

Market Alert

Friday 20 December 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5641	0.0017
NZD/AUD	0.9027	0.0023
NZD/JPY	88.880	-1.60
NZD/EUR	0.5439	-0.0033
NZD/GBP	0.4504	0.0019
NZD/CNH	4.1328	-0.0193
AUD/USD	0.6248	0.0003
AUD/EUR	0.6024	-0.0053
EUR/USD	1.0371	0.0095
USD/CNH	7.3088	-0.0567
GBP/USD	1.2522	-0.0016
EUR/GBP	0.8279	0.0086

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	4.29%	4.51%
2 year swap	3.46%	3.95%
10 year Govt	4.61%	4.51%

It was the night before Christmas

... well, it's not really, but you know what I mean! Now, if someone can just give me some advice as to what I should get the 'trouble and strife' for Christmas ...

Well ... that was quite a 24-hours!

In what was a perfect storm, the Fed and Stats NZ combined to 'kill the kiwi'!

Following the Fed's hawkish cut, the NZ Q3 GDP release was a shocker print at an abysmal -1.0% on the quarter and -1.5% on the year, against expectations of -0.2% and -0.4%.

We also had the BoE stick with the script, leaving their cash rate unchanged at 4.75%, although 3 of the 9 members voted for a 25bps cut, while the Governor, Andrew Bailey, essentially threw his hands up in the air and admitted he had

no idea what is going on stating, "I think the path is downward, but I really would be cautious at this stage. The world is too uncertain. We will come back in February at our next meeting and review it again."

The Swedish Riksbank cut its key policy rate by 25bps to 2.50%, which was the central banks 5th cut of the year.

The BoJ also maintained its key short-term interest rate at 0.25%. There was also a dissenter, with the vote split 8-1 with board member Naoki Tamura advocating for a 25bps increase.

The overnight releases supported the Fed's rhetoric after the US economy expanded at an annualised 3.1% in Q3, which was significantly higher than the 2nd estimate at 2.8% and Q2's 3.0%. Initial jobless claims fell by 22k to 220k, continuing claims fell but 5k to 1,874, while existing home sales rose by 4.8% to a seasonally adjusted annualized rate of 4.15m in November.

China's youth-unemployment rate fell to 16.1% per cent in November, its third consecutive monthly decline.

NZ business confidence eased slightly to 62.0%, having peaked at a 10-year high in October with most firms reporting a lift in sales and an improved outlook.

Here we go again Donald Trump tweeted (how many times am I going to type those words next year?) that he would support abolishing the debt ceiling.

We saw yet more frenzied trading in bond markets with the US 2-year yield 4bps lower at 4.32% while the 10-years is 4bps higher at 4.56% ... as it looks to

challenge the 4.60% level. The USD-index has continued its rally higher to be at 108.30, and looks set to challenge the 109.15 level, although the NZD/USD and AUD/USD appear to be stabilising after yesterday's gyrations.

US equity markets rebounded from yesterday's sell-off with the 3-indices up 0.25%-0.75%, although European and Asian markets closed in the red following the Fed's announcement. Commodity markets were mixed.

A big shout out ...

... to everyone!

And also, a big shout out to all of my colleagues for making me look good this year ... which, let's be honest, would have been a challenge at times!

And a big shout out to the chiefs and the ladies at Kingi ... who always wish me a pleasant "Good morning" no matter how grouchy I'm looking as I wander into the elevators in the wee hours of the morning.

And finally, a very big shout out to you all ... a big thank you to all for your support this year. From the Bancorp team, we wish you all a safe and healthy Christmas, a fantastic New Year, and all the very best for 2025! As Obi-Wan Kenobi said, "May the markets be with you Luke" ... or something similar!



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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	67.50					CAD	0.8103 0.8988
NZD/USD	0.5641	0.0001	0.0006	0.0017	0.0046	CHF	0.5066 0.5614
NZD/AUD	0.9027	0.0001	0.0008	0.0023	0.0058	CNY	4.1256 4.5659
NZD/JPY	88.880	-0.35	-0.90	-1.60	-2.83	DKK	4.0560 4.4939
NZD/EUR	0.5439	-0.0006	-0.0018	-0.0033	-0.0067	FJD	1.2874 1.4265
NZD/GBP	0.4504	0.0002	0.0007	0.0019	0.0046	HKD	4.3827 4.8560
						KRW	815.59 903.67
AU TWI	59.70					MYR	2.5392 2.8135
AUD/USD	0.6248	0.0000	0.0001	0.0003	0.0009	NOK	6.4450 7.1448
AUD/NZD	1.1070	-0.0002	-0.0010	-0.0032	-0.0081	SEK	6.2128 6.8837
AUD/JPY	97.90	-0.40	-1.08	-2.04	-3.77	SGD	0.7678 0.8507
AUD/EUR	0.6024	-0.0008	-0.0024	-0.0053	-0.0114	TWD	18.40 20.39
AUD/GBP	0.4988	0.0001	0.0004	0.0008	0.0017	ZAR	10.38 11.50
USD Index	108.36					EQUITIES	
EUR/USD	1.0371	0.0014	0.0043	0.0095	0.0212		Index
USD/JPY	157.55	-0.65	-1.75	-3.32	-6.24	NZX50	12,754
GBP/USD	1.2522	-0.0003	-0.0008	-0.0016	-0.0028	ASX200	8,168
EUR/GBP	0.8279	0.0013	0.0038	0.0086	0.0186	Dow Jones	42,600
USD/CNY	7.2965	-0.0179	-0.0544	-0.1168	-0.2475	S&P 500	5,904
						FTSE100	8,105
INTEREST		New Zealand		Australia		DAX 30	19,970
RATES		Mid		Mid		Nikkei	38,814
30 day bank bills		4.38%		4.39%		COMMODITIES	
90 day bank bills		4.29%		4.51%			USD
1 year swap		3.64%		4.11%		Brent Crude	72.88
2 year swap		3.50%		3.97%		Gold	2,598.35
3 year swap		3.50%		3.94%		Silver	29.04
5 year swap		3.69%		4.19%		Iron Ore	104.73
10 year swap		4.02%		4.48%		CRB Index	350.61
3 year Govt bond		3.79%		3.99%			NZD
5 year Govt bond		4.05%		4.11%		NZ Carbon	62.50
10 year Govt bond		4.61%		4.51%			

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