

Market Alert

Friday 01 November 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5969	0.0013
NZD/AUD	0.9077	0.0014
NZD/JPY	90.715	-1.82
NZD/EUR	0.5491	-0.0035
NZD/GBP	0.4634	0.0014
NZD/CNH	4.2512	-0.0416
AUD/USD	0.6575	0.0003
AUD/EUR	0.6049	-0.0048
EUR/USD	1.0869	0.0091
USD/CNH	7.1231	-0.0888
GBP/USD	1.2881	-0.0010
EUR/GBP	0.8438	0.0076

INT RATES	NZ	Australia
OCR/Cash	4.75%	4.35%
90 day bills	4.52%	4.47%
2 year swap	3.63%	4.07%
10 year Govt	4.57%	4.59%

The biggest derby in New Zealand

... well, not the biggest, not even in football, but this weekend see's the first A-league derby between the Wellington Phoenix and AFC Auckland. I know a few Aucklanders who will be travelling down, and a few Phoenix fans who will be attending as well. It will be lots of fun, especially for the AFC keeper who played for the Phoenix last year ... so let the booing begin!

The Goldilocks scenario remains in place ...

... for the US economy after PCE inflation rose 0.2% on the month, and 2.1% on the year, with the core at 0.3% and 2.7%, which was pretty much in line with expectations. But it's a different scenario in the Eurozone where inflation unexpectedly gapped higher jumping

from 1.7% in September to 2.0% in October, which was slightly above forecasts at 1.9%. The good news is that this increase was largely expected due to base effects, as last year's sharp declines in energy prices are no longer factored into annual rates, and inflation is at the ECB's target.

The other headlines saw US initial claims fall by 12k to 216k, with continuing claims falling to 1,862k, below forecasts at 1,890k. US personal spending rose 0.5% to an annualised rate of USD20.0trn, while Canadian GDP likely grew by 0.3% in September.

Unsurprisingly, the BoJ maintained its short term interest rate target at 0.25% in a unanimous decision. The statement emphasised, "Given that real interest rates are at very low levels, the BoJ will continue to raise the policy rate should the economy and prices move in line with its forecast. Underlying consumer inflation is likely to increase gradually. Risks to the economic outlook are generally balanced, although risks to prices are skewed to the upside for FY25. The impact of FX volatility on prices has become larger as firms have become more active in raising prices and wages." Interestingly, USD/JPY sold-off below 153.00 on the news and opened this morning at 151.90.

Chinese manufacturing PMIs moved into positive territory for the first time in 6-months rising to 50.1, while non-manufacturing (ie services) printed at 50.2. Now I'm not saying these numbers are manipulated, but the composite printed at 50.8! In other news, China's 6 largest national banks will introduce a

new pricing system for existing mortgage rates allowing homebuyers to adjust their mortgage rates every 3 or 6-months, as opposed to the current 1-year option.

There was a host of Australian releases yesterday, so here's a quick rundown ... retail sales firmed 0.1% in September and 0.5% on the quarter, against expectations at 0.3% and 0.5%, private credit increased 0.5% in the month, building permits increased 4.4%, while the export price index fell -4.3% with import prices easing -1.4%.

NZ October business confidence increased from 60.9% to 65.7% although the own activity outlook merely adjusted from 45.3% to 45.9%.

Equity markets are a sea of red this morning ...

... after earnings from tech giants Microsoft and Meta raised concerns about their high AI costs and potential profit pressures. This saw the US exchanges retreat between -0.8% and -2.5%, while the European exchanges are roughly -1.0% lower. Commodity prices are mixed, with oil 2.5% higher although gold prices sold-off -1.5%. Interestingly, global bond yields were a mixed bag with the US 2 and 10-years falling -2bps to 4.17% and 4.28%, while the yield on the 10-year gilt surged 7bps to 4.51% to its highest level in a year, amid concerns over the Labour government's first budget with businesses warning it will hurt hiring and boost inflation.



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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	69.60					CAD	0.8299 0.9144
NZD/USD	0.5969	0.0001	0.0006	0.0013	0.0029	CHF	0.5155 0.5681
NZD/AUD	0.9077	-0.0002	0.0002	0.0014	0.0052	CNY	4.2470 4.6783
NZD/JPY	90.715	-0.34	-1.01	-1.82	-3.22	DKK	4.0947 4.5119
NZD/EUR	0.5491	-0.0006	-0.0017	-0.0035	-0.0070	FJD	1.3325 1.4683
NZD/GBP	0.4634	0.0001	0.0006	0.0014	0.0032	HKD	4.6398 5.1126
						KRW	820.71 904.34
AU TWI	61.50					MYR	2.6106 2.8766
AUD/USD	0.6575	0.0002	0.0004	0.0003	-0.0006	NOK	6.5636 7.2324
AUD/NZD	1.1015	0.0001	-0.0004	-0.0022	-0.0069	SEK	6.3620 7.0103
AUD/JPY	99.95	-0.35	-1.14	-2.18	-4.12	SGD	0.7883 0.8686
AUD/EUR	0.6049	-0.0006	-0.0020	-0.0048	-0.0113	TWD	19.05 20.99
AUD/GBP	0.5104	0.0002	0.0005	0.0006	0.0005	ZAR	10.53 11.60
USD Index	103.97					EQUITIES	
EUR/USD	1.0869	0.0013	0.0043	0.0091	0.0193		Index
USD/JPY	151.99	-0.59	-1.83	-3.37	-6.16	NZX50	12,639
GBP/USD	1.2881	-0.0001	-0.0004	-0.0010	-0.0028	ASX200	8,160
EUR/GBP	0.8438	0.0011	0.0036	0.0076	0.0167	Dow Jones	41,937
USD/CNY	7.1178	-0.0163	-0.0517	-0.1077	-0.2135	S&P 500	5,718
						FTSE100	8,110
						DAX 30	19,078
						Nikkei	39,081
INTEREST RATES			New Zealand		Australia		
			Mid		Mid		
30 day bank bills			4.86%		4.36%		
90 day bank bills			4.52%		4.47%		
1 year swap			3.92%		4.27%		
2 year swap			3.64%		4.09%		
3 year swap			3.62%		4.04%		
5 year swap			3.77%		4.29%		
10 year swap			4.16%		4.57%		
3 year Govt bond			3.85%		4.06%		
5 year Govt bond			4.07%		4.18%		
10 year Govt bond			4.57%		4.59%		
						COMMODITIES	
							USD
						Brent Crude	73.17
						Gold	2,747.62
						Silver	32.77
						Iron Ore	103.78
						CRB Index	334.47
							NZD
						NZ Carbon	63.70

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