

# Market Alert

Monday 16 December 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5762	0.0015
NZD/AUD	0.9056	0.0018
NZD/JPY	88.560	-1.63
NZD/EUR	0.5486	-0.0037
NZD/GBP	0.4568	0.0016
NZD/CNH	4.1976	-0.0232
AUD/USD	0.6358	0.0001
AUD/EUR	0.6054	-0.0054
EUR/USD	1.0502	0.0095
USD/CNH	7.2770	-0.0591
GBP/USD	1.2610	-0.0012
EUR/GBP	0.8314	0.0081

  

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	4.29%	4.51%
2 year swap	3.58%	3.89%
10 year Govt	4.54%	4.37%

## Talking of last minute goals ...

... Auckland FC pulled out a 95th minute equaliser last night, while the 'once-were-mighty' Manchester United scored twice in the last 2-minutes to win the derby! Heck ... even the Black Caps are looking good after a magnificent 2nd day ... which means all is good in the world! Long may it continue please Sir ... although I am struggling in this heat and after a weekend of gardening, the sunburn is a little tender this morning!

And one for the conspiracy theorists ... what's with all of the drones over New Jersey?

## Potentially the most interesting thing from last week ...

... was that US yields rose every day! Yes, that's right, the US 10-year yield opened last week at the 4.15% level and closed on Saturday morning just below the 4.40%

level having gained 6bps during the session. The 2-year yield also rose 5bps to close at 4.25%. The USD-index also made similar moves, although it closed down slightly on Saturday morning. There was nothing specific about the move, apart from investors adjusting their positioning amid speculation the Fed will cut rates at a slower pace in 2025 than previously assumed. This weighed on the NZD and AUD against the USD, although the EUR had a positive session as it managed to cling to the 1.0500 level.

This also weighed on equity markets which were all broadly lower, with the Dow recording its 7th consecutive negative day to record its longest losing streak since 2020. Commodity prices were also broadly weaker, although oil prices firmed 1.5%, while cocoa futures surged past USD11k a ton for the first time since April.

PBoC Research Director, Wang Xin, announced China will cut interest rates and reserve requirements next year. This followed Friday's release which showed China's banks extended CNY580bn in new yuan loans in November, which was well below forecasts at CNY950bn and less than half of the prior year's CNY1.2trn.

The UK economy unexpectedly contracted for a second month in October, falling 0.1%, following a similar decline in September and below market forecasts of a 0.1% increase.

The German Bundesbank slashed its growth forecasts to show its economy will hardly grow in 2025.

While there was some good news in that

French President, Emmanuel Macron, named centrist François Bayrou as the new French PM, Moody's Ratings cut the countries credit rating to "Aa3" from "Aa2", citing concerns about the country's public finances. S&P's rating for France remains at AA-.

## This week ...

... it's all about the Fed with the US central bank expected to cut rates by 25bps and, potentially, pare back the number of cuts in 2025. Other key US highlights include retail sales, PCE prices, personal income and spending, the final estimate of GDP, industrial production, manufacturing and services PMIs, building permits, housing starts, and existing home sales. Phew ... that is a lot!

We also have central bank updates from the UK, BoJ, and Norges Bank. Beyond that, the UK will provide inflation, retail sales, and employment updates, while Japan will also update its inflation and foreign trade numbers. There are also a lot of releases from China with industrial production, retail sales, jobless rate, housing prices, and its loan prime rates. Canada will release its latest inflation numbers, Germany will publish its IFO business and ZEW economic sentiment updates, while the Eurozone will report on its trade and PMI numbers.

Finally, Australia will update its latest flash PMI numbers while in New Zealand we have the latest PMI updates, food inflation, the Treasury's half-year update, consumer confidence, the trade balance, while Thursday's Q3 GDP report will likely confirm we have entered yet another recession.



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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	68.60					CAD	0.8192	0.9052
NZD/USD	0.5762	0.0001	0.0005	0.0015	0.0036	CHF	0.5139	0.5672
NZD/AUD	0.9056	0.0000	0.0008	0.0018	0.0051	CNY	4.1871	4.6257
NZD/JPY	88.560	-0.35	-0.90	-1.63	-2.94	DKK	4.0871	4.5137
NZD/EUR	0.5486	-0.0006	-0.0017	-0.0037	-0.0072	FJD	1.3096	1.4463
NZD/GBP	0.4568	0.0001	0.0006	0.0016	0.0035	HKD	4.4765	4.9439
						KRW	825.57	911.76
AU TWI	60.60					MYR	2.5601	2.8274
AUD/USD	0.6358	0.0001	0.0001	0.0001	0.0005	NOK	6.4059	7.0747
AUD/NZD	1.1009	-0.0002	-0.0011	-0.0029	-0.0068	SEK	6.3279	6.9885
AUD/JPY	97.72	-0.40	-1.08	-2.05	-3.81	SGD	0.7762	0.8572
AUD/EUR	0.6054	-0.0007	-0.0025	-0.0054	-0.0115	TWD	18.72	20.67
AUD/GBP	0.5038	0.0001	0.0003	0.0006	0.0010	ZAR	10.28	11.36
USD Index	106.95					<b>EQUITIES</b>		
EUR/USD	1.0502	0.0014	0.0042	0.0095	0.0210		<b>Index</b>	
USD/JPY	153.69	-0.63	-1.68	-3.23	-6.07	NZX50	12,754	
GBP/USD	1.2610	-0.0002	-0.0006	-0.0012	-0.0017	ASX200	8,296	
EUR/GBP	0.8314	0.0012	0.0037	0.0081	0.0177	Dow Jones	43,828	
USD/CNY	7.2756	-0.0181	-0.0535	-0.1146	-0.2413	S&P 500	6,051	
						FTSE100	8,300	
<b>INTEREST</b>		<b>New Zealand</b>		<b>Australia</b>		DAX 30	20,406	
<b>RATES</b>		Mid		Mid		Nikkei	39,470	
30 day bank bills		4.38%		4.37%		<b>COMMODITIES</b>		
90 day bank bills		4.29%		4.51%			<b>USD</b>	
1 year swap		3.78%		4.11%		Brent Crude	74.49	
2 year swap		3.60%		3.90%		Gold	2,648.66	
3 year swap		3.57%		3.82%		Silver	30.57	
5 year swap		3.66%		4.06%		Iron Ore	105.31	
10 year swap		3.97%		4.31%		CRB Index	352.73	
3 year Govt bond		3.83%		3.88%			<b>NZD</b>	
5 year Govt bond		4.04%		3.99%		NZ Carbon	63.15	
10 year Govt bond		4.54%		4.37%				

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