

Market Alert

Monday 27 November 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6074	0.0001
NZD/AUD	0.9225	-0.0043
NZD/JPY	90.85	-2.60
NZD/EUR	0.5556	-0.0044
NZD/GBP	0.4826	-0.0005
NZD/CNH	4.3430	-0.0619
AUD/USD	0.6584	0.0031
AUD/EUR	0.6019	-0.0021
EUR/USD	1.0939	0.0088
USD/CNH	7.1490	-0.1036
GBP/USD	1.2603	0.0013
EUR/GBP	0.8683	0.0058

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.62%	4.38%
2 year swap	5.27%	4.66%
10 year Govt	4.99%	4.55%

Well last week ended with a whimper!

Let's hope for a bit more excitement this week!

Interestingly, according to Bank of America, investors flocked into equities at the fastest pace in almost two years, as speculators bet that interest rates have peaked, although Friday saw a quiet close to the week with equity markets posting modest gains while treasury yields firmed the most in over a week which saw the US 10-year bond firm 6bps to 4.47%, rebounding from its 2-month low at 4.42%. Bund yields also posted gains, with the 10-year bond firming 2bps to 2.65%, after Germany suspended its borrowing limit. In other markets, the USD-index was steady, with the NZD/USD and AUD/USD both at the top of the recent

ranges, gold prices flatlined, while oil prices eased -1.3% amid OPEC+ tensions.

Friday saw the release of US composite PMIs, which held steady at 50.7, unchanged from October's 3-month high, after new orders increased slightly, while employment levels declined for the first time in almost three-and-a-half years. Black Friday shoppers were also busy spending an estimated USD9.8bn in US online sales, which was up 7.5% from last year, although in New Zealand it's been reported Black Friday sales fell 10% from last year by Retail NZ. Finally, we also had the release of German business confidence which rose for the second consecutive month to 87.3 as sentiment reached its strongest level in 4-months.

Friday also saw confirmation of the new government here in NZ, although economists suspect it will have little immediate impact on the cost of living, inflation, and interest rates, but there is some hope that in time spending cuts will eventually support the promised tax cuts.

Over the weekend, ECB council member Madis Muller announced, "*Inflation is clearly showing a trend of slowing. We probably do not need to increase rates anymore. High ECB rates are smaller problem than high inflation.*"

Well done young man!

Lastly, congratulations to Red Bull's triple world champion Max Verstappen who recorded his 19th win out of 22 races at the season-ending Abu Dhabi Grand Prix.

So... what have we to look forward to this week?

Well, it's all happening this week. Most of the excitement locally will focus on the RBNZ's central bank meeting on Wednesday, which I suspect will be followed by one or two speeches from Adrian Orr ahead of his Christmas hiatus with the next meeting booked in for 29 February 2024! That is some summer holiday! There is also a lot of excitement internationally with most of it centred on the release of the Fed's preferred inflation measure, the PCE deflator, as well as Q3 GDP.

We also have, from the US, personal income and spending, manufacturing PMIs, consumer confidence, along with speeches from several Fed officials. Speaking of central bankers, we also have various speeches from various ECB and BoJ officials, as well as inflation updates from Germany, the Eurozone and Australia. China updates their manufacturing and services PMIs, while Germany will publish their consumer confidence and retail sales 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	70.77					CAD	0.8292 0.8979
NZD/USD	0.6074	0.0000	-0.0004	0.0001	-0.0002	CHF	0.5361 0.5777
NZD/AUD	0.9225	-0.0008	-0.0030	-0.0043	-0.0066	CNY	4.3313 4.7109
NZD/JPY	90.85	-0.42	-1.40	-2.60	-4.99	DKK	4.1402 4.4867
NZD/EUR	0.5556	-0.0007	-0.0026	-0.0044	-0.0093	FJD	1.3361 1.4763
NZD/GBP	0.4826	-0.0001	-0.0006	-0.0005	-0.0010	HKD	4.7438 5.1318
						KRW	795.19 860.18
AU TWI	61.10					MYR	2.8382 3.0768
AUD/USD	0.6584	0.0006	0.0018	0.0031	0.0044	NOK	6.5139 7.0494
AUD/NZD	1.0831	0.0008	0.0017	0.0048	0.0071	SEK	6.3493 6.8805
AUD/JPY	98.40	-0.38	-1.20	-2.38	-4.76	SGD	0.8139 0.8821
AUD/EUR	0.6018	-0.0002	-0.0009	-0.0021	-0.0060	TWD	19.26 20.83
AUD/GBP	0.5226	0.0003	0.0010	0.0019	0.0026	ZAR	11.44 12.37
USD Index	103.77					EQUITIES	
EUR/USD	1.0939	0.0013	0.0044	0.0088	0.0179		Index
USD/JPY	149.44	-0.70	-2.23	-4.35	-8.21	NZX50	11,211
GBP/USD	1.2600	0.0002	0.0008	0.0013	0.0018	ASX200	7,041
EUR/GBP	0.8682	0.0008	0.0029	0.0058	0.0126	Dow Jones	35,390
						S&P 500	4,559
INTEREST RATES			New Zealand		Australia	FTSE100	7,488
			Mid		Mid	DAX 30	16,029
30 day bank bills			5.58%		4.30%	Nikkei	33,626
90 day bank bills			5.62%		4.38%	COMMODITIES	
1 year swap			5.60%		4.54%		USD
2 year swap			5.27%		4.46%	Brent Crude	81.89
3 year swap			5.04%		4.42%	Gold	2,000.82
5 year swap			4.82%		4.61%	Silver	24.33
10 year swap			4.87%		4.87%	Iron Ore	130.16
3 year Govt bond			4.98%		4.20%	CRB Index	312.58
5 year Govt bond			4.91%		4.25%		NZD
10 year Govt bond			5.01%		4.55%	NZ Carbon	71.55

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