

# Market Alert

Wednesday 04 December 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5892	0.0016
NZD/AUD	0.9076	0.0020
NZD/JPY	87.790	-1.63
NZD/EUR	0.5596	-0.0038
NZD/GBP	0.4640	0.0015
NZD/CNH	4.2976	-0.0309
AUD/USD	0.6490	0.0002
AUD/EUR	0.6164	-0.0056
EUR/USD	1.0528	0.0098
USD/CNH	7.2931	-0.0711
GBP/USD	1.2696	-0.0008
EUR/GBP	0.8290	0.0082

  

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	4.36%	4.48%
2 year swap	3.61%	3.97%
10 year Govt	4.42%	4.39%

## The last piece of advice I gave to my English friends ...

... was if there's a bird about, don't sneeze! While I am sad to see them leave, my liver has just breathed a huge sigh of relief! But on a serious note, our thoughts and wishes go out to all those involved in those chicken businesses in the South Island ... you get through the hard times, see some green shoots, and then this happens! And talking about serious things ... because they couldn't agree the budget, the South Korean President, Yoon Suk Yeol, has declared martial law and accused the opposition of trying to paralyze the administration. He also suggested the opposition were all communists and that he would "clear out all pro-North Korean elements!" Naturally

the politicians quickly agreed the budget ... but the country remains under martial law! I'll bet the French PM, caught in a similar budget stand-off, is a bit hacked off he didn't think of this idea first!

## There wasn't a lot of data out overnight ...

... but let's get through it ... the US JOLTS job report saw the number of job openings surge from 7.37m to 7.74m, while the economic optimism index rose to its highest level since August 2021 reaching 54.0. China also announced a further ban on critical minerals to the US.

The Australian current account balance plummeted to -14.1bn from -10.0bn in Q3, but in some good news, China has lifted its final trade restrictions on Australia meat exporters. Finally, NZ Q3 terms of trade jumped into positive territory surging to 2.4% against the anticipated 1.8% with exports prices rising 0.7% to NZD22.2bn, while import prices fell -1.7% to NZD29.1bn. The GDT auction produced another stellar result with the headline index rising a further 1.2%, while WMP was the stand-out, rallying 4.1%, although butter fell -5.2% and there was some spare capacity in terms of volumes.

We also had more than a few central bankers out on the speaker's circuit with, from the Fed, Austin Goolsbee suggesting, "While the inflation data is a noisy series, over the next year, rates should come down a fair amount from where they

are now." Adriana Kugler added, "Friday's job report may well bounce back given the influence of storms and strikes," while Mary Daly added, "A December rate cut is absolutely not off the table. The timing of rate cut is up for debate but need to keep moving policy rate down. Even if we do another rate cut, policy will remain restrictive. The neutral rate is closer to 3%, can take our time in getting too neutral."

The ECB's Holzmann confirmed, "I see likelihood for a moderate rate cut in December," while Piero Cipollone added, "US tariffs have the potential to weaken the European economy that will lead to lower consumption and reduced pressure on prices. It will have a reduction in growth and inflation."

## So what did it all mean?

Unsurprisingly, following the deceleration of martial law in South Korea, the Won fell to a 2-year low while the JPY benefited from safe haven flows with USD/JPY now at 149.00. The EUR, AUD and NZD are all trading flat. Bond yields have also been interesting with buying in the short-end and selling in the long end, with, taking the US as an example, the 2-year yield -3bps lower at 4.16% while the 10-years is 1bps higher at 4.21%. Interestingly, equity markets across Europe and Asia closed higher, but lower in the US, likely due to the timing of the news, while commodity markets were mixed with oil prices gaining 2.75%.



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# Daily Rates

Wednesday 04 December 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.60					CAD	0.8275	0.9085
NZD/USD	0.5892	0.0003	0.0006	0.0016	0.0034	CHF	0.5210	0.5742
NZD/AUD	0.9076	0.0002	0.0006	0.0020	0.0050	CNY	4.2770	4.7128
NZD/JPY	87.790	-0.34	-0.87	-1.63	-2.97	DKK	4.1721	4.5971
NZD/EUR	0.5596	-0.0006	-0.0017	-0.0038	-0.0087	FJD	1.3159	1.4500
NZD/GBP	0.4640	0.0002	0.0006	0.0015	0.0029	HKD	4.5840	5.0509
						KRW	834.45	919.45
AU TWI	61.40					MYR	2.6311	2.8991
AUD/USD	0.6490	0.0002	0.0002	0.0002	0.0000	NOK	6.5007	7.1629
AUD/NZD	1.1015	-0.0002	-0.0009	-0.0027	-0.0075	SEK	6.4701	7.1292
AUD/JPY	97.40	-0.39	-1.03	-2.00	-3.80	SGD	0.7911	0.8717
AUD/EUR	0.6164	-0.0007	-0.0023	-0.0056	-0.0131	TWD	19.16	21.11
AUD/GBP	0.5110	0.0001	0.0003	0.0005	0.0002	ZAR	10.64	11.73
USD Index	106.13					<b>EQUITIES</b>		
EUR/USD	1.0528	0.0014	0.0043	0.0098	0.0219		<b>Index</b>	
USD/JPY	148.99	-0.63	-1.63	-3.13	-5.79	NZX50	13,093	
GBP/USD	1.2696	-0.0001	-0.0004	-0.0008	-0.0013	ASX200	8,495	
EUR/GBP	0.8290	0.0011	0.0036	0.0082	0.0181	Dow Jones	44,679	
USD/CNY	7.2858	-0.0186	-0.0523	-0.1097	-0.2277	S&P 500	6,044	
						FTSE100	8,359	
<b>INTEREST</b>		<b>New Zealand</b>		<b>Australia</b>		DAX 30	20,017	
<b>RATES</b>		Mid		Mid		Nikkei	39,249	
30 day bank bills		4.38%		4.37%		<b>COMMODITIES</b>		
90 day bank bills		4.36%		4.48%			<b>USD</b>	
1 year swap		3.87%		4.19%		Brent Crude	73.75	
2 year swap		3.66%		3.98%		Gold	2,645.87	
3 year swap		3.60%		3.92%		Silver	31.06	
5 year swap		3.66%		4.14%		Iron Ore	105.32	
10 year swap		3.96%		4.36%		CRB Index	340.98	
3 year Govt bond		3.83%		3.95%			<b>NZD</b>	
5 year Govt bond		3.99%		4.03%		NZ Carbon	64.10	
10 year Govt bond		4.42%		4.39%				

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