

Research Markets Today

26 March 2024

Events Round-Up

US: New home sales (m/m%), Feb: -0.3 vs. 2.3 exp.

Good Morning

It has been a typically quiet start to the week without any catalysts to drive markets. Global equity markets show only small changes, global rates have pushed higher, and currency movements have been modest. The NZD has spent the day hovering around 0.60, some support gleaned from the PBoC supporting the yuan after its surprising neglect on Friday.

It is a quiet week ahead on the calendar ahead of Easter, with most interest in the US PCE deflators released on Friday, but even so, the CPI and PPI figures that feed into that release should reduce the scope for any major surprise.

Our main interest in markets at the start of the week was in what the PBoC would do in response to the depreciation of the yuan it allowed to take place on Friday, which shocked the market and was responsible for the NZD to fall below 0.60.

Traders reported that China's state banks sold USD in large amounts and Chinese institutions were less willing to offer short-term CNH funding, supporting the yuan. The PBoC also set the CNY reference rate much stronger than estimated, a signal that it wasn't necessarily seeking a weaker yuan and was perhaps surprised by the market's reaction on Friday. From highs around 7.28, USD/CNH fell to 7.2325 and has since stabilised at 7.25.

Ahead of that action, the NZD fell to a fresh year-to-date low of 0.5986, thereafter found a little support, and has since been hovering around 0.60. The AUD has performed slightly better and currently trades near 0.6540, with NZD/AUD slipping to fresh four-month lows around 0.9180.

Also of note, Japan's top currency official Kanda made a verbal intervention on the market, saying that the "current weakening of the yen is not in line with fundamentals and is clearly driven by speculation", threatening to intervene in the currency market. One could argue that recent yen weakness has been driven by the disappointingly dovish BoJ which, despite last week lifting rates for the first time since 2007, maintained a dovish outlook in suggesting the

need for ongoing monetary accommodation for some time. Japan's MoF last officially intervened when USD/JPY was close to 152. The market pretty much ignored Kanda's warning and the yen has underperformed, with USD/JPY pushing up to 151.50, while NZD/JPY has nudged up towards 91.

Global rates have pushed higher, with Germany and UK 10-year yields up 5bps and 6bps respectively, while the US 10-year rate is up 5bps to 4.25%. The 2-year rate pushed up ahead of a record \$66b bond auction and in the event the notes were issued less than half a basis point higher than the prevailing rate. The 2-year rate is up 4bps on the day to 4.63%.

The data calendar has been light. US new home sales fell 0.3% to 662k in February against expectations for a gain of 2.3%. Fed speakers have been out in force, delivering their usual array of post FOMC meeting speeches, but nothing new has been revealed. There might be more interest in what Governor Waller has to say later in the week, while Chair Powell is scheduled to speak on Friday.

The domestic rates market had an uneventful session, with global forces resulting in lower rates across the curve. NZGB yields were down 1-3bps, with the 10-year rate down 3bps to 4.55%. The 2-year swap rate fell 2bps to 4.83% and the 10-year swap rate fell 4bps to 4.36%. Higher global rates overnight, with the Australian 10-year up about 5bps in yield terms should impart an upside bias to NZ rates on the open today.

The economic calendar remains light with only second tier data. Tonight sees the release of US durable goods and consumer confidence data.

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Coming Up

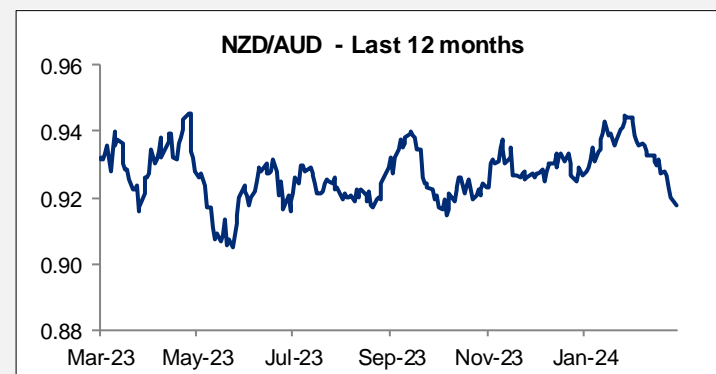
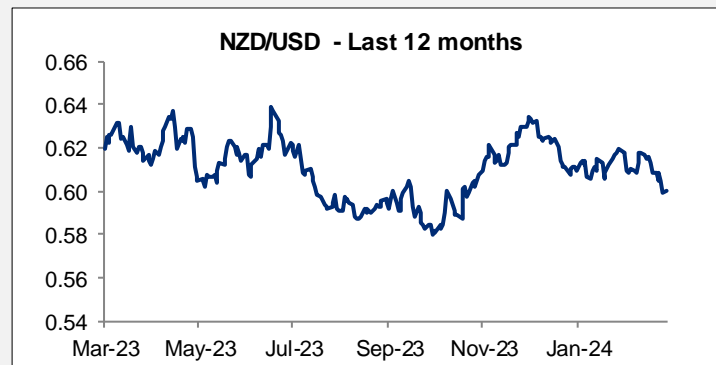
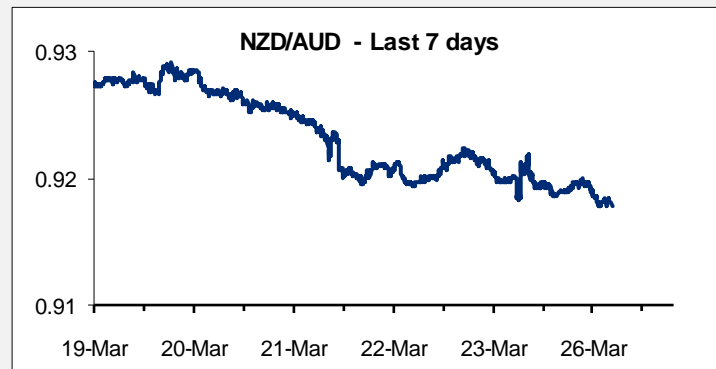
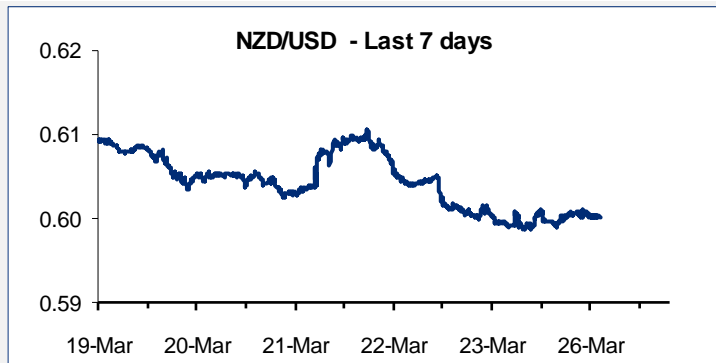
		Period	Cons.	Prev.	NZT
AU	Westpac consumer confidence	Mar	86.0	12:30	
GE	GfK consumer confidence	Apr	-28	-29	20:00
US	Durable goods orders (m/m%)	Feb	1.2	-6.2	01:30
US	Durables ex transport (m/m%)	Feb	0.4	-0.4	01:30
US	Conf. Board consumer confid.	Mar	106.8	106.7	03:00

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	% Day	% Year		Last	Net Day	
NZD	0.6002	+0.2	0.5989	0.6012	CHF	0.8988	+0.1		S&P 500	5,224	-0.2	31.6	Oil (Brent)	86.54	+1.3
AUD	0.6539	+0.4	0.6517	0.6547	SEK	10.572	+0.1		Dow	39,316	-0.4	22.0	Oil (WTI)	81.80	+1.5
EUR	1.0836	+0.3	1.0807	1.0842	NOK	10.708	-0.4		Nasdaq	16,421	-0.0	38.9	Gold	2176.7	+0.8
GBP	1.2639	+0.3	1.2595	1.2652	HKD	7.822	+0.0		Stoxx 50	5,044	+0.3	22.1	HRC steel	788.0	-0.8
JPY	151.50	+0.1	151.13	151.54	CNY	7.211	-0.3		FTSE	7,918	-0.2	6.9	CRB	285.8	-0.3
CAD	1.3581	-0.2			SGD	1.346	-0.2		DAX	18,261	+0.3	22.1	Wheat Chic.	569.8	+0.0
NZD/AUD	0.9179	-0.2			IDR	15,800	+0.1		CAC 40	8,152	-0.0	16.2	Sugar	21.95	+0.5
NZD/EUR	0.5539	-0.1			THB	36.37	-0.0		Nikkei	40,414	-1.2	47.6	Cotton	92.12	+0.7
NZD/GBP	0.4749	-0.2			KRW	1,343	+0.3		Shanghai	3,026	-0.7	-7.3	Coffee	185.7	+0.7
NZD/JPY	90.93	+0.2			TWD	31.87	-0.3		ASX 200	7,812	+0.5	12.3	WM powder	3045	+0.5
NZD/CAD	0.8151	-0.0			PHP	56.38	+0.2		NZX 50	12,067	+0.7	4.2	Australian Futures		
NZ TWI	70.52	-0.0						VIX Index	13.20	+1.1	-39.3	3 year bond	96.41	0.03	
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	5.57	4.53	3.89	USD	4.25	0.05	15-May-26	4.58	-0.01	BKBM 1-mth	5.59	0.00		
AUD	4.35	4.35	3.95	4.29	AUD	4.01	-0.03	15-Apr-27	4.39	-0.02	BKBM 3-mth	5.63	-0.00		
NZD	5.50	5.63	4.83	4.36	NZD	4.55	-0.03	15-May-28	4.32	-0.02	1 year	5.33	-0.01		
EUR	4.00	3.90	3.18	2.66	GER	2.37	0.05	20-Apr-29	4.33	-0.02	2 year	4.83	-0.02		
GBP	5.25	5.30	4.41	3.72	GBP	3.99	0.06	15-May-30	4.36	-0.02	3 year	4.52	-0.03		
JPY	0.08	-0.03	0.32	0.88	JPY	0.73	-0.01	15-May-31	4.413	-0.02	5 year	4.30	-0.04		
CAD	5.00	5.30	4.48	3.82	CAD	3.49	0.05	15-May-32	4.47	-0.02	7 year	4.28	-0.04		
					NZ Inflation-Indexed Bonds			14-Apr-33	4.51	-0.03	10 year	4.36	-0.04		
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer					Sep-30	2.25	-0.02	15-May-34	4.55	-0.03	15 year	4.48	-0.04		
Rates are as of: NZT 06:53					Sep-35	2.57	-0.02	15-May-37	4.71	-0.03					
Source: Bloomberg					Sep-40	2.75	-0.02	15-May-41	4.83	-0.02					
								15-May-51	4.82	-0.02					
								15-May-54	4.86	-0.02					

NZD exchange rates

26/03/2024	6:54 am	Prev. NY close
USD	0.6002	0.5992
GBP	0.4749	0.4755
AUD	0.9179	0.9197
EUR	0.5539	0.5544
JPY	90.93	90.72
CAD	0.8151	0.8152
CHF	0.5395	0.5378
DKK	4.1309	4.1357
FJD	1.3675	1.3603
HKD	4.6946	4.6867
INR	50.07	49.83
NOK	6.4271	6.4449
PKR	166.97	166.79
PHP	33.85	33.73
PGK	2.2641	2.2594
SEK	6.3454	6.3302
SGD	0.8077	0.8081
CNY	4.3283	4.3317
THB	21.85	21.79
TOP	1.3939	1.3883
VUV	72.92	72.49
WST	1.6361	1.6307
XPF	65.78	65.76
ZAR	11.3549	11.4025



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	-0.07	0.33
3 Months	-0.22	0.40
6 Months	-1.72	-0.46
9 Months	-3.32	-1.32
1 Year	-4.97	-1.97

NZD/AUD Forward points

	BNZ buys NZD	BNZ Sells NZD
1 Month	-8.64	-7.73
3 Months	-23.62	-22.26
6 Months	-46.48	-43.17
9 Months	-65.25	-60.10
1 Year	-80.93	-72.78

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