

Daily Update

Your daily market news, moves
and outlook



Markets Outlook

Equities: Investor sentiment held a more positive tone on Tuesday, with all the major equity indices in the green. Impressively, the EuroStoxx50 index has now bounced by almost 21% and has this morning traded at a 7-month high. Eurozone stocks are marginally stronger on Wednesday after better-than-expected PMI data just out. The Fed minutes later today will be watched closely by equity traders, especially in the United States. Other issues on the radars of investors include the new Covid curbs in China and next week's US inflation and jobs data.

Tomorrow US markets will be shut for the Thanksgiving bank holiday, and they will open for just a half day on Friday. Volumes around the world will likely take a hit as a result of this and we may see very muted trade.

Currencies: NZD/USD is 0.5% higher to 0.617 this morning after the RBNZ issued their latest rate statement. The RBNZ picked up the pace of hiking to 75bp, which contrasts with the Fed who are expected to slow to 50bp next month, and has caused the New Zealand dollar to appreciate for 5 consecutive weeks vs USD.

Key Events to Watch

23/11/2022 - European & US PMIs
23/11/2022 - Fed Meeting Minutes
24/11/2022 - ECB Meeting Minutes
24/11/2022 - US Thanksgiving Bank Holiday

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,003	1.36%	-16.00%
DAX	14,422	0.29%	-9.21%
EuroStoxx	3,929	0.53%	-8.57%
ISEQ	7,261	0.34%	-14.01%
FTSE	7,452	1.03%	0.92%
Nikkei 225	28,115	(Closed)	-2.35%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0310	0.63%	-9.06%
EUR/GBP	0.8669	0.07%	3.39%
GBP/USD	1.1894	0.57%	-12.02%
USD/CHF	0.9512	-0.77%	4.18%
USD/JPY	141.16	-0.65%	22.71%
EUR/JPY	145.55	-0.01%	11.60%

Fixed Income	Value	Daily Change
US 10yr	3.758	-0.073
US 2yr	4.514	-0.017
German 10yr	1.980	-0.040
Irish 10yr	2.421	-0.040
UK 10yr	3.148	-0.043
Japanese 10yr	0.241	-0.002

Wednesday, 23rd of November

Safe-havens: Gold prices have pulled back slightly so far this week, the precious metal now at \$1,739 and down just 5% versus the US dollar. This compares to the Euro's 9% loss and Sterling's 12%. The near-term direction of the greenback following tonight's Fed minutes may well dictate gold's moves.

Bonds have been relatively subdued this week. Markets in the US will be shut tomorrow. US 10yr at 3.75%, German 10yr at 1.98%, UK 10yr at 3.11%.

Economic Data: Today is the busiest day of the week in terms of macro releases, we have already seen a monetary policy update from the Reserve Bank of New Zealand in the early hours of the morning and have also gotten Eurozone November PMI results.

The Services PMI has come in at 48.6 vs 48.0 expectations and in line with last month's revised figure. The Euro area's Manufacturing figure was at 47.3 vs consensus estimates for 46.0 and October's 46.4. While these were stronger than expectations, they are still below 50.0 and therefore indicate contractionary territory once again for the region. Throughout the morning the UK will release its figures, as will the US after lunch today.

Attention will then be squarely on the Fed minutes release, due at 7pm.

Financial News Round Up

Fed Minutes

The release of the Federal Reserve's November meeting minutes this evening will be of relatively high importance, and is set to show us how united Fed officials were this month over a higher interest rate peak in the US than has previously been signaled to us. While we did not get a set of updated economic and interest rate projections at the November meeting, Chair Jerome Powell explained in his press conference that rates in the region would likely need to go higher than the central bank's quarterly projections back in September had indicated.

Currently, markets are mostly pricing in for the Fed to reach its terminal rate of this hiking cycle at a range of 5.00 - 5.25%, implementing their final rate increase in March.

Credit Suisse

Switzerland's largest bank measured by total assets has issued a forecast this morning for its fourth-quarter pre-tax loss to come in at 1.5bn Swiss Francs (\$1.6bn equivalent), citing a "substantial" industry-wide slowdown.

"Credit Suisse began experiencing deposit and net asset outflows in the first two weeks of October 2022 at levels that substantially exceeded the rates incurred in the third quarter of 2022" the bank's statement reads.

The shares have suffered on the back of this morning's news - moving over 3.5% lower to trade at 3.72 Francs and approaching a support zone around 3.60. The bank, which has had to deal with a list of scandals in recent times, has seen declines in its stock of 58.5% YTD, now trading at a price/book ratio of just 0.2x versus its own 10-year average of 0.7x and peer average of 2.3x.

RBNZ

Overnight we saw the Reserve Bank of New Zealand hike interest rates in the country by a record 75 basis points, while also stating that its economy may have to spend an entire year in recession in order to bring inflation back under control. The central bank raised New Zealand's official cash rate to 4.25%, and forecasts that this will peak around the 5.5% mark vs its prior estimates for just 4.1%. This comes after it had already executed five 50bp moves this year and three 25bp's before that.