	-0.0057
EUR/USD	1.0586	0.0101
USD/CNH	7.2478	-0.0670
GBP/USD	1.2742	-0.0007
EUR/GBP	0.8304	0.0081

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	4.36%	4.48%
2 year swap	3.69%	3.98%
10 year Govt	4.49%	4.41%

Well, that was a weekend to end all weekends!

We had friends visiting from the UK ... and I suspect the liver will recover just in time for next weekend, when we'll get to do it all over again! But this morning we should give a big shout out to Liverpool for plunging the knife deeper into the heart of all those fair-weather Manchester City fans, congratulations to Max Verstappen ... again ... and for those Black Cap fans ... it's been a roller-coaster but the less said the better!

Saturday morning's close ...

... saw treasury yields continue their retreat lower with the 2 and 10-year yields falling 8bps and 9bps to yield 4.16% and 4.18% amid the shortened trading week for markets following the

Thanksgiving holiday. If you recall, the fall was initially triggered on the belief that the nomination of Scott Bessent as US Treasury Secretary would provide a degree of stability to the incoming Trump administration, while the PCE inflation print implied the Fed still had the potential to cut rates at its 18 December meeting. Markets are currently pricing in a 66% chance of a 25bps cut later in the month.

The USD-index also continued its reversal from its 2-year high as it looks to test support in the low 105.00s. The biggest moves were against the JPY following the latest Tokyo inflation print, while the NZD reclaimed the 0.5900 handle, and the AUD closed above 0.6500. There was also some relief for JPY exporters with the NZD/JPY finally breaking through support at 90.00 to open week mid-88.00s, while the NZD/AUD has continued its rally towards the 91.00 handle.

Eurozone inflation accelerated for a 2nd consecutive month firming to 2.3% from October's 2.0% print. The headline number was in line with expectations due to base effects as last year's sharp declines in energy prices slid out of the annual print.

Bring on the rate hikes ... Japanese Tokyo headline inflation firmed from 1.8% to 2.6%, while the core accelerated from 1.8% to 2.0%. Service's inflation, which BoJ Governor, Kazuo Ueda, is keeping a close eye on, rose from 0.8% to 0.9%.

Chinese NBS manufacturing PMIs rose from 50.1 to 50.3 in November 2024 in what was the index's highest print since

April. It was also the 2nd successive month of increases in factory activity following Beijing's stimulus measures in late September.

No surprise here but the S&P Global Ratings Q1 2025 outlook is dominated by the new US administration with the ratings agency suggesting the positive growth effects will be minimal, inflation pressures will rise, and the Fed is likely to stop cutting rates earlier. This will lead to tighter financial conditions, a stronger dollar, and a more complicated macroeconomic picture elsewhere.

The week ahead ...

... will be all about laying the groundwork for the FOMC meeting later in the month, and a big input into that will be this week's releases. The main focus will be on Friday's US releases with the November jobs report and employment numbers, but we also have the JOLT's employment numbers, ISM PMIs, the Michigan consumer sentiment index, factory orders, and the latest trade update. We also have various speeches from Fed officials, including Chair Powell. Elsewhere we have the latest unemployment numbers from the Eurozone and Canada, Germany will release its latest factory orders and industrial production numbers, key speeches by BoJ officials will provide some insights as to what policymakers are thinking amid growing bets that the central bank will deliver another rate hike in its final meeting of 2024, while, finally, Australia will update on its Q3 GDP numbers.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Monday 02 December 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.60					CAD	0.8285	0.9123
NZD/USD	0.5924	0.0003	0.0006	0.0016	0.0033	CHF	0.5216	0.5731
NZD/AUD	0.9078	0.0001	0.0003	0.0018	0.0045	CNY	4.2930	4.7168
NZD/JPY	88.705	-0.37	-0.92	-1.69	-3.05	DKK	4.1754	4.5970
NZD/EUR	0.5595	-0.0006	-0.0018	-0.0040	-0.0087	FJD	1.3206	1.4540
NZD/GBP	0.4647	0.0002	0.0006	0.0014	0.0029	HKD	4.6089	5.0743
						KRW	826.06	909.46
AU TWI	61.50					MYR	2.6298	2.8953
AUD/USD	0.6521	0.0002	0.0003	0.0003	0.0003	NOK	6.5200	7.1783
AUD/NZD	1.1006	-0.0002	-0.0009	-0.0026	-0.0064	SEK	6.4489	7.1000
AUD/JPY	97.49	-0.43	-1.08	-2.04	-3.85	SGD	0.7929	0.8730
AUD/EUR	0.6158	-0.0007	-0.0024	-0.0057	-0.0128	TWD	19.21	21.15
AUD/GBP	0.5114	0.0001	0.0002	0.0004	0.0005	ZAR	10.72	11.80
USD Index	105.78					EQUITIES		
EUR/USD	1.0586	0.0014	0.0044	0.0101	0.0226		Index	
USD/JPY	149.73	-0.70	-1.69	-3.21	-5.91	NZX50	13,067	
GBP/USD	1.2742	0.0000	-0.0003	-0.0007	-0.0010	ASX200	8,436	
EUR/GBP	0.8304	0.0011	0.0036	0.0081	0.0180	Dow Jones	44,911	
USD/CNY	7.2423	-0.0191	-0.0531	-0.1090	-0.2235	S&P 500	6,032	
						FTSE100	8,287	
INTEREST		New Zealand		Australia		DAX 30	19,626	
RATES		Mid		Mid		Nikkei	38,208	
30 day bank bills		4.38%		4.36%		COMMODITIES		
90 day bank bills		4.36%		4.48%			USD	
1 year swap		3.89%		4.20%		Brent Crude	71.84	
2 year swap		3.71%		3.99%		Gold	2,653.55	
3 year swap		3.66%		3.91%		Silver	30.60	
5 year swap		3.74%		4.13%		Iron Ore	105.31	
10 year swap		4.06%		4.37%		CRB Index	343.72	
3 year Govt bond		3.87%		3.94%			NZD	
5 year Govt bond		4.05%		4.04%		NZ Carbon	64.10	
10 year Govt bond		4.49%		4.41%				

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED