



BANCORP

BANCORP TREASURY SERVICES LIMITED

# MARKET ALERT

Friday 11 September 2020 | www.bancorp.co.nz

CURRENCIES	Spot	6mths
NZD/USD	0.6647	-0.0001
NZD/AUD	0.9161	-0.0006
NZD/JPY	70.52	-0.24
NZD/EUR	0.5623	-0.0026
NZD/GBP	0.5197	-0.0008
NZD/CNH	4.5492	0.0527
AUD/USD	0.7255	0.0004
AUD/EUR	0.6137	-0.0024
EUR/USD	1.1821	0.0052
USD/CNH	7.1227	0.0805
GBP/USD	1.2789	0.0017
EUR/GBP	0.9243	0.0028

  

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.25%
90 day bills	0.30%	0.09%
2 year swap	0.03%	0.13%
10 year Govt	0.61%	0.93%

## Sept 11 RIP to the twin towers

Nineteen years ago today...

Overnight, the ECB left its main refinancing rate unchanged at 0.00% and maintained its pledge to purchase up to EUR1.35 trillion of debt through to June 2021 under its Pandemic Emergency Purchase Programme (PEPP). The interest rates on the marginal lending facility and the deposit facility will remain at 0.25% and -0.50% respectively. When questioned on the strengthening euro, President Lagarde said *"The Governing Council discussed the*

*appreciation of the euro, but as you know we don't target the exchange rate."*

US initial jobless claims numbers are stabilising at uncomfortable levels, with 884,000 claims this week, which was the same as the previous week. It is the first time since the pandemic hit that claims have stayed below 1 million for two straight weeks. The 4-week moving average was 970,750, a decrease of 21,750 from the previous week.

Equities fell sharply in a volatile trading session as the rout in tech resumed, following a one day respite. Most US and European indices were down 1-2%, commodities were broadly off 2-3%, while the USD Index hit its highest level in a month. Currently, the NZD and AUD are at 0.6650 and 0.7260 against the USD and the USD 10-year Treasury yield is down 2 basis points to 0.68%.

Citigroup announced Jane Fraser as its next CEO, the first woman to head a major Wall Street bank. They also announced an increase in the number of staff allowed into their New York offices, increasing from 5% to 30%.

The South Korean Treasury has issued euro denominated debt with a negative yield, issuing EUR700 million for 5 years at a -0.059% yield! To provide a comparison, they also issued USD625 million of 10-year bonds at a mammoth 1.198% yield.

According to Microsoft, Russian government hackers have targeted at least 200 organisations tied to the 2020 US presidential election.

## Brexit shenanigans

The EU has called for an urgent Brexit meeting with the UK on Thursday as rumours circulate the EU are contemplating a legal challenge before the UK government manages to pass legislation which changes part of the deal regarding Northern Ireland. The EU views this as UK Prime Minister, Boris Johnson, deliberately sabotaging the Brexit trade negotiations. US House leader, Nancy Pelosi, stated there is *"no way a US-UK trade deal will pass Congress if (the) Good Friday accord is undermined."*

GBP/USD weakened overnight, falling from 1.3270 at the start of the week to 1.2775 overnight, while NZD/GBP continues to grind up, trading at 0.5200.

## Fact of the day

The NSW state government is in 'turmoil' after the junior coalition partner, National Party, pulled their support to the senior coalition partner, the Liberal Party over their koala planning policy.

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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	71.89					CAD	0.8764	0.9567
NZD/USD	0.6647	0.0000	-0.0001	-0.0001	0.0004	CHF	0.6051	0.6606
NZD/AUD	0.9161	-0.0001	-0.0003	-0.0006	0.0001	CNY	4.5424	4.9586
NZD/JPY	70.52	-0.04	-0.11	-0.24	-0.38	DKK	4.1839	4.5673
NZD/EUR	0.5623	-0.0004	-0.0012	-0.0026	-0.0044	FJD	1.4047	1.5334
NZD/GBP	0.5197	-0.0001	-0.0003	-0.0008	-0.0009	HKD	5.1513	5.6233
						KRW	789.57	861.93
AU TWI	62.20					MYR	2.7802	3.0349
AUD/USD	0.7255	0.0001	0.0002	0.0004	0.0004	NOK	6.0317	6.5844
AUD/NZD	1.0916	0.0001	0.0004	0.0008	-0.0001	SEK	5.8304	6.3647
AUD/JPY	76.98	-0.03	-0.09	-0.20	-0.42	SGD	0.9104	0.9938
AUD/EUR	0.6137	-0.0004	-0.0011	-0.0024	-0.0048	TWD	19.52	21.30
AUD/GBP	0.5672	-0.0001	-0.0001	-0.0005	-0.0010	ZAR	11.2390	12.2689
USD Index	93.41							
EUR/USD	1.1821	0.0008	0.0024	0.0052	0.0100	<b>EQUITIES</b>		
USD/JPY	106.11	-0.05	-0.15	-0.33	-0.64		<b>Index</b>	
GBP/USD	1.2789	0.0003	0.0006	0.0017	0.0029	NZX50	11,812	
EUR/GBP	0.9243	0.0004	0.0014	0.0028	0.0057	ASX200	5,909	
						Dow Jones	27,579	
						S&P 500	3,343	
						FTSE100	6,003	
						DAX 30	13,209	
						Nikkei	23,235	
						<b>COMMODITIES</b>		
							<b>USD</b>	
						Dubai Light	39.24	
						Brent Crude	39.86	
						Gold	1,943.19	
						Silver	26.76	
						CRB Index	155.27	

  

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.29%	0.25%	0.09%	0.09%
90 day bank bills	0.32%	0.28%	0.11%	0.07%
FRA 90d in 3mths	0.27%	0.24%	0.14%	0.09%
FRA 180d in 6mths	-0.03%	-0.05%	0.14%	0.10%
1 year swap*	0.13%	0.11%	0.12%	0.09%
2 year swap*	0.04%	0.02%	0.14%	0.12%
3 year swap*	0.04%	0.02%	0.17%	0.17%
5 year swap*	0.14%	0.11%	0.36%	0.35%
10 year swap*	0.57%	0.54%	0.84%	0.80%
10 year Govt bond		0.60%		0.93%

\* Semi-annual rate resets except AUD 1,2,3 year quarterly

SOURCE: Bloomberg

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