

Research Markets Today

5 March 2024

Events Round-Up

NZ: Terms of Trade Index (q/q%), 4Q: -7.8 vs. -0.6 prev.

AU: Building Approvals (m/m%), Jan: -1.0 vs. 5.6 exp.

Good Morning

US equity indices are little changed with investors looking ahead to key economic indicators and comments from Fed officials, including Chair Powell's testimony before the House Financial Services Committee, later in the week. In Japan, the Nikkei 225 increased 0.5% and traded above the psychological 40,000 level for the first time. The Nikkei is the best performing major stock index in 2024, having gained 20% in local currency terms, and 13% in US dollar terms. This compares with an 8% rise in the S&P.

US treasury yields moved higher, partially reversing the rally after the soft manufacturing ISM, at the end of last week. 2-year yields advanced 7bps to 4.61%. 10-year yields increased 4bps to 4.22% as the market digests heavy US investment grade supply. Issuers are looking to take advantage of calm markets ahead of a likely pickup in volatility later in the week. European bond markets were little changed with 10-year gilts yields up 2bps to 4.12% while 10-year bunds closed at 2.39%, only 5bps below the 2024 yield highs.

After record issuance volumes for the month of February, the US corporate bond market is preparing for another heavy month of supply with tight spreads - credit spreads are close to the tightest since January 2022 - and strong investor demand following the back up in yields. Investment grade supply is expected to total US\$130 billion in March. Borrowers are looking to get ahead of 2024 funding tasks with the economy expected to slow and the US election later in the year.

The annual meeting of China's National People's Congress begins today. Investors will be looking for policy priorities and indications on fiscal stimulus. The government is expected to maintain its growth target at 5%. A reduced target would temper hopes for additional policy measures to support growth and weigh on China sensitive assets. Chinese equities have rebounded from the slump during

January. The Hang Seng China Enterprises index has gained more than 15% from the lows.

There was subdued activity across currency markets. The dollar index (DXY) was little changed despite higher treasury yields. The DXY has broadly traded sideways over the past 2 weeks, since reversing off the 2024 highs, in mid-February. The euro and the pound outperformed within the G10. EUR/JPY has traded higher and looks set to retest the 2024 high near 163.70.

There was limited directional bias for NZD/USD which was confined to a narrow range overnight. The NZD was stable against the AUD near 0.9350. NZD/GBP dipped towards 0.4800 which corresponds with a series of lows through February.

NZGB yields moved ~2bps lower in a parallel curve shift in the local session yesterday. 10-year government bonds closed at 4.74%. The swaps curve flattened modestly with the 2-year rates unchanged while 10-year rates fell 3bps. Australian bond futures are little changed since the local close yesterday suggesting limited directional bias for NZ yields on the open.

There is no domestic data out today. In Japan, Tokyo CPI for February will jump higher as energy subsidies roll out. The US ISM services index is expected maintain levels near 53 after the sharp gain in January.

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Coming Up.

		Period	Cons.	Prev.	NZT
JN	Tokyo CPI (y/y%)	Feb	2.5	1.6	12:30
JN	Tokyo CPI Ex-Food, Energy (y/y%)	Feb	3.1	3.1	12:30
AU	BoP Current Account Balance	4Q	5	0	13:30
CH	Caixin China PMI Services	Feb	52.8	52.7	14:45
JN	BOJ Governor Ueda Speech at FIN/SUM 2024				17:00
US	ISM Services Index	Feb	53	53.4	04:00

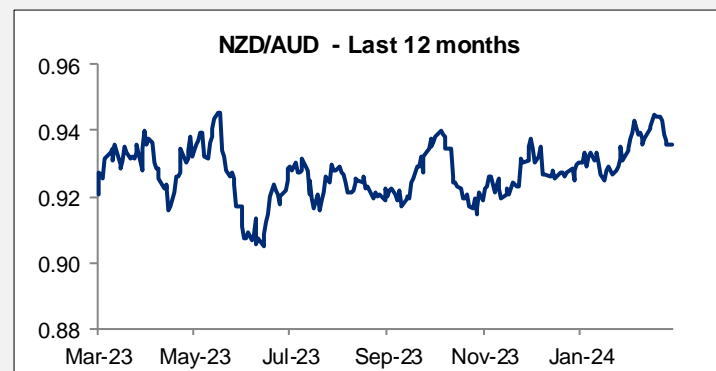
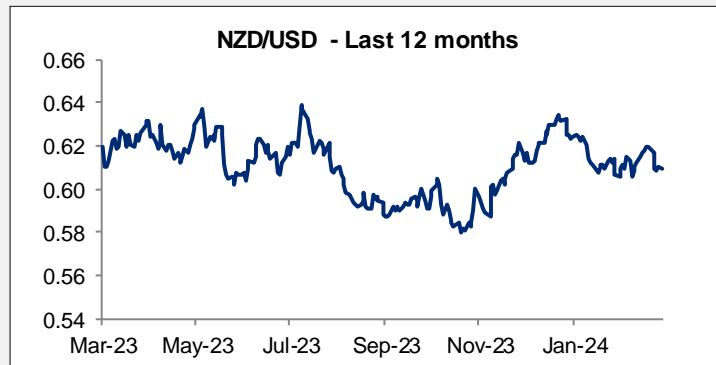
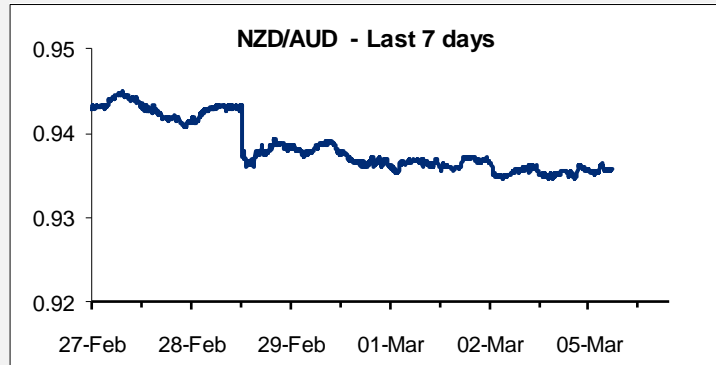
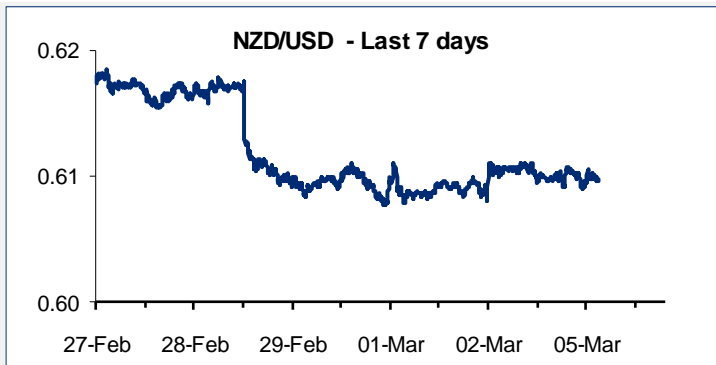
Source: Bloomberg, BNZ

Currencies								Equities				Commodities				
Indicative overnight ranges (*)					Other FX			Major Indices				Price (Near futures, except CRB)				
	Last	% Day	Low	High	Last	% Day			Last	% Day	% Year	Last	Net Day			
NZD	0.6097	-0.2	0.6088	0.6108	CHF	0.8842	+0.1	S&P 500	5,138	+0.0	27.0	Oil (Brent)	82.84	-0.8		
AUD	0.6516	-0.2	0.6509	0.6528	SEK	10.354	+0.3	Dow	39,057	-0.1	17.0	Oil (WTI)	78.88	-1.3		
EUR	1.0858	+0.2	1.0838	1.0867	NOK	10.556	+0.3	Nasdaq	16,242	-0.2	38.9	Gold	2125.5	+1.4		
GBP	1.2699	+0.3	1.2661	1.2706	HKD	7.825	-0.0	Stoxx 50	4,913	+0.4	14.4	HRC steel	789.0	-0.1		
JPY	150.51	+0.3	150.18	150.57	CNY	7.199	+0.0	FTSE	7,640	-0.5	-3.9	CRB	277.1	+0.7		
CAD	1.3569	+0.1			SGD	1.343	-0.0	DAX	17,716	-0.1	13.7	Wheat Chic.	562.5	+0.9		
NZD/AUD	0.9357	-0.0			IDR	15,742	+0.2	CAC 40	7,956	+0.3	8.3	Sugar	20.61	-2.3		
NZD/EUR	0.5615	-0.4			THB	35.73	-0.3	Nikkei	40,109	+0.5	43.6	Cotton	99.00	+1.5		
NZD/GBP	0.4801	-0.5			KRW	1,331	-0.3	Shanghai	3,039	+0.4	-8.7	Coffee	187.8	+2.4		
NZD/JPY	91.77	+0.1			TWD	31.53	-0.3	ASX 200	7,736	-0.1	6.2	WM powder	3200	-1.2		
NZD/CAD	0.8273	-0.1			PHP	55.98	-0.1	NZX 50	11,724	-0.2	-1.2	Australian Futures				
NZ TWI	71.50	-0.2						VIX Index	13.42	+2.4	-27.4	3 year bond	96.32	0.03		
														10 year bond	95.88	0.00
Interest Rates																
Rates		Swap Yields			Benchmark 10 Yr Bonds			NZ Government Bonds			NZ BKBM and Swap Yields					
	Cash	3Mth	2 Yr	10 Yr	Last	Net Day		Last	Chg		Last	Chg				
USD	5.50	5.59	4.52	3.85	USD	4.22	0.04	15-May-26	4.75	-0.02	BKBM 1-mth	5.59	0.00			
AUD	4.35	4.34	4.02	4.38	AUD	4.10	-0.04	15-Apr-27	4.60	-0.02	BKBM 3-mth	5.65	-0.01			
NZD	5.50	5.65	5.04	4.54	NZD	4.74	-0.02	15-May-28	4.53	-0.02	1 year	5.52	0.01			
EUR	4.00	3.94	3.23	2.70	GER	2.39	-0.02	20-Apr-29	4.53	-0.02	2 year	5.04	0.00			
GBP	5.25	5.33	4.61	3.84	GBP	4.12	0.00	15-May-30	4.56	-0.03	3 year	4.73	0.00			
JPY	-0.01	-0.03	0.25	0.86	JPY	0.72	0.00	15-May-31	4.60	-0.02	5 year	4.49	-0.01			
CAD	5.00	5.32	4.52	3.79	CAD	3.46	0.03	15-May-32	4.65	-0.02	7 year	4.47	-0.02			
					NZ Inflation-Indexed Bonds			14-Apr-33	4.69	-0.02	10 year	4.54	-0.03			
					Sep-30	2.39	-0.00	15-May-34	4.74	-0.02	15 year	4.65	-0.03			
					Sep-35	2.71	0.00	15-May-37	4.86	-0.02						
					Sep-40	2.88	-0.00	15-May-41	4.94	-0.02						
								15-May-51	4.91	-0.02						
								15-May-54	4.92	-0.03						

* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer
 Rates are as of: NZT 06:53
 Source: Bloomberg

NZD exchange rates

5/03/2024	6:53 am	Prev. NY close
USD	0.6097	0.6107
GBP	0.4801	0.4826
AUD	0.9357	0.9357
EUR	0.5615	0.5635
JPY	91.77	91.68
CAD	0.8273	0.8282
CHF	0.5391	0.5395
DKK	4.1854	4.1998
FJD	1.3754	1.3733
HKD	4.7708	4.7806
INR	50.54	50.63
NOK	6.4362	6.4269
PKR	170.27	170.44
PHP	34.13	34.22
PGK	2.2930	2.2967
SEK	6.3130	6.3025
SGD	0.8190	0.8207
CNY	4.3891	4.3951
THB	21.84	21.95
TOP	1.4186	1.4216
VUV	73.96	74.18
WST	1.6592	1.6589
XPF	67.09	67.25
ZAR	11.6032	11.6714



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	-0.10	0.30
3 Months	-0.34	0.18
6 Months	-3.20	-1.87
9 Months	-7.40	-5.40
1 Year	-12.70	-9.70

NZD/AUD Forward points

	BNZ buys NZD	BNZ Sells NZD
1 Month	-9.94	-9.06
3 Months	-26.55	-25.38
6 Months	-52.84	-49.34
9 Months	-75.66	-70.51
1 Year	-95.92	-88.38

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