



BANCORP

BANCORP TREASURY SERVICES LIMITED

MARKET ALERT

Monday 5 October 2020 | www.bancorp.co.nz

CURRENCIES	Spot	6mths
NZD/USD	0.6630	-0.0001
NZD/AUD	0.9255	-0.0006
NZD/JPY	69.83	-0.19
NZD/EUR	0.5666	-0.0024
NZD/GBP	0.5131	-0.0006
NZD/CNH	4.4776	0.0544
AUD/USD	0.7164	0.0003
AUD/EUR	0.6116	-0.0022
EUR/USD	1.1714	0.0048
USD/CNH	7.1227	0.0835
GBP/GBP	1.2936	0.0013
EUR/GBP	0.9055	0.0028

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.25%
90 day bills	0.29%	0.09%
2 year swap	0.06%	0.10%
10 year Govt	0.50%	0.83%

Into the danger zone

While President Trump's condition is cautiously improving, he is nevertheless in the danger-zone considering his age and 'weight issues.' With questions starting to mount regarding the use of supplemental oxygen and the cocktail of drugs, including but quite possibly not limited to, an experimental 'antibody cocktail,' remdesivir, and dexamethasone, a steroid used to treat inflammation.

In amongst all of this, the President's medical team are cautiously optimistic

because he is fever free and has "made substantial progress since diagnosis."

Some reports even suggest he could be discharged as soon as Monday.

Regardless of whichever version you choose to believe, it should be noted that the politicking hasn't stopped with the 'publicity department' putting out photos of the President continuing to hold power from his hospital room.

Unfortunately, a new Wall Street Journal/ NBC News poll taken after Tuesday's debate, saw Joe Biden's lead over Donald Trump increase to 14 percentage points, although the poll was taken before the President was diagnosed with COVID-19.

Friday night's US non-farm payrolls did little to lift market sentiment with 'just' 661,000 jobs added to the US workforce in September, a sharp easing from August's upwardly revised 1,489,000, and below market forecasts for 850,000. Private payrolls saw a further 877,000 job's added, which combined, brought the US unemployment rate down to 7.9%.

Following the announcement that President Trump had tested positive for COVID-19 and the non-farm payrolls release, equity markets plunged into a 'sea of red' although they recovered from their session lows after the House Speaker, Nancy Pelosi, announced that she was optimistic about striking

a deal on a new aid package, while further support was found after Mitch McConnell announced negotiations were getting 'closer.'

To summarise, the Dow eventually closed down 0.48%, the S&P was almost 1.0% lower, and the Nasdaq took a hefty 2.2% hit. Commodities though took the news even worse with crude and Brent down 4.3% and 4.0% respectfully, while gold sunk back below the USD1,900 level and the US 10-year treasury yield spiked up to the 0.70% level. Surprisingly, currency markets were quite subdued with the NZD/USD at 0.6630 and the 0.7165.

The best of the rest

The UK and EU have agreed to intensify Brexit negotiations.

The Japanese government is planning to approve COVID-19 treatment drug Avigan in November.

The RBA is due to meet on Tuesday with most forecasters expecting they will keep their cash and three-year yield target unchanged at 0.25% while later in the week we have the minutes from the Fed and ECB.

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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	71.73					CAD	0.8836	0.9548
NZD/USD	0.6630	0.0000	-0.0001	-0.0001	0.0004	CHF	0.6097	0.6588
NZD/AUD	0.9255	-0.0001	-0.0003	-0.0006	0.0000	CNY	4.5076	4.8707
NZD/JPY	69.83	-0.02	-0.10	-0.19	-0.33	DKK	4.2124	4.5517
NZD/EUR	0.5666	-0.0004	-0.0013	-0.0024	-0.0043	FJD	1.4105	1.5241
NZD/GBP	0.5131	-0.0001	-0.0004	-0.0006	-0.0007	HKD	5.1382	5.5521
						KRW	774.18	836.54
AU TWI	60.80					MYR	2.7582	2.9803
AUD/USD	0.7164	0.0001	0.0002	0.0003	0.0004	NOK	6.1761	6.6736
AUD/NZD	1.0806	0.0001	0.0004	0.0007	0.0000	SEK	5.9280	6.4055
AUD/JPY	75.44	-0.02	-0.08	-0.16	-0.35	SGD	0.9042	0.9770
AUD/EUR	0.6116	-0.0004	-0.0012	-0.0022	-0.0046	TWD	19.26	20.81
AUD/GBP	0.5538	0.0000	-0.0002	-0.0003	-0.0007	ZAR	10.9578	11.8405
USD Index	93.84							
EUR/USD	1.1714	0.0008	0.0025	0.0048	0.0096	EQUITIES		
USD/JPY	105.31	-0.04	-0.14	-0.27	-0.55		Index	
GBP/USD	1.2936	0.0002	0.0008	0.0013	0.0024	NZX50	11,823	
EUR/GBP	0.9055	0.0005	0.0014	0.0028	0.0057	ASX200	5,792	
						Dow Jones	27,683	
						S&P 500	3,348	
						FTSE100	5,902	
						DAX 30	12,689	
						Nikkei	23,030	
						COMMODITIES		
							USD	
						Dubai Light	37.35	
						Brent Crude	39.27	
						Gold	1,898.64	
						Silver	23.71	
						CRB Index	153.10	

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.30%	0.26%	0.09%	0.09%
90 day bank bills	0.31%	0.27%	0.11%	0.07%
FRA 90d in 3mths	0.26%	0.23%	0.10%	0.05%
FRA 180d in 6mths	0.03%	0.01%	0.11%	0.07%
1 year swap*	0.15%	0.13%	0.09%	0.07%
2 year swap*	0.07%	0.05%	0.11%	0.09%
3 year swap*	0.07%	0.05%	0.14%	0.13%
5 year swap*	0.15%	0.12%	0.31%	0.28%
10 year swap*	0.52%	0.50%	0.79%	0.77%
10 year Govt bond		0.49%		0.83%

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

SOURCE: Bloomberg

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