

## A mixed end to the week for data and sharemarkets

The delta variant outbreak continues to spread in NZ, with 60 new community cases reported yesterday, including 4 out of Auckland. The number of unlinked cases is on the rise, with 19 added to Sunday's figures, and 49 over the past fortnight ([NZ Herald](#)). This raises the risk of more prolonged and more geographically widespread restrictions at today's announcement.

**US Non-farm Payrolls (employment)** rose by 194,000 in September, much weaker than analysts' expectations that were centred on a lift of 500,000. However, the unemployment rate fell from 5.2% to a 19-month low of 4.8% (survey: 5.1%). Average hourly earnings rose by 0.6% (survey: +0.4%). Wholesale inventories lifted by 1.2% in August as expected.

**European sharemarkets were mixed on Friday.** Oil and auto stocks led gains while tech stocks fell by 1.4%. The pan-European STOXX 600 index fell by 0.3% but rose 1% on the week. The German Dax index fell by 0.3% after rising 1.9% the prior day. And the UK FTSE index added 0.3%, supported by travel stocks on news that Britain will scrap COVID-19 quarantine requirements for 46 destinations.

**US sharemarkets were modestly weaker on Friday.** Gains in energy offset falls in real estate, utilities, media and technology. There was some end-week profit-taking. The Dow Jones index fell less than 0.1%. The S&P 500 index lost 0.2% and the Nasdaq index fell 0.5%. Over the week, the Dow rose 1.2%; the S&P 500 rose 0.8%; and the Nasdaq rose by 0.1%.

**Global oil prices rose on Friday.** Reuters notes that soaring European gas prices have prompted a shift to oil for power generation. The Brent crude price rose by US44 cents or 0.5% to US\$82.39 a barrel. Over the week, Brent rose by 3.9%.

**US Treasury prices fell on Friday (yields higher)** as analysts continue to expect the Federal Reserve to reduce bond purchases from November. US 10-year yields rose by 4 points to near 4-month highs of 1.61%. And US 2-year yields were up by 1 point to near 0.32%. Over the week US 10-year yields rose by 15 basis points and US 2-year yields rose by 5 points.

**The local sharemarket** was down 0.1% on Friday, while local yields rose, with the 10-year yield up 5bps to 2.14%.

**FX comment:** Major currencies were mixed against the US dollar in European and US trade on Friday. The NZD starts the week trading under 0.6950 against the USD and below 0.9500 against the AUD.

**Day ahead:** It's a quiet start to the week here and abroad, with this afternoon's NZ COVID-19 briefing the major event.

**Week ahead local:** On Tuesday we expect data to show a rebound in card spending over September after the sharp fall in August. Still, this would see card spending values decline roughly 6-7% over Q3, signalling a large Q3 contraction in retail volumes (and GDP). On Wednesday we expect a milder than usual seasonal falls for September food prices, with lower prices for fruit & vegetable after their recent surge. The latest ANZ Business Outlook is also due Wednesday. **Week ahead**

**offshore:** The key Australian data release is the September labour force survey due out on Thursday. We expect employment to have contracted by 200k, following the 146k drop in August. In China, trade and inflation figures for September will print this week. On Wednesday we expect export and import growth to have moderated and the trade surplus to have eased. Inflation pressures, particularly for producers, are rising and we expect a 9%/yr lift in the PPI (data due Thursday). In the US, the FOMC Minutes on Thursday are the week's highlight and September inflation figures are due Wednesday. We expect headline inflation increased by 0.3%/mth and the pace of core inflation stepped up to 0.2%/mth. Lingering supply shocks and a further increase in gasoline prices are supporting higher prices. In the UK, the August employment (Tuesday) and GDP figures (Wednesday) will be in focus. **Author:** [chris.tennent-brown@asb.co.nz](mailto:chris.tennent-brown@asb.co.nz)

Currencies			Currencies			Commodities			Equities		
NZD/USD	0.6940	0.1%	NZD/SEK	6.062	0.1%	NZX WMP	3810.0	0.8%	Dow	34746	0.0%
NZD/AUD	0.9488	0.0%	NZD/DKK	4.463	0.1%	Gold \$/o	1757.1	0.1%	S&P 500	4391	-0.2%
NZD/EUR	0.5987	-0.1%	NZD/THB	23.5	-0.1%	WTI Oil \$/b	79.4	1.3%	NASDAQ	14580	-0.5%
NZD/JPY	77.88	0.0%	AUD/USD	0.7315	0.0%	<b>Money Market (%)</b>			FTSE	7096	0.2%
NZD/GBP	0.5090	0.0%	EUR/USD	1.157	0.0%	90 Day BB	0.67	0.02	CAC-40	6560	-0.6%
NZD/CAD	0.8650	-1.7%	USD/JPY	112.1	-0.1%	OCR	0.50	0.00	DAX	15206	-0.3%
NZD/CHF	0.6438	0.1%	<b>10 Yr Bond Yields (%)</b>			<b>ASB Swap Rates (%)</b>			H.Seng	24838	0.6%
NZD/HKD	5.398	0.0%	NZ	2.14	0.05	1yr	1.12	0.02	Nikkei	28049	1.3%
NZD/SGD	0.9412	0.2%	US	1.61	0.04	2yr	1.46	0.02	ASX200	7320	0.9%
NZD/CNH	4.473	0.1%	Aust	1.64	0.05	5yr	1.91	0.04	NZX50	13087	0.0%

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