

Market Alert

Thursday 19 November 2020

CURRENCIES	Spot	6mths
NZD/USD	0.6889	0.0001
NZD/AUD	0.9437	-0.0009
NZD/JPY	71.79	-0.17
NZD/EUR	0.5805	-0.0024
NZD/GBP	0.5201	-0.0005
NZD/CNH	4.5137	0.0619
AUD/USD	0.7301	0.0008
AUD/EUR	0.6151	-0.0019
EUR/USD	1.1868	0.0050
USD/CNH	7.1227	0.0887
GBP/USD	1.3248	0.0016
EUR/GBP	0.8959	0.0027

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.25%	0.02%
2 year swap	0.23%	0.06%
10 year Govt	0.91%	0.96%

Oh no!

D'oh. The RBNZ has undertaken an independent review of its processes after information was accidentally disclosed to a small group of financial services firms a short time before it was made public in the November *Monetary Policy Statement*.

South Australia entered a 6 day lock down to address the recent Adelaide cluster. There goes the trans-Tasman travel bubble for another month or two! Still, at least they're getting paid more, after data showed Australian Q3 wages rose 0.1% on the quarter and +1.4% on the year.

RBA Governor, Philip Lowe, stated that he *"sees no bubble in house prices"* as we *"need rising housing prices in the current environment."* You see, it's all about household confidence! He then added that, in time, *"slower population growth will restrain house prices."* To finish, Mr Lowe said *"Australia needs to keep strong trade relationship with China"* and he doesn't seem too concerned about rising debt levels as *"macroprudential instruments could restrain debt quickly."*

Australia's trade minister said he does not expect a quick change in US-China relations under Biden, and just to prove the point, it was then reported that the Hong Kong ex-opposition MP, Eddie Chuon, has been arrested.

Data-wise, last night US housing starts hit its highest level since February after they jumped 4.9% to 1.53 million units in October, beating market expectations of 1.46 million. Meanwhile, UK inflation recorded its highest reading in 3 months at 0.7% in October, up from 0.5% in September and above forecasts of 0.6%.

Lastly, it was a different story in the Eurozone after consumer prices declined at its steepest rate since April 2016, dropping 0.3% on the year.

Overnight though, it was a quiet session. US and European equities are broadly flat with a slight positive bent, while the US 10 year Treasury continues to yield 0.88%. Interestingly, the US dollar has taken another hit, which has seen

the NZD and AUD jump to 0.6940 and 0.7325, while the NZD/AUD has improved to 0.9475.

Oh why, why, why, didn't I buy

Bitcoin ... as it surged past USD18,000 after billionaire, Ricardo Salinas Pliego — Mexico's third-richest person — said he'd invested 10.0% of his liquid assets into the world's biggest cryptocurrency.

Meanwhile, Tesla is making headlines (again) after rallying more than 23.0% this month which added more than 20 points to the NASDAQ rally, around 60.0% of this month's move. And, with 90.0% of S&P 500 stocks trading above their 200 day moving averages — its highest ratio since 2014 — you have to ask yourself ... is it time for a correction?

Just to prove NZ's housing problems aren't unique, Canadian house prices surged 8.1% for the year to October, beating September's 6.7% gain.

Enjoying his last few days in power, President Trump imposed sweeping new sanctions targeting the Iranian leadership in what Washington called Iran's human rights abuses ... a year ago!

Chris Krebs, the US Cybersecurity and Infrastructure Security Agency Director, went on record assuring the US public that the US election was free and fair. Since making this statement, he's been fired ... by President Trump.



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Daily Rates

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FX	Spot Mid	FECs (mid)				Spot Mid		
		1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	73.05					CAD	0.9014	0.9552
NZD/USD	0.6889	0.0000	0.0001	0.0001	0.0003	CHF	0.6272	0.6646
NZD/AUD	0.9437	-0.0001	-0.0005	-0.0009	-0.0013	CNY	4.5169	4.7866
NZD/JPY	71.79	-0.02	-0.09	-0.17	-0.34	DKK	4.3232	4.5813
NZD/EUR	0.5805	-0.0004	-0.0013	-0.0024	-0.0046	FJD	1.4411	1.5272
NZD/GBP	0.5201	-0.0001	-0.0003	-0.0005	-0.0009	HKD	5.3408	5.6597
						KRW	761.13	806.58
AU TWI	61.10					MYR	2.8291	2.9980
AUD/USD	0.7301	0.0001	0.0005	0.0008	0.0014	NOK	6.2435	6.6163
AUD/NZD	1.0597	0.0002	0.0006	0.0010	0.0015	SEK	5.9397	6.2943
AUD/JPY	76.08	-0.01	-0.06	-0.11	-0.25	SGD	0.9248	0.9800
AUD/EUR	0.6151	-0.0003	-0.0010	-0.0019	-0.0040	TWD	19.66	20.83
AUD/GBP	0.5511	0.0000	0.0000	-0.0001	-0.0001	ZAR	10.6277	11.2623
USD Index	92.43							
EUR/USD	1.1868	0.0008	0.0027	0.0050	0.0100	EQUITIES		
USD/JPY	104.21	-0.04	-0.14	-0.27	-0.54			Index
GBP/USD	1.3248	0.0002	0.0010	0.0016	0.0029	NZX50		12,765
EUR/GBP	0.8959	0.0005	0.0014	0.0027	0.0056	ASX200		6,498
						Dow Jones		29,774
						S&P 500		3,617
						FTSE100		6,365
						DAX 30		13,133
						Nikkei		26,015
						COMMODITIES		
								USD
						Dubai Light		43.42
						Brent Crude		43.46
						Gold		1,885.63
						Silver		24.56
						CRB Index		163.79
INTEREST RATES		New Zealand		Australia				
		Borrow	Invest	Borrow	Invest			
30 day bank bills		0.29%	0.25%	0.02%	0.02%			
90 day bank bills		0.27%	0.23%	0.04%	0.00%			
FRA 90d in 3mths		0.24%	0.20%	0.04%	-0.01%			
FRA 180d in 6mths		0.23%	0.20%	0.05%	0.01%			
1 year swap*		0.24%	0.21%	0.04%	0.01%			
2 year swap*		0.24%	0.21%	0.07%	0.06%			
3 year swap*		0.28%	0.25%	0.12%	0.11%			
5 year swap*		0.43%	0.40%	0.32%	0.31%			
10 year swap*		0.87%	0.85%	0.89%	0.88%			
10 year Govt bond			0.89%		0.96%			

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