

Market Alert

Thursday 05 December 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5866	0.0016
NZD/AUD	0.9112	0.0018
NZD/JPY	88.055	-1.63
NZD/EUR	0.5570	-0.0037
NZD/GBP	0.4614	0.0015
NZD/CNH	4.2664	-0.0329
AUD/USD	0.6436	0.0004
AUD/EUR	0.6110	-0.0053
EUR/USD	1.0531	0.0096
USD/CNH	7.2729	-0.0757
GBP/USD	1.2711	-0.0010
EUR/GBP	0.8281	0.0081

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	4.34%	4.47%
2 year swap	3.56%	3.84%
10 year Govt	4.45%	4.36%

Winners are grinner!

And that's what the boys were doing last night after winning the final ... despite their international and first team players! It was one for the ages ... Geriatric Gazza actually moved upfront and bagged a couple, rock steady Simple Simon was composed in goal despite a broken shoulder, and King Kevvie and myself actually managed to lay a glove or 2 on their international man and 'step-over' king! Oh yes, the young boys weren't bad either ... and the beer tasted all the better for the result afterwards.

Interrupting the eating and drinking ...

... there was actually a bit of activity overnight, although there was a slight disappointing tone to it all. From the USD, in what was the slowest rate of growth

in 3-months, ISM services PMIs fell from 56.0 to 52.1 in November, private businesses disappointingly added just 146k workers to their payrolls in November, which was also the least in 3-months, although there was a slight positive as new orders for manufactured goods reversed 2-months of declines, increasing 0.2% to reach USD586.7bn.

In the Eurozone, October PPI firmed 0.4% as expected, the final November services PMI report firmed to 49.5 from 49.2, while in the UK, the final September services PMI print also firmed, from 50.0 to 50.8. The final Chinese Caixin Services PMI for November contracted from 52.4 to 51.5, although it was better than the previous month's 50.0.

After growing at just 0.2% in the prior 3 quarters, Australian GDP growth in 3Q24 rose to 0.3%, although it was well below the 0.5% figure that had been forecast. Annual growth fell from 1.0% to 0.8%.

The final NZ carbon auction of the year saw over 4m units traded at the floor price of NZD64 ahead of next year's increase to NZD68.

The OECD raised its global growth outlook for next year but warned of protectionism risk noting that "rising trade tensions and further moves towards protectionism might disrupt supply chains, raise consumer prices, and negatively impact growth." The largest upgrades were to the US outlook while, despite no change to its Eurozone forecast, the OECD slashed next year's outlook for Germany from 1.1% to 0.7%.

The Fed's Thomas Barkin confirmed, "I'm encouraged by where inflation is headed as I see positives on both sides of the Fed's mandate, but you can't ignore last month's jobs report at +12k even if there are skews. To me, normalising is a slower and more-careful path to bring rates to neutral."

ECB Chief, Christine Lagarde, announced, "Inflation expected to temporarily rise in Q4 and decline next year. We are therefore not pre-committing to a particular rate path. The medium-term economic outlook is uncertain. Growth will be weaker in the short term. Further ahead, the eurozone economic recovery should start to gather steam," while Joachim Nagel added, "I favour a gradual, cautious approach to rate cuts." Colleague Olli Rehn added, "I see policy easing continuing in the coming months."

BoE Governor, Andrew Bailey, spoke to the FT stating, "We expect 4 rate cuts next year if economic outlook stays the course."

Despite an initial surge in the USD-index ...

... the weaker than expected releases saw it lose some of its gloss. After the poor GDP print, the AUD was the 'biggest' loser falling 0.8%, while the NZD was 'only' 0.4% lower, which saw NZD/AUD reclaim the 0.9100 level. Bond yields are also lower this morning, with the US 2-years losing 5bps to yield 4.14%, while the 10-years is 3bps lower at 4.19%, which will weigh on NZ fixed income markets. Equity markets are stronger ... again ... while commodities are mixed.



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Daily Rates

Thursday 05 December 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.50					CAD	0.8248	0.9055
NZD/USD	0.5866	0.0002	0.0006	0.0016	0.0031	CHF	0.5178	0.5686
NZD/AUD	0.9112	0.0001	0.0005	0.0018	0.0040	CNY	4.2538	4.6729
NZD/JPY	88.055	-0.33	-0.88	-1.63	-2.93	DKK	4.1519	4.5569
NZD/EUR	0.5570	-0.0005	-0.0017	-0.0037	-0.0081	FJD	1.3145	1.4427
NZD/GBP	0.4614	0.0002	0.0006	0.0015	0.0032	HKD	4.5646	5.0098
						KRW	828.27	909.07
AU TWI	61.00					MYR	2.6095	2.8640
AUD/USD	0.6436	0.0002	0.0003	0.0004	0.0004	NOK	6.4490	7.1001
AUD/NZD	1.0972	-0.0002	-0.0008	-0.0024	-0.0058	SEK	6.3987	7.0229
AUD/JPY	96.63	-0.38	-1.03	-1.99	-3.72	SGD	0.7869	0.8637
AUD/EUR	0.6110	-0.0007	-0.0022	-0.0053	-0.0121	TWD	18.99	20.84
AUD/GBP	0.5061	0.0001	0.0004	0.0006	0.0009	ZAR	10.62	11.65
USD Index	106.16					EQUITIES		
EUR/USD	1.0531	0.0014	0.0041	0.0096	0.0214		Index	
USD/JPY	150.09	-0.64	-1.66	-3.16	-5.86	NZX50	12,897	
GBP/USD	1.2711	-0.0001	-0.0004	-0.0010	-0.0018	ASX200	8,463	
EUR/GBP	0.8281	0.0011	0.0036	0.0081	0.0180	Dow Jones	44,879	
USD/CNY	7.2632	-0.0183	-0.0526	-0.1096	-0.2299	S&P 500	6,074	
						FTSE100	8,336	
INTEREST		New Zealand		Australia		DAX 30	20,232	
RATES		Mid		Mid		Nikkei	39,276	
30 day bank bills		4.38%		4.37%		COMMODITIES		
90 day bank bills		4.34%		4.47%			USD	
1 year swap		3.82%		4.09%		Brent Crude	72.53	
2 year swap		3.61%		3.86%		Gold	2,652.22	
3 year swap		3.57%		3.79%		Silver	31.34	
5 year swap		3.64%		4.02%		Iron Ore	106.08	
10 year swap		3.95%		4.26%		CRB Index	342.74	
3 year Govt bond		3.84%		3.87%			NZD	
5 year Govt bond		4.01%		3.97%		NZ Carbon	64.40	
10 year Govt bond		4.45%		4.36%				

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