

Market Alert

Wednesday 06 November 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6002	0.0014
NZD/AUD	0.9041	0.0016
NZD/JPY	90.895	-1.79
NZD/EUR	0.5488	-0.0034
NZD/GBP	0.4605	0.0014
NZD/CNH	4.2633	-0.0417
AUD/USD	0.6636	0.0003
AUD/EUR	0.6068	-0.0048
EUR/USD	1.0935	0.0090
USD/CNH	7.1029	-0.0847
GBP/USD	1.3030	-0.0011
EUR/GBP	0.8390	0.0076

INT RATES	NZ	Australia
OCR/Cash	4.75%	4.35%
90 day bills	4.47%	4.46%
2 year swap	3.65%	4.06%
10 year Govt	4.56%	4.66%

I hope the heads aren't too sore and the hearts are happy ...

... after yesterday's annual donation to the racing industry!

Normally by this stage there is someone, who knows someone, who's bagged the winner, but I can't say I've heard that so far this morning ... apart from most Irish people going, "If I knew that horse had an Irish jockey on it, I'd have backed it!"

Oh yes ... there's an election going on as well!

It is way too early to start making any predictions, but the early murmurings are that the Democrats are down in the battleground states by 1.7 million votes in the urban areas, and down 1.4 million votes amongst women voters ... but there's a very, very long way to go!

The USD-index is weaker this morning with the AUD, EUR and GBP the main beneficiaries, with the JPY and NZD only making incremental gains. US yields are a touch higher with the 2-years up 6bps to 4.23% and the 10-years 4bps higher at 4.33%. Equities are viewing the election positively with exchanges 0.5%-1.0% higher, as are commodity prices, although oil prices are slightly lower.

The RBA maintained its cash rate at 4.35% ...

... as was expected. The statement stated, "The board is not ruling anything in or out. Underlying inflation remains too high and is not expected to return sustainably to its midpoint until 2026. Core inflation remains elevated, with service inflation expected to decline only gradually. The labour market remains tight, and the demand for labour is strong. Household consumption has picked up by less than expected and is likely to be flat in Q3. Policy in Australia is not as restrictive as in most peers, even after the recent rate cuts abroad." The RBA also lowered its GDP and household consumption forecasts and trimmed its headline and core inflation projections while weekly consumer sentiment firmed from 86.4 to 86.5.

The RBNZ told us what we already knew ... the country is experiencing a pronounced economic downturn that could get worse! At its 6-monthly Financial Stability update the central bank confirmed, "Households have reduced their discretionary spending, and businesses have put investment plans

on hold. While business confidence is recovering as inflation and interest rates fall, significant further weakening in the economy remains a risk. We are talking about an economy where interest rates are declining and some of that financial pressure is easing, but we know that the real economy lags behind that. The financial system is well positioned to continue providing credit to the economy, even if the downturn gets worse." On a positive note, the New Zealand commodity price index rose 1.4% in October, while in NZD-terms, the index rose 3.4% as the NZD trade weighted index fell by -1.3%.

Following the strong US Q3 GDP growth rate at 2.8%, the Atlanta Fed GDPNow forecaster has upgraded its Q4 projection from 2.3% to 2.4%. there was a further positive with ISM services PMIs unexpectedly jumping from 54.9 to 56.0, its highest level since August 2022 but, on the flip side, the trade deficit widened to USD84.4bn, its highest level since April 2022. Finally, BlackRock says traders are still pricing Federal Reserve rate cuts too aggressively.

Chinese Caixin services PMIs firmed from 50.5 to 52.0 in October, against expectations at 50.3. This followed the positive manufacturing print at 50.2, which meant the composite firmed from 50.3 to 51.9.

That's incredible ... Japanese researchers have built and are launching the world's first wooden satellite today, with the wood expected to burn up when re-entering the atmosphere.



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Daily Rates

Wednesday 06 November 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.50					CAD	0.8304	0.9154
NZD/USD	0.6002	0.0001	0.0005	0.0014	0.0032	CHF	0.5174	0.5724
NZD/AUD	0.9041	-0.0001	0.0003	0.0016	0.0048	CNY	4.2612	4.7110
NZD/JPY	90.895	-0.36	-1.00	-1.79	-3.27	DKK	4.0924	4.5260
NZD/EUR	0.5488	-0.0006	-0.0017	-0.0034	-0.0071	FJD	1.3242	1.4646
NZD/GBP	0.4605	0.0001	0.0006	0.0014	0.0031	HKD	4.6629	5.1572
						KRW	827.05	914.72
AU TWI	61.60					MYR	2.6040	2.8800
AUD/USD	0.6636	0.0002	0.0003	0.0003	-0.0005	NOK	6.5735	7.2703
AUD/NZD	1.1053	0.0000	-0.0005	-0.0022	-0.0074	SEK	6.4228	7.1036
AUD/JPY	100.69	-0.38	-1.14	-2.16	-4.15	SGD	0.7883	0.8718
AUD/EUR	0.6068	-0.0006	-0.0021	-0.0048	-0.0112	TWD	19.13	21.16
AUD/GBP	0.5090	0.0002	0.0004	0.0006	0.0006	ZAR	10.42	11.53
USD Index	103.39					EQUITIES		
EUR/USD	1.0935	0.0014	0.0043	0.0090	0.0192		Index	
USD/JPY	151.45	-0.62	-1.80	-3.33	-6.17	NZX50	12,658	
GBP/USD	1.3030	-0.0001	-0.0005	-0.0011	-0.0030	ASX200	8,132	
EUR/GBP	0.8390	0.0011	0.0036	0.0076	0.0165	Dow Jones	42,151	
USD/CNY	7.1047	-0.0183	-0.0526	-0.1071	-0.2155	S&P 500	5,774	
						FTSE100	8,172	
INTEREST			New Zealand		Australia	DAX 30	19,256	
RATES			Mid		Mid	Nikkei	38,475	
30 day bank bills			4.75%		4.36%	COMMODITIES		
90 day bank bills			4.47%		4.46%		USD	
1 year swap			3.92%		4.26%	Brent Crude	75.41	
2 year swap			3.67%		4.08%	Gold	2,740.38	
3 year swap			3.64%		4.06%	Silver	32.62	
5 year swap			3.78%		4.32%	Iron Ore	103.91	
10 year swap			4.15%		4.59%	CRB Index	337.66	
3 year Govt bond			3.85%		4.12%		NZD	
5 year Govt bond			4.06%		4.25%	NZ Carbon	63.90	
10 year Govt bond			4.56%		4.66%			

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