

Market Alert

Monday 04 November 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5996	0.0013
NZD/AUD	0.9082	0.0011
NZD/JPY	91.425	-1.83
NZD/EUR	0.5512	-0.0035
NZD/GBP	0.4638	0.0013
NZD/CNH	4.2546	-0.0425
AUD/USD	0.6601	0.0003
AUD/EUR	0.6067	-0.0049
EUR/USD	1.0876	0.0091
USD/CNH	7.1384	-0.0862
GBP/USD	1.2926	-0.0011
EUR/GBP	0.8382	0.0076

INT RATES	NZ	Australia
OCR/Cash	4.75%	4.35%
90 day bills	4.51%	4.46%
2 year swap	3.66%	4.07%
10 year Govt	4.57%	4.63%

Well done the Black caps!

On a spectacular test series win, but it didn't stop there as Liam Lawson placed 9th at the Brazilian GP, the All Blacks held their nerve for the final few minutes, and AFC Auckland are now officially the best football team in New Zealand after their 2-0 victory over the Phoenix! And a big shout out to all those marathon runners ... well done, although I suspect there will be a few sore bodies this morning!

That was a shocker!

Friday night saw the non-farms payrolls release, and it was a shocker with only 12k jobs added to the work force in October, against expectations of 113k, while the September jobs report also downwardly revised to 223k. It is the slowest pace of job creation since the decline in December 2020. There is no

doubt that the number was impacted by the 2 hurricane events, Helene and Milton, as well as the Boeing strikes. But it wasn't all bad as the jobless rate held steady at 4.1%, while average hourly earnings firmed 0.4% for the month and were at 4.0% for the year.

But while the report was a disappointment, the razor-tight Presidential race and this week's Fed meeting held precedence which ultimately generated a more muted reaction than one would have normally expected. Nevertheless, US treasury yields firmed with the 2-years 3bps higher at 4.22% while the 10-years jumped 11bps to be at 4.40%, its highest level since July. The higher yields supported the USD-index, and ultimately kept the NZD and AUD in their current ranges, while USD/JPY jumped back above the 153.00 level. Commodity prices were mixed, with oil a touch firmer on this morning's announcement OPEC+ has agreed to delay their December production increases, while equity markets had a positive session after strong earnings from Amazon and Intel bolstered market sentiment as traders looked past the disappointing jobs report.

The Chinese Caixin manufacturing PMI rose to 50.3 in October from 49.3 in the prior month, beating market forecasts of 49.7, Japan manufacturing PMIs fell from 49.2 to 49.7, while Australian manufacturing PMIs firmed from 46.7 to 47.3.

Australian household spending rose 0.4% in September, although home loan value's fell 0.3%. NZ building permits increased 2.6% in September and 1.6% on the year.

Analysts having been working overtime dissecting BoJ Governor's Kazuo Ueda comments on Friday, with the tentative conclusion market volatility, i.e., FX volatility, is the main blockage to further rate hikes!

Kemi Badenoch has been named the new leader of the UK's Conservative Party, essentially moving them further to the right.

The week ahead

There is no doubt about it ... the key event this week is the US presidential elections on Tuesday, with the results due to start filtering through on Wednesday morning our time. But that is not the only key event as we have the Federal Reserve's interest rate decision on Friday morning local time. We also have, from the US, ISM Services PMIs, Michigan consumer sentiment, trade, factory orders, and non-farm productivity measures.

Beyond the Fed, there are also interest rate decisions from the RBA, BoE and the Norwegian central bank. Looking further afield, we have German industrial production, factory orders, and their trade balance figures along with Euro-zone retail sales. There is also a meeting of the Chinese National People's Congress with rumours suggesting policymakers will have their deficit targets widened, along with Chinese trade data, services PMIs, and CPI and PPI inflation. From Japan we have the Reuters Tankan survey and the minutes from the BoJ's meeting last week, we have the Australian trade balance, and the Q3 labour report from New Zealand.



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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	0.8345	0.9152
NZD/USD	0.5996	0.0001	0.0005	0.0013	0.0029	CHF	0.5212	0.5713
NZD/AUD	0.9082	-0.0002	0.0002	0.0011	0.0036	CNY	4.2497	4.6753
NZD/JPY	91.425	-0.34	-1.03	-1.83	-3.32	DKK	4.1050	4.5230
NZD/EUR	0.5512	-0.0006	-0.0017	-0.0035	-0.0074	FJD	1.3379	1.4741
NZD/GBP	0.4638	0.0001	0.0006	0.0013	0.0029	HKD	4.6591	5.1335
						KRW	825.85	909.93
AU TWI	61.50					MYR	2.6211	2.8879
AUD/USD	0.6601	0.0002	0.0004	0.0003	-0.0004	NOK	6.6047	7.2772
AUD/NZD	1.1006	0.0001	-0.0004	-0.0024	-0.0079	SEK	6.3919	7.0427
AUD/JPY	100.50	-0.36	-1.15	-2.20	-4.23	SGD	0.7941	0.8750
AUD/EUR	0.6067	-0.0006	-0.0020	-0.0049	-0.0117	TWD	19.13	21.07
AUD/GBP	0.5106	0.0002	0.0005	0.0005	0.0001	ZAR	10.58	11.65
USD Index	104.32					EQUITIES		
EUR/USD	1.0876	0.0013	0.0043	0.0091	0.0194		Index	
USD/JPY	152.46	-0.59	-1.83	-3.39	-6.17	NZX50	12,559	
GBP/USD	1.2926	-0.0001	-0.0005	-0.0011	-0.0027	ASX200	8,119	
EUR/GBP	0.8382	0.0010	0.0036	0.0076	0.0165	Dow Jones	42,052	
USD/CNY	7.1214	-0.0167	-0.0527	-0.1072	-0.2155	S&P 500	5,729	
						FTSE100	8,177	
INTEREST			New Zealand		Australia	DAX 30	19,255	
RATES			Mid		Mid	Nikkei	38,054	
30 day bank bills			4.81%		4.36%	COMMODITIES		
90 day bank bills			4.51%		4.46%		USD	
1 year swap			3.93%		4.25%	Brent Crude	73.10	
2 year swap			3.68%		4.08%	Gold	2,735.16	
3 year swap			3.65%		4.05%	Silver	32.43	
5 year swap			3.79%		4.28%	Iron Ore	102.49	
10 year swap			4.17%		4.54%	CRB Index	333.57	
3 year Govt bond			3.86%		4.09%		NZD	
5 year Govt bond			4.06%		4.22%	NZ Carbon	63.75	
10 year Govt bond			4.57%		4.63%			

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