

# Research Markets Today

14 November 2023

## Events Round-Up

NZ: Performance of services index, Oct: 48.9 vs. 50.6 prev.  
 CH Aggregate financing (CNYb), Oct: 1850 vs. 1950 exp.  
 CH: New yuan loans (CNYb), Oct: 738 vs. 655 exp.

## Good Morning

Market movements have been modest ahead of tonight's key CPI release, with little net change in US equities and Treasury yields and modest changes in currencies. The AUD has outperformed, seeing NZD/AUD push lower as the NZD remains flat just under 0.59.

It has been a typically quiet start to the week, particularly so with the key release this week being the US CPI report due tonight. The US 10-year rate traded as high as 4.695% overnight, before falling back to 4.64%, down a touch from last week's close and the NZ close. US equities are in a consolidation mode, after rising for nine of the past ten days on the S&P500 index. After a weak open, the index is currently little changed for the session.

The data calendar has been light. China credit growth figures released last night showed relatively steady growth of 9.3% y/y in aggregate financing, with the mix showing strong growth in government debt and relatively weaker private sector loan growth. Almost 85% of net credit extended in October was from the sale of government bonds.

In currency markets, net movements have been modest. The best performer of the majors we track has been the AUD, up 0.4% to 0.6385, a small recovery after being the worst performer last week with its 2.3% fall. The NZD has traded a tight range and shows little net change from last week's close and sits at 0.5890, seeing NZD/AUD push down to 0.9220. NZD crosses are mainly slightly weaker, with NZD/GBP and NZD/EUR trading close to 0.48 and 0.55 respectively.

USD/JPY hit a fresh year-to-date high of 151.91, before plunging 70pips but, rather than suggesting it was the hand of Japan's MoF, traders speculate that the sharp move was a result of options expiring. The currency

immediately reversed course and currently sits at 151.60. While the market clearly remains jittery, Intervention at current levels isn't seen likely, given that the pace of yen depreciation is more important than the level, and the rate of depreciation recently hasn't been notable.

The domestic rates market had a sleepy session, with moves by the end of the day reflecting global forces, with NZGB yields up 5bps across most of the curve and swap rates up 4-5bps. The market ignored yet another weak data print. NZ's performance of services index fell to 48.9 in October from the temporary lift to 50.6 in September, thus now making it four of the past five months in contractionary territory. When combined with the poor PMI published last week, it raises the chance of GDP contracting over the second half of this year.

In the day ahead, Stats NZ publishes its inaugural release of monthly price indices which will include the usual food and rental price indices, along with indicators for fuel and airfares and other measures that will feed into the CPI. The key overnight release will be the US CPI, where the market sees lower gasoline prices driving a softer 0.1% m/m increase in the headline measure, while an ex-food and energy lift of 0.3% m/m would leave the annual core increase at a 4.1% y/y.

[jason.k.wong@bnz.co.nz](mailto:jason.k.wong@bnz.co.nz)

## Coming Up

		Period	Cons.	Prev.	NZT
NZ	Monthly price indices	Oct			10:45
AU	Westpac consumer confidence	Nov		82	12:30
AU	NAB business conditions	Oct		11	13:30
GE	ZEW survey expectations	Nov	5.0	-1.1	23:00
EC	GDP (q/q%)	Q3	-0.1	-0.1	23:00
US	NFIB small business optimism	Oct	90.5	90.8	00:00
US	CPI (m/m%)	Oct	0.1	0.4	02:30
US	CPI ex food, energy (m/m%)	Oct	0.3	0.3	02:30
US	CPI (y/y%)	Oct	3.3	3.7	02:30
US	CPI ex food, energy (y/y%)	Oct	4.1	4.1	02:30

Source: Bloomberg, BNZ

Indicative overnight ranges (*)					Other FX		Equities				Commodities**				
							Major Indices				Price				
	Last	% Day	Low	High		Last	% Day		Last	% Day	% Year		Last	Net Day	
NZD	0.5887	-0.1	0.5870	0.5898	CHF	0.9020	-0.1	S&P 500	4,414	-0.0	10.6	Oil (Brent)	82.71	+1.6	
AUD	0.6384	+0.4	0.6362	0.6391	SEK	10.839	-0.5	Dow	34,330	+0.1	1.7	Oil (WTI)	78.43	+1.6	
EUR	1.0696	+0.1	1.0665	1.0706	NOK	11.074	-0.3	Nasdaq	13,770	-0.2	21.6	Gold	1951.9	+0.7	
GBP	1.2269	+0.3	1.2228	1.2277	HKD	7.807	-0.0	Stoxx 50	4,232	+0.8	9.4	HRC steel	895.0	+0.4	
JPY	151.61	+0.1	151.21	151.91	CNY	7.289	+0.1	FTSE	7,426	+0.9	1.5	CRB	273.4	-0.0	
CAD	1.3793	-0.1			SGD	1.359	-0.1	DAX	15,345	+0.7	7.9	Wheat Chic.	604.3	+0.9	
NZD/AUD	0.9221	-0.4			IDR	15,701	+0.0	CAC 40	7,087	+0.6	7.5	Sugar	27.57	+1.0	
NZD/EUR	0.5504	-0.1			THB	35.98	-0.0	Nikkei	32,585	+0.1	16.5	Cotton	77.62	+0.3	
NZD/GBP	0.4798	-0.4			KRW	1,325	+0.6	Shanghai	3,047	+0.2	-1.2	Coffee	173.5	+1.8	
NZD/JPY	89.25	+0.0			TWD	32.32	-0.1	ASX 200	6,949	-0.4	-2.8	WM powder	3055	+0.2	
NZD/CAD	0.8120	-0.1			PHP	56.05	+0.2	NZX 50	11,093	-0.4	-1.2	<b>Australian Futures</b>			
NZ TWI	69.77	-0.1										3 year bond	95.7	-0.05	
<b>Interest Rates</b>													10 year bond	95.31	-0.05
Rates		Swap Yields			Benchmark 10 Yr Bonds		NZ Government Bonds			NZ Swap Yields					
	Cash	3Mth	2 Yr	10 Yr		Last	Net Day		Last				Last		
USD	5.50	5.64	4.86	4.29	USD	4.64	-0.01	15-Apr-25	5.31	-0.02		1 year	5.65	0.02	
AUD	4.35	4.42	4.53	4.96	AUD	4.67	0.05	15-Apr-27	5.02	0.05		2 year	5.37	0.05	
NZD	5.50	5.62	5.37	5.03	NZD	5.17	0.05	15-May-28	5.01	0.05		5 year	4.97	0.05	
EUR	4.00	3.99	3.58	3.18	GER	2.71	-0.00	15-May-31	5.12	0.05		7 year	4.97	0.05	
GBP	5.25	5.36	4.86	4.15	GBP	4.31	-0.02	14-Apr-33	5.17	0.05		10 year	5.03	0.04	
JPY	-0.02	-0.03	0.29	1.07	JPY	0.87	0.02	15-May-41	5.33	0.05		15 year	5.14	0.04	
CAD	5.00	5.52	4.97	4.24	CAD	3.85	-0.00	15-May-51	5.25	0.05					

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

\*\* All near futures contracts, except CRB. Metals prices are CME.

Rates are as of: NZT 06:49

Source: Bloomberg

**NZD exchange rates**

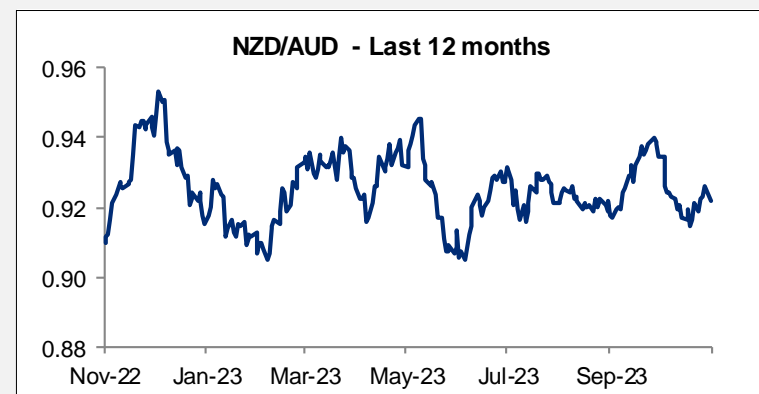
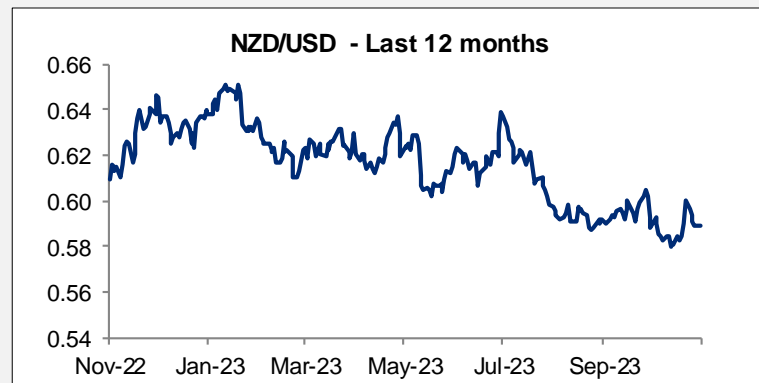
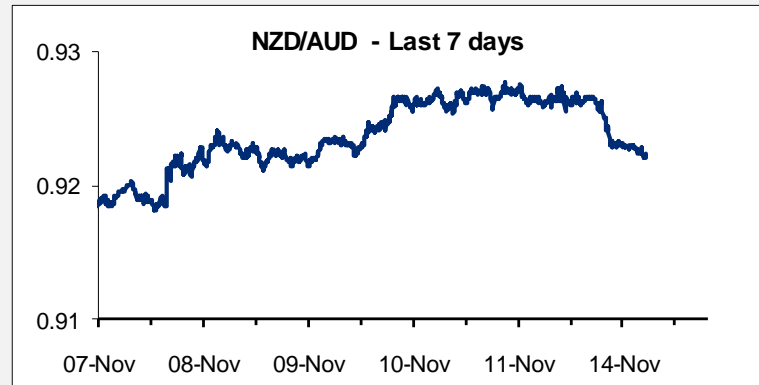
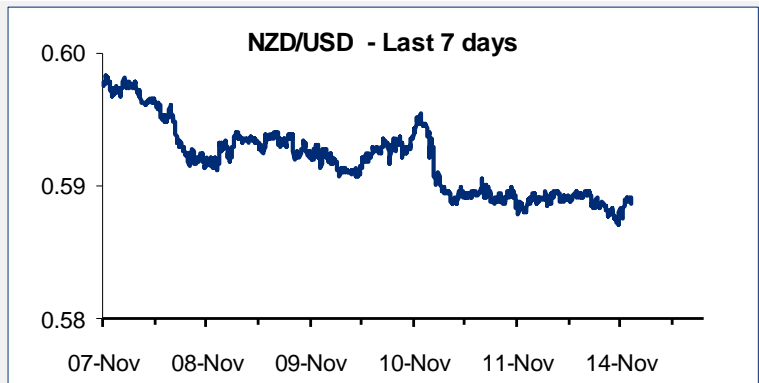
14/11/2023 6:49 am		Prev. NY close
USD	0.5887	0.5891
GBP	0.4798	0.4818
AUD	0.9221	0.9261
EUR	0.5504	0.5513
JPY	89.25	89.26
CAD	0.8120	0.8130
CHF	0.5310	0.5318
DKK	4.1054	4.1114
FJD	1.3419	1.3558
HKD	4.5962	4.6002
INR	49.06	49.10
NOK	6.5194	6.5467
PKR	169.41	168.70
PHP	33.00	32.96
PGK	2.1739	2.1698
SEK	6.3812	6.4191
SGD	0.8002	0.8015
CNY	4.2913	4.2919
THB	21.20	21.14
TOP	1.3832	1.3884
VUV	72.03	71.96
WST	1.6101	1.6330
XPF	65.94	66.07
ZAR	11.0247	11.0321

**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	0.28	0.58
3 Months	1.68	2.18
6 Months	2.47	3.67
9 Months	1.30	3.29
1 Year	-2.14	0.86

**NZD/AUD Forward points**

	BNZ buys NZD	BNZ Sells NZD
1 Month	-7.80	-7.03
3 Months	-23.51	-22.27
6 Months	-44.23	-40.95
9 Months	-61.10	-55.54
1 Year	-74.28	-66.03



# Contact Details

## BNZ Research

**Stephen Toplis**

Head of Research  
+64 4 474 6905

**Craig Ebert**

Senior Economist  
+64 4 474 6799

**Doug Steel**

Senior Economist  
+64 4 474 6923

**Jason Wong**

Senior Markets Strategist  
+64 4 924 7652

**Stuart Ritson**

Senior Interest Rate Strategist  
+64 9 9248601

**Mike Jones**

BNZ Chief Economist  
+64 9-956 0795

## Main Offices

**Wellington**

Level 2, BNZ Place  
1 Whitmore Street  
Private Bag 39806  
Wellington Mail Centre  
Lower Hutt 5045  
New Zealand  
Toll Free: 0800 283 269

**Auckland**

80 Queen Street  
Private Bag 92208  
Auckland 1142  
New Zealand  
Toll Free: 0800 283 269

**Christchurch**

111 Cashel Street  
Christchurch 8011  
New Zealand  
Toll Free: 0800 854 854

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