

Research Markets Today

15 April 2024

Events Round-Up

NZ: Manufacturing PMI, Mar: 47.1 vs. 49.3 prev.
NZ: Card spending total (m/m%), Mar: 0.1 vs. -1.9 prev.
NZ: Food prices (m/m%), Mar: -0.5 vs. -0.6 prev.
UK: GDP (m/m%), Feb: 0.1 vs. 0.1 exp.
UK: Industrial production (m/m%), Feb: 1.1 vs. 0.0 exp.
CH: Exports (USD, y/y%), Mar: -7.5 vs. -1.8 exp.
CH: Imports (USD, y/y%), Mar: -1.9 vs. 1.0 exp.
US: U. of Mich. consumer sent, Apr: 77.9 vs. 79.0 exp.
US: U. of Mich. 5-10yr inflation exp, Apr: 3.0 vs. 2.8 exp.

Good Morning

Risk aversion gripped global assets markets into the end of last week amid rising geopolitical tensions. There were growing concerns that Iran could launch a retaliatory attack on Israel following the air strike on the Iranian consulate in Syria. Over the weekend, Iran's military seized an Israeli-linked container ship, and launched drones and missiles towards Israel, in a significant escalation of hostilities. These developments will weigh on investor rise appetite as Israel calibrates a response.

The S&P fell 1.5% on Friday, its largest one-day fall since January. The weakness was broad-based across sectors though financials were the worst performing following mixed earnings from some of the largest US banks. Treasury yields fell and safe haven currencies including the US dollar outperformed. Brent crude prices climbed above US\$92 per barrel, for the first time since October, but ended unchanged near US\$90.

University of Michigan consumer sentiment dipped to 77.9 in April, from 79.4, despite the equities reaching new highs. Sentiment was likely depressed by rising gas prices. The expectations component was only modestly lower from March and remains consistent with robust growth in consumer spending. The closely watched 5-10 inflation expectations increased to 3.0% from 2.8%. This is below the top of the recent range but relatively high given the retracement in actual inflation.

The latest Fed speakers continued to play down the prospect of near-term rate cuts. Boston Fed President Collins said there is no urgency to cut interest rates, given elevated inflation and the resilience of the labour market.

These comments were reiterated by San Francisco Fed President Daly who said the Fed still has a lot of work to do before it can be confident inflation is on the right track.

Global bond markets rallied with the rise in risk aversion. 10-year German bund yields fell 10bps to 2.36% while 10-year treasury yields were down 7bps to 4.52%. The treasury curve adjustment was largely a parallel shift with 2-year yields, which briefly topped 5% last week, falling 6bps to 4.90%.

In currency markets, the US dollar extended the recent uptrend, with the dollar index up a further 0.7% to the highest levels since November. The combination of loose US fiscal policy, now tighter monetary policy and rising geopolitical risk is supporting the dollar. The yen and Swiss franc outperformed within G10 given their defensive characteristics. Separately, Japanese policy makers continue to express discomfort with yen weakness. Finance Minister Suzuki said officials are watching FX moves with a sense of urgency and 'would not rule out any steps against any excessive moves.'

The NZD and AUD were among the weaker G10 currencies, both falling close to 1% against the US dollar. NZD/USD declined to a fresh 2024 low down towards 0.5935. The NZD was weaker on all the major cross rates except for the AUD which oscillated in a range around 0.9180.

NZ fixed interest moved higher in yield during the local session on Friday. 10-year government bonds ended 6bps higher, at 4.87%, reflecting the moves in offshore markets, and outperformed relative to swaps. The market wasn't impacted by the softer than expected selected price indicators or further evidence of sluggish consumer spending from electronic card transactions. After the latest inflation partials, we have revised our Q1 CPI forecast down to 0.6% for the quarter and 3.9% for the annual rate.

The NZ services PMI is released today. The Peoples Bank of China is unanimously expected to leave its MLF rate unchanged at 2.5%. US retail sales and the Empire Manufacturing Index data are released overnight.

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Coming Up

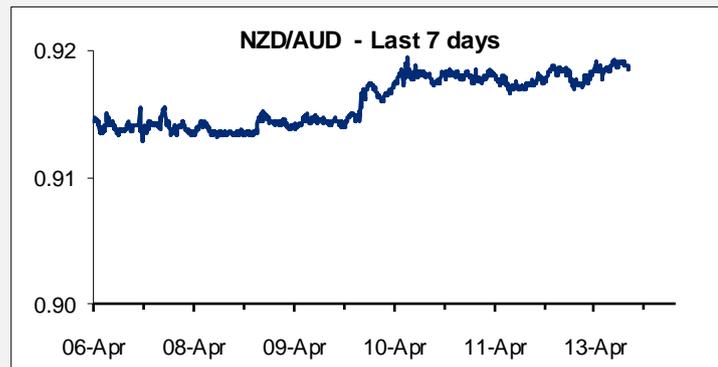
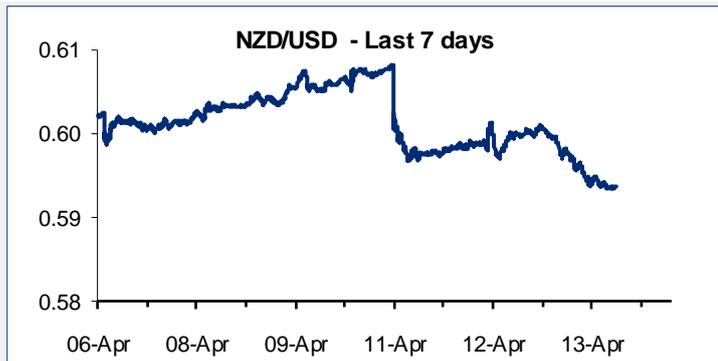
		Period	Cons.	Prev.	NZT
NZ	Performance Services Index	Mar	53	10:30	
NZ	Net Migration SA	Feb	2870	10:45	
CH	1-Yr Medium-Term Lending Rate	Apr	2.5	2.5	13:20
EC	Industrial Production SA MoM	Feb	1	-3.2	21:00
US	Empire Manufacturing	Apr	-5	-20.9	00:30
US	Retail Sales Advance (m/m%)	Mar	0.4	0.6	00:30
US	Retail Sales Ex Auto and Gas	Mar	0.3	0.3	00:30
US	NAHB Housing Market Index	Apr	51	51	02:00

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	0.5936	-1.0	0.5934	0.5984	CHF	0.9137	+0.4	S&P 500	5,123	-1.5	23.8	Oil (Brent)	90.45	+0.8
AUD	0.6462	-1.1	0.6456	0.6523	SEK	10.887	+1.5	Dow	37,983	-1.2	12.1	Oil (WTI)	85.66	+0.8
EUR	1.0641	-0.8	1.0623	1.0687	NOK	10.898	+0.6	Nasdaq	16,175	-1.6	33.4	Gold	2356.2	+0.1
GBP	1.2450	-0.8	1.2427	1.2522	HKD	7.838	-0.0	Stoxx 50	4,955	-0.2	12.9	HRC steel	845.0	-0.6
JPY	153.28	-0.0	152.59	153.39	CNY	7.237	+0.0	FTSE	7,996	+0.9	1.6	CRB	297.9	+0.8
CAD	1.3773	+0.6			SGD	1.361	+0.6	DAX	17,930	-0.1	13.4	Wheat Chic.	570.8	+0.8
NZD/AUD	0.9186	+0.2			IDR	15,848	-0.3	CAC 40	8,011	-0.2	6.5	Sugar	20.45	-1.9
NZD/EUR	0.5579	-0.1			THB	36.62	+0.4	Nikkei	39,524	+0.2	38.7	Cotton	82.62	-0.9
NZD/GBP	0.4768	-0.1			KRW	1,375	+0.8	Shanghai	3,019	-0.5	-9.5	Coffee	220.5	+1.4
NZD/JPY	90.98	-1.1			TWD	32.27	+0.1	ASX 200	7,788	-0.3	5.8	WM powder	3245	-1.4
NZD/CAD	0.8175	-0.2			PHP	56.54	+0.1	NZX 50	11,931	-0.0	0.4	Australian Futures		
NZ TWI	70.41	+0.0						VIX Index	17.31	+16.1	+1.4	3 year bond	96.17	-0.02
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	4.82	4.14	USD	4.52	-0.06	15-May-26	4.76	0.00	BKBM 1-mth	5.60	0.00	
AUD	4.35	4.34	4.07	4.42	AUD	4.27	0.01	15-Apr-27	4.60	0.00	BKBM 3-mth	5.64	#N/A	
NZD	5.50	5.64	5.14	4.72	NZD	4.77	0.00	15-May-28	4.55	0.00	1 year	5.49	0.00	
EUR	4.00	3.91	3.20	2.67	GER	2.36	-0.10	20-Apr-29	4.55	0.00	2 year	5.14	0.00	
GBP	5.25	5.30	4.60	3.86	GBP	4.14	-0.06	15-May-30	4.58	0.00	3 year	4.89	0.00	
JPY	0.08	-0.03	0.36	0.96	JPY	0.86	-0.02	15-May-31	4.63	0.00	5 year	4.69	0.00	
CAD	5.00	5.28	4.61	3.99	CAD	3.65	-0.08	15-May-32	4.68	0.00	7 year	4.67	0.00	
					NZ Inflation-Indexed Bonds									
					Sep-30	2.41	0.00	14-Apr-33	4.72	0.00	10 year	4.72	0.00	
					Sep-35	2.73	0.00	15-May-34	4.77	0.00	15 year	4.85	0.00	
					Sep-40	2.92	0.00	15-May-35	4.83	0.00				
* These are indicative r								15-May-37	4.92	0.00				
please confirm rates with your BNZ dealer								15-May-41	5.03	0.00				
Rates at NY close								15-May-51	5.02	0.00				
Source: Bloomberg								15-May-54	5.05	0.00				

NZD exchange rates

13/04/2024	NY close	Prev. NY close
USD	0.5936	0.5997
GBP	0.4768	0.4777
AUD	0.9186	0.9173
EUR	0.5579	0.5591
JPY	90.98	91.92
CAD	0.8175	0.8209
CHF	0.5430	0.5457
DKK	4.1657	4.1707
FJD	1.3479	1.3633
HKD	4.6578	4.7004
INR	49.57	49.89
NOK	6.4769	6.4953
PKR	165.26	166.79
PHP	33.60	33.89
PGK	2.2477	2.2673
SEK	6.4700	6.4322
SGD	0.8091	0.8115
CNY	4.3011	4.3400
THB	21.75	21.81
TOP	1.3840	1.4022
VUV	72.36	72.89
WST	1.6238	1.6448
XPF	66.53	66.43
ZAR	11.2110	11.2341



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	-0.14	0.42
3 Months	0.00	0.64
6 Months	-1.00	1.26
9 Months	-3.31	2.61
1 Year	-3.53	0.81

NZD/AUD Forward points

	BNZ buys NZD	BNZ Sells NZD
1 Month	-8.64	-7.43
3 Months	-24.48	-23.05
6 Months	-47.96	-43.02
9 Months	-71.24	-60.26
1 Year	-88.92	-78.18

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