

Market Alert

Monday 25 November 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5849	0.0018
NZD/AUD	0.8969	0.0018
NZD/JPY	90.515	-1.71
NZD/EUR	0.5612	-0.0040
NZD/GBP	0.4646	0.0015
NZD/CNH	4.2364	-0.0205
AUD/USD	0.6518	0.0005
AUD/EUR	0.6256	-0.0060
EUR/USD	1.0417	0.0104
USD/CNH	7.2486	-0.0576
GBP/USD	1.2579	-0.0004
EUR/GBP	0.8311	0.0082

INT RATES	NZ	Australia
OCR/Cash	4.75%	4.35%
90 day bills	4.38%	4.47%
2 year swap	3.71%	4.07%
10 year Govt	4.70%	4.64%

I think my wife is trying to kill me!

Admittedly, it is a subtle way of attempting to do it, but I have noticed recently that I've been offered dessert after dinner most evenings as she tries to fatten me up! To be fair ... I've done a pretty good job of fattening myself up recently without a dessert ... but who can say no to apple pie and ice-cream?

The more everything changes ... the more it stays the same! Yes, the All Blacks beat Italy, Max Verstappen won the F1, Trent Boult went for millions in the IPL, and Manchester United are still rubbish ... still, it's good to see to 2 NZ teams at the top of the A-league.

Skimming through Friday's releases ...

... it was all about the PMI releases with the Eurozone, German and French numbers all printing in contractionary territory across all of their individual manufacturing, services and composite numbers. This suggests the ECB may need to step-up its cutting cycle to 50bps clips at its upcoming meetings. To compound the pessimistic outlook, the German preliminary Q3 GDP print was revised down from 0.2% to 0.1%.

In the UK, the composite PMI print fell from 51.8 to 49.9 as both individual inputs broke lower, while retail sales printed at -0.7% against an expected -0.3%.

But it was a different situation in the US where the composite PMI index increased from 54.1 to 55.3 to record the strongest expansion in private sector activity since April 2022. Growth remained service sector-driven, while manufacturing contraction eased slightly. Business expectations were at their highest level since May 2022, although the University of Michigan consumer sentiment index fell from its preliminary 73.7 level to 71.8 in the final wash-up.

The clear contrast between the strong performance of the US economy, and the poor individual and collective performance of the European countries and the Eurozone weighed heavily on the EUR/USD which fell to a reported low of 1.0335, its lowest level since 2022, while the USD-index increased 0.5% to the 107.50 level. The strong USD weighed on the NZD, although the AUD managed to retain the 0.6500 level which saw the NZD/AUD pair fall below the 0.8975 level. The strong USD-performance, saw

the 2-year treasury yield firm 3bps to 4.38% although the 10-years eased 1bps to yield 4.41%.

Needless to say, bitcoin continued its recent rally towards the USD100k mark having surged more than 40% since the US election, while equity markets added a further 0.5% to 1.0%. Commodity prices were mixed.

The week ahead.

With Thursday the 28th the US Thanksgiving holiday, expect Northern Hemisphere traders to also take the Friday off to make it a long weekend. This will likely drain the market of some liquidity, although moves could be exaggerated.

This week we have the last RBNZ decision of the year... before the monetary policy committee enjoy a 3-month break until their next meeting in mid-February, but for the rest of us that will continue working though, the focus will be on the FOMC meeting minutes, the latest PCE inflation update, personal income, the second estimate of Q3 GDP growth, the Conference Board's consumer confidence index, durable goods orders, and the latest housing updates. We also have the latest inflation updates from Australia, Germany, and the Euro Area, Germany will publish its unemployment rate, the Ifo Business Climate index, consumer confidence, and retail sales data. Canada will release its latest GDP growth rates. while Japan will reveal retail sales, industrial production, unemployment rate, housing starts and consumer confidence figures.



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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	69.30					CAD	0.8151 0.9103
NZD/USD	0.5849	0.0002	0.0007	0.0018	0.0042	CHF	0.5219 0.5815
NZD/AUD	0.8969	0.0001	0.0005	0.0018	0.0055	CNY	4.2246 4.7116
NZD/JPY	90.515	-0.32	-0.95	-1.71	-3.05	DKK	4.1796 4.6649
NZD/EUR	0.5612	-0.0005	-0.0019	-0.0040	-0.0083	FJD	1.3060 1.4591
NZD/GBP	0.4646	0.0002	0.0006	0.0015	0.0033	HKD	4.5457 5.0735
						KRW	819.00 914.08
AU TWI	61.80					MYR	2.6049 2.9103
AUD/USD	0.6518	0.0002	0.0004	0.0005	0.0005	NOK	6.4484 7.1970
AUD/NZD	1.1155	-0.0002	-0.0008	-0.0029	-0.0074	SEK	6.4279 7.1741
AUD/JPY	100.66	-0.37	-1.12	-2.16	-4.03	SGD	0.7857 0.8769
AUD/EUR	0.6256	-0.0007	-0.0025	-0.0060	-0.0133	TWD	19.02 21.22
AUD/GBP	0.5178	0.0002	0.0004	0.0004	0.0003	ZAR	10.57 11.80
USD Index	107.49					EQUITIES	
EUR/USD	1.0417	0.0013	0.0046	0.0104	0.0231		Index
USD/JPY	154.74	-0.58	-1.81	-3.39	-6.31	NZX50	13,042
GBP/USD	1.2579	-0.0001	-0.0004	-0.0004	-0.0001	ASX200	8,394
EUR/GBP	0.8311	0.0011	0.0037	0.0082	0.0180	Dow Jones	44,297
USD/CNY	7.2455	-0.0190	-0.0555	-0.1117	-0.2300	S&P 500	5,969
						FTSE100	8,262
INTEREST		New Zealand		Australia		DAX 30	19,323
RATES		Mid		Mid		Nikkei	38,284
30 day bank bills		4.45%		4.37%		COMMODITIES	
90 day bank bills		4.38%		4.47%			USD
1 year swap		3.92%		4.25%		Brent Crude	75.17
2 year swap		3.73%		4.08%		Gold	2,712.59
3 year swap		3.73%		4.03%		Silver	31.31
5 year swap		3.87%		4.28%		Iron Ore	101.95
10 year swap		4.23%		4.53%		CRB Index	346.98
3 year Govt bond		3.98%		4.12%			NZD
5 year Govt bond		4.20%		4.24%		NZ Carbon	64.00
10 year Govt bond		4.70%		4.64%			

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