

# Research Markets Today

30 April 2024

## Events Round-Up

EC: Economic confidence, Apr: 95.6 vs. 96.7 exp.

GE: CPI EU harmonised (m/m%), Apr: 0.6 vs. 0.6 exp.

GE: CPI EU harmonised (y/y%), Apr: 2.4 vs. 2.3 exp.

## Good Morning

Risk appetite is slightly higher at the start of the new week. The key market movement has been yen volatility, with signs of official intervention after the currency cratered in early Asia trading. USD/JPY has traded within a 3.5% range and has settled around 156. The USD is broadly weaker, and the NZD has pushed up towards the 0.60 mark. Global rates are modestly lower.

In illiquid trading conditions in early Asia yesterday, with Japan on holiday, the yen tumbled, seeing USD/JPY up through 160 for the first time since 1990, and NZD/JPY up through 95 for the first time since 2007. Fresh in the minds of traders was BoJ Governor Ueda's evident lack of concern for the very weak yen, attracting further selling pressure. He said on Friday that the weaker yen wasn't yet having a major impact on underlying price trends.

The yen rebounded smartly after USD/JPY reached a high of 160.17, with a substantial move to below 155 in late-Asia trading. After a run back up towards 157 there was another notable fall and it has subsequently settled at 156. We won't know for sure whether official intervention occurred until late May, when figures are published, but the trading activity has all the hallmarks of official intervention. For now, it makes sense for Japan's MoF to maintain a sense of mystery of whether or not it was responsible for some of the recovery in the yen. The market will likely remain jittery for some time. NZD/JPY has traded a range of about 92.2 to 95.4 and currently sits around 93.3.

The USD is broadly weaker against a backdrop of modestly higher risk appetite. There seemed to be a series of positive headlines coming out of China yesterday. Stocks of Chinese property developers soared on speculation of imminent policy support for the sector, news that major city Chengdu had relaxed home-buying rules to boost the property market, and a major developer reached a restructuring agreement with bondholders. All this, along with the stronger yen, supported CNY, with positive spillover for the AUD and NZD.

The NZD has tracked higher, trading just under a high of 0.5985, with almost all of the gain during NZ trading hours. The AUD met resistance around 0.6585. NZD/AUD traded down to a fresh 10-month low of 0.9080, before recovering to just over 0.91. The NZD has made modest gains on the other key crosses.

Global rates are down across Europe and the US. US Treasury yields show a modest flattening bias, with rates down 2-5bps from Friday's close. European 10-year rates are down in the order of 3-6bps. After we go to print, the US Treasury will announce how much it will need to borrow over the coming quarter, ahead of the refunding announcement later in the week. A healthy cash balance will reduce the need to increase the current run rate of borrowing.

In economic news, CPI inflation for Germany ticked up from 2.3% to 2.4% y/y in Apr, broadly in line with expectations, on the back of higher energy costs. The core measure, which excludes food and energy, fell from 3.3% to 3.0%. Headline Inflation also ticked higher in Spain, to 3.4% while it fell slightly in Ireland, to 1.6%. The euro area estimate is due tonight, with the consensus seeing the annual figure unchanged at 2.4% and the core measure down 3-ticks to 2.6%.

Oil prices are down more than 1%, with Brent crude trading at USD88.50, aided by reports that momentum towards a cease-fire between Hamas and Israel is building, ahead of a visit to the region by US Secretary of State Blinken.

US equities are modestly higher, with the S&P500 currently up 0.2%. According to new research, about a third of all S&P500 stock trades are executed in the final 10 minutes of trading, making reporting of the market movement in this daily note, well ahead of the close, not particularly useful, given the significant moves that can happen into the close.

Global forces drove lower NZ rates yesterday, with NZGB yields down 2-4bps across the curve, with slightly less downward movement in swap rates. The 10-year NZGB rate fell back below 5%, closing at 4.96%. The end of the month and chunky increase in duration for the widely followed benchmark index for NZGBs should see strong trading activity today.

The economic calendar is full for the day ahead. Locally, the ANZ business outlook survey is released and we think

this is prone to generally look a bit softer on the activity side, if the latest QSBO and other surveys are any guide. Attention will be on the pricing indicators too, including to see if pricing intentions push lower like their QSBO counterparts or not. China PMI data and Australian retail sales data are also released during NZ trading hours. Tonight sees the release of German GDP, euro area CPI, euro area GDP, and Canadian GDP. In the US, the employment cost index will be of most interest, the Fed's preferred measure to assess wage inflation.

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### Coming Up

|    |                              | Period | Cons. | Prev. | NZT   |
|----|------------------------------|--------|-------|-------|-------|
| JN | Industrial production (m/m%) | Mar    | 3.5   | -0.6  | 11:50 |
| NZ | ANZ activity outlook (net%)  | Apr    |       | 22.5  | 13:00 |
| CH | Manufacturing PMI            | Apr    | 50.3  | 50.8  | 13:30 |
| CH | Non-manufacturing PMI        | Apr    | 52.2  | 53.0  | 13:30 |
| AU | Retail sales (m/m%)          | Mar    | 0.2   | 0.3   | 13:30 |
| CH | Caixin PMI manufacturing     | Apr    | 51.0  | 51.1  | 13:45 |
| GE | Unemployment rate (%)        | Apr    | 5.9   | 5.9   | 19:55 |
| GE | GDP (q/q%)                   | Q1     | 0.1   | -0.3  | 20:00 |
| EA | CPI (y/y%)                   | Apr    | 2.4   | 2.4   | 21:00 |
| EA | CPI core (y/y%)              | Apr    | 2.6   | 2.9   | 21:00 |
| EA | GDP (q/q%)                   | Q1     | 0.1   | 0.0   | 21:00 |
| US | Employment cost index (q/q%) | Q1     | 1.0   | 0.9   | 00:30 |
| CA | GDP (m/m%)                   | Feb    | 0.3   | 0.6   | 00:30 |
| US | Chicago PMI                  | Apr    | 45.0  | 41.4  | 01:45 |
| US | Conf. Board consumer confid. | Apr    | 104.0 | 104.7 | 02:00 |

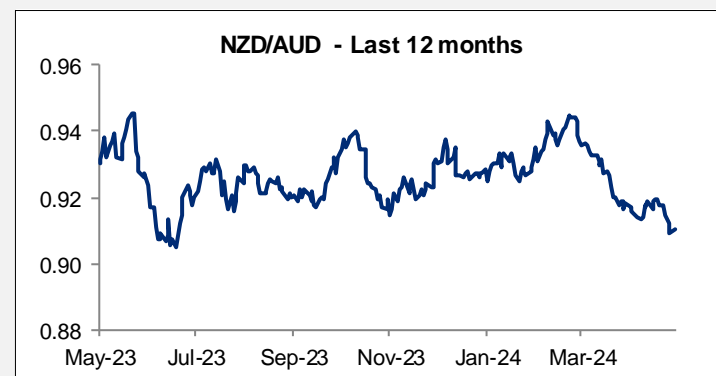
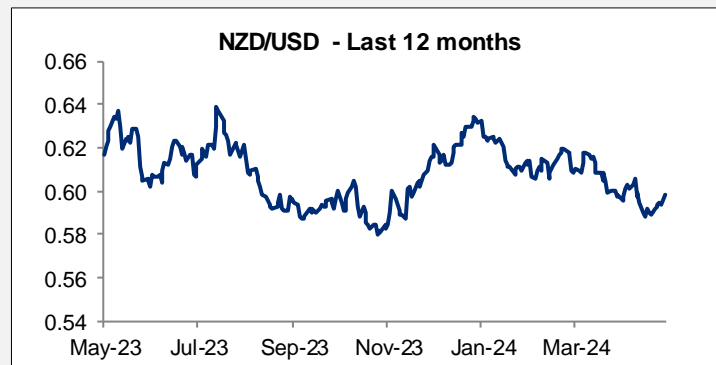
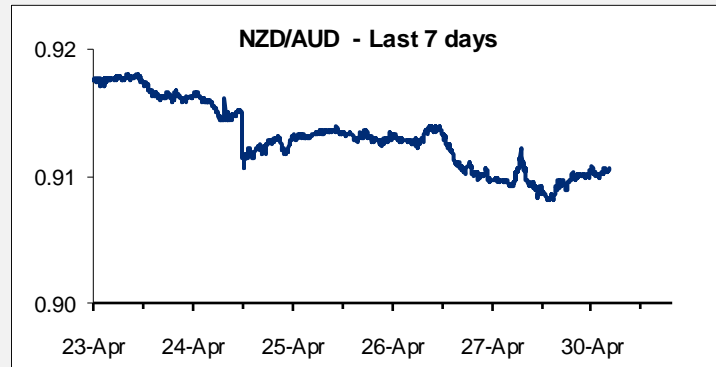
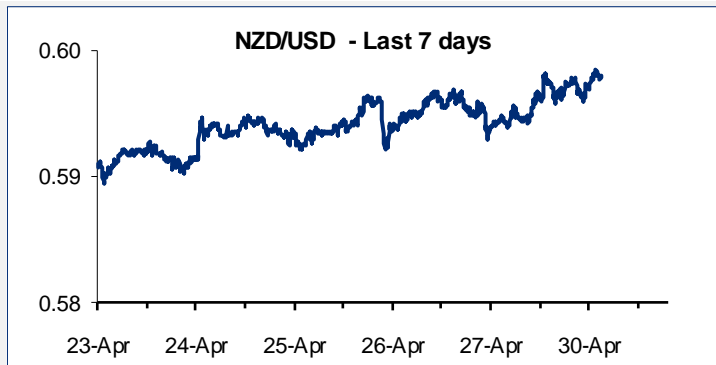
Source: Bloomberg, BNZ

| 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            | 0.5980 | +0.7                            | 0.5958 | 0.5984                | CHF      | 0.9102                     | -0.4          | S&P 500   | 5,104  | +0.1                    | 22.4                             | Oil (Brent)               | 88.41  | -1.2 |
| AUD            | 0.6568 | +0.5                            | 0.6546 | 0.6574                | SEK      | 10.924                     | -0.1          | Dow       | 38,356 | +0.3                    | 12.5                             | Oil (WTI)                 | 82.65  | -1.4 |
| EUR            | 1.0722 | +0.3                            | 1.0690 | 1.0730                | NOK      | 10.990                     | -0.4          | Nasdaq    | 15,967 | +0.2                    | 30.6                             | Gold                      | 2350.5 | +0.1 |
| GBP            | 1.2562 | +0.6                            | 1.2508 | 1.2570                | HKD      | 7.826                      | -0.0          | Stoxx 50  | 4,981  | -0.5                    | 14.3                             | HRC steel                 | 828.0  | +0.9 |
| JPY            | 155.96 | -1.5                            | 154.54 | 157.18                | CNY      | 7.230                      | -0.2          | FTSE      | 8,147  | +0.1                    | 3.5                              | CRB                       | 296.8  | -0.3 |
| CAD            | 1.3660 | -0.1                            |        |                       | SGD      | 1.359                      | -0.3          | DAX       | 18,118 | -0.2                    | 13.8                             | Wheat Chic.               | 608.3  | -2.2 |
| NZD/AUD        | 0.9105 | +0.1                            |        |                       | IDR      | 16,255                     | +0.3          | CAC 40    | 8,065  | -0.3                    | 7.7                              | Sugar                     | 20.20  | +4.1 |
| NZD/EUR        | 0.5577 | +0.4                            |        |                       | THB      | 36.99                      | -0.1          | Nikkei    | 37,935 | +0.8                    | 31.5                             | Cotton                    | 80.02  | +1.0 |
| NZD/GBP        | 0.4760 | +0.1                            |        |                       | KRW      | 1,378                      | +0.2          | Shanghai  | 3,113  | +0.8                    | -6.3                             | Coffee                    | 227.5  | +1.6 |
| NZD/JPY        | 93.26  | -0.8                            |        |                       | TWD      | 32.57                      | -0.0          | ASX 200   | 7,637  | +0.8                    | 4.5                              | WM powder                 | 3145   | -0.5 |
| NZD/CAD        | 0.8169 | +0.6                            |        |                       | PHP      | 57.70                      | +0.0          | NZX 50    | 11,916 | +0.9                    | -0.9                             | <b>Australian Futures</b> |        |      |
| NZ TWI         | 70.75  | +0.4                            |        |                       |          |                            |               | VIX Index | 14.85  | -1.2                    | -5.9                             | 3 year bond               | 95.90  | 0.03 |
|                |        |                                 |        |                       |          |                            |               |           |        |                         |                                  | 10 year bond              | 95.53  | 0.04 |
| Interest Rates |        |                                 |        |                       |          | NZ Government Bonds        |               |           |        | NZ BKBM and Swap Yields |                                  |                           |        |      |
| Rates          |        | Swap Yields                     |        | Benchmark 10 Yr Bonds |          | NZ Inflation-Indexed Bonds |               |           |        |                         |                                  |                           |        |      |
|                | Cash   | 3Mth                            | 2 Yr   | 10 Yr                 | Last     | Net Day                    |               | Last      | Chg    |                         | Last                             | Chg                       |        |      |
| USD            | 5.50   | 5.59                            | 4.90   | 4.25                  | USD      | 4.62                       | -0.05         | 15-May-26 | 4.97   | -0.03                   | BKBM 1-mth                       | 5.60                      | 0.00   |      |
| AUD            | 4.35   | 4.41                            | 4.38   | 4.71                  | AUD      | 4.49                       | -0.03         | 15-Apr-27 | 4.82   | -0.03                   | BKBM 3-mth                       | 5.63                      | -0.01  |      |
| NZD            | 5.50   | 5.63                            | 5.19   | 4.85                  | NZD      | 4.96                       | -0.04         | 15-May-28 | 4.78   | -0.02                   | 1 year                           | 5.54                      | -0.02  |      |
| EUR            | 4.00   | 3.87                            | 3.32   | 2.81                  | GER      | 2.53                       | -0.04         | 20-Apr-29 | 4.77   | -0.03                   | 2 year                           | 5.19                      | -0.03  |      |
| GBP            | 5.25   | 5.30                            | 4.69   | 4.02                  | GBP      | 4.29                       | -0.03         | 15-May-30 | 4.79   | -0.03                   | 3 year                           | 4.95                      | -0.02  |      |
| JPY            | 0.08   | -0.03                           | 0.35   | 0.97                  | JPY      | 0.89                       | 0.00          | 15-May-31 | 4.84   | -0.03                   | 5 year                           | 4.78                      | -0.02  |      |
| CAD            | 5.00   | 5.28                            | 4.67   | 4.09                  | CAD      | 3.76                       | -0.06         | 15-May-32 | 4.89   | -0.04                   | 7 year                           | 4.78                      | -0.01  |      |
|                |        |                                 |        |                       |          |                            |               | 14-Apr-33 | 4.91   | -0.04                   | 10 year                          | 4.85                      | -0.02  |      |
|                |        |                                 |        |                       |          |                            |               | 15-May-34 | 4.96   | -0.04                   | 15 year                          | 4.98                      | -0.01  |      |
|                |        |                                 |        |                       |          |                            |               | 15-May-35 | 5.02   | -0.04                   |                                  |                           |        |      |
|                |        |                                 |        |                       |          |                            |               | 15-May-37 | 5.11   | -0.04                   |                                  |                           |        |      |
|                |        |                                 |        |                       |          |                            |               | 15-May-41 | 5.22   | -0.04                   |                                  |                           |        |      |
|                |        |                                 |        |                       |          |                            |               | 15-May-51 | 5.21   | -0.04                   |                                  |                           |        |      |
|                |        |                                 |        |                       |          |                            |               | 15-May-54 | 5.23   | -0.04                   |                                  |                           |        |      |

\* These are indicative r 06:53  
 please confirm rates with your BNZ dealer  
 Rates are as of: NZT  
 Source: Bloomberg

**NZD exchange rates**

| 30/04/2024 | 6:53 am | Prev. NY close |
|------------|---------|----------------|
| USD        | 0.5980  | 0.5940         |
| GBP        | 0.4760  | 0.4755         |
| AUD        | 0.9105  | 0.9092         |
| EUR        | 0.5577  | 0.5555         |
| JPY        | 93.26   | 94.05          |
| CAD        | 0.8169  | 0.8121         |
| CHF        | 0.5443  | 0.5430         |
| DKK        | 4.1597  | 4.1425         |
| FJD        | 1.3603  | 1.3448         |
| HKD        | 4.6799  | 4.6500         |
| INR        | 49.92   | 49.51          |
| NOK        | 6.5719  | 6.5546         |
| PKR        | 166.51  | 165.18         |
| PHP        | 34.50   | 34.27          |
| PGK        | 2.2746  | 2.2603         |
| SEK        | 6.5326  | 6.4935         |
| SGD        | 0.8127  | 0.8095         |
| CNY        | 4.3234  | 4.3044         |
| THB        | 22.15   | 21.95          |
| TOP        | 1.3936  | 1.3891         |
| VUV        | 72.87   | 72.46          |
| WST        | 1.6396  | 1.6334         |
| XPF        | 66.52   | 66.18          |
| ZAR        | 11.1433 | 11.1727        |



**NZD/USD Forward Points**

|          | BNZ buys NZD | BNZ sells NZD |
|----------|--------------|---------------|
| 1 Month  | -0.11        | 0.18          |
| 3 Months | -0.16        | 0.33          |
| 6 Months | -0.94        | 0.06          |
| 9 Months | -2.08        | -0.08         |
| 1 Year   | -3.12        | -0.18         |

**NZD/AUD Forward points**

|          | BNZ buys NZD | BNZ Sells NZD |
|----------|--------------|---------------|
| 1 Month  | -9.42        | -8.76         |
| 3 Months | -24.11       | -22.92        |
| 6 Months | -43.68       | -40.99        |
| 9 Months | -59.86       | -54.95        |
| 1 Year   | -71.72       | -64.56        |

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