

Research Markets Today

28 March 2024

Events Round-Up

AU: CPI (y/y%), Feb: 3.4 vs. 3.5 exp.

EC: Economic confidence, Mar: 96.3 vs. 96.2 exp.

Good Morning

Global equity markets are generally higher, in the absence of economic data or fresh catalysts, with investors looking ahead to a speech by influential Federal Reserve Governor Christopher Waller. The S&P is marginally higher in early afternoon trade with earlier gains having faded. Equity indices in Hong Kong and mainland China fell, and have now erased gains for March, as optimism around the policy-driven rally fades. US treasuries moved lower in yield while yen volatility was the focus in currency markets.

The yen fell to its lowest level against the US Dollar since 1990 in Asian trade with interest rate differentials continuing to weigh. USD/JPY reached highs just below 152, which prompted a round of verbal intervention by Japanese policymakers and raised the probability of actual intervention by Japanese authorities, for the first time since 2022. Finance Minister Suzuki said 'we will take bold action against excessive moves'. The yen subsequently rebounded on news of an emergency meeting between the Bank of Japan, the finance ministry, and the Financial Services Agency to discuss yen weakness.

US treasury yields drifted lower with 2-year yields down 3bps to 4.56%, which corresponds with levels reached in the aftermath of the FOMC last week. It was a largely parallel curve shift - 10-year treasury yields declined 4bps to 4.19%. The US\$43 billion 7-year auction saw decent demand, despite the move lower in yields, with bid-cover the highest since October which was perhaps related to quarter-end portfolio rebalancing flow.

In currency markets the US dollar was broadly unchanged despite the volatility in the yen. EUR/USD was confined to a narrow range and looked past the modest improvement in Eurozone economic confidence. The contagion to Asian currencies from the weak yen, saw NZD/USD retest the 2024 lows sub-0.5990. The NZD has since recovered modestly and traded in a narrow range in the offshore session.

NZ fixed interest markets ended little changed in the local session yesterday. 10-year government bonds closed at 4.64%. The market looks ahead to the weekly tender today. New Zealand Debt Management will offer NZ\$500 million of nominal NZGBs split across 20 Apr 2029 (\$275m) and 15 May 2034 (\$225m). For the third consecutive tender, there will be no ultras offered, suggesting limited demand being indicated by market participants, in this part of the curve.

Australian 10-year bond futures are ~4bps lower in yield overnight, suggesting a downward bias for NZ yields on the open.

The NZ Government's Budget policy statement, prepared in advance of the Budget in May, provided few surprises. The Treasury has revised down its growth projections, which will reduce tax revenue, and has forecast a later return to a surplus. As part of its fiscal strategy, the government will target a reduction in net core debt below 40 percent of GDP. The borrowing programme will be updated alongside the Budget in May, with risks skewed towards an upward revision, given the Treasury's revised growth and tax outlook.

ANZ business confidence is released today and will reveal if the recent improvement can be sustained. Federal Governor Waller will deliver remarks on the economic outlook this morning (NZT). His previous comments have been impactful for the markets, and will be closely monitored, albeit taking place after the US market close.

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Coming Up

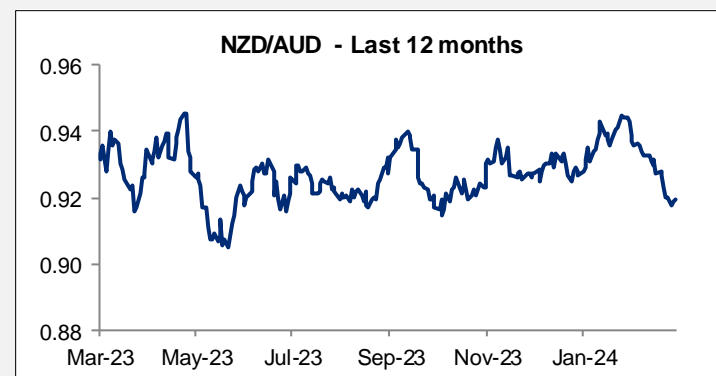
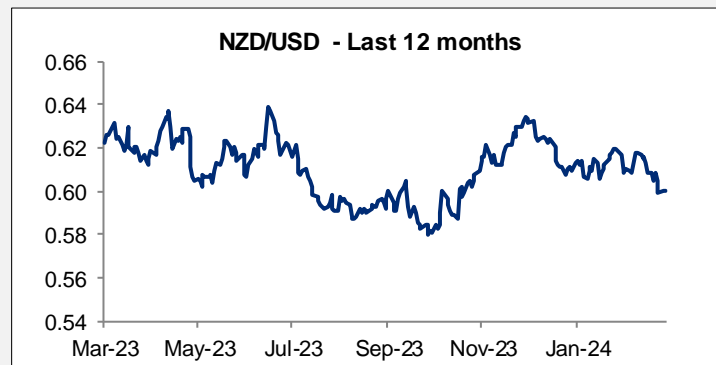
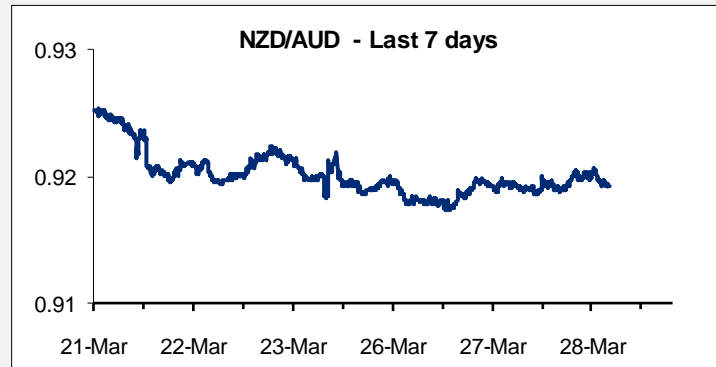
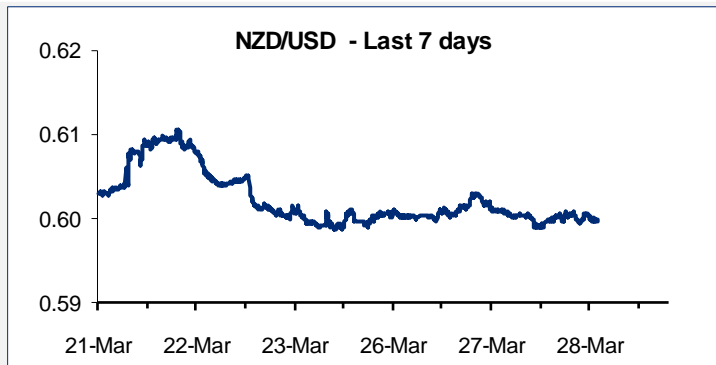
		Period	Cons.	Prev.	NZT
NZ	ANZ Consumer Confidence	Mar		94.5	0.42
US	Fed's Waller Speaks to Economic Club of NY				11:00
NZ	ANZ Activity Outlook	Mar		29.5	13:00
AU	Retail Sales (m/m%)	Feb	0.4	1.1	13:30
GE	Unemployment Claims Rate SA	Mar	5.9	5.9	21:55
CA	GDP (m/m%)	Jan	0.4	0	01:30
US	Initial Jobless Claims	23 Mar	212	210	01:30
US	MNI Chicago PMI	Mar	46	44	02:45
US	Pending Home Sales MoM	Feb	1.5	-4.9	03:00
US	U. of Mich. Sentiment	Mar F	76.5	76.5	03:00
US	U. of Mich. 5-10 Yr Inflation	Mar F	2.9	2.9	03:00

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	Net Day					
NZD	0.5998	-0.1	0.5994	0.6011	CHF	0.9058	+0.2	S&P 500	5,222	+0.4	31.3	Oil (Brent)	85.92	-0.3		
AUD	0.6525	-0.1	0.6514	0.6533	SEK	10.624	+0.3	Dow	39,547	+0.7	21.9	Oil (WTI)	81.30	-0.4		
EUR	1.0820	-0.1	1.0811	1.0839	NOK	10.796	+0.4	Nasdaq	16,331	+0.1	38.8	Gold	2189.2	+0.5		
GBP	1.2629	+0.0	1.2606	1.2639	HKD	7.824	-0.0	Stoxx 50	5,082	+0.3	22.0	HRC steel	867.0	+0.2		
JPY	151.39	-0.1	151.03	151.84	CNY	7.227	+0.2	FTSE	7,932	+0.0	6.2	CRB	287.8	-0.4		
CAD	1.3586	+0.0			SGD	1.348	+0.2	DAX	18,477	+0.5	22.1	Wheat Chic.	562.3	+0.6		
NZD/AUD	0.9192	+0.0			IDR	15,858	+0.4	CAC 40	8,205	+0.2	15.9	Sugar	22.19	-1.0		
NZD/EUR	0.5543	+0.0			THB	36.38	+0.2	Nikkei	40,763	+0.9	48.1	Cotton	90.80	-2.8		
NZD/GBP	0.4749	-0.1			KRW	1,349	+0.7	Shanghai	2,993	-1.3	-7.8	Coffee	191.1	+1.6		
NZD/JPY	90.80	-0.2			TWD	32.02	+0.3	ASX 200	7,820	+0.5	11.2	WM powder	3110	+0.6		
NZD/CAD	0.8149	-0.1			PHP	56.22	-0.2	NZX 50	12,011	-0.2	2.0	Australian Futures				
NZ TWI	70.58	+0.0						VIX Index	12.92	-2.4	-37.3	3 year bond	96.42	0.02		
Interest Rates												10 year bond			96.01	0.06
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	4.49	3.83	USD	4.19	-0.04	15-May-26	4.62	0.01	BKBM 1-mth	5.59	0.00			
AUD	4.35	4.34	3.94	4.23	AUD	4.00	-0.03	15-Apr-27	4.44	0.01	BKBM 3-mth	5.64	0.00			
NZD	5.50	5.64	4.85	4.39	NZD	4.62	0.00	15-May-28	4.38	0.02	1 year	5.34	-0.00			
EUR	4.00	3.90	3.14	2.58	GER	2.29	-0.06	20-Apr-29	4.39	0.01	2 year	4.85	0.00			
GBP	5.25	5.30	4.40	3.67	GBP	3.93	-0.04	15-May-30	4.42	0.01	3 year	4.55	0.01			
JPY	0.08	-0.03	0.30	0.85	JPY	0.73	-0.01	15-May-31	4.475	0.01	5 year	4.33	0.00			
CAD	5.00	5.30	4.48	3.78	CAD	3.45	-0.05	15-May-32	4.53	0.00	7 year	4.32	-0.00			
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer						NZ Inflation-Indexed Bonds			14-Apr-33	4.57	0.00	10 year	4.39	-0.01		
Rates are as of: NZT 06:47						Sep-30	2.30	0.00	15-May-34	4.62	0.00	15 year	4.51	-0.01		
Source: Bloomberg						Sep-35	2.62	0.00	15-May-37	4.77	0.00					
						Sep-40	2.81	0.00	15-May-41	4.90	0.00					
									15-May-51	4.89	0.00					
									15-May-54	4.93	0.00					

NZD exchange rates

28/03/2024 6:46 am		Prev. NY close
USD	0.5998	0.6004
GBP	0.4749	0.4755
AUD	0.9192	0.9190
EUR	0.5543	0.5543
JPY	90.80	91.00
CAD	0.8149	0.8156
CHF	0.5433	0.5428
DKK	4.1342	4.1344
FJD	1.3589	1.3605
HKD	4.6927	4.6973
INR	50.01	50.01
NOK	6.4753	6.4584
PKR	166.79	166.99
PHP	33.72	33.82
PGK	2.2625	2.2657
SEK	6.3723	6.3594
SGD	0.8087	0.8080
CNY	4.3351	4.3329
THB	21.84	21.79
TOP	1.4057	1.4150
VUV	72.95	72.95
WST	1.6398	1.6367
XPF	65.79	66.02
ZAR	11.3298	11.3961



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	0.08	0.32
3 Months	-0.08	0.37
6 Months	-1.88	-0.68
9 Months	-3.75	-1.83
1 Year	-6.05	-3.05

NZD/AUD Forward points

	BNZ buys NZD	BNZ Sells NZD
1 Month	-7.99	-7.25
3 Months	-23.46	-22.34
6 Months	-46.38	-43.15
9 Months	-66.25	-61.20
1 Year	-82.69	-74.64

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