

# Research Markets Today

8 April 2024

## Events Round-Up

AU: Trade balance (\$b), Feb: 7.3 vs. 10.5 exp.  
 GE: Factory orders (m/m%), Feb: 0.2 vs. 0.7 exp.  
 CA: Unemployment rate (%), Mar: 6.1 vs. 5.9 exp.  
 US: Change in nonfarm payrolls (k), Mar: 303 vs. 215 exp.  
 US: Unemployment rate (%), Mar: 3.8 vs. 3.8 exp.  
 US: Avg hrly earnings (m/m%), Mar: 0.3 vs. 0.3 exp.  
 US: Avg hrly earnings (y/y%), Mar: 4.1 vs. 4.1 exp.

## Good Morning

US equities advanced following labour market data which pointed towards a resilient economy and intensified the debate about when the Federal Reserve might begin to ease monetary policy. The S&P gained more than 1%, rebounding from the weak previous session, which saw the index fall more than 2% from intra-day highs and the VIX spike to the highest level this year.

US treasury yields moved higher while the US dollar struggled to gain traction despite the strong data. Brent crude made fresh 6-month highs before retracing and closed above US\$91 per barrel. Gold extended its rally, to a fresh record high above US\$2300 per troy ounce, despite the move higher in interest rates.

US payrolls for March easily beat consensus expectations, increasing by 303k, which was above the highest estimate in the Bloomberg poll. There was a modest upward revision of 22k to the prior two months. The unemployment rate edged down to 3.8%, from 3.9% in February, which was in line with consensus. Labour force participation, which rose to 62.7%, kept the unemployment rate in line with expectations despite the rise in employment. Average hourly earnings rose 0.3% during the month and at a 4.1% annual rate.

The labour market data suggests the economy remains resilient, and there is little urgency for the US Federal Reserve to begin an easing cycle while there is uncertainty about the trajectory for inflation, after the upward surprises in the past two months. This sentiment was reiterated by Dallas Fed President, Lorie Logan, who said it is too early to consider cutting interest rates give the recent elevated inflation readings and suggested policy may not be as restrictive as previously thought. Fed

Governor, Michelle Bowman, also expressed concern about potential upside inflation risks.

Market implied expectations for Fed rate cuts were reduced following the data. There is now 14bps of easing priced by June and 65bps in total for this year, which is less than the 75bps median projection from the March FOMC. US treasuries moved back towards the yield highs for the year. 10-year treasuries closed at 4.4%, up 10bps on the day, and only just below the 4.43% 2024 high reached earlier in the week.

The US dollar initially spiked higher - the dollar index gained nearly 0.5% - before retracing despite the sustained move higher in treasury yields. The lack of durable DXY gains amid the risk-off period last week, and again following the labour market data, suggests investors already hold long positions. CFTC data reveals large US dollar buying in recent weeks by speculative accounts. Amongst the majors, EUR/USD rebounded after the initial dip while USD/JPY remained higher. NZD/USD dropped sharply below 0.5990 but recovered to end unchanged in line with the broader US dollar move. USD/CAD reached the highest level since November after the unemployment rate rose to a 2-year high of 6.1%.

NZ fixed interest moved lower in yield during the local session on Friday. 10-year government bonds declined 3bps to 4.62% matching the move in swaps. NZGBs underperformed on a cross-market basis. Australian 3-year and 10-year bond futures are ~5bp higher in yield, since the local close on Friday, and combined with the move in treasuries, point towards higher NZ yields on the open. New Zealand Local Government Funding Agency (LGFA) announced on Friday it is considering making offers of the existing April-2026 and May-2031 lines.

There is no domestic data today and only second-tier releases on the international calendar.

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## Coming Up

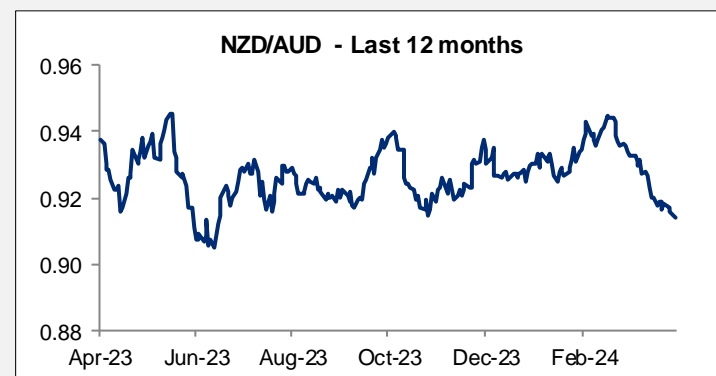
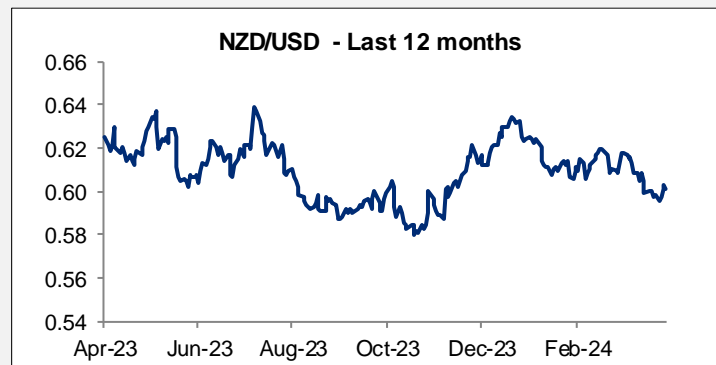
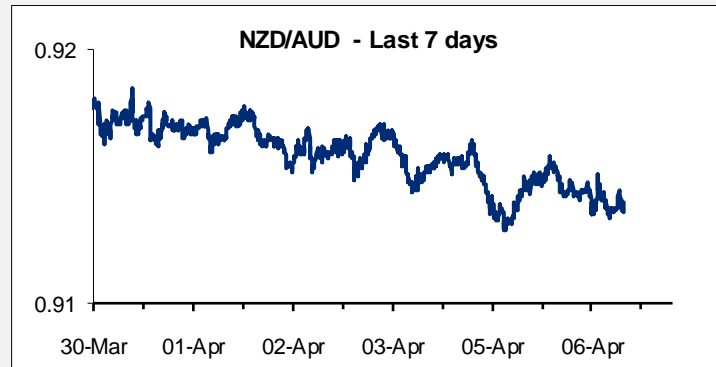
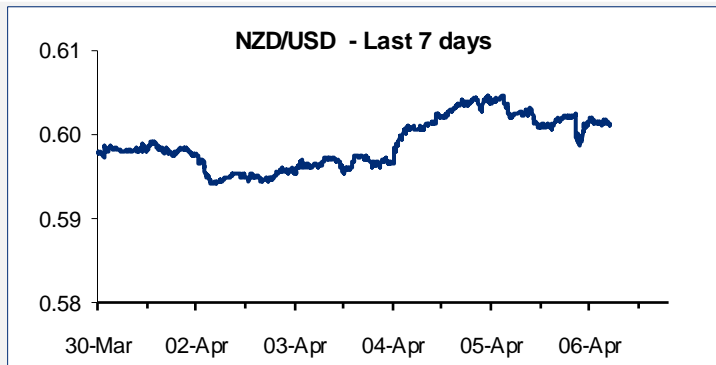
		Period	Cons.	Prev.	NZT
JN	Labor Cash Earnings YoY	Feb	1.9	2	11:30
AU	Home Loans Value MoM	Feb		-3.9	13:30
GE	Industrial Production SA MoM	Feb		1	18:00

Source: Bloomberg, BNZ

Currencies								Equities				Commodities				
Global froces		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	0.6012	-0.2	0.5986	0.6027	CHF	0.9018	+0.0			S&P 500	5,204	+1.1	26.8	Oil (Brent)	91.17	+0.6
AUD	0.6579	-0.1	0.6549	0.6592	SEK	10.642	-0.0			Dow	38,904	+0.8	16.2	Oil (WTI)	86.91	+0.4
EUR	1.0837	+0.0	1.0791	1.0848	NOK	10.729	-0.1			Nasdaq	16,249	+1.2	34.4	Gold	2325.7	+1.6
GBP	1.2638	-0.0	1.2575	1.2645	HKD	7.829	-0.0			Stoxx 50	5,015	-1.1	16.4	HRC steel	853.0	+0.0
JPY	151.63	+0.2	151.10	151.75	CNY	7.233	+0.0			FTSE	7,911	-0.8	2.2	CRB	297.6	+0.4
CAD	1.3590	+0.3			SGD	1.349	+0.0			DAX	18,175	-1.2	16.5	Wheat Chic.	581.8	+1.8
NZD/AUD	0.9139	-0.1			IDR	15,848	-0.3			CAC 40	8,061	-1.1	10.1	Sugar	21.99	-1.7
NZD/EUR	0.5548	-0.2			THB	36.60	-0.4			Nikkei	38,992	-2.0	41.7	Cotton	86.25	-1.0
NZD/GBP	0.4757	-0.2			KRW	1,353	+0.4			Shanghai	3,069	-0.2	-7.3	Coffee	211.0	+2.5
NZD/JPY	91.16	+0.0			TWD	32.05	-0.1			ASX 200	7,773	-0.6	7.7	WM powder	3280	+0.8
NZD/CAD	0.8170	+0.1			PHP	56.51	+0.2			NZX 50	12,012	-0.2	1.2	<b>Australian Futures</b>		
NZ TWI	70.72	-0.2							VIX Index	16.03	-2.0	-12.9	3 year bond	96.35	0.06	
<b>Interest Rates</b>																
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	5.56	4.65	4.02	USD	4.40	0.09	15-May-26	4.63	-0.00	BKBM 1-mth	5.59	0.00			
AUD	4.35	4.36	4.01	4.35	AUD	4.10	-0.08	15-Apr-27	4.48	-0.01	BKBM 3-mth	5.63	0.00			
NZD	5.50	5.63	4.88	4.46	NZD	4.64	-0.01	15-May-28	4.42	-0.01	1 year	5.34	0.00			
EUR	4.00	3.89	3.18	2.68	GER	2.40	0.04	20-Apr-29	4.42	-0.01	2 year	4.88	0.00			
GBP	5.25	5.30	4.44	3.79	GBP	4.07	0.05	15-May-30	4.45	-0.01	3 year	4.60	0.00			
JPY	0.08	-0.03	0.31	0.88	JPY	0.79	0.00	15-May-31	4.503	-0.01	5 year	4.40	-0.01			
CAD	5.00	5.29	4.54	3.93	CAD	3.59	0.05	15-May-32	4.56	-0.01	7 year	4.39	-0.03			
					<b>NZ Inflation-Indexed Bonds</b>			14-Apr-33	4.59	-0.01	10 year	4.46	-0.03			
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer					Sep-30	2.34	0.00	15-May-34	4.64	-0.01	15 year	4.60	-0.04			
Rates at NY close					Sep-35	2.65	-0.00	15-May-37	4.79	-0.01						
Source: Bloomberg					Sep-40	2.85	-0.00	15-May-41	4.92	-0.01						
								15-May-51	4.91	-0.02						
								15-May-54	4.95	-0.02						

**NZD exchange rates**

6/04/2024	NY close	Prev. NY close
USD	0.6012	0.6025
GBP	0.4757	#VALUE!
AUD	0.9139	0.9145
EUR	0.5548	0.5560
JPY	91.16	#VALUE!
CAD	0.8170	0.8160
CHF	0.5423	0.5431
DKK	4.1384	4.1469
FJD	1.3573	1.3616
HKD	4.7074	4.7169
INR	50.08	50.28
NOK	6.4514	6.4725
PKR	167.21	167.57
PHP	33.98	33.96
PGK	2.2716	2.2762
SEK	6.3990	6.4139
SGD	0.8110	0.8125
CNY	4.3493	4.3576
THB	22.03	22.12
TOP	1.3932	1.4117
VUV	72.80	73.05
WST	1.6455	1.6390
XPF	66.26	66.39
ZAR	11.2455	11.2746



**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	-0.09	0.37
3 Months	-0.46	0.75
6 Months	-0.66	1.60
9 Months	-1.08	3.52
1 Year	-1.09	3.49

**NZD/AUD Forward points**

	BNZ buys NZD	BNZ Sells NZD
1 Month	-8.49	-7.44
3 Months	-24.65	-22.30
6 Months	-45.99	-41.16
9 Months	-64.35	-55.15
1 Year	-78.97	-68.68

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