



BANCORP

BANCORP TREASURY SERVICES LIMITED

MARKET ALERT

Monday 2 November 2020 | www.bancorp.co.nz

CURRENCIES	Spot	6mths
NZD/USD	0.6613	0.0002
NZD/AUD	0.9415	-0.0006
NZD/JPY	69.15	-0.16
NZD/EUR	0.5677	-0.0023
NZD/GBP	0.5118	-0.0005
NZD/CNH	4.4288	0.0589
AUD/USD	0.7024	0.0006
AUD/EUR	0.6028	-0.0020
EUR/USD	1.1651	0.0049
USD/CNH	7.1227	0.0874
GBP/USD	1.2923	0.0015
EUR/GBP	0.9016	0.0028

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.25%
90 day bills	0.28%	0.06%
2 year swap	0.01%	0.06%
10 year Govt	0.53%	0.83%

The name's Bond ...

Unfortunately, we are now at that point where everyone is talking about the US election, because well, there just isn't anything else to talk about! To be honest, there isn't anything new to say except we'll hear early predications start to come out after US voting stations close on Wednesday NZ time, with updates going deep into the evening. In terms of a result, hopefully Wednesday night or Thursday morning ... if we're lucky!

So, if we're not going to talk about the election, what's next on the agenda?

Oh great ... COVID! Needless to say, the British followed the Germans and the French in imposing nationwide lockdowns, which will no doubt limit the Christmas cheers as we head into December. Numbers continue to surge with governments struggling with the how's and why's of the resurgence. On a positive note, Eurozone GDP was released on Friday night and showed a strong Q3 bounce back at 12.7% from Q2's record slump of 11.8%, well above the 9.4% expectation.

At least we've got something good to look forward to ... the Melbourne Cup! But wait, before we all head off to the pub to enjoy the build-up, don't forget we have the RBA announcement before the race where it is expected to cut the cash rate from 0.25% to 0.10%. While this is largely priced in, it will be interesting to hear if the RBA pushes out the QE programme to target the 5-10 year part of the Australian bond curve and what structure this may take. We also have the BoE and the Fed interest rate announcements overnight Thursday, although we are not expecting any changes.

This negative sentiment, once again, was felt in equity markets on Friday night with European markets broadly flat while US markets spent the session in negative territory. The Dow eventually closed down at -0.6%, the S&P

contracted -1.2%, and the NASDAQ fell -2.2%. This weakness was also felt in currency markets with the NZD/USD and AUD/USD currently trading at 0.6615 and 0.7025, although the big mover was in the bond markets where the US 10 year treasury yield bounced back to the 0.88% level.

So, to summarise, markets are in a holding pattern ahead of the US election, and the RBA, BoE and the Fed announcements.

James Bond

RIP, Sean Connery. The best James Bond of them all, as we well and truly say goodbye to the overtly sexual innuendo of the 1960s.

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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	71.47					CAD	0.8809	0.9356
NZD/USD	0.6613	0.0000	0.0000	0.0002	0.0011	CHF	0.6056	0.6432
NZD/AUD	0.9415	-0.0001	-0.0004	-0.0006	0.0002	CNY	4.4261	4.7011
NZD/JPY	69.15	-0.02	-0.09	-0.16	-0.25	DKK	4.2262	4.4887
NZD/EUR	0.5677	-0.0004	-0.0012	-0.0023	-0.0039	FJD	1.4110	1.4986
NZD/GBP	0.5118	-0.0001	-0.0003	-0.0005	-0.0002	HKD	5.1269	5.4455
						KRW	751.76	798.48
AU TWI	59.50					MYR	2.7529	2.9240
AUD/USD	0.7024	0.0001	0.0003	0.0006	0.0010	NOK	6.2966	6.6878
AUD/NZD	1.0621	0.0001	0.0005	0.0006	-0.0002	SEK	5.9040	6.2708
AUD/JPY	73.43	-0.01	-0.06	-0.13	-0.28	SGD	0.9036	0.9597
AUD/EUR	0.6028	-0.0003	-0.0011	-0.0020	-0.0042	TWD	18.90	20.08
AUD/GBP	0.5435	0.0000	-0.0001	-0.0002	-0.0004	ZAR	10.7495	11.4174
USD Index	94.04							
EUR/USD	1.1651	0.0008	0.0026	0.0049	0.0099	EQUITIES		
USD/JPY	104.55	-0.04	-0.14	-0.27	-0.55		Index	
GBP/USD	1.2923	0.0002	0.0009	0.0015	0.0027	NZX50	12,084	
EUR/GBP	0.9016	0.0004	0.0014	0.0028	0.0058	ASX200	5,928	
						Dow Jones	26,502	
						S&P 500	3,270	
						FTSE100	5,577	
						DAX 30	11,556	
						Nikkei	22,977	
						COMMODITIES		
							USD	
						Dubai Light	36.92	
						Brent Crude	37.94	
						Gold	1,878.41	
						Silver	23.64	
						CRB Index	153.76	

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.29%	0.25%	0.06%	0.06%
90 day bank bills	0.30%	0.26%	0.08%	0.04%
FRA 90d in 3mths	0.13%	0.10%	0.05%	0.00%
FRA 180d in 6mths	-0.09%	-0.11%	0.05%	0.01%
1 year swap*	0.08%	0.03%	0.04%	0.03%
2 year swap*	0.02%	-0.01%	0.07%	0.06%
3 year swap*	0.03%	0.00%	0.10%	0.09%
5 year swap*	0.12%	0.10%	0.27%	0.25%
10 year swap*	0.54%	0.50%	0.80%	0.78%
10 year Govt bond		0.52%		0.83%

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

SOURCE: Bloomberg

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