

# Research Markets Today

11 March 2024

## Events Round-Up

GE: Industrial production (m/m%), Jan: 1.0 vs 0.6 exp.  
 CA: Unemployment rate (%), Feb: 5.8 vs. 5.8 exp.  
 US: Change in nonfarm payrolls (k), Feb: 275 vs. 200 exp.  
 US: Unemployment rate (%), Feb: 3.9 vs 3.7 exp.  
 US: Avg hourly earnings (m/m%), Feb: 0.1 vs 0.2 exp.  
 US: Avg hourly earnings (y/y%), Feb: 4.3 vs 4.3 exp.  
 CH: CPI (y/y%), Feb: 0.7 vs. 0.3 exp.  
 CH: PPI (y/y%), Feb: -2.7 vs. -2.5 exp.

## Good Morning

Global equities retreated into the end of last week. The S&P briefly spiked to a fresh all-time high, just below 5,200 after the US labour market data was released, but subsequently faded to close 0.7% lower. US treasuries settled marginally lower in yield following a volatile period around the data while the US dollar index ended little changed. Bitcoin briefly passed \$70,000, to set a new peak, before rapidly retracing. Gold extended its rally and reached a fresh all-time high of \$2,195 per ounce.

US labour market data for February was mixed. Payrolls increased 275k beating consensus estimates for a 200k gain. However, there was a combined 167k downward revision to the prior two months and the unemployment rate unexpectedly increased to 3.9%, a 2 year high. Wage gains slowed, rising 0.1% in February and 4.3% on an annual basis. The report is consistent with a labour market that is gradually easing but there are no signs of near-term weakness.

The mixed labour market data provides few solid signals for policymakers. The February CPI report, released early Wednesday (NZT), is the last key data point ahead of the March FOMC. The market is largely discounting a 25bps rate cut by June and close to 100bps of Fed easing by year-end. During February, there was briefly less than 75 bps of easing implied by market pricing for this year.

US treasury yields dropped immediately following the labour market report. The market interpreted the data to be a little dovish for the Fed because of the increase in the unemployment rate and modest wage pressures. 2-year yields dropped to 4.40%, from 4.49% earlier, before closing

3bps lower at 4.47%. 10-year treasury yields were 1bp lower at 4.07%. Yields declined through last week, aided by Fed Chair Powell's testimony to lawmakers the central bank is close to gaining the confidence, which would allow it to begin to lower rates. The market looks ahead to supply this week which includes 10- and 30-year auctions.

China's consumer prices increased for the first time since August. CPI rose 0.7% y/y which was above expectations for a 0.3% gain. Meanwhile, producer prices fell 2.7% on an annual basis and have been declining for almost 18 months. China has faced a period of deflation which risks dampening consumption. The government has outlined additional support measures and maintained its 2024 growth target of around 5%.

The US dollar followed treasury yields lower after the data but rebounded to end little changed. Despite the rebound, the dollar still made its largest weekly decline since December aligned with Powell's comments that reinforced expectations for rate cuts in 2024. The yen outperformed amongst the majors extending weekly gains to more than 2%. The yen is benefiting from rising expectations the Bank of Japan will raise rates for the first time since 2007 at its policy meeting next week.

NZD/USD spiked briefly above 0.6200 aligned with the price action in the US dollar. This saw the kiwi retest the February highs near 0.6220 but the retracement lower was equally sharp and NZD/USD ended little changed in the offshore session. The NZD was stable against the AUD and EUR but lost ground against the GBP and JPY. NZD/GBP is back towards 0.4800. Meanwhile NZD/JPY traded below 91.00, close to 3% below the late February highs.

NZ swap rates moved lower in the local session on Friday with the curve bull steepening. 10-year swap rates fell 5bps to 4.39% outperforming 10-year government bonds which ended 2bps lower in yield at 4.64%. Bonds have underperformed swaps since late February. Australian 3-year and 10-year bond futures are ~2bps lower in yield since the local close on Friday suggesting a modest downward bias for NZ yields on the open.

There is no data of note today.

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Currencies							Equities				Commodities			
Indicative overnight ranges (*)					Other FX		Major Indices			Price (Near futures, except CRB)				
	Last	% Day	Low	High		Last	% Day			Last	Net Day			
NZD	0.6177	+0.0	0.6169	0.6217	CHF	0.8771	-0.1	S&P 500	5,124	-0.7	28.3	Oil (Brent)	82.08	-1.1
AUD	0.6626	+0.1	0.6616	0.6668	SEK	10.208	-0.2	Dow	38,723	-0.2	18.1	Oil (WTI)	78.01	-1.2
EUR	1.0940	-0.1	1.0921	1.0981	NOK	10.425	+0.2	Nasdaq	16,085	-1.2	39.0	Gold	2185.5	+0.9
GBP	1.2859	+0.4	1.2801	1.2894	HKD	7.820	-0.0	Stoxx 50	4,961	-0.3	15.7	HRC steel	814.0	+0.1
JPY	147.08	-0.7	146.49	148.05	CNY	7.187	-0.1	FTSE	7,660	-0.4	-3.4	CRB	276.6	-0.9
CAD	1.3486	+0.2			SGD	1.331	-0.2	DAX	17,815	-0.2	14.0	Wheat Chic.	537.8	+1.8
NZD/AUD	0.9322	+0.0			IDR	15,590	-0.4	CAC 40	8,028	+0.1	9.6	Sugar	21.15	-0.6
NZD/EUR	0.5646	+0.1			THB	35.37	-0.5	Nikkei	39,689	+0.2	41.0	Cotton	95.28	-4.0
NZD/GBP	0.4803	-0.4			KRW	1,320	-0.8	Shanghai	3,046	+0.6	-5.7	Coffee	185.2	-3.6
NZD/JPY	90.84	-0.6			TWD	31.42	-0.4	ASX 200	7,847	+1.1	9.8	WM powder	3090	-0.6
NZD/CAD	0.8330	+0.2			PHP	55.58	-0.5	NZX 50	11,924	+1.0	1.7	<b>Australian Futures</b>		
NZ TWI	71.88	-0.1						VIX Index	14.74	+2.1	-22.9	3 year bond	96.40	0.03
<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	5.58	4.38	3.70	USD	4.07	-0.01	15-May-26	4.71	-0.04	BKBM 1-mth	5.59	0.00	
AUD	4.35	4.35	3.93	4.23	AUD	3.97	-0.04	15-Apr-27	4.53	-0.04	BKBM 3-mth	5.65	0.01	
NZD	5.50	5.65	4.93	4.39	NZD	4.64	-0.02	15-May-28	4.45	-0.04	1 year	5.44	-0.05	
EUR	4.00	3.93	3.08	2.56	GER	2.27	-0.04	20-Apr-29	4.44	-0.04	2 year	4.93	-0.07	
GBP	5.25	5.33	4.52	3.69	GBP	3.98	-0.02	15-May-30	4.46	-0.04	3 year	4.62	-0.07	
JPY	-0.01	-0.03	0.27	0.88	JPY	0.74	0.00	15-May-31	4.49	-0.04	5 year	4.38	-0.05	
CAD	5.00	5.31	4.41	3.65	CAD	3.33	-0.03	15-May-32	4.54	-0.04	7 year	4.35	-0.05	
								14-Apr-33	4.59	-0.03	10 year	4.39	-0.05	
								15-May-34	4.64	-0.02	15 year	4.51	-0.05	
								15-May-37	4.76	-0.02				
								15-May-41	4.85	-0.02				
								15-May-51	4.83	-0.01				
								15-May-54	4.84	-0.01				

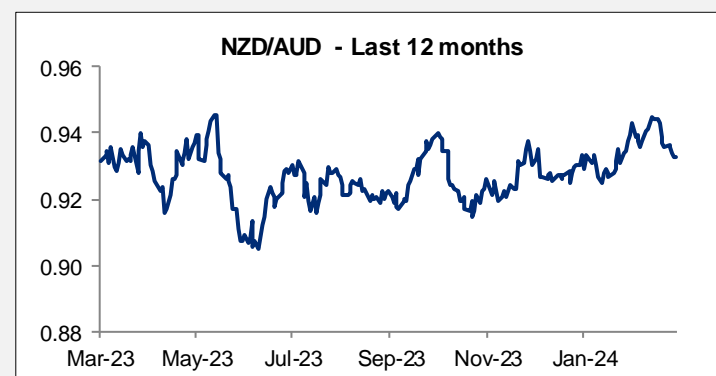
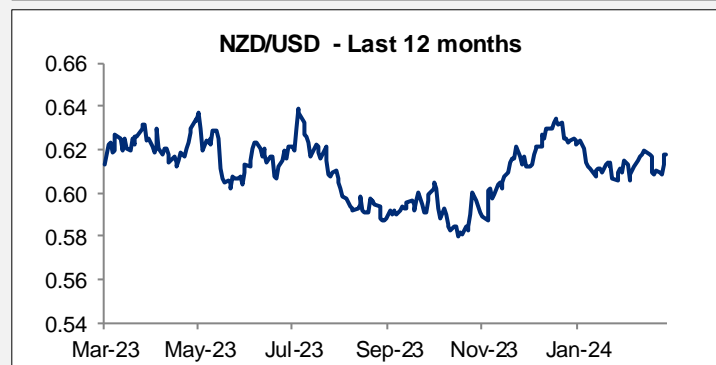
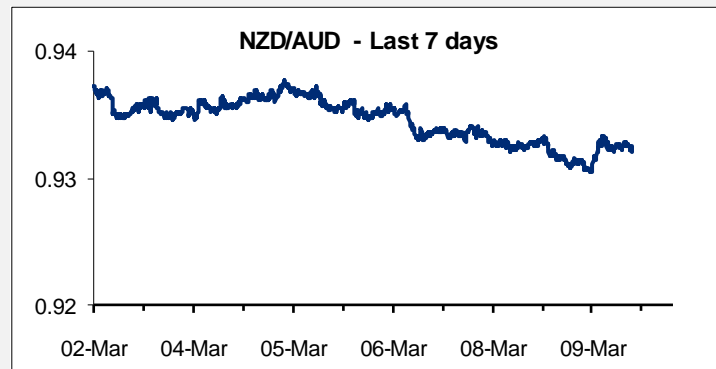
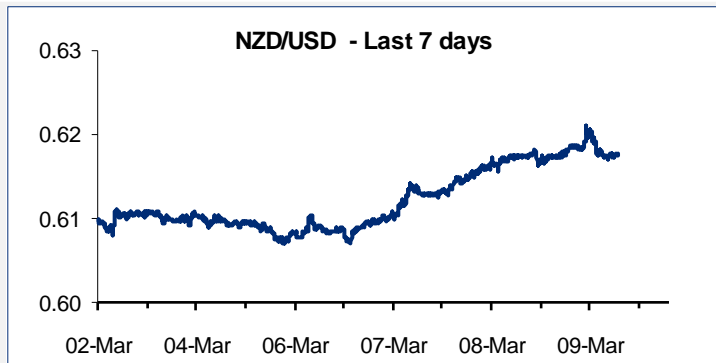
\* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer

Rates at NY close

Source: Bloomberg

**NZD exchange rates**

9/03/2024	NY close	Prev. NY close
USD	0.6177	0.6174
GBP	0.4803	0.4820
AUD	0.9322	0.9326
EUR	0.5646	0.5639
JPY	90.84	91.41
CAD	0.8330	0.8310
CHF	0.5418	0.5419
DKK	4.2094	4.2033
FJD	1.3770	1.3912
HKD	4.8305	4.8286
INR	51.14	51.14
NOK	6.4396	6.4223
PKR	172.49	172.43
PHP	34.33	34.48
PGK	2.3274	2.3422
SEK	6.3057	6.3129
SGD	0.8222	0.8231
CNY	4.4396	4.4407
THB	21.88	21.97
TOP	1.4527	1.4469
VUV	74.41	74.71
WST	1.6676	1.6780
XPF	67.60	67.66
ZAR	11.5691	11.5340



**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	-0.16	0.26
3 Months	-0.99	0.16
6 Months	-5.50	-1.05
9 Months	-11.59	-4.09
1 Year	-17.05	-9.55

**NZD/AUD Forward points**

	BNZ buys NZD	BNZ Sells NZD
1 Month	-9.29	-8.32
3 Months	-26.79	-24.58
6 Months	-54.66	-46.24
9 Months	-79.01	-65.30
1 Year	-98.45	-83.48

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