

CURRENCIES	Spot	6mths	
NZD/USD	0.7078	0.0002	
NZD/AUD	0.9362	-0.0011	
NZD/JPY	73.38	-0.18	
NZD/EUR	0.5819	-0.0025	
NZD/GBP	0.5252	-0.0006	
NZD/CNH	4.6100	0.0527	
AUD/USD	0.7561	0.0011	
AUD/EUR	0.6216	-0.0019	
EUR/USD	1.2164	0.0056	
USD/CNH	7.1227	0.0726	
GBP/USD	1.3479	0.0019	
EUR/GBP	0.9024	0.0029	
INT RATES	NZ	Australia	
OCR/Cash	0.25%	0.10%	
90 day bills	0.25%	0.02%	
2 year swap	0.27%	0.11%	
10 year Govt	0.88%	0.96%	

## When is a central bank not a central bank?

When it joins a global group focused on fighting climate change! Does climate change really pose a risk to the global financial system?

In 'proper' central bank news, the Fed left rates unchanged at 0.00%-0.25% and repeated that they remain "committed to using its full range of tools to support the US economy," emphasising it will continue the pace of its bond buying programme "until substantial further progress has been made toward the Committee's maximum employment and

price stability goals." Interestingly, while it announced it will continue to buy USD80 billion of Treasuries and USD40 billion of MBS each month, there will be no change to the weighted average maturity of its portfolio. Its Dot plot graph remains at zero until the end of 2023.

US congressional negotiators are 'closing in' on the USD900 billion COVID bill after Mitch McConnell announced "major headway has been made on a stimulus deal." The new deal will include a new round of stimulus cheques of USD600-USD700 per person.

US retail sales sank 1.1% on the month to November, it's largest fall in 7 months and well down on the forecast 0.3% drop. With October's numbers also revised down 0.1%, it highlights US consumer spending is slowing considerably.

In other data, the US Markit manufacturing PMI was little changed at 56.5 in December from 56.7 in November while manufacturers' and trade inventories rose by 0.7%.

The GBP hit a 30 month high against the USD on signs of progress in Brexit negotiations after EU President, Ursula von der Leyen, announced Britain and the EU have moved closer to sealing an agreement. While one issue remains outstanding, that of fishing rights, there is "a path to an agreement." In other currency news, the US has declared

Switzerland is a currency manipulator — again! So, what did all this mean for markets? The short answer is, not a lot! US equities are flat, European indices were up a 0.5%-1.5%, and the US 10-year yield is at 0.91%. The NZD/USD and AUD/USD are flat at 0.7060 and 0.7550, while NZD/AUD eased a touch to 0.9360.

China has initiated demand-side reforms over stimulus measures to boost domestic consumption with an emphasis on addressing structural issues such as unequal income distribution, improving the social safety net, and reforming land-use and ownership policies.

## Leading the way

The NZ half year economic and fiscal update highlighted lower budget deficits over the next four years as a stronger tax take and lower expenses bolster the government's finances. The improved performance, driven by a stronger economic recovery from COVID, supported its forward guidance with growth forecast to be 1.5% to June 2021 while unemployment is expected to peak at 6.8% in 2022 before declining to 4.0% over the next 3 years. In a backward looking indicator, we have NZ Q3 GDP out this morning, which everyone will ignore.

Bitcoin surpassed USD20,000 for the first time after reports that Ruffer Investments purchased GBP550 million last month.











EV	Spot	Spot FECs (mid)					Spot Mid	
FX	Mid	1mth	3mths	6mths	12mths		NZD/	AUD/
NZ TWI	74.09					CAD	0.9027	0.9642
NZD/USD	0.7078	0.0001	0.0002	0.0002	0.0002	CHF	0.6282	0.6710
NZD/AUD	0.9362	-0.0004	-0.0007	-0.0011	-0.0018	CNY	4.6246	4.9398
NZD/JPY	73.38	-0.05	-0.09	-0.18	-0.36	DKK	4.3298	4.6248
NZD/EUR	0.5819	-0.0006	-0.0013	-0.0025	-0.0049	FJD	1.4571	1.5564
NZD/GBP	0.5252	-0.0003	-0.0004	-0.0006	-0.0010	HKD	5.4866	5.8604
						KRW	775.30	828.13
AU TWI	62.50					MYR	2.8864	3.0831
AUD/USD	0.7561	0.0005	0.0008	0.0011	0.0017	NOK	6.1559	6.5754
AUD/NZD	1.0681	0.0004	0.0008	0.0013	0.0020	SEK	5.9280	6.3320
AUD/JPY	78.39	-0.03	-0.04	-0.09	-0.24	SGD	0.9414	1.0056
AUD/EUR	0.6216	-0.0004	-0.0010	-0.0019	-0.0041	TWD	19.92	21.27
AUD/GBP	0.5610	-0.0001	0.0000	0.0001	0.0000	ZAR	10.5053	11.2212
USD Index	90.40							
EUR/USD	1.2164	0.0016	0.0031	0.0056	0.0107	EQUITIES		
USD/JPY	103.68	-0.10	-0.16	-0.28	-0.54			Index
GBP/USD	1.3479	0.0010	0.0013	0.0019	0.0029	NZX50		12,829
EUR/GBP	0.9024	0.0005	0.0014	0.0029	0.0060	ASX20	0	6,679
						Dow J	ones	30,144
INTEREST		New Zealand		Australia		S&P 500		3,699
RATES		Borrow	Invest	Borrow	Invest	FTSE10	00	6,571
						DAX 3	0	13,566
30 day bank b	oills	0.28%	0.24%	0.02%	0.02%	Nikkei		26,757
90 day bank b	oills	0.27%	0.23%	0.04%	0.00%			
FRA 90d in 3r	nths	0.29%	0.26%	0.05%	0.00%	COMMODITIES		
FRA 180d in 6	RA 180d in 6mths		0.23%	0.08%	0.04%			USD
1 year swap*		0.27%	0.24%	0.04%	0.04%	Dubai Light		50.34
2 year swap*		0.29%	0.26%	0.11%	0.10%	<b>Brent Crude</b>		51.12
3 year swap*		0.33%	0.30%	0.17%	0.16%	Gold		1,851.84
5 year swap*	year swap*		0.45%	0.41%	0.40%	Silver		24.90
10 year swap*		0.95%	0.91%	1.01%	1.00%	CRB Ir	ndex	173.95
10 year Govt	bond		0.86%		0.96%			

<sup>\*</sup> Semi-annual rate resets except AUD 1,2,3 year quarterly

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