

Research Markets Today

24 April 2024

Events Round-Up

GE: Manufacturing PMI, Apr: 42.2 vs. 42.7 exp.

GE: Services PMI, Apr: 53.3 vs. 50.5 exp.

EC: Manufacturing PMI, Apr: 45.6 vs. 46.5 exp.

EC: Services PMI, Apr: 52.9 vs. 51.8 exp.

UK: Manufacturing PMI, Apr: 48.7 vs. 50.4 exp.

UK: Services PMI, Apr: 54.9 vs. 53 exp.

US: Manufacturing PMI, Apr: 49.9 vs. 52 exp.

US: Services PMI, Apr: 50.9 vs. 52 exp.

US: New Home Sales, Mar: 693 vs. 670 exp.

Good Morning

Investor risk appetite has continued to recover underpinning global equities. The S&P gained more than 1% as the market looks ahead to corporate results from large technology companies. The FTSE 100 traded to a new all-time high before retracing amid a broad-based rally across European stocks. US treasury yields fell following weaker than expected preliminary PMIs for April, which contrasted with evidence of a recovery in Europe, and contributed to a weaker US dollar.

In the US, the preliminary composite PMI for April was weaker than expected and indicated US business activity expanded at the slowest pace this year. The manufacturing PMI declined to 49.9, which was below median estimates, and down from 51.9 in March. The services sector PMI also undershot expectations at 50.9, which declined from 51.7 in March.

In Europe, the PMI data pointed towards an improving outlook. The German composite PMI rose to 50.5, well above the consensus estimate of 48.4, which suggests the private sector is expanding for the first time in 10 months. The improvement was driven by the services sector. The euro area composite index rose to 51.5 which is the highest level since May last year. The data had limited impact on the market expectations for the ECB easing cycle. Current pricing largely discounts a 25bps rate cut at the June meeting and close to 80bps of cuts by year end.

PMI data revealed UK business activity rose more than expected in April, and posted its fastest expansion in almost a year, suggesting the economy is regaining momentum after the technical recession in H2-2023. Bank

of England chief economist Huw Pill pushed back against the prospect of near-term easing. He said the Bank is cautious about cutting rates too soon, after the extended period of above target inflation, and reiterated the need for restrictive policy. He added there is still some way to go till he is convinced underlying inflation has stabilised at levels consistent with meeting the Bank's 2% inflation target on a sustainable basis.

US treasury yields fell after the US PMI data. 2-year yields, which traded up towards 5% earlier in the session, are down 5bps at 4.93%. There was decent demand for the US\$69 billion 2-year note auction despite the dip in yields. 10-year yields are little changed at 4.58%.

The contrasting PMI data weighed on the US dollar. The dollar index declined close to 0.4%. In the majors, EUR/USD spiked higher following the stronger than anticipated activity data and is back above 1.07. EUR/JPY gained above 165.60 to the highest level since 2008. The pound outperformed within the G10 supported by the data and Pill's comments.

The NZD gained set against the weaker US dollar backdrop. NZD/USD spiked to the offshore session highs, up towards 0.5950, following the soft US data. The NZD is weaker on key cross rates except for the yen. NZD/AUD has traded lower towards 0.9150.

NZ fixed income yields moved lower in the local session yesterday matching the moves in offshore markets. 10-year government bonds yields dropped 5bps to 4.88% in a largely parallel curve shift. With the NZ public holiday tomorrow, the weekly government bond tender will take place today. There will be NZ\$500 million of bonds offered split across April-29 (NZ\$275m) and May-34 (\$225m).

Australian 3- and 10-year bond futures are little changed overnight, suggesting a limited directional bias for NZ yields on the open.

The regional focus in the day ahead will be Q1 CPI data in Australia. The data is likely to confirm only gradual progress on domestic price pressures, keeping the RBA on the side lines until later in the year. German IFO, Canadian retail sales and US durable goods orders are the main data releases this evening.

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Coming Up

Period Cons. Prev. NZT					
NZ	Trade Balance 12 Mth YTD NZD	Mar	1199	10:45	
AU	CPI Trimmed Mean (q/q%)	1Q	0.8	0.8	13:30
AU	CPI (q/q%)	1Q	0.8	0.6	13:30
AU	CPI Trimmed Mean (y/y%)	1Q	3.8	4.2	13:30
AU	CPI (y/y%)	1Q	3.5	4.1	13:30
GE	IFO Expectations	Apr	88.9	87.5	20:00
CA	Retail Sales Ex Auto (m/m%)	Feb	0.1	0.5	00:30
US	Durable Goods Orders (m/m%)	Mar P	2.5	1.3	00:30
US	Durables Ex Transport (m/m%)	Mar P	0.2	0.3	00:30

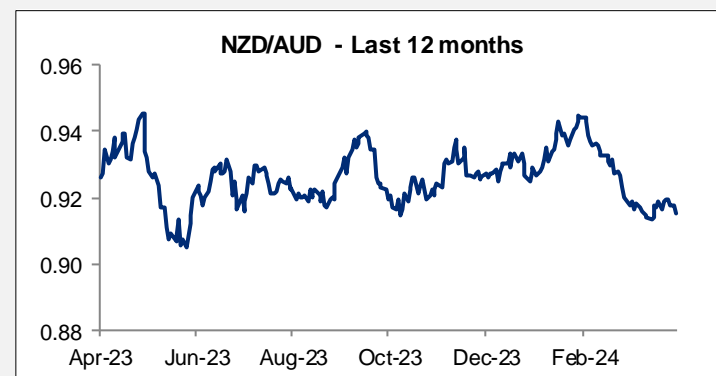
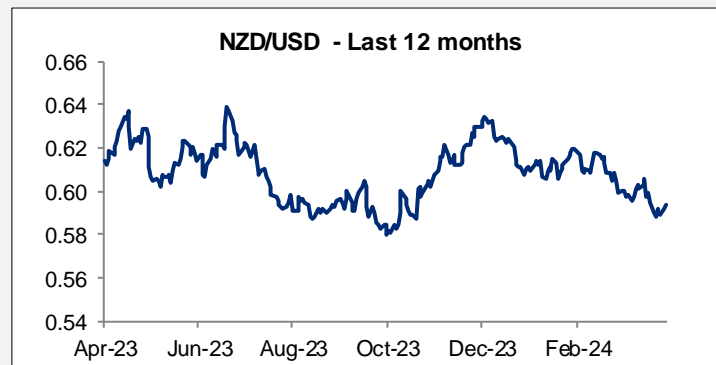
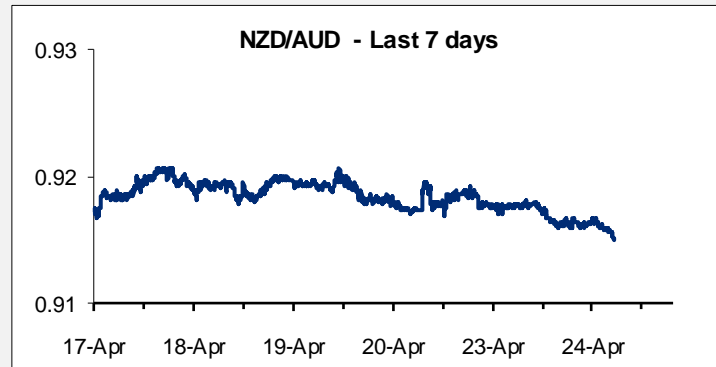
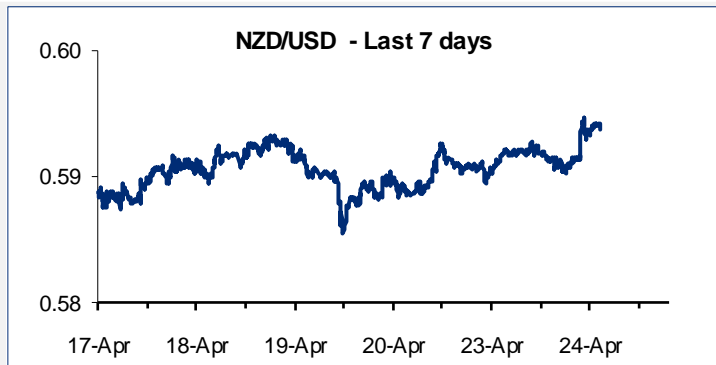
Source: Bloomberg, BNZ

Currencies						Equities				Commodities					
Global froces		Indicative overnight ranges (*)			Other FX		Major Indices				Price (Near futures, except CRB)				
	Last	% Day	Low	High		Last	% Day			Last	Net Day				
NZD	0.5938	+0.3	0.5903	0.5948	CHF	0.9114	-0.1		S&P 500	5,073	+1.2	22.7	Oil (Brent)	88.38	+1.6
AUD	0.6488	+0.6	0.6441	0.6490	SEK	10.813	-0.7		Dow	38,504	+0.7	13.9	Oil (WTI)	83.33	+1.8
EUR	1.0705	+0.5	1.0644	1.0711	NOK	10.916	-0.7		Nasdaq	15,724	+1.8	30.2	Gold	2325.0	-0.3
GBP	1.2453	+0.8	1.2337	1.2459	HKD	7.835	-0.0		Stoxx 50	5,008	+1.4	13.6	HRC steel	843.0	+0.0
JPY	154.81	-0.0	154.56	154.88	CNY	7.245	+0.0		FTSE	8,045	+0.3	1.7	CRB	298.1	-0.0
CAD	1.3660	-0.3			SGD	1.361	-0.1		DAX	18,138	+1.5	14.2	Wheat Chic.	601.8	+2.4
NZD/AUD	0.9152	-0.3			IDR	16,220	-0.1		CAC 40	8,106	+0.8	7.0	Sugar	19.91	+0.4
NZD/EUR	0.5547	-0.2			THB	36.93	-0.3		Nikkei	37,552	+0.3	31.3	Cotton	80.22	+0.1
NZD/GBP	0.4768	-0.5			KRW	1,378	-0.1		Shanghai	3,022	-0.7	-7.7	Coffee	221.9	-2.6
NZD/JPY	91.93	+0.3			TWD	32.59	-0.2		ASX 200	7,684	+0.4	4.9	WM powder	3160	-0.3
NZD/CAD	0.8111	+0.0			PHP	57.50	-0.1		NZX 50	11,803	-0.4	-1.9	Australian Futures		
NZ TWI	70.42	+0.1						VIX Index	15.87	-6.3	-5.4	3 year bond	96.17	0.04	
Interest Rates						NZ Government Bonds				NZ BKBM and Swap Yields					
Rates		Swap Yields			Benchmark 10 Yr Bonds										
	Cash	3Mth	2 Yr	10 Yr	Last	Net Day		Last	Chg		Last	Chg			
USD	5.50	5.58	4.83	4.22	USD	4.60	-0.01	15-May-26	4.90	-0.05	BKBM 1-mth	5.60	0.00		
AUD	4.35	4.37	4.15	4.51	AUD	4.27	-0.05	15-Apr-27	4.75	-0.04	BKBM 3-mth	5.64	-0.02		
NZD	5.50	5.64	5.09	4.70	NZD	4.88	-0.05	15-May-28	4.69	-0.04	1 year	5.50	-0.04		
EUR	4.00	3.89	3.30	2.81	GER	2.50	0.02	20-Apr-29	4.68	-0.05	2 year	5.09	-0.05		
GBP	5.25	5.30	4.62	3.96	GBP	4.24	0.04	15-May-30	4.71	-0.05	3 year	4.84	-0.06		
JPY	0.08	-0.03	0.37	0.98	JPY	0.89	-0.00	15-May-31	4.76	-0.05	5 year	4.65	-0.06		
CAD	5.00	5.28	4.64	4.09	CAD	3.76	0.00	15-May-32	4.80	-0.05	7 year	4.64	-0.06		
						NZ Inflation-Indexed Bonds		14-Apr-33	4.83	-0.05	10 year	4.70	-0.06		
						Sep-30	2.48	-0.03	15-May-34	4.88	-0.05	15 year	4.84	-0.06	
						Sep-35	2.80	-0.03	15-May-35	4.94	-0.05				
						Sep-40	2.99	-0.03	15-May-37	5.03	-0.04				
								15-May-41	5.15	-0.04					
								15-May-51	5.13	-0.04					
								15-May-54	5.16	-0.04					

* These are indicative r 06:47
 please confirm rates with your BNZ dealer
 Rates are as of: NZT
 Source: Bloomberg

NZD exchange rates

24/04/2024 6:47 am		Prev. NY close
USD	0.5938	0.5919
GBP	0.4768	0.4793
AUD	0.9152	0.9177
EUR	0.5547	0.5555
JPY	91.93	91.66
CAD	0.8111	0.8110
CHF	0.5412	0.5398
DKK	4.1377	4.1450
FJD	1.3647	1.3604
HKD	4.6526	4.6379
INR	49.49	49.35
NOK	6.4819	6.5043
PKR	165.34	164.59
PHP	34.15	34.06
PGK	2.2544	2.2472
SEK	6.4205	6.4451
SGD	0.8082	0.8062
CNY	4.3023	4.2875
THB	22.01	21.90
TOP	1.3858	1.4160
VUV	72.91	72.79
WST	1.6313	1.6284
XPF	66.10	66.05
ZAR	11.3563	11.3609



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	-0.19	0.19
3 Months	-0.24	0.26
6 Months	-1.25	-0.25
9 Months	-2.79	-0.80
1 Year	-4.75	-1.75

NZD/AUD Forward points

	BNZ buys NZD	BNZ Sells NZD
1 Month	-9.23	-8.36
3 Months	-24.94	-23.73
6 Months	-48.66	-45.98
9 Months	-68.97	-64.10
1 Year	-87.23	-79.81

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