

Market Alert

Monday 06 November 2023

CURRENCIES	Spot	6mths
NZD/USD	0.5998	0.0001
NZD/AUD	0.9212	-0.0047
NZD/JPY	89.48	-2.58
NZD/EUR	0.5587	-0.0046
NZD/GBP	0.4842	-0.0005
NZD/CNH	4.3359	0.0000
AUD/USD	0.6507	0.0034
AUD/EUR	0.6063	-0.0019
EUR/USD	1.0729	0.0088
USD/CNH	7.2873	-0.0928
GBP/USD	1.2374	0.0013
EUR/GBP	0.8665	0.0060

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.10%
90 day bills	5.63%	4.35%
2 year swap	5.37%	4.45%
10 year Govt	5.23%	4.73%

401?

No, I'm not talking about a US pension plan but the runs the Black Caps scored in the cricket... and we still lost! How is that even possible...

But that wasn't the only excitement over the weekend after Saturday morning's non-farm payrolls release 'only' saw 150k jobs added to the workforce, which was lower than the 180k forecast. This saw the unemployment rate rise to 3.9%, slightly higher than the steady 3.8% forecast, while average hourly earnings increased 0.2% on the month against expectations of a 0.3% increase. Finally, ISM services PMIs fell to their lowest level in 5-months at 51.8 in October, which was way below forecasts of 53.0.

This 'weaker-than-expected' data saw a further extension of bonds from

investors which saw the yield on the 2-year Treasury slide by more than 13bp to 4.84% while the 10-year yield was down by 9bp to 4.58%. This weakness filtered through to the USD-index, which crashed through the 0.5000 level to close the session at 104.86, which saw the NZD/USD and AUD/USD both rally strongly to close at 0.6000 and 0.6500 with NZD/AUD back at 0.9200. International equity markets also had a good week, with the US exchanges booking this as the best week of the year, while oil prices continued to ease back falling a further -2.0% with WTI closing at USD80.51 and Brent at USD at USD85.17, although they might get some support this morning after Saudi Arabia announced it will continue with its voluntary 1 million bpd output reduction in December.

Look at the other headlines...

... there we a few central bank speeches over the weekend with Fed member Raphael Bostic announced, "*Its likely Fed policy is in the right place given the economic outlook. The Fed has time to watch and be patient with the data. There is a lot of data to assess before the next Fed meeting. (The data) may support holding rates for about 8-10 months,*" while ECB council member Isabel Schnabel announced, "*With our current monetary policy stance, we expect inflation to return to our target by 2025. The disinflation process during the last mile will be more uncertain, slower, and bumpier. We cannot close the door to further rate hikes.*"

Fitch rating agency announced, "*The large US regional bank ratings are mostly stable.*"

The trend is your friend... Australian Q3 retail trade increased 0.2%, which was considerably better than the -0.2% expected, while the final October Judo composite PMIs were confirmed at 47.6 versus the preliminary 47.3.

Chinese Premier Li Qiang announced, "*China will further expand its market access and imports, promote an opening up and market opportunities and remove barriers to foreign investment in manufacturing,*" while the Caixin services PMI index printed at 50.4 against expectations at 51.2.

In the most obvious headline in the history of headlines, Sam Bankman-Fried was found guilty of defrauding customers of FTX.

The week ahead

In the US, this week's focus will predominately be on speeches by several Fed officials, with the release of the second tier Michigan consumer sentiment index and the US foreign trade deficit providing mild interest. In China the focus will be on their inflation release, new yuan loans, and foreign trade data. We also have the RBA meeting tomorrow, around the same time as the Melbourne Cup, while we also have Q3 GDP from the UK, Canadian service PMIs, and Germany will provide updates on factory orders and industrial production. In NZ we have the commodity price index, the GDT auction, and manufacturing PMIs.



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.90					CAD	0.8185	0.8892
NZD/USD	0.5998	0.0000	0.0001	0.0001	-0.0005	CHF	0.5387	0.5844
NZD/AUD	0.9212	-0.0009	-0.0026	-0.0047	-0.0079	CNY	4.3563	4.7330
NZD/JPY	89.48	-0.42	-1.33	-2.58	-5.04	DKK	4.1661	4.5234
NZD/EUR	0.5587	-0.0006	-0.0023	-0.0046	-0.0100	FJD	1.3312	1.4454
NZD/GBP	0.4842	-0.0001	-0.0002	-0.0005	-0.0014	HKD	4.6888	5.0909
						KRW	784.02	851.27
AU TWI	60.80					MYR	2.8323	3.0752
AUD/USD	0.6507	0.0006	0.0019	0.0034	0.0045	NOK	6.5996	7.1656
AUD/NZD	1.0864	0.0009	0.0029	0.0052	0.0085	SEK	6.5364	7.0970
AUD/JPY	97.22	-0.37	-1.18	-2.33	-4.70	SGD	0.8117	0.8813
AUD/EUR	0.6063	-0.0002	-0.0008	-0.0019	-0.0059	TWD	19.24	20.89
AUD/GBP	0.5257	0.0004	0.0012	0.0021	0.0029	ZAR	10.95	11.88
USD Index	105.07					EQUITIES		
EUR/USD	1.0729	0.0013	0.0044	0.0088	0.0178		Index	
USD/JPY	149.38	-0.71	-2.23	-4.32	-8.17	NZX50	11,119	
GBP/USD	1.2374	0.0002	0.0007	0.0013	0.0015	ASX200	6,978	
EUR/GBP	0.8665	0.0009	0.0030	0.0060	0.0130	Dow Jones	34,061	
						S&P 500	4,358	
INTEREST RATES			New Zealand		Australia	FTSE100	7,418	
			Mid		Mid	DAX 30	15,189	
30 day bank bills			5.57%		4.15%	Nikkei	31,950	
90 day bank bills			5.63%		4.35%	COMMODITIES		
1 year swap			5.65%		4.50%		USD	
2 year swap			5.37%		4.45%	Brent Crude	84.89	
3 year swap			5.16%		4.41%	Gold	1,992.27	
5 year swap			5.01%		4.66%	Silver	23.20	
10 year swap			5.15%		4.93%	Iron Ore	126.15	
3 year Govt bond			5.19%		4.28%	CRB Index	319.25	
5 year Govt bond			5.06%		4.38%		NZD	
10 year Govt bond			5.23%		4.73%	NZ Carbon	70.00	

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