

Market Alert

Tuesday 14 September 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7111	-0.0015
NZD/AUD	0.9653	-0.0029
NZD/JPY	78.22	-0.32
NZD/EUR	0.6022	-0.0036
NZD/GBP	0.5140	-0.0013
NZD/CNH	4.5810	0.0587
AUD/USD	0.7366	0.0006
AUD/EUR	0.6238	-0.0019
EUR/USD	1.1808	0.0046
USD/CNH	6.4427	0.0968
GBP/USD	1.3835	0.0005
EUR/GBP	0.8535	0.0030

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.53%	0.01%
2 year swap	1.38%	0.22%
10 year Govt	1.98%	1.27%

Easy like Monday morning

While Monday is traditionally a light day for economic releases, central bank members, regulators and influencers tend to use the day to grab a few headlines ... and yesterday was no exception!

Feb member, Patrick Harker, announced the "FOMC should start tapering soon, hopefully this year." Next up was ECB executive board member, Isabel Schnabel, saying that "inflation is likely to ease noticeably next year," followed by Andrew Hauser, the BOE executive director for markets, stating that "unwinding QE will become an integral part of future tightening strategies." We then had SNB VP, Fritz

Zurbrugg, who did an interview with *Sonntagszeitung* (we swear, we're not making this up) where he let slip that "negative rates are still required to prevent a rising CHF."

As many continue to debate the merits of embedded inflation and transitory inflation ahead of tomorrow's US CPI release, consumers' expectations are for a 10th consecutive increase in the 1-year rate to 5.2%, with the 3-year expectation pointing a record high of 4.0%.

In actual news, the US posted an August budget deficit of 'just' USD171 billion, which was better than the USD200 billion gap in the same period last year, while the US Treasury Department announced it has no intention of sorting through which payments it would make, and which government obligations it would set aside, once it breaches its federal debt limit. Wholesale prices in Germany increased 12.3% in the year to August, which was its highest rate since October 1974 amid the oil crisis, while the German economy ministry forecast Q3 GDP growth will pick up significantly after Q1's 1.6% increase, with growth likely to normalise in Q4.

The NZ food price inflation index rose for the 5th month in a row with a 0.3% rise in August, while NZ preliminary business confidence for September improved to -7.0 from -14.2%, although the activity outlook eased to 18.0% from 19.2%. The NZIER survey of economists saw the 2021/22 GDP growth forecast fall to

4.5% from the previous 5.0%, while the 2022/23 forecast increased to 4.5% from 3.7%.

All-up, the markets were content to put a floor below last weeks loses with equity and commodity markets etching out modest gains. The Treasury bond remains at 1.33% while the NZD and AUD are flat after quiet sessions.

Death and taxes ... and corporate break-ups!

Following on from the tax increases in the UK, US House Democrats are considering implementing a 3.0% surtax on individual incomes above USD5 million, raising the corporate tax rate to 26.5% from 21.0%, increasing the capital gains tax from 20.0% to 25.0%, and are contemplating raising the minimum tax on US companies' foreign income to 16.5% from 10.5%.

The word on the street in China is that regulators want to break up Jack Ma's Alipay.

In other news, Goldman Sachs stated the global oil market is set to "rally significantly" while a Deutsche survey highlighted an overwhelming consensus that there will be an "equity correction of 5-10% before year-end."

Stay safe, keep on smiling, and hey, let's be careful out there!



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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	75.43					CAD	0.8999	0.9322
NZD/USD	0.7111	0.0000	-0.0005	-0.0015	-0.0055	CHF	0.6559	0.6795
NZD/AUD	0.9653	-0.0002	-0.0010	-0.0029	-0.0085	CNY	4.5872	4.7521
NZD/JPY	78.22	-0.02	-0.11	-0.32	-0.91	DKK	4.4781	4.6390
NZD/EUR	0.6022	-0.0004	-0.0015	-0.0036	-0.0093	FJD	1.4789	1.5321
NZD/GBP	0.5140	0.0000	-0.0004	-0.0013	-0.0038	HKD	5.5311	5.7299
						KRW	836.09	866.14
AU TWI	61.40					MYR	2.9523	3.0584
AUD/USD	0.7366	0.0001	0.0003	0.0006	0.0008	NOK	6.1472	6.3682
AUD/NZD	1.0359	0.0002	0.0011	0.0031	0.0092	SEK	6.1213	6.3413
AUD/JPY	81.03	-0.01	-0.03	-0.08	-0.22	SGD	0.9545	0.9888
AUD/EUR	0.6238	-0.0003	-0.0009	-0.0019	-0.0041	TWD	19.66	20.37
AUD/GBP	0.5324	0.0000	0.0001	0.0002	0.0008	ZAR	10.0656	10.4274
USD Index	92.66					EQUITIES		
EUR/USD	1.1808	0.0007	0.0021	0.0046	0.0091		Index	
USD/JPY	110.02	-0.03	-0.09	-0.21	-0.42	NZX50	13,171	
GBP/USD	1.3835	0.0001	0.0002	0.0005	-0.0006	ASX200	7,425	
EUR/GBP	0.8535	0.0005	0.0014	0.0030	0.0069	Dow Jones	34,872	
						S&P 500	4,462	
						FTSE100	7,068	
						DAX 30	15,701	
						Nikkei	30,447	
INTEREST RATES		New Zealand		Australia				
		Borrow	Invest	Borrow	Invest			
30 day bank bills		0.36%	0.32%	-0.01%	0.02%			
90 day bank bills		0.55%	0.51%	0.03%	-0.01%			
FRA 90d in 3mths		0.94%	0.90%	0.04%	0.01%			
FRA 180d in 6mths		1.39%	1.36%	0.10%	0.09%			
1 year swap		1.04%	1.02%	0.06%	0.04%			
2 year swap		1.39%	1.37%	0.24%	0.21%			
3 year swap		1.59%	1.56%	0.45%	0.42%			
5 year swap		1.78%	1.76%	0.80%	0.79%			
10 year swap		2.10%	2.07%	1.40%	1.39%			
10 year Govt bond			1.96%		1.27%			
						COMMODITIES		
							USD	
						Dubai Light	71.12	
						Brent Crude	73.56	
						Gold	1,793.13	
						Silver	23.74	
						CRB Index	235.11	
							NZD	
						NZ Carbon	61.50	

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