

Market Alert

Friday 06 December 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5870	0.0016
NZD/AUD	0.9120	0.0019
NZD/JPY	88.185	-1.64
NZD/EUR	0.5555	-0.0036
NZD/GBP	0.4607	0.0015
NZD/CNH	4.2651	-0.0319
AUD/USD	0.6435	0.0003
AUD/EUR	0.6091	-0.0053
EUR/USD	1.0566	0.0097
USD/CNH	7.2664	-0.0735
GBP/USD	1.2739	-0.0010
EUR/GBP	0.8291	0.0081

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	4.33%	4.48%
2 year swap	3.56%	3.88%
10 year Govt	4.48%	4.31%

TGI

Thank God it's ... Friday ... let's break out those Long Island iced teas! I mean... what could be wrong if we all had a couple of those before the office Christmas party?

It was a quiet session ...

... overnight with little movements of note. The US-dollar weakened in the countdown to tonight's US non-farm payrolls release. It's actually really interesting from a technical perspective ahead of tomorrow's weekly close, but for now, the EUR has been the main beneficiary with the NZD and AUD flat. There wasn't a great deal going on in bond markets either with the US 2-year yield 3bps higher at 4.17%, while the 10-years continues to consolidate at the 4.19% level. Equity market across Asia and Europe closed higher, although the Dow

and Nasdaq will likely close slightly lower on profit taking. Commodity markets were also mixed, although steel and gold prices eased 1.7% and 1.0% respectively.

Ahead of tonight's US employment and earnings reports, initial jobless claims rose from 213k to 224k, although continuing claims eased back to 1,871k from a revised 1,896k. The US trade deficit narrowed to USD73.8bn in October from September's upwardly revised USD83.8bn, while the Atlanta Fed GDPNow forecast was revised higher yet again ... this time to 3.3% from 3.2%.

A poll of 75 economists has 73 of them calling for an ECB 25bps cut next week, with the other 2 calling for 50bps. Meanwhile, Eurozone October retail sales fell 0.5%, German industrial orders eased 1.5%, while a BoE survey has 2025 UK inflation coming in at 2.7%.

The Australia trade balance increased from AUD4.6bn to AUD5.9bn after exports soared 3.6% while imports increased 0.1%.

Fonterra raised its forecast milk price to a NZD10.00kgMS mid-point despite Q1 profits falling 30% to NZD263m as lower sales and higher milk prices dented earnings.

BOE Member, Megan Greene, confirmed, *"UK services inflation has remained stubbornly high, underpinned by wage growth, (although) supply side growth is weak. Wage growth hasn't fallen as fast as I would have liked (meaning) inflation is fundamentally more persistent."*

BoJ Board Member, Toyoaki Nakamura,

expressed concerns that the central bank must move *"cautiously"* in raising interest rates as, *"I am personally not confident about the sustainability of wage growth (and there is) a chance inflation may miss its 2.0% target from FY2025 onwards. Consumption lacks momentum as households are becoming more frugal due to rising prices."*

By way of an explanation ...

What could go wrong when you get so many different political ideologies aligned ... while we all know there is no majority party in the French parliament, yesterday's vote is noticeable in that the radical left, the green party, the social democrats and the far-right all came together for a no confidence vote ... and as a result, French PM Barnier has resigned. Interestingly, Marine Le Pen sees no case for President Macron to quit under the current situation, although narrowing the budget deficit to 3.0% of GDP by 2029 just isn't credible!

Tell us something we don't know ... the OECD has highlighted New Zealand's electricity market is a handicap on local productivity ... and suggests the country should consider whether the generation and retail operations of the gen-tailers should be split!

Really, this is a headline! There have been accusations of bullying and lying between a couple of the F1 teams ... given the money involved, isn't this BAU?

When politics influences markets ... Bitcoin blew past the USD100k mark on the prospect of weaker regulations under Donald Trump's pro-crypto pick of Paul Atkins for the position of SEC Chair.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Friday 06 December 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.40					CAD	0.8243	0.9048
NZD/USD	0.5870	0.0002	0.0006	0.0016	0.0037	CHF	0.5163	0.5664
NZD/AUD	0.9120	0.0001	0.0006	0.0019	0.0045	CNY	4.2520	4.6612
NZD/JPY	88.185	-0.33	-0.89	-1.64	-2.90	DKK	4.1415	4.5416
NZD/EUR	0.5555	-0.0005	-0.0017	-0.0036	-0.0077	FJD	1.3151	1.4424
NZD/GBP	0.4607	0.0002	0.0006	0.0015	0.0034	HKD	4.5667	5.0079
						KRW	831.76	912.27
AU TWI	60.90					MYR	2.5966	2.8475
AUD/USD	0.6435	0.0002	0.0003	0.0003	0.0006	NOK	6.4864	7.1142
AUD/NZD	1.0961	-0.0002	-0.0008	-0.0025	-0.0063	SEK	6.3812	6.9977
AUD/JPY	96.75	-0.38	-1.04	-1.99	-3.70	SGD	0.7860	0.8620
AUD/EUR	0.6091	-0.0007	-0.0022	-0.0053	-0.0117	TWD	19.02	20.86
AUD/GBP	0.5051	0.0002	0.0004	0.0007	0.0009	ZAR	10.59	11.61
USD Index	105.95					EQUITIES		
EUR/USD	1.0566	0.0014	0.0043	0.0097	0.0214		Index	
USD/JPY	150.22	-0.62	-1.67	-3.16	-5.85	NZX50	12,897	
GBP/USD	1.2739	-0.0001	-0.0005	-0.0010	-0.0019	ASX200	8,475	
EUR/GBP	0.8291	0.0012	0.0037	0.0081	0.0178	Dow Jones	44,873	
USD/CNY	7.2592	-0.0188	-0.0538	-0.1097	-0.2275	S&P 500	6,085	
						FTSE100	8,349	
INTEREST		New Zealand		Australia		DAX 30	20,359	
RATES		Mid		Mid		Nikkei	39,396	
30 day bank bills		4.38%		4.37%		COMMODITIES		
90 day bank bills		4.33%		4.48%			USD	
1 year swap		3.81%		4.12%		Brent Crude	72.49	
2 year swap		3.61%		3.90%		Gold	2,628.73	
3 year swap		3.58%		3.84%		Silver	31.11	
5 year swap		3.67%		4.07%		Iron Ore	106.29	
10 year swap		3.99%		4.29%		CRB Index	342.03	
3 year Govt bond		3.85%		3.85%			NZD	
5 year Govt bond		4.04%		3.95%		NZ Carbon	63.00	
10 year Govt bond		4.48%		4.31%				

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