

# Research Markets Today

29 April 2024

## Events Round-Up

NZ: ANZ consumer confidence, Apr: 82.1 vs. 86.4 prev.  
UK: GfK consumer confidence, Apr: -19 vs. -20 exp.  
JN: Tokyo CPI (y/y%), Apr: 1.8 vs. 2.5 exp.  
JN: Tokyo CPI x fr. fd., energy (y/y%), Apr: 1.8 vs. 2.7 exp.  
JN: BOJ target rate (upper bound), Apr: 0.1 vs. 0.1 exp.  
US: Personal income (m/m%), Mar: 0.5 vs. 0.5 exp.  
US: Real personal spending (m/m%), Mar: 0.5 vs. 0.3 exp.  
US: PCE core deflator (m/m%), Mar: 0.3 vs. 0.3 exp.  
US: PCE core deflator (y/y%), Mar: 2.8 vs. 2.7 exp.  
US: UoM consumer sentiment, Apr: 77.2 vs. 77.9 exp.  
US: UoM 5-10yr inflation exp., Apr: 3.0 vs. 3.0 exp.

## Good Morning

Global asset markets advanced into the end of last week. The S&P gained more than 1%, underpinned by strength in technology companies, following upbeat earnings reports from Alphabet and Microsoft. Equities were also supported by personal consumption expenditure (PCE) data which revealed strong consumption and inflation, which was in line with expectations, and not as high as some investors had feared after the Q1 data released the previous day.

Stocks in Europe and Asia also made solid gains. The Hang Seng increased 2% and was up close to 8% over the course of last week. US treasuries moved lower in yield and the US dollar was stronger, particularly against the yen, after the Bank of Japan indicated monetary policy would remain accommodative.

The core PCE deflator, which is Federal Reserve's preferred inflation gauge, increased 0.3% in March. This was in line with median forecasts. The 2.8% annual rate was marginally above expectations and unchanged from March. Quarterly PCE deflator data, released the previous day, had signalled risks of a higher print. Real consumption increased 0.5% on the month.

The treasury market, which was spooked by the quarterly PCE data, had a modest relief rally after the monthly PCE deflator data largely matched expectations. 10-year yields declined 4bps to 4.67% while 2-year notes were stable near 5%. European yields were also lower. 10-year gilt yields fell 4bps to 4.32% while 10-year bund yields declined 5bps to 2.57%.

The Bank of Japan left rates unchanged as expected. In a unanimous decision by policymakers, the BoJ will continue to guide the overnight interest rate in a range of 0 to 0.1%. Separately the Bank didn't signal a reduction of its bond purchases, saying its stance was largely unchanged from March, despite removing a reference to the actual purchase amount from the policy statement.

The yen remained under pressure after the BoJ meeting and fell to the lowest level in more than 30 years against the US dollar. The move gained additional momentum after Governor Ueda said currency weakness was having 'no major impact' on inflationary pressures so far. The market is alert for potential intervention by the Ministry of Finance – the last time Japan intervened directly was in 2022 – but the durable impact may be limited given wide interest rate differentials and broad-based dollar strength.

The US dollar was stronger against developed market currencies. EUR/USD slipped back below 1.07, a fall of about 0.3%, while USD/JPY closed the week above 158. Speculative accounts have continued to build US dollar long positions. The latest Commodity Futures Trading Commission data shows the aggregate long dollar position has increased to the largest since May 2019.

NZD/USD traded lower aligned with the broader dollar move, falling towards 0.5930 before staging a modest recovery. NZD/AUD fell below 0.9100 to the lowest level since June. NZD/JPY reached 94, equalling the peak from back in 2014.

NZ fixed interest yields moved higher in the local session on Friday, reflecting moves in offshore markets, in the absence of domestic catalysts. 10-year government bonds increased 8bps to 5.0% which is a new high for this year. Bonds outperformed swaps with 10y swap rates increasing 11bps. Australian 10-year government bond futures are ~4bps lower in yield since the local close on Friday suggesting lower NZ yields to start the week.

There is no domestic data today. German preliminary CPI data for April is released ahead of the euro area aggregate tomorrow.

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Coming Up

		Period Cons. Prev. NZT		
EC	Economic Confidence	Apr	96.3	21:00
GE	CPI EU Harmonized (m/m%)	Apr P	0.6 0.6	00:00
GE	CPI EU Harmonized (y/y%)	Apr P	2.4 2.3	00:00

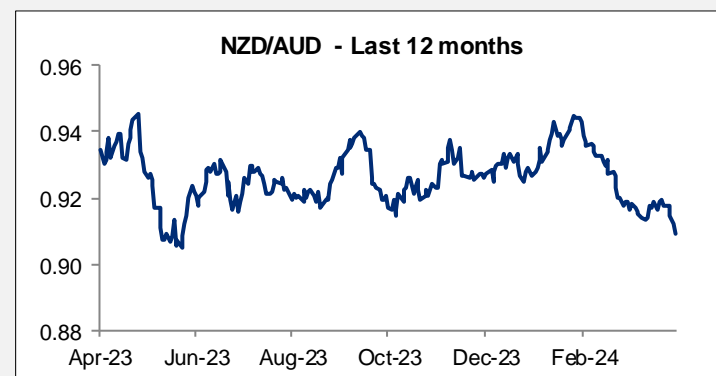
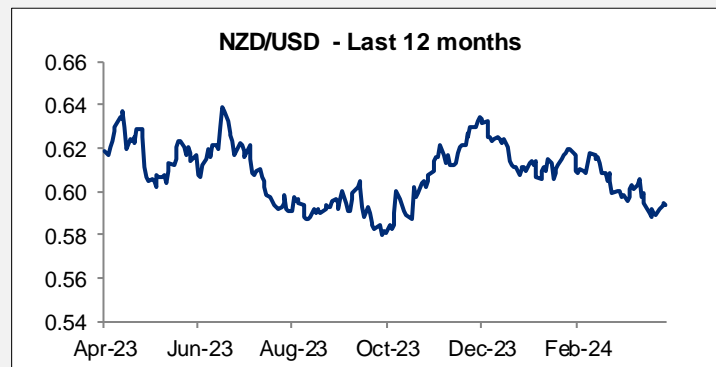
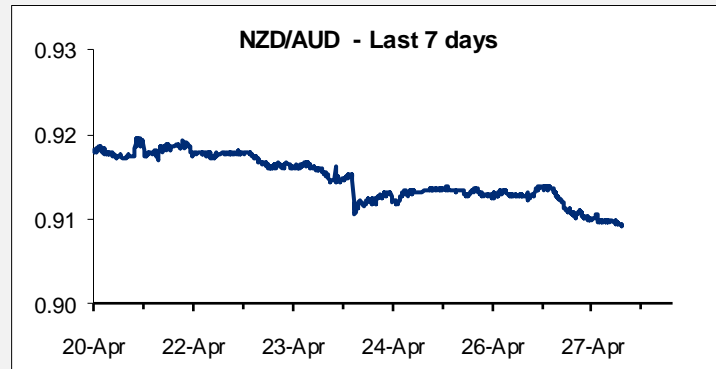
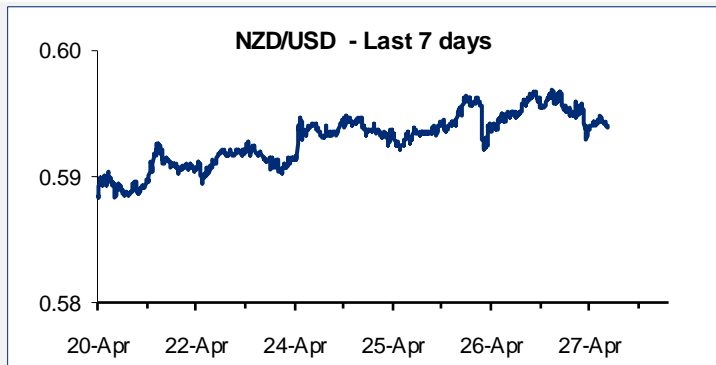
Source: Bloomberg, BNZ

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	0.5940	-0.1	0.5929	0.5969	CHF	0.9142	+0.2	S&P 500	5,100	+1.0	22.3	Oil (Brent)	89.50	+0.4
AUD	0.6533	+0.2	0.6517	0.6554	SEK	10.932	+0.4	Dow	38,240	+0.4	12.1	Oil (WTI)	83.85	+0.3
EUR	1.0693	-0.3	1.0674	1.0753	NOK	11.035	+0.7	Nasdaq	15,928	+2.0	30.3	Gold	2347.2	+0.2
GBP	1.2493	-0.2	1.2449	1.2541	HKD	7.828	+0.0	Stoxx 50	5,007	+1.4	14.9	HRC steel	821.0	+1.8
JPY	158.32	+1.7	154.99	158.44	CNY	7.246	+0.1	FTSE	8,140	+0.8	3.4	CRB	296.8	-0.3
CAD	1.3670	+0.1			SGD	1.363	+0.3	DAX	18,161	+1.4	14.1	Wheat Chic.	622.3	+0.3
NZD/AUD	0.9092	-0.4			IDR	16,210	+0.1	CAC 40	8,088	+0.9	8.0	Sugar	19.40	-0.4
NZD/EUR	0.5555	+0.2			THB	37.01	-0.1	Nikkei	37,935	+0.8	31.5	Cotton	79.40	-0.2
NZD/GBP	0.4755	+0.1			KRW	1,375	+0.1	Shanghai	3,089	+1.2	-7.1	Coffee	224.0	-1.8
NZD/JPY	94.04	+1.6			TWD	32.58	-0.0	ASX 200	7,576	-1.4	3.6	WM powder	3160	+1.0
NZD/CAD	0.8120	-0.0			PHP	57.69	-0.2	NZX 50	11,805	-1.2	-1.8	<b>Australian Futures</b>		
NZ TWI	70.47	+0.0						VIX Index	15.03	-2.2	-4.8	3 year bond	95.87	-0.09
<b>Interest Rates</b>											10 year bond 95.49 0.00			
	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	4.92	4.29	USD	4.66	-0.04	15-May-26	4.99	0.07	BKBM 1-mth	5.60	0.00	
AUD	4.35	4.41	4.39	4.72	AUD	4.52	0.11	15-Apr-27	4.85	0.07	BKBM 3-mth	5.64	0.01	
NZD	5.50	5.64	5.21	4.87	NZD	5.00	0.08	15-May-28	4.81	0.07	1 year	5.56	0.04	
EUR	4.00	3.86	3.36	2.86	GER	2.58	-0.06	20-Apr-29	4.80	0.08	2 year	5.21	0.08	
GBP	5.25	5.30	4.73	4.06	GBP	4.32	-0.04	15-May-30	4.82	0.08	3 year	4.97	0.09	
JPY	0.08	-0.03	0.37	0.98	JPY	0.89	-0.01	15-May-31	4.87	0.08	5 year	4.80	0.10	
CAD	5.00	5.28	4.69	4.15	CAD	3.82	-0.05	15-May-32	4.92	0.08	7 year	4.80	0.10	
					<b>NZ Inflation-Indexed Bonds</b>			14-Apr-33	4.95	0.08	10 year	4.87	0.11	
					Sep-30	2.53	0.02	15-May-34	5.00	0.08	15 year	5.00	0.11	
					Sep-35	2.85	0.03	15-May-35	5.06	0.08				
					Sep-40	3.04	0.02	15-May-37	5.15	0.08				
								15-May-41	5.26	0.08				
								15-May-51	5.25	0.08				
								15-May-54	5.27	0.08				

\* These are indicative r  
please confirm rates with your BNZ dealer  
Rates at NY close  
Source: Bloomberg

**NZD exchange rates**

27/04/2024	NY close	Prev. NY close
USD	0.5940	0.5948
GBP	0.4755	0.4753
AUD	0.9092	0.9125
EUR	0.5555	0.5543
JPY	94.04	92.58
CAD	0.8120	0.8123
CHF	0.5430	0.5426
DKK	4.1425	4.1340
FJD	1.3448	1.3577
HKD	4.6500	4.6560
INR	49.51	49.56
NOK	6.5546	6.5182
PKR	165.39	165.40
PHP	34.27	34.38
PGK	2.2603	2.2590
SEK	6.4935	6.4778
SGD	0.8095	0.8083
CNY	4.3044	4.3063
THB	21.95	22.02
TOP	1.3891	1.3972
VUV	72.46	72.76
WST	1.6334	1.6305
XPF	66.18	66.14
ZAR	11.1727	11.3202



**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	-0.14	0.13
3 Months	-0.29	0.39
6 Months	-1.31	0.95
9 Months	-3.80	2.30
1 Year	-3.59	0.85

**NZD/AUD Forward points**

	BNZ buys NZD	BNZ Sells NZD
1 Month	-8.74	-8.09
3 Months	-24.37	-22.70
6 Months	-44.41	-39.56
9 Months	-62.10	-51.00
1 Year	-72.64	-62.36

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