

Market Alert

Thursday 07 November 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5957	0.0013
NZD/AUD	0.9040	0.0015
NZD/JPY	91.990	-1.80
NZD/EUR	0.5539	-0.0036
NZD/GBP	0.4614	0.0013
NZD/CNH	4.2799	-0.0354
AUD/USD	0.6589	0.0003
AUD/EUR	0.6126	-0.0050
EUR/USD	1.0754	0.0094
USD/CNH	7.1846	-0.0757
GBP/USD	1.2909	-0.0009
EUR/GBP	0.8330	0.0076

INT RATES	NZ	Australia
OCR/Cash	4.75%	4.35%
90 day bills	4.47%	4.47%
2 year swap	3.78%	4.10%
10 year Govt	4.68%	4.71%

"We just witnessed the greatest comeback in the history of comebacks"

Yes ... that is 100% correct! After last week's meltdown, last night we bounced back to win 1-0. We started a player down, played with no subs, with an average age of 109-years, yet we beat a bunch of 25-years with one of them bigger, and better looking, than Superman!

And speaking of comebacks ...

... Donald Trump had a pretty successful night as well! There's a whole lot of noise around this but the key facts are the Republicans won the Presidential election, the Senate, and are very close to winning the House of Representatives. If they do, it will give the Republicans a clean sweep. The 'Donald' also won the

popular vote, which was the first time the Republicans had won it since 2004. While there is still a lot of counting to be done, there is no doubt that this is a crushing defeat for the Democrats.

At the end of the day, it highlights one thing, you should never trust the polls, always trust the betting odds, as that is where the real money is ... especially for that French chap who bet USD36m on a Trump victory!

Financial markets have been on a tear ever since the first polls closed and the results started to filter through. As I type, US equity markets are 2.5%-3.5% higher, although it should be noted the European bourses were 1.0% to 2.0% lower. Commodity prices were all lower with Trump keen to increase digging and drilling, which saw Brent oil fall -0.8% although the biggest moves were in the mining sector with copper plummeting 5.0%, silver plunged 4.5%, while gold fell 3.0%. No surprise, but Bitcoin also made a new high. Fixed income yields also rallied strongly with the 2-years 8bps higher at 4.28% while the 10-years traded at a high of 4.47% before easing back to 4.42% to be up 14bps on the day. Looking at the NZ market, the 3-years is now 37bps above its October low! The USD-index also rallied strongly but is starting to ease back from its highs as we go into the New York close. Worst hit was the JPY, which has fallen a further 1.8% against the USD, with USD/JPY now at 154.45, while the EUR/USD fell 1.6% to be at 1.0750. The NZD and AUD held up rather well only falling 0.8% and 0.7%.

Market focus will now shift to tomorrow morning's Fed meeting, although ECB member, François Villeroy, announced, *"The Trump election victory means more risks for the world economy (but) rate cuts will continue."*

There was also some other news...

... but let's be honest, no one was paying any attention to it!

The release of the NZ Q3 employment report saw the unemployment rate firm from 4.6% to 4.8% against an expected 5.0%. A positive headline number, although the participation rate fell from 71.7% to 71.2%, but then again, the participation rate is not far off its historical high. The labour cost index firmed up 0.6% for the quarter, while public sector wages rose by 0.9%. So, to summarise ... a mixed report that highlights the RBNZ will cut the OCR at month end, most likely by 50bps.

Australian Secretary to the Treasury, Dr Steven Kennedy, announced in a Parliamentary testimony that, *"Interest rates will come down, but not to pre-pandemic levels. Household consumption is subdued, and households are rebuilding savings, Inflation has shown a material fall in cost of living pressures."*

The BoJ minutes highlighted its plan to gradually increase interest rates, although it is cautious of overseas economic uncertainties, especially from the US.



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Daily Rates

Thursday 07 November 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.60					CAD	0.8299	0.9183
NZD/USD	0.5957	0.0001	0.0005	0.0013	0.0028	CHF	0.5213	0.5767
NZD/AUD	0.9040	0.0000	0.0003	0.0015	0.0046	CNY	4.2713	4.7181
NZD/JPY	91.990	-0.34	-1.02	-1.80	-3.30	DKK	4.1299	4.5689
NZD/EUR	0.5539	-0.0006	-0.0018	-0.0036	-0.0079	FJD	1.3215	1.4619
NZD/GBP	0.4614	0.0001	0.0006	0.0013	0.0029	HKD	4.6314	5.1237
						KRW	831.65	920.04
AU TWI	61.50					MYR	2.6206	2.8992
AUD/USD	0.6589	0.0001	0.0003	0.0003	-0.0001	NOK	6.5816	7.2810
AUD/NZD	1.1063	0.0000	-0.0005	-0.0021	-0.0062	SEK	6.4468	7.1320
AUD/JPY	101.76	-0.38	-1.18	-2.17	-4.16	SGD	0.7931	0.8774
AUD/EUR	0.6126	-0.0006	-0.0023	-0.0050	-0.0120	TWD	19.22	21.27
AUD/GBP	0.5104	0.0001	0.0004	0.0005	0.0004	ZAR	10.47	11.58
USD Index	104.95					EQUITIES		
EUR/USD	1.0754	0.0013	0.0044	0.0094	0.0208		Index	
USD/JPY	154.43	-0.61	-1.86	-3.38	-6.29	NZX50	12,658	
GBP/USD	1.2909	-0.0001	-0.0004	-0.0009	-0.0019	ASX200	8,200	
EUR/GBP	0.8330	0.0011	0.0036	0.0076	0.0171	Dow Jones	43,664	
USD/CNY	7.1782	-0.0174	-0.0535	-0.1072	-0.2198	S&P 500	5,920	
						FTSE100	5,921	
INTEREST		New Zealand		Australia		DAX 30	19,039	
RATES		Mid		Mid		Nikkei	39,481	
30 day bank bills		4.75%		4.36%		COMMODITIES		
90 day bank bills		4.47%		4.47%			USD	
1 year swap		3.99%		4.26%		Brent Crude	74.96	
2 year swap		3.80%		4.12%		Gold	2,665.48	
3 year swap		3.77%		4.09%		Silver	31.22	
5 year swap		3.90%		4.36%		Iron Ore	105.09	
10 year swap		4.28%		4.64%		CRB Index	338.77	
3 year Govt bond		3.96%		4.17%				
5 year Govt bond		4.17%		4.31%			NZD	
10 year Govt bond		4.68%		4.71%		NZ Carbon	63.95	

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