

Research Markets Today

22 February 2024

Events Round-Up

NZ: PPI output (q/q%), Q4: 0.7 vs. 0.8 prev.
 AU: Wage price index (y/y%), Q4: 4.2 vs. 4.1 exp.
 AU: Wage price index (q/q%), Q4: 0.9 vs. 0.9 exp.
 EC: Consumer confidence, Feb: -15.5 vs. -15.5 exp.

Good Morning

There were limited catalysts for global asset markets overnight in the absence of first-tier economic data or fresh guidance from policy makers. The S&P is marginally lower in early afternoon trade as investors look ahead to Nvidia results due after market close. The company is at the vanguard of AI given its chips are used in the hardware for artificial intelligence. Treasury yields are marginally higher, and the US dollar is little changed.

Chinese equities performed strongly. The Hang Seng China Enterprises index increased more than 3% intra-day before closing 2% higher. The index is up 8% since mid-February. Chinese policy makers have adopted a range of measures aimed at boosting sentiment. The latest announcements clamped down on trading by quant funds, which have been attributed to market volatility, and tightened rules on short selling.

Eurozone consumer confidence improved in February amid falling inflation and strong labour markets. Confidence has picked up from the record low last year when the conflict in Ukraine resulted in an energy crisis. European bond yields traded higher on the day. 10-year bunds increased 6bps to 2.43%, reaching fresh highs for 2024.

US treasury yields are marginally higher across the curve. as the market looks ahead to supply. The Treasury is auctioning US\$16 billion 20-year bonds this morning and US\$9 billion of 30-year TIPS tomorrow. 2-year treasuries are up 2bps to 4.63% while 10-year years are also 2bps higher at 4.29%.

The US Dollar was modestly stronger against G10 currencies in quiet markets. The NZD reached the highest level in more than a month in the local session yesterday but slipped back overnight aligned with stronger US dollar. The NZD is little changed against the JPY and AUD and is weaker on the major European crosses.

NZ government bonds ended the local session higher lower in yield with the market focused on the syndication of the new May-2054 nominal bond. 10-year bond yields fell 3bps to 4.84%. The market rallied after the 2054 priced, with the curve flattening, as shorter bonds closed unchanged. Australian 10-year bond futures are ~4bps higher in yield overnight, pointing to a modest upward bias for NZ yields on the open.

The 2054 syndication saw strong demand with the orderbook at final guidance exceeding NZ\$19 billion. New Zealand Debt Management issued NZ\$4 billion which was previously indicated as the volume cap for the transaction. The 2054 was issued at a spread of +1bp to the May-2051 bond which was towards the tighter end of initial price guidance. The strong investor demand will support market sentiment given the heavy funding requirements ahead. The weekly NZGB tender is cancelled today, as is typical, following a syndication.

The minutes for the January FOMC are released this morning. There has been a plethora of Fed speakers since the meeting with a consistent message, so the minutes are unlikely to provide a great deal of additional information about the Fed's policy outlook. Advance PMIs for February will provide an update on activity across major economies and are released later this evening.

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Coming Up

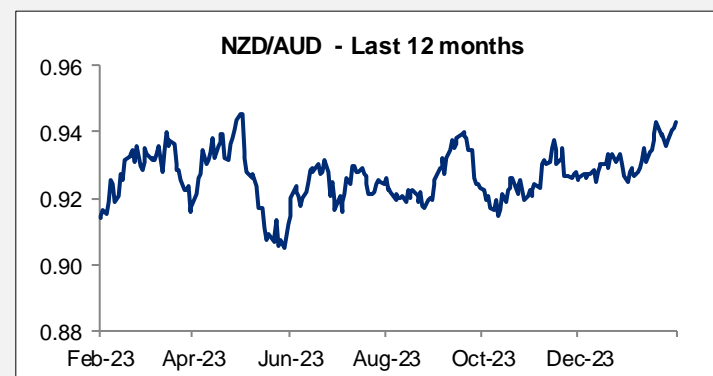
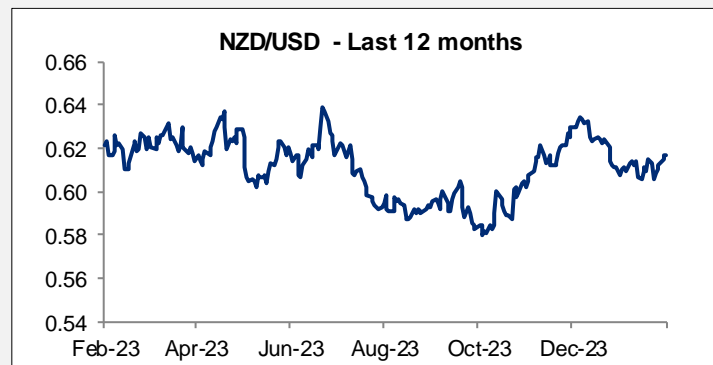
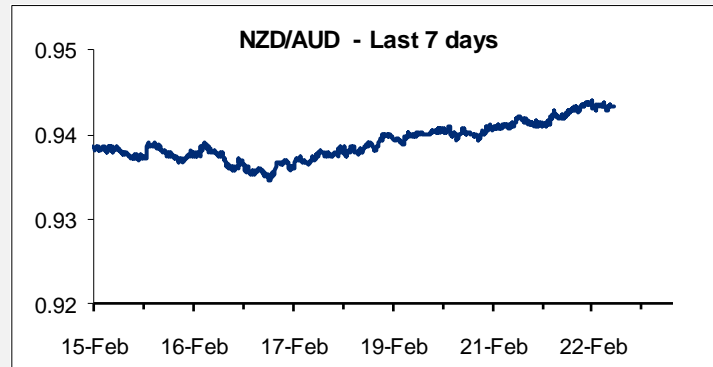
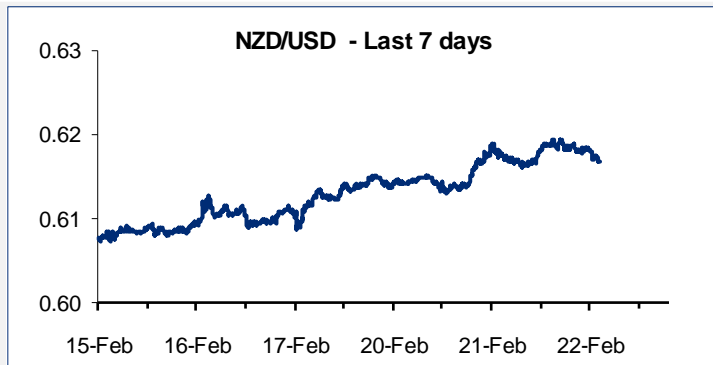
		Period	Cons.	Prev.	NZT
US	FOMC Meeting Minutes		11324		08:00
NZ	Trade Balance 12m YTD (NZ\$bn)	Jan		-13.6	10:45
GE	Germany Manufacturing PMI	Feb P	46	45.5	21:30
GE	Germany Services PMI	Feb P	48	47.7	21:30
EC	Eurozone Manufacturing PMI	Feb P	47	46.6	22:00
EC	Eurozone Services PMI	Feb P	48.8	48.4	22:00
UK	S&P UK Manufacturing PMI	Feb P	47.5	47	22:30
UK	S&P UK Services PMI	Feb P	54.1	54.3	22:30
CA	Retail Sales Ex Auto (m/m%)	Dec	0.7	-0.5	02:30
US	Initial Jobless Claims	17 Feb	216	212	02:30
US	S&P US Manufacturing PMI	Feb P	50.5	50.7	03:45
US	S&P US Services PMI	Feb P	52.4	52.5	03:45
US	Existing Home Sales (m/m%)	Jan	4.9	-1	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	Net Day					
NZD	0.6169	+0.1	0.6168	0.6194	CHF	0.8808	-0.1	S&P 500	4,960	-0.3	24.1	Oil (Brent)	82.83	+0.7		
AUD	0.6541	-0.1	0.6539	0.6570	SEK	10.383	+0.2	Dow	38,477	-0.2	16.1	Oil (WTI)	77.71	+1.0		
EUR	1.0809	+0.0	1.0790	1.0820	NOK	10.492	+0.0	Nasdaq	15,508	-0.8	34.9	Gold	2028.2	+0.0		
GBP	1.2618	-0.0	1.2603	1.2635	HKD	7.821	+0.0	Stoxx 50	4,775	+0.3	12.3	HRC steel	922.0	-0.4		
JPY	150.33	+0.2	149.93	150.35	CNY	7.190	-0.0	FTSE	7,663	-0.7	-4.0	CRB	270.8	-0.7		
CAD	1.3511	-0.1			SGD	1.344	+0.1	DAX	17,118	+0.3	11.2	Wheat Chic.	576.3	-0.5		
NZD/AUD	0.9431	+0.2			IDR	15,635	-0.2	CAC 40	7,812	+0.2	6.9	Sugar	22.79	+0.2		
NZD/EUR	0.5707	+0.1			THB	35.91	-0.3	Nikkei	38,262	-0.3	41.2	Cotton	93.93	+3.0		
NZD/GBP	0.4889	+0.1			KRW	1,335	-0.2	Shanghai	2,951	+1.0	-10.3	Coffee	187.4	+0.9		
NZD/JPY	92.74	+0.3			TWD	31.54	+0.1	ASX 200	7,608	-0.7	4.0	WM powder	3370	-1.2		
NZD/CAD	0.8335	-0.0			PHP	55.95	-0.2	NZX 50	11,590	+0.2	-1.7	Australian Futures				
NZ TWI	72.35	+0.1						VIX Index	15.77	+2.3	-31.0	3 year bond	96.28	0.02		
Interest Rates											10 year bond			95.79	-0.03	
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	3.94	USD	4.30	0.03	15-May-26	4.92	-0.00	BKBM 1-mth	5.64	0.00			
AUD	4.35	4.33	4.04	4.46	AUD	4.17	-0.01	15-Apr-27	4.76	-0.00	BKBM 3-mth	5.71	-0.00			
NZD	5.50	5.71	5.20	4.69	NZD	4.83	-0.02	15-May-28	4.67	-0.01	1 year	5.68	0.00			
EUR	4.00	3.94	3.21	2.79	GER	2.45	0.08	20-Apr-29	4.66	-0.01	2 year	5.20	0.01			
GBP	5.25	5.33	4.58	3.90	GBP	4.10	0.06	15-May-30	4.68	-0.01	3 year	4.89	0.01			
JPY	-0.02	-0.03	0.27	0.90	JPY	0.73	-0.01	15-May-31	4.71	-0.02	5 year	4.66	0.01			
CAD	5.00	5.34	4.59	3.90	CAD	3.55	0.03	15-May-32	4.75	-0.02	7 year	4.64	0.01			
					NZ Inflation-Indexed Bonds								10 year		4.69	0.01
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer					Sep-30	2.46	-0.02	14-Apr-33	4.79	-0.02			15 year		4.79	0.01
Rates are as of: NZT 06:32					Sep-35	2.77	-0.02	15-May-34	4.83	-0.02						
Source: Bloomberg					Sep-40	2.95	-0.03	15-May-37	4.96	-0.03						
								15-May-41	5.06	-0.03						
								15-May-51	5.04	-0.04						

NZD exchange rates

22/02/2024 6:32 am		Prev. NY close
USD	0.6169	0.6165
GBP	0.4889	0.4884
AUD	0.9431	0.9414
EUR	0.5707	0.5704
JPY	92.74	92.48
CAD	0.8335	0.8337
CHF	0.5434	0.5437
DKK	4.2544	4.2524
FJD	1.3957	1.3948
HKD	4.8247	4.8216
INR	51.18	51.15
NOK	6.4725	6.4662
PKR	172.45	172.33
PHP	34.52	34.56
PGK	2.3166	2.3151
SEK	6.4050	6.3890
SGD	0.8293	0.8283
CNY	4.4356	4.4342
THB	22.12	22.23
TOP	1.4317	1.4357
VUV	74.77	74.73
WST	1.6862	1.6767
XPF	68.38	68.42
ZAR	11.6790	11.6590



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	-0.26	0.05
3 Months	-1.35	-0.79
6 Months	-6.58	-4.94
9 Months	-14.11	-12.11
1 Year	-23.03	-20.03

NZD/AUD Forward points

	BNZ buys NZD	BNZ Sells NZD
1 Month	-9.46	-8.66
3 Months	-28.08	-26.61
6 Months	-58.84	-54.83
9 Months	-87.47	-82.14
1 Year	-112.84	-105.23

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