

# Market Alert

Tuesday 10 December 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5873	0.0015
NZD/AUD	0.9104	0.0019
NZD/JPY	88.845	-1.65
NZD/EUR	0.5560	-0.0037
NZD/GBP	0.4602	0.0016
NZD/CNH	4.2673	-0.0312
AUD/USD	0.6449	0.0002
AUD/EUR	0.6105	-0.0054
EUR/USD	1.0562	0.0096
USD/CNH	7.2658	-0.0712
GBP/USD	1.2763	-0.0012
EUR/GBP	0.8273	0.0083

  

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	4.32%	4.49%
2 year swap	3.56%	3.89%
10 year Govt	4.46%	4.28%

## The quandary of a Monday evening!

There is no doubt that Monday evenings are the handbrake out of all of the evenings during a week, but is that about to change? Yes, last night was filled with the usual boredom of ironing ... 10-shirts and 3 T-shirts which should see me through to Christmas ... 2027 ... but there was the added bonus of the latest streaming updates with a long list of new episodes 'dropping' from Landman, Lioness and even a bit of MKR! Hey-ho, it's not all bad ... and I think I even managed to get a few brownie points after chopping that tree down in the weekend ... but the less said about that the better!

## It's RBA day ...

... which could provide a bit of excitement

this afternoon ... although I suspect it won't with most/all economists calling for and 'unchanged' verdict.

Despite all of the recent stimulus, the Chinese economy continues to struggle after annual inflation fell to 0.2%, its lowest print since June and below forecasts at 0.5%, while annual PPI inflation 'improved' from -2.8% to -2.5%. To make matters worse, Fitch lowered its 2025 GDP growth forecasts from 4.5% to 4.3%, and its 2026 projections from 4.3% to 4.0%.

But there was one positive ... I think ... the Chinese Politburo announced it will embrace a 'moderately loose' strategy for monetary policy in 2025. This is a marked shift away from its usual 'prudent' stance, which the Politburo has maintained since 2011, to a more aggressive approach as the government targets 5.0% growth in 2025. The statement emphasised the government, "Will implement more proactive fiscal policies, and moderately loose monetary policy. Enrich and improve its policy toolbox to expand domestic demand in all directions to vigorously boost consumption. To expand its 'opening up' to the outside world and stabilise foreign trade and investment. Step up 'unconventional' counter-cyclical adjustments and enhance support to improve people's livelihoods to stabilise property and stock markets." To add to the impact, President Xi announced, "We must affirm the confidence to win while doing next year's economic work. We must maintain strategic focus and actively create an external environment that is favourable. There are many uncertainties and challenges, which must be given high attention."

Apart from that, the NY Fed's 1-year consumer inflation expectations rose from a 4-year low at 2.9% to reach a mammoth 3.0%, Eurozone investor confidence fell to -17.5, while Japanese final Q3 GDP was revised higher to 0.3% from the 0.2% preliminary print.

BoE MPC member, Dave Ramsden, warned, "Comparatively calmer market conditions of this year could lead to greater risk-taking in the future. The Gilt markets continue to function in an orderly way but there are vulnerabilities such as hedge fund leverage and concentration."

## The old Chinese burn!

Looking at the price action overnight, a guess one could suggest, is the statement from the Chinese Politburo, with its marked shift in tone on monetary and fiscal policy, suggests there could be a reflationary impact ... which supported the AUD, and to a lesser extent, the NZD. In fact, it's a bit of a u-turn from Friday's price action with the EUR steady, while the JPY gave up some of its recent gains. Treasury yields didn't fully buy into the announcement, although they firmed a touch with the 2 and 10-years both increasing 2bps to yield 4.13% and 4.20%.

Equity markets were lower across the board after China's State Administration for Market Regulation launched an anti-monopoly investigation into Nvidia, while commodity prices firmed with oil gaining 1.8%.

Finally, KiwiBank is planning to raise up to NZD500m via a capital injection from local investors.



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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	69.10					CAD	0.8306	0.9126
NZD/USD	0.5873	0.0002	0.0006	0.0015	0.0032	CHF	0.5156	0.5666
NZD/AUD	0.9104	0.0001	0.0005	0.0019	0.0044	CNY	4.2713	4.6940
NZD/JPY	88.845	-0.37	-0.90	-1.65	-2.96	DKK	4.1451	4.5532
NZD/EUR	0.5560	-0.0006	-0.0017	-0.0037	-0.0078	FJD	1.3292	1.4600
NZD/GBP	0.4602	0.0002	0.0006	0.0016	0.0034	HKD	4.5640	5.0133
						KRW	838.66	921.23
AU TWI	60.50					MYR	2.5962	2.8517
AUD/USD	0.6449	0.0001	0.0002	0.0002	0.0002	NOK	6.5206	7.1625
AUD/NZD	1.0981	-0.0002	-0.0008	-0.0027	-0.0069	SEK	6.4047	7.0352
AUD/JPY	97.58	-0.42	-1.05	-2.03	-3.76	SGD	0.7867	0.8641
AUD/EUR	0.6105	-0.0008	-0.0023	-0.0054	-0.0119	TWD	19.03	20.90
AUD/GBP	0.5052	0.0002	0.0004	0.0006	0.0009	ZAR	10.44	11.47
USD Index	106.05					<b>EQUITIES</b>		
EUR/USD	1.0562	0.0015	0.0042	0.0096	0.0209		<b>Index</b>	
USD/JPY	151.27	-0.69	-1.67	-3.19	-5.89	NZX50	12,802	
GBP/USD	1.2763	-0.0001	-0.0006	-0.0012	-0.0023	ASX200	8,423	
EUR/GBP	0.8273	0.0013	0.0037	0.0083	0.0177	Dow Jones	44,524	
USD/CNY	7.2604	-0.0193	-0.0524	-0.1090	-0.2252	S&P 500	6,064	
						FTSE100	8,352	
<b>INTEREST</b>		<b>New Zealand</b>		<b>Australia</b>		DAX 30	20,346	
<b>RATES</b>		Mid		Mid		Nikkei	39,161	
30 day bank bills		4.38%		4.37%		<b>COMMODITIES</b>		
90 day bank bills		4.32%		4.49%			<b>USD</b>	
1 year swap		3.79%		4.12%		Brent Crude	72.36	
2 year swap		3.60%		3.91%		Gold	2,662.59	
3 year swap		3.57%		3.83%		Silver	31.95	
5 year swap		3.66%		4.06%		Iron Ore	104.11	
10 year swap		3.95%		4.31%		CRB Index	343.29	
3 year Govt bond		3.83%		3.82%			<b>NZD</b>	
5 year Govt bond		4.01%		3.91%		NZ Carbon	60.00	
10 year Govt bond		4.46%		4.28%				

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