

Market Alert

Monday 11 November 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5982	0.0014
NZD/AUD	0.9083	0.0016
NZD/JPY	91.320	-1.77
NZD/EUR	0.5581	-0.0036
NZD/GBP	0.4632	0.0014
NZD/CNH	4.3075	-0.0370
AUD/USD	0.6584	0.0002
AUD/EUR	0.6142	-0.0051
EUR/USD	1.0718	0.0094
USD/CNH	7.2002	-0.0789
GBP/USD	1.2912	-0.0008
EUR/GBP	0.8292	0.0078

INT RATES	NZ	Australia
OCR/Cash	4.75%	4.35%
90 day bills	4.47%	4.47%
2 year swap	3.79%	4.07%
10 year Govt	4.68%	4.67%

Stimulus yet to stimulate

China's annual inflation rate came in at 0.3% for the year to October, below estimates of 0.4%. While the reading is China's ninth straight month of positive annual consumer inflation, it is the lowest reading since June. PPIs continued its trend, printing in contractionary territory for the 25th month in a row to be at -2.9% for the year to October, highlighting that deflation is still an ongoing risk in the nation despite the PBoC's stimulus measures in late September to support the economy.

The Chinese government gave details around its fiscal stimulus plans on Friday, announcing a five-year, 10 trillion-yuan package largely focused on helping local governments' tackle their debt problems.

On the other side of the East China Sea, Japan's Finance Minister, Katsunobu Kato, had something to say about the currency yet again, stating he will closely monitor the impact for Japan of Trump's policies. He noted that these policies could intensify inflation and push the USD/JPY higher. There is an argument that Trump's impact will further weaken the yen, prompting a BoJ interest rate hike to combat.

Trumpflation?

Barclays bank in the UK says it now sees the BoE leaving the bank rate unchanged in December - previously it had anticipated one more cut before 2024 comes to a close. The revision cited the BoE's more cautious tone from its most recent press conference, where the BoE representatives highlighted the importance of gradual policy moves and the dependency of these moves on uncertain data. Chief Economist at BoE, Huw Pill, noted that future interest rate cuts depend on the UK avoiding any shocks to its economy. *"It's one that depends on there being no big new disturbances to the economy and there are plenty of potential sources of big disturbances,"* Pill also noted that the UK is vulnerable to global shocks due to it being a *"small open economy,"* warning that BoE guidance for more rate reductions is *"conditional."* Pill echoed the statements of Governor, Andrew Bailey, when he said that while it was too soon

to say how a Trump presidency will affect inflation, a tit-for-tat tariff regime may push up global prices. On the flip side, it could also dent global demand, providing disinflation.

Rounding it off

Fed chair, Jerome Powell, was careful to avoid politics in the post-election press conferences, but in an almost humorous fashion, Powell gave a short and succinct *"No"* when asked if he would leave if Trump wanted him out. He was also asked if he could legally be removed, which again, he answered *"No"*. Despite his answer to that last question, Trump has flirted with the idea of presidential interference in Federal Reserve policy decisions, an idea that has recently been endorsed by one of Trumps top ally's, Elon Musk.

A few bits and bobs to look forward to this week on the data front. US CPI will be out Wednesday, being the main highlight. There's also the UK's labour market report tomorrow, followed by Australia's own one on Thursday, along with UK GDP, Eurozone employment change and US jobless claims. Lastly, on Friday there will be Japanese GDP along with Chinese and US industrial production and retail sales. Let's hope for a more settled week.



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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	70.20					CAD	0.8308	0.9159
NZD/USD	0.5982	0.0001	0.0006	0.0014	0.0029	CHF	0.5233	0.5762
NZD/AUD	0.9083	-0.0001	0.0003	0.0016	0.0042	CNY	4.2928	4.7288
NZD/JPY	91.320	-0.33	-0.99	-1.77	-3.22	DKK	4.1577	4.5800
NZD/EUR	0.5581	-0.0006	-0.0017	-0.0036	-0.0079	FJD	1.3177	1.4515
NZD/GBP	0.4632	0.0001	0.0006	0.0014	0.0031	HKD	4.6466	5.1185
						KRW	834.53	919.28
AU TWI	62.40					MYR	2.6179	2.8838
AUD/USD	0.6584	0.0001	0.0003	0.0002	-0.0002	NOK	6.5566	7.2225
AUD/NZD	1.1012	0.0000	-0.0005	-0.0021	-0.0071	SEK	6.4633	7.1197
AUD/JPY	100.49	-0.36	-1.13	-2.14	-4.14	SGD	0.7923	0.8728
AUD/EUR	0.6142	-0.0006	-0.0022	-0.0051	-0.0124	TWD	19.27	21.23
AUD/GBP	0.5096	0.0001	0.0004	0.0005	0.0002	ZAR	10.52	11.58
USD Index	104.95					EQUITIES		
EUR/USD	1.0718	0.0013	0.0043	0.0094	0.0211		Index	
USD/JPY	152.66	-0.58	-1.79	-3.32	-6.19	NZX50	12,770	
GBP/USD	1.2912	-0.0001	-0.0004	-0.0008	-0.0017	ASX200	8,295	
EUR/GBP	0.8292	0.0010	0.0035	0.0078	0.0172	Dow Jones	43,989	
USD/CNY	7.1785	-0.0164	-0.0532	-0.1043	-0.2128	S&P 500	5,995	
						FTSE100	8,072	
INTEREST			New Zealand		Australia	DAX 30	19,215	
RATES			Mid		Mid	Nikkei	39,500	
30 day bank bills			4.75%		4.36%	COMMODITIES		
90 day bank bills			4.47%		4.47%		USD	
1 year swap			3.97%		4.25%	Brent Crude	73.87	
2 year swap			3.81%		4.08%	Gold	2,683.77	
3 year swap			3.80%		4.04%	Silver	31.30	
5 year swap			3.92%		4.32%	Iron Ore	103.82	
10 year swap			4.26%		4.54%	CRB Index	336.55	
3 year Govt bond			3.99%		4.12%		NZD	
5 year Govt bond			4.19%		4.26%	NZ Carbon	63.90	
10 year Govt bond			4.68%		4.67%			

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