

# Market Alert

Monday 09 December 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5843	0.0014
NZD/AUD	0.9139	0.0017
NZD/JPY	87.655	-1.62
NZD/EUR	0.5528	-0.0038
NZD/GBP	0.4585	0.0015
NZD/CNH	4.2550	-0.0310
AUD/USD	0.6387	0.0003
AUD/EUR	0.6042	-0.0055
EUR/USD	1.0568	0.0095
USD/CNH	7.2796	-0.0710
GBP/USD	1.2742	-0.0014
EUR/GBP	0.8289	0.0080

  

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	4.33%	4.48%
2 year swap	3.62%	3.86%
10 year Govt	4.49%	4.31%

## Well done 'The Port'!

I know it's only been a few months, but what a difference a derby makes! Watching it on 'the box,' the atmosphere was incredible, and it's really lifted football in NZ, so a big shout out to both the Phoenix and the Black Knights. But let's just leave it there and not mention the cricket ... ever again ... although we should give an honourable mention to the Aussie cricket team after their 'bounce back' win.

## Last week was spent in limbo as we awaited the US jobs report ...

... and it didn't disappoint after nonfarm payrolls surged by 227k, while the hurricane-impacted October number was revised higher to 36k from 12k.

Expectations were at 214k. Against this strong number, the unemployment rate edged higher to 4.2% as the labour force participation rate dropped to 62.5% from 62.6%.

Despite the stronger than expected nonfarms number, the higher unemployment rate and falling participation rate saw Treasury yields trade lower, with the market now pricing in an 88.0% chance of a 25bps rate cut, with the 2-year Treasury yield declining 4bps to 4.11%, while the 10-year yield fell 1bps to 4.17%. Average hourly earnings rose by 0.4%. On a side note, the University of Michigan consumer sentiment index increased for a 5th consecutive month to 74.0.

Interestingly, despite the lower yields, the USD-index firmed 0.3% with the AUD and NZD somewhat bizarrely the biggest losers dropping 1.0% and 0.7%, while the CNY eased -0.3% and the EUR flatlined.

Post the release, the Fed's Mary Daly added, "*The labour market remains in a good place and is balanced,*" although she then added, "*the participation rate is still lower than the other major economies: if we want to grow faster, then more work needs to be done.*" Austin Goolsbee added, "*The hope is the Fed will get to the range of neutral by the end of 2025. On average it feels like the jobs market cooling from a very hot level,*" Beth Hammack confirmed, she has, "*an 'open mind' about the December meeting. The market view of one cut between now and late January is reasonable,*" while Michelle Bowman added she does not take a dissenting vote on policy lightly.

## The week ahead ...

With the US jobs market in a healthy place, the focus this week will be on the inflationary impacts of an almost full work force with this week's US CPI inflation report. You may recall ... as we've mentioned it a few times already ... the recent most recent inflation prints have all ticked higher ... and that is expected to be the case this week as well, with inflation expected to reach a 4-month high firming to 2.7% from October's 2.6%, with the core expected to be at 3.3%. We also have, from the US, inventories, consumer inflation expectations, the business optimism index, labour costs, and export and import prices.

We also have a few central bank meetings this week with the RBA expected to hold steady, ECB and SNB expected to cut 25bps, the BoC expected to cut 50bps, while the Brazilian central bank is, conversely, expected to hike by 75bps! In the Eurozone, we will get an update on its industrial production, while the UK will update us with its monthly GDP report, industrial production, and trade balance figures.

In our part of the world, it's a busy week in China with its CPI and PPI releases, swiftly followed with its trade and new Yuan loan updates. Following the RBA meeting we also have the latest Australian employment and business confidence updates.



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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	69.50					CAD	0.8263	0.9045
NZD/USD	0.5843	0.0002	0.0006	0.0014	0.0032	CHF	0.5127	0.5606
NZD/AUD	0.9139	0.0001	0.0005	0.0017	0.0044	CNY	4.2382	4.6437
NZD/JPY	87.655	-0.34	-0.88	-1.62	-2.93	DKK	4.1187	4.5068
NZD/EUR	0.5528	-0.0006	-0.0017	-0.0038	-0.0078	FJD	1.3126	1.4362
NZD/GBP	0.4585	0.0002	0.0006	0.0015	0.0032	HKD	4.5406	4.9684
						KRW	831.27	909.60
AU TWI	60.80					MYR	2.5782	2.8211
AUD/USD	0.6387	0.0001	0.0002	0.0003	0.0003	NOK	6.5028	7.1156
AUD/NZD	1.0955	-0.0002	-0.0008	-0.0027	-0.0063	SEK	6.3780	6.9789
AUD/JPY	95.86	-0.38	-1.03	-1.99	-3.69	SGD	0.7832	0.8570
AUD/EUR	0.6042	-0.0007	-0.0022	-0.0055	-0.0115	TWD	18.90	20.68
AUD/GBP	0.5011	0.0001	0.0004	0.0005	0.0010	ZAR	10.51	11.50
USD Index	105.97					<b>EQUITIES</b>		
EUR/USD	1.0568	0.0014	0.0042	0.0095	0.0207		<b>Index</b>	
USD/JPY	150.03	-0.63	-1.65	-3.14	-5.81	NZX50	12,810	
GBP/USD	1.2742	-0.0002	-0.0006	-0.0014	-0.0028	ASX200	8,421	
EUR/GBP	0.8289	0.0011	0.0036	0.0080	0.0174	Dow Jones	44,643	
USD/CNY	7.27	-0.0186	-0.0531	-0.1099	-0.2277	S&P 500	6,090	
						FTSE100	8,309	
<b>INTEREST</b>		<b>New Zealand</b>		<b>Australia</b>		DAX 30	20,385	
<b>RATES</b>		Mid		Mid		Nikkei	39,091	
30 day bank bills		4.38%		4.37%		<b>COMMODITIES</b>		
90 day bank bills		4.33%		4.48%			<b>USD</b>	
1 year swap		3.82%		4.10%		Brent Crude	71.12	
2 year swap		3.64%		3.87%		Gold	2,632.91	
3 year swap		3.61%		3.81%		Silver	30.98	
5 year swap		3.72%		4.03%		Iron Ore	104.11	
10 year swap		4.02%		4.27%		CRB Index	343.29	
3 year Govt bond		3.84%		3.84%			<b>NZD</b>	
5 year Govt bond		4.03%		3.94%		NZ Carbon	61.50	
10 year Govt bond		4.49%		4.31%				

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