

# Market Alert

Tuesday 26 November 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5851	0.0018
NZD/AUD	0.8998	0.0021
NZD/JPY	90.165	-1.68
NZD/EUR	0.5568	-0.0037
NZD/GBP	0.4653	0.0016
NZD/CNH	4.2383	-0.0229
AUD/USD	0.6500	0.0005
AUD/EUR	0.6186	-0.0055
EUR/USD	1.0506	0.0102
USD/CNH	7.2453	-0.0613
GBP/USD	1.2572	-0.0005
EUR/GBP	0.8354	0.0083

  

INT RATES	NZ	Australia
OCR/Cash	4.75%	4.35%
90 day bills	4.32%	4.47%
2 year swap	3.60%	3.97%
10 year Govt	4.59%	4.56%

## Another day in paradise beckons

... but to be honest, there's not a great deal to chat about ... apart from the fact that I've my first festive season Christmas bash tonight! I don't know about you, but somehow it always feels a little strange celebrating Christmas in November!

## Yes ... it was a ho-hum session ...

... with little to get excited about. Internationally equity markets continue to rally strongly gaining 0.25% - 0.75%, with the Dow Jones reaching yet another record high. The theory behind the latest leg of the rally was that The Donald's pick for Treasury Secretary, hedge fund manager Scott Bessent, may curtail some of the President-elect's most extreme protectionist policies. Commodity

markets are lower after gold snapped its 5-day rally to be down -3.5% on the day while oil prices eased -3.0%. Copper was one of the few products to rally after it firmed 0.5%. FX markets were relatively quiet with the USD-index testing support at the 106.85 level, the AUD was the worst performer weakening -0.5% after their poor PMI print, which dragged the NZD lower. As I type, the AUD/USD is testing key support at the 0.6500 level, while NZD/AUD has bounced back to the 0.9000 level. Basically, as far as the currencies are concerned, everything is at key support/resistance levels! Interestingly, the Scott Bessent news was welcomed by the fixed income markets with yields falling across the board. Currently the 2-year yield is 10bps lower at 4.28% while the 10-years has dropped 14bps to yield 4.27%, which will see the local swap markets open lower this morning.

The Chicago Fed's national activity index fell to its lowest level in 9 months decreasing from -0.27 to -0.40 in October.

The threat of trade tariffs saw the German Ifo Business sentiment index drop from 86.5 to 85.7.

Australian manufacturing PMIs remained in contractionary territory for the 10th consecutive month, although the positive news was that the index firmed from 47.3 to 49.4 with the pace of decline slowing to its weakest rate in 6 months.

Could this be viewed as a positive? I'm not sure but Q3 retail sales 'only' fell

0.1% on the quarter against expectations for a 0.5% fall ... I guess that purchase of a coffee machine helped after all. A further 'positive ... I think ... was that on the year sales were down 2.5% which was a significant improvement on the prior 3.6% drop! And playing to the crowd, the NZIER 'Shadow Board' joined the masses calling for a 50bps cut from the RBNZ tomorrow.

ECB member Joachim Nagel confirmed he is, "Increasingly confident over disinflation, (although) rate cuts must be gradual as risks remain. Growth likely to stagnate in Q4 with Germany falling behind the Euro-zone average. Slower wage growth will help service prices to moderate while the Trump tariffs are a real risk to eurozone inflation a real risk." ECB chief economist Nathan Lane also confirmed, "The transmission of monetary policy is stronger than in past. We must remain open-minded about the speed the scale of rate moves."

## Despite the stock market euphoria

... US department chain Macy's delayed their Q3 earnings report after an investigation revealed an employee hid between USD132m-USD154m of cumulative 'delivery expenses.' That's a heck of a lot of UPS delivery vans ...

Wicked is outperforming Gladiator II at the box office. Having seen both of them over the weekend I know which one I prefer ... but I still don't understand where the sharks came from!



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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	0.8173	0.9087
NZD/USD	0.5851	0.0002	0.0007	0.0018	0.0041	CHF	0.5178	0.5758
NZD/AUD	0.8998	0.0001	0.0005	0.0021	0.0058	CNY	4.2371	4.7087
NZD/JPY	90.165	-0.30	-0.94	-1.68	-3.03	DKK	4.1515	4.6144
NZD/EUR	0.5568	-0.0005	-0.0018	-0.0037	-0.0079	FJD	1.3089	1.4548
NZD/GBP	0.4653	0.0002	0.0007	0.0016	0.0035	HKD	4.5512	5.0586
						KRW	818.61	909.88
AU TWI	62.00					MYR	2.6012	2.8912
AUD/USD	0.6500	0.0002	0.0004	0.0005	0.0005	NOK	6.4738	7.1956
AUD/NZD	1.1113	-0.0002	-0.0008	-0.0028	-0.0073	SEK	6.4190	7.1315
AUD/JPY	100.18	-0.35	-1.11	-2.10	-3.99	SGD	0.7866	0.8743
AUD/EUR	0.6186	-0.0006	-0.0024	-0.0055	-0.0128	TWD	18.97	21.09
AUD/GBP	0.5169	0.0002	0.0004	0.0005	0.0006	ZAR	10.54	11.72
USD Index	106.87					<b>EQUITIES</b>		
EUR/USD	1.0506	0.0013	0.0045	0.0102	0.0225		<b>Index</b>	
USD/JPY	154.09	-0.57	-1.79	-3.34	-6.25	NZX50	13,196	
GBP/USD	1.2572	-0.0001	-0.0003	-0.0005	-0.0005	ASX200	8,418	
EUR/GBP	0.8354	0.0011	0.0038	0.0083	0.0181	Dow Jones	44,707	
USD/CNY	7.2395	-0.0169	-0.0535	-0.1074	-0.2270	S&P 500	5,984	
						FTSE100	8,292	
<b>INTEREST</b>		<b>New Zealand</b>		<b>Australia</b>		DAX 30	19,405	
<b>RATES</b>		Mid		Mid		Nikkei	38,780	
30 day bank bills		4.36%		4.38%		<b>COMMODITIES</b>		
90 day bank bills		4.32%		4.47%			<b>USD</b>	
1 year swap		3.83%		4.22%		Brent Crude	73.04	
2 year swap		3.64%		3.99%		Gold	2,618.03	
3 year swap		3.64%		3.94%		Silver	30.26	
5 year swap		3.78%		4.18%		Iron Ore	101.95	
10 year swap		4.13%		4.43%		CRB Index	346.98	
3 year Govt bond		3.88%		4.05%			<b>NZD</b>	
5 year Govt bond		4.10%		4.17%		NZ Carbon	64.05	
10 year Govt bond		4.59%		4.56%				

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