

BANCORP TREASURY SERVICES LIMITED

MARKET ALERT

Wednesday 7 October 2020 | www.bancorp.co.nz

CURRENCIES	Spot	6mths			
NZD/USD	0.6592	-0.0001			
NZD/AUD	0.9269	-0.0007			
NZD/JPY	69.56	-0.18			
NZD/EUR	0.5614	-0.0024			
NZD/GBP	0.5112	-0.0006			
NZD/CNH	4.4462	0.0539			
AUD/USD	0.7112	0.0004			
AUD/EUR	0.6057	-0.0021			
EUR/USD	1.1742	0.0047			
USD/CNH	7.1227	0.0831			
GBP/USD	1.2895	0.0012			
EUR/GBP	0.9106	0.0028			
INT RATES	NZ Australia				
OCR/Cash	0.25%	0.25%			
90 day bills	0.28%	0.09%			
2 year swap	0.06%	0.08%			
10 year Govt	0.53%	0.88%			

Australian monetary and fiscal support

The RBA meeting was a complete snooze festival, with the real question being, will the RBA cut to 0.10% at their next meeting ... on Melbourne Cup day?

In leaving the cash and 3-year yield target rates unchanged at 0.25%, the focus was on the minutes, which highlighted "inflation remains very low and below central bank targets, the GDP decline was smaller than in most other countries and smaller than was earlier expected, a recovery is now under way in most of Australia," and "while the unemployment rate is likely to peak at a lower rate than earlier expected, even so,

unemployment and underemployment are likely to remain high for an extended period." Finally, in a line that will keep us on our toes, "the Board continues to consider how additional monetary easing could support jobs as the economy opens up further."

Meanwhile, the Australian government also stepped up with an AUD98bn injection to jolt Australia's economy back to life through the ABC's ... Asset write-downs, Business concessions, and Cuts to personal tax.

The major beneficiaries were taxpayers with projected cuts brought forward, an increase in the bands that higher taxes are charged at, and an adjustment to capital gains taxes. There was also support for new home buyers and SMEs, enabling them to deduct the full cost of new capital assets and carry back loss provisions to offset current losses on to previously paid tax.

The Australian trade balance data for August saw exports fall 4% on the month, way more than the expected 2% decrease. Against this, monthly imports increased 2% which resulted in an AUD2.643m surplus, a big miss on the expected AUD5.050m. On a positive note, Australia weekly consumer confidence increased to 95.7 from 95.0

Financial markets took the Australian announcements in their stride, however news this morning has seen risk sold off with the AUD/USD lower at 0.7120. The NZD/USD also eased to 0.6600 but the big mover was the Euro after

ECB President, Christine Lagarde, told the WSJ the ECB was ready to unleash further stimulus, including slashing interest rates deeper into negative territory.

Against this, equity markets spent most of the day in green territory, although the gains were lost at the close. The US yield curve saw action which steepened further on the possibility of 'blue wave' election. This saw the 5-30 years steepen to its widest levels since 2016.

Personal bubble

Even though he is back at the White House, President Trump is continuing the expansion of his personal bubble with his valet now infected. But it hasn't stopped him from halting the stimulus negotiations as "Pelosi not negotiating in good faith." Mind you, Speaker Pelosi stated Treasury Secretary, Steve Mnuchin, could not visit 'the Hill' on Friday as she couldn't trust anyone from a COVID infected White House.

Chairman Powell stated "too little stimulus is worse than too much" as he called for continued aggressive fiscal and monetary stimulus to support an economic recovery that still has "a long way to go."

The trade gap in the US widened to USD67.1 billion in August while the number of job openings fell by 204,000 from a month earlier to 6.493 million.

Finally, the GDT index jumped 2.2% overnight led by butter, with Whole Milk Powder up 1.7%.

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DAILY RATES

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X Spot		FECs (mid)				Spot	Mid
Mid	1mth	3mths	6mths	12mths		NZD/	AUD/
71.52					CAD	0.8774	0.9465
0.6592	0.0000	0.0000	-0.0001	0.0005	CHF	0.6048	0.6524
0.9269	-0.0001	-0.0003	-0.0007	-0.0001	CNY	4.4767	4.8297
69.56	-0.02	-0.09	-0.18	-0.30	DKK	4.1785	4.5080
0.5614	-0.0004	-0.0012	-0.0024	-0.0041	FJD	1.3999	1.5103
0.5112	-0.0001	-0.0003	-0.0006	-0.0006	HKD	5.1091	5.5120
					KRW	768.13	828.71
61.10					MYR	2.7602	2.9778
0.7112	0.0000	0.0002	0.0004	0.0006	NOK	6.1617	6.6476
1.0789	0.0001	0.0004	0.0008	0.0001	SEK	5.8954	6.3603
75.05	-0.02	-0.07	-0.14	-0.32	SGD	0.8980	0.9688
0.6057	-0.0004	-0.0011	-0.0021	-0.0044	TWD	19.03	20.53
0.5515	0.0000	-0.0002	-0.0002	-0.0006	ZAR	11.0060	11.8740
93.45							
1.1742	0.0008	0.0025	0.0047	0.0095	EQUI	TIES	
105.54	-0.04	-0.13	-0.25	-0.54			Index
1.2895	0.0002	0.0008	0.0012	0.0024	NZX50		11,975
	0.0002	0.0000	0.001=	0.0024	NZX5	J	11,513
0.9106	0.0005	0.0014	0.0028	0.0024	ASX20		5,962
						00	
		0.0014		0.0057	ASX20	00 ones	5,962
	0.0005	0.0014	0.0028	0.0057	ASX20 Dow J	00 ones 00	5,962 28,087
	0.0005 New Ze	0.0014	0.0028	0.0057	ASX20 Dow J S&P 5	00 ones 00 100	5,962 28,087 3,424
	0.0005 New Ze	0.0014	0.0028	0.0057	ASX20 Dow J S&P 5 FTSE	00 ones 00 100	5,962 28,087 3,424 5,950
0.9106	0.0005 New Ze Borrow	0.0014 caland Invest	0.0028 Austr Borrow	0.0057 ralia Invest	ASX20 Dow J S&P 5 FTSE DAX 3	00 ones 00 100	5,962 28,087 3,424 5,950 12,906
0.9106	0.0005 New Ze Borrow 0.30%	0.0014 raland Invest 0.26%	0.0028 Austr Borrow 0.09%	0.0057 ralia Invest 0.09%	ASX20 Dow J S&P 5 FTSE DAX 3 Nikkei	00 ones 00 100	5,962 28,087 3,424 5,950 12,906 23,434
0.9106	0.0005 New Ze Borrow 0.30% 0.30%	0.0014 ealand Invest 0.26% 0.26%	0.0028 Austr Borrow 0.09% 0.11%	0.0057 ralia Invest 0.09% 0.07%	ASX20 Dow J S&P 5 FTSE DAX 3 Nikkei	00 ones 00 100 30	5,962 28,087 3,424 5,950 12,906 23,434
0.9106	0.0005 New Ze Borrow 0.30% 0.30% 0.24%	0.0014 ealand Invest 0.26% 0.26% 0.21%	0.0028 Austr Borrow 0.09% 0.11% 0.08%	0.0057 ralia Invest 0.09% 0.07% 0.03%	ASX20 Dow J S&P 5 FTSE DAX 3 Nikkei	00 ones 00 100 30 MODITIES	5,962 28,087 3,424 5,950 12,906 23,434
0.9106	0.0005 New Ze Borrow 0.30% 0.30% 0.24% 0.02%	0.0014 raland Invest 0.26% 0.26% 0.21% -0.01%	0.0028 Austr Borrow 0.09% 0.11% 0.08% 0.09%	0.0057 ralia Invest 0.09% 0.07% 0.03% 0.05%	Dow J S&P 5 FTSE DAX 3 Nikkei	00 ones 00 100 30 MODITIES	5,962 28,087 3,424 5,950 12,906 23,434
0.9106	0.0005 New Ze Borrow 0.30% 0.30% 0.24% 0.02% 0.14%	0.0014 raland Invest 0.26% 0.26% 0.21% -0.01% 0.11%	0.0028 Austr Borrow 0.09% 0.11% 0.08% 0.09% 0.07%	0.0057 ralia Invest 0.09% 0.07% 0.03% 0.05% 0.06%	Dow J S&P 5 FTSE DAX 3 Nikkei	ones 00 100 30 MODITIES	5,962 28,087 3,424 5,950 12,906 23,434 S USD 39.74
0.9106	0.0005 New Ze Borrow 0.30% 0.30% 0.24% 0.02% 0.14% 0.08%	0.0014 raland Invest 0.26% 0.26% 0.21% -0.01% 0.11% 0.05%	0.0028 Austr Borrow 0.09% 0.11% 0.08% 0.09% 0.07% 0.08%	0.0057 ralia Invest 0.09% 0.07% 0.03% 0.05% 0.06% 0.06% 0.08%	Dow J S&P 5 FTSE DAX 3 Nikkei COM Dubai Brent	ones 00 100 30 MODITIES	5,962 28,087 3,424 5,950 12,906 23,434 S USD 39.74 42.73
0.9106	0.0005 New Ze Borrow 0.30% 0.30% 0.24% 0.02% 0.14% 0.08% 0.08%	0.0014 Paland Invest 0.26% 0.26% 0.21% -0.01% 0.11% 0.05% 0.05%	0.0028 Austr Borrow 0.09% 0.11% 0.08% 0.09% 0.07% 0.08% 0.11%	0.0057 ralia Invest 0.09% 0.07% 0.03% 0.05% 0.06% 0.08% 0.11%	ASX20 Dow J S&P 5 FTSE DAX 3 Nikkei COMI Dubai Brent Gold	ones ones 00 100 30 MODITIES Light Crude	5,962 28,087 3,424 5,950 12,906 23,434 S USD 39.74 42.73 1,893.69
0.9106	0.0005 New Ze Borrow 0.30% 0.30% 0.24% 0.02% 0.14% 0.08% 0.08% 0.17%	0.0014 raland Invest 0.26% 0.26% 0.21% -0.01% 0.11% 0.05% 0.05% 0.13%	0.0028 Austr Borrow 0.09% 0.11% 0.08% 0.09% 0.07% 0.08% 0.11% 0.28%	0.0057 ralia Invest 0.09% 0.07% 0.03% 0.05% 0.06% 0.08% 0.11% 0.27%	ASX20 Dow J S&P 5 FTSE DAX : Nikkei COM Dubai Brent Gold Silver	ones ones 00 100 30 MODITIES Light Crude	5,962 28,087 3,424 5,950 12,906 23,434 S USD 39.74 42.73 1,893.69 23.56
	71.52 0.6592 0.9269 69.56 0.5614 0.5112 61.10 0.7112 1.0789 75.05 0.6057 0.5515 93.45 1.1742 105.54	71.52 0.6592 0.0000 0.9269 -0.0001 69.56 -0.02 0.5614 -0.0004 0.5112 -0.0001 61.10 0.7112 0.0000 1.0789 0.0001 75.05 -0.02 0.6057 -0.0004 0.5515 0.0000 93.45 1.1742 0.0008 105.54 -0.04	71.52 0.6592 0.0000 0.0000 0.9269 -0.0001 -0.0003 69.56 -0.02 -0.09 0.5614 -0.0004 -0.0012 0.5112 -0.0001 -0.0003 61.10 0.7112 0.0000 0.0002 1.0789 0.0001 0.0004 75.05 -0.02 -0.07 0.6057 -0.004 -0.0011 0.5515 0.0000 -0.0002 93.45 1.1742 0.0008 0.0025 105.54 -0.04 -0.13	71.52 0.6592 0.0000 0.0000 -0.0001 0.9269 -0.0001 -0.0003 -0.0007 69.56 -0.02 -0.09 -0.18 0.5614 -0.0004 -0.0012 -0.0024 0.5112 -0.0001 -0.0003 -0.0006 61.10 0.7112 0.0000 0.0002 0.0004 1.0789 0.0001 0.0004 0.0008 75.05 -0.02 -0.07 -0.14 0.6057 -0.0004 -0.0011 -0.0021 0.5515 0.0000 -0.0002 -0.0002 93.45 1.1742 0.0008 0.0025 0.0047 105.54 -0.04 -0.13 -0.25	71.52 0.6592 0.0000 0.0000 -0.0001 0.0005 0.9269 -0.0001 -0.0003 -0.0007 -0.0001 69.56 -0.02 -0.09 -0.18 -0.30 0.5614 -0.0004 -0.0012 -0.0024 -0.0041 0.5112 -0.0001 -0.0003 -0.0006 -0.0006 61.10 0.7112 0.0000 0.0002 0.0004 0.0006 1.0789 0.0001 0.0004 0.0008 0.0001 75.05 -0.02 -0.07 -0.14 -0.32 0.6057 -0.0004 -0.0011 -0.0021 -0.0044 0.5515 0.0000 -0.0002 -0.0002 -0.0006 93.45 1.1742 0.0008 0.0025 0.0047 0.0095 105.54 -0.04 -0.13 -0.25 -0.54	71.52 0.6592 0.0000 0.0000 -0.0001 0.0005 CHF 0.9269 -0.0001 -0.0003 -0.0007 -0.0001 CNY 69.56 -0.02 -0.09 -0.18 -0.30 DKK 0.5614 -0.0004 -0.0012 -0.0024 -0.0041 FJD 0.5112 -0.0001 -0.0003 -0.0006 -0.0006 HKD KRW 61.10 0.7112 0.0000 0.0002 0.0004 0.0006 NOK 1.0789 0.0001 0.0004 0.0008 0.0001 SEK 75.05 -0.02 -0.07 -0.14 -0.32 SGD 0.6057 -0.0004 -0.0011 -0.0021 -0.0044 TWD 0.5515 0.0000 -0.0002 -0.0002 -0.0006 ZAR 93.45 1.1742 0.0008 0.0025 0.0047 0.0095 EQUT	71.52 0.6592 0.0000 0.0000 -0.0001 0.0005 CHF 0.6048 0.9269 -0.0001 -0.0003 -0.0007 -0.0001 CNY 4.4767 69.56 -0.02 -0.09 -0.18 -0.30 DKK 4.1785 0.5614 -0.0004 -0.0012 -0.0024 -0.0041 FJD 1.3999 0.5112 -0.0001 -0.0003 -0.0006 -0.0006 HKD 5.1091 KRW 768.13 61.10 0.7112 0.0000 0.0002 0.0004 0.0006 NOK 6.1617 1.0789 0.0001 0.0004 0.0008 0.0001 SEK 5.8954 75.05 -0.02 -0.07 -0.14 -0.32 SGD 0.8980 0.6057 -0.0004 -0.0011 -0.0021 -0.0044 TWD 19.03 0.5515 0.0000 -0.0002 -0.0002 -0.0006 ZAR 11.0060

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