

Market Alert

Friday 08 November 2024

CURRENCIES	Spot	6mths
NZD/USD	0.6012	0.0013
NZD/AUD	0.9025	0.0014
NZD/JPY	92.100	-1.79
NZD/EUR	0.5573	-0.0036
NZD/GBP	0.4637	0.0013
NZD/CNH	4.3033	-0.0391
AUD/USD	0.6661	0.0003
AUD/EUR	0.6175	-0.0051
EUR/USD	1.0786	0.0092
USD/CNH	7.1578	-0.0810
GBP/USD	1.2964	-0.0009
EUR/GBP	0.8318	0.0077

INT RATES	NZ	Australia
OCR/Cash	4.75%	4.35%
90 day bills	4.47%	4.47%
2 year swap	3.83%	4.08%
10 year Govt	4.74%	4.73%

It's the greatest feeling of the week ... that Friday feeling!

But before that ... the FOMC voted unanimously to lower its benchmark Fed Funds rate by 25bps to a 4.50%-4.75% range.

The key takeaways from the statement were, "The risks to the Fed's goals remain roughly in balance. Labor conditions have generally eased. Inflation has made progress toward the committee's 2.0% objective but remains somewhat elevated. The committee judges that the risks to achieving its employment and inflation goals are roughly in balance. The economic outlook is uncertain, and the committee is attentive to the risks to both sides of its dual mandate."

The BoE sticks to the plan!

Following its August rate cut and

September hold, the BoE played to expectations cutting its key interest rate by 25bps to 4.75%. 8 members voted for the cut with 1 dissenter preferring to hold rates steady. With UK inflation now at 1.7%, BoE Governor Andrew Bailey add, "We need to make sure inflation stays close to target, so we can't cut interest rates too quickly or by too much. If the economy evolves as we expect it's likely that interest rates will continue to fall gradually from here."

The Swedish Riksbank cut its key policy rate by 50bps to 2.75% overnight, although the Norwegian Norges Bank left its key policy rate unchanged at a 16-year high of 4.50%.

The US releases prior to the Fed announcement painted a dour picture after initial claims increased by 3k to 221k while continuing claims increased by 30k to 1,892k. The prior September number also revised higher by 10k. Q3 non-farm labour costs increased by an annualised 1.9% with the Q2 number also revised higher to 2.4%, while the Q4 Atlanta Fed GDPNow forecaster was upgraded from 2.4% to 2.5%.

German Chancellor, Olaf Scholz, fired his Finance Minister, Christian Lindner, and that he would bring a vote of confidence to the German parliament on 15th January. If he loses this vote, the Federal President will then have to call a snap elections within 2 months. German industrial production fell 2.5% in September, to be down 4.6% on the year while Eurozone September retail sales firmed 0.5%. ECB Member, Yannis Stournaras, confirmed, "If Trump does

what he says on tariffs, it will have a negative impact on European economy," while his colleague, Klaas Knot, added, "Increased trade barriers will create more economic risks."

The data out of China was positive after export growth surged by 12.7% in the year to October to reach a 27-month high of USD309.1bn. It was the 7th consecutive month of shipment growth and a significant increase on Septembers 5-month low of 2.4%.

RBA Governor, Michele Bullock, announced, "It's premature to assess the impact of the US election outcome and too early to assess tariff implications. We are monitoring global developments, prepared to move accordingly. China's stimulus plans are a positive for both China and Australia," while colleague, Christopher Kent, added, "There are higher US deficits in prospect, along with higher rates and higher inflation than otherwise expected. Large tariffs on China could have an adverse impact on Australian exports."

What it all means ...

... the Fed's 25bps rate cut saw a continuation of the weakening USD-trend that started late in our time zone yesterday. The NZD and AUD with the main beneficiaries rallying 1.3% and 1.4% respectively. To a large extent, the USD move was a reflection of both weakening US bond yields, with the 2 and 10-years falling 6bps and 9bps to 4.22% and 4.35%, and due to profit taking following the outright election result. Equity and commodity markets also had positive sessions.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Friday 08 November 2024

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	69.70					CAD	0.8337 0.9237
NZD/USD	0.6012	0.0001	0.0005	0.0013	0.0026	CHF	0.5251 0.5820
NZD/AUD	0.9025	0.0000	0.0003	0.0014	0.0046	CNY	4.2917 4.7558
NZD/JPY	92.100	-0.33	-0.99	-1.79	-3.27	DKK	4.1561 4.6055
NZD/EUR	0.5573	-0.0005	-0.0017	-0.0036	-0.0081	FJD	1.3266 1.4701
NZD/GBP	0.4637	0.0001	0.0006	0.0013	0.0028	HKD	4.6715 5.1767
						KRW	832.42 922.44
AU TWI	62.40					MYR	2.6448 2.9308
AUD/USD	0.6661	0.0001	0.0003	0.0003	-0.0004	NOK	6.5408 7.2481
AUD/NZD	1.1077	0.0000	-0.0005	-0.0021	-0.0062	SEK	6.4428 7.1395
AUD/JPY	102.02	-0.37	-1.14	-2.17	-4.14	SGD	0.7948 0.8807
AUD/EUR	0.6175	-0.0006	-0.0022	-0.0051	-0.0120	TWD	19.30 21.39
AUD/GBP	0.5137	0.0001	0.0004	0.0005	0.0004	ZAR	10.43 11.55
USD Index	104.51					EQUITIES	
EUR/USD	1.0786	0.0013	0.0043	0.0092	0.0203		Index
USD/JPY	153.20	-0.59	-1.80	-3.34	-6.14	NZX50	12,581
GBP/USD	1.2964	-0.0001	-0.0005	-0.0009	-0.0020	ASX200	8,226
EUR/GBP	0.8318	0.0010	0.0036	0.0077	0.0165	Dow Jones	43,707
USD/CNY	7.1412	-0.0169	-0.0518	-0.1057	-0.2171	S&P 500	5,968
						FTSE100	8,141
INTEREST			New Zealand		Australia	DAX 30	19,363
RATES			Mid		Mid	Nikkei	39,381
30 day bank bills			4.75%		4.36%	COMMODITIES	
90 day bank bills			4.47%		4.47%		USD
1 year swap			3.99%		4.27%	Brent Crude	75.69
2 year swap			3.85%		4.10%	Gold	2,690.09
3 year swap			3.82%		4.07%	Silver	31.68
5 year swap			3.95%		4.34%	Iron Ore	104.01
10 year swap			4.30%		4.60%	CRB Index	336.18
3 year Govt bond			4.04%		4.16%		NZD
5 year Govt bond			4.24%		4.31%	NZ Carbon	63.90
10 year Govt bond			4.74%		4.73%		

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED