



New Zealand Dollar Gets It From Both Ends -- Market Talk

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0710 GMT - Amid the greenback's Thursday gains, the New Zealand dollar has been feeling pain during Asian trading in falling some 0.5% versus the US dollar and hitting its lowest levels in more than 2 weeks. The currency is also getting hit from Australian 2-year yields at their highest level relative to New Zealand's in a year, says Mizuho strategist Chang Wei Liang. "There is not much of a reason to hold the Kiwi" with expectations that the RBNZ is no hurry to raise rates, he adds. (kenan.machado@wsj.com)

0659 GMT - German government bonds are in much calmer waters this morning after Thursday's surprise selloff, in which the yield on the 10-year bund rose to 0.60% from 0.53% earlier in the day. The German benchmark note is trading at 0.59%, according to Tradeweb. "Today's focus is on high-profile policy discussions at the G20 and IMF/Worldbank meetings going into the weekend and ahead of next week's ECB Council meeting, suggesting that the backdrop with low realized volatility will increasingly be put to the test," says Rainer Guntermann at Commerzbank. Elsewhere, Moody's is expected to lift Portugal's rating by one notch to investment-grade, which may further underpin the spread convergence of Portuguese bonds with bunds. (nina.adam@wsj.com)

0644 GMT - The FTSE 100 index is expected to open 21 points higher at 7350, according to London Capital Group, helped by a slide in the pound after Bank of England governor Mark Carney suggested that the next rate rise may not be as soon as May. The pound fell to two-week lows against the dollar and the euro, as a May rate rise had been seen as almost certain. "This was a stern warning that markets had not been considering the recent economic data carefully enough," says Jasper Lawler, analyst at LCG, adding: "The FTSE is looking to charge higher on the open, thanks to the significantly weaker pound." Reckitt Benckiser shares in focus after a trading update. (jessica.fleetham@wsj.com)

0636 GMT - The Nikkei's 5-day winning streak limped to its end today amid broad stock declines across Asia. With earnings season looming, the index fell 0.1% to 22162.24. But it rose for a 4th-straight week, the longest run since October. Market participants are closely watching if there are any signs of industry cycles peaking out. Chip-related firms lagged amid Taiwan Semiconductor's warning, with semiconductor silicon maker Shin-Etsu Chemical falling 4.9%. But helping stocks generally was a pullback in the yen; it's at ¥107.55/dollar versus ¥107.36 late Thursday in New York. And JGB yields continued to rise amid fresh overnight declines in Treasury prices. The 10-year is up 2 basis points at 0.055%. (kosaku.narioka@wsj.com)

0529 GMT - The minutes of this month's India central-bank meeting out last night show the cautious approach of almost all members as inflation uncertainty has increased, says Kotak Securities. Deputy Gov. Viral Acharya highlighted that in order to reinforce inflation-target credibility he will likely push for a vote to begin withdrawing stimulus at the next meeting in June. While Kotak doesn't expect a rate hike during this just-started FY, it admits the odds of one have increased as the minutes suggested that more members are inclined towards more-neutral policy. But inflation data for March that was released following the meeting showed further price-growth deceleration. (debiprasad.nayak@wsj.com)

0408 GMT - China's market interest rates face upward pressure from financial deleveraging, the government's shadow-banking crackdown and some coordination with the US's ongoing rate-hike cycle, says BNP Paribas. But "careful liquidity-supply management", such as this week's reserve-ratio cut, should prevent rates from overshooting, it adds. "We see the RRR cut as the beginning of a change" in how the PBoC manages liquidity conditions, the investment bank posits. It sees the ratio falling another 1-2 percentage points by year's end. The rate dropped a full point this week. (liyan.qi@wsj.com)

0358 GMT - Japan's March activity data is likely to paint a "mediocre" economic picture, says Moody's Analytics says, predicting a steady unemployment rate at 2.5% and retail-sales growth being halved from

February's rate to 0.8%. That as wage growth is liable to again be muted, the firm adds. Without meaningful and decent improvements in that metric, Moody's Analytics says consumption will keep disappointing and the Bank of Japan's 2% inflation target will remain "a pipe dream." The data are due next Friday and comes as core CPI for March out today eased to 0.9%. (chester.yung@wsj.com; @chester_yung)

0356 GMT - This could be a weak time cyclically for the Indian rupee, says Kotak Bank economist Madhavi Arora. She notes the currency often drops in the year before elections. And rising oil prices could also pressure the government's books, further bad news for the rupee. Arora sees the dollar ticking up to INR67.50 over the coming year; it's currently around INR66. The rupee has been one of the worst-performing Asian currencies this year, falling some 3.5% from early-2018 highs. (kenan.machado@wsj.com)

0224 GMT - The yen has seen selling accelerate the past hour after more-muted initial moves following this morning's March CPI data. That as inflation pressures continue to not be present in Japan. Combined with the country failing to get an exemption from any US tariffs and the potential of Japanese auto imports coming under Trump's eye, sentiment is weak for at the moment regarding the yen, says Oanda's Stephen Innes. It's widely down about 0.3% on the day versus other major currencies. (kenan.machado@wsj.com)

0224 GMT - Canberra is stiffening criminal and civil penalties that individuals and companies face for financial misconduct, as a judicial inquiry continues to hear revelations of wrongdoing. The Turnbull government is increasing the maximum penalties courts can impose, so individuals could face 10 years imprisonment for criminal cases or \$1.05 million in costs for civil matters, up from A\$200,000 previously. Corporations face the greater of A\$9.45 million or 10% of annual turnover in criminal charges or A\$10.5 million in civil cases, from A\$1 million previously. "The financial and banking system in Australia is one of the central pillars of our economy," says Treasurer Scott Morrison, adding the scale penalties and heightened powers for the corporate regulator is intended to send a clear message to the industry. (robb.stewart@wsj.com; @RobbMStewart)

0147 GMT - February's trade surplus in New Zealand, helped by a sharp drop in vehicle imports, is not seen being repeated for March by Moody's Analytics. It predicts a NZ\$425 million (\$308 million) deficit for the month, versus February's NZ\$217 million surplus. Helping then was stink bugs being discovered, meaning around 8,000 vehicles couldn't enter New Zealand as scheduled. About 12,000 cars are imported monthly this time of year, according to the Vehicle Importers Association. The trade data are due next Friday. (rachel.pannett@wsj.com; @rachelpannett)

0143 GMT - While there are concerns about liquidity withdrawals from Hong Kong's banking system, which could have an impact on the city's highly leveraged economy and erode the credibility of the currency peg, Nomura sees little effect on the local economy so far. But it expects more interventions after none occurring the past day following an uptick in the HK dollar, putting local interbank lending rates higher still. (john.wu@wsj.com)

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