

Market Alert

Thursday 16 September 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7107	-0.0016
NZD/AUD	0.9693	-0.0031
NZD/JPY	77.72	-0.32
NZD/EUR	0.6015	-0.0037
NZD/GBP	0.5133	-0.0014
NZD/CNH	4.5678	0.0565
AUD/USD	0.7333	0.0007
AUD/EUR	0.6206	-0.0019
EUR/USD	1.1816	0.0047
USD/CNH	6.4271	0.0944
GBP/USD	1.3846	0.0005
EUR/GBP	0.8534	0.0030

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.54%	0.02%
2 year swap	1.41%	0.20%
10 year Govt	1.85%	1.21%

China-centric news

There was a lot of news out of China so let's start there...

China's retail sales were a major disappointment growing just 2.5% in the year to August, which was a poor print against the expected 7.0% as the country dealt with the worst COVID-19 outbreak since its initial spread in early 2020.

Industrial production growth was also slightly below expectations, up 5.3% in August versus predictions of 5.8%, while fixed asset investment for the first eight months of the year rose 8.9%.

There's one place in the world that has house prices under 'relative' control after Chinese home prices increased 0.2% in August (prior 0.3%) and 4.2% on the year (prior 4.6%). Mind you, the weakening manufacturing PMIs are a growing concern which saw the Vice Commerce Minister announce the government will provide supportive measures for small exporters.

In more China-related news, China has begun releasing oil from its strategic reserves, while Apple's supplier, Foxconn's, electric vehicle collaboration with Chinese start-up, Byton, has been put on hold. Chinese authorities have told banks that Evergrande will not make its interest payments on 20 September, and the Head of the US SEC has announced he wants faster delisting of Chinese firms that are not compliant with US disclosure rules.

In other news, US import prices dropped for the first time in 10 months, decreasing -0.3% in August while export prices were up 0.4%, its fifteenth consecutive monthly increase. On a yearly basis, import prices advanced 9.0% and export prices jumped 16.8%.

The Empire state manufacturing index grew 34.3 points, which was more than the 17.9 expected, while industrial production increased at 0.4% on the month with capacity utilisation at 76.4%, which was bang-on expectations.

Inflationary pressures are also growing in the UK with the CPI rate jumping to 3.2% in August, which was stronger than

July's 2.0%, while core CPI firmed to 3.1% against the 1.9% expected.

The Australian consumer confidence index for September increased to 2.0% from -4.4% as they look forward to an easing of COVID-19 restrictions, and the OECD have announced they want to review the RBA charter and board make-up. The last review of the RBA was 40 years ago and, according to the OECD, the bank has been failing to meet its mandates over the past decade. The OECD also called for substantial tax reform and 'more explicit budget repair commitments' from the federal government!

The New Zealand second quarter current account deficit widened to -3.3% of GDP from the first quarter's -2.2%.

The Reuters Tankan survey in Japan highlighted a drop in both the manufacturing and non-manufacturing indexes in September with the manufacturers' sentiment index falling to a 5 month low at +18.0 and the services index easing to -2.0.

So, what does it all mean?

Initially the NZD and AUD weakened following the release of the Chinese retail sales numbers although the positive US data saw equity markets rebound and the commodity currencies recover as sentiment stabilised and the Treasury bond firmed to 1.30%.

Stay safe, keep on smiling, and hey, let's be careful out there! There's not long to go now!



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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	75.35					CAD	0.8975	0.9259
NZD/USD	0.7107	0.0000	-0.0005	-0.0016	-0.0058	CHF	0.6536	0.6743
NZD/AUD	0.9693	-0.0002	-0.0011	-0.0031	-0.0090	CNY	4.5716	4.7164
NZD/JPY	77.72	-0.02	-0.12	-0.32	-0.93	DKK	4.4726	4.6142
NZD/EUR	0.6015	-0.0004	-0.0015	-0.0037	-0.0095	FJD	1.4804	1.5273
NZD/GBP	0.5133	0.0000	-0.0004	-0.0014	-0.0039	HKD	5.5310	5.7061
						KRW	831.93	858.27
AU TWI	61.10					MYR	2.9555	3.0491
AUD/USD	0.7333	0.0001	0.0003	0.0007	0.0009	NOK	6.0931	6.2861
AUD/NZD	1.0317	0.0002	0.0011	0.0033	0.0097	SEK	6.0973	6.2904
AUD/JPY	80.19	-0.01	-0.03	-0.08	-0.21	SGD	0.9529	0.9831
AUD/EUR	0.6206	-0.0003	-0.0009	-0.0019	-0.0041	TWD	19.64	20.27
AUD/GBP	0.5296	0.0000	0.0001	0.0003	0.0009	ZAR	10.2407	10.5650
USD Index	92.48					EQUITIES		
EUR/USD	1.1816	0.0007	0.0021	0.0047	0.0092		Index	
USD/JPY	109.37	-0.03	-0.09	-0.21	-0.42	NZX50	13,099	
GBP/USD	1.3846	0.0001	0.0002	0.0005	-0.0007	ASX200	7,417	
EUR/GBP	0.8534	0.0005	0.0014	0.0030	0.0071	Dow Jones	34,815	
						S&P 500	4,486	
						FTSE100	7,016	
						DAX 30	15,616	
						Nikkei	30,512	
INTEREST RATES		New Zealand		Australia		COMMODITIES		
		Borrow	Invest	Borrow	Invest		USD	
30 day bank bills		0.36%	0.32%	-0.01%	0.02%	Dubai Light	71.95	
90 day bank bills		0.56%	0.52%	0.04%	0.00%	Brent Crude	75.48	
FRA 90d in 3mths		0.99%	0.96%	0.04%	0.01%	Gold	1,793.84	
FRA 180d in 6mths		1.42%	1.39%	0.10%	0.08%	Silver	23.82	
1 year swap		1.09%	1.07%	0.07%	0.03%	CRB Index	239.63	
2 year swap		1.43%	1.40%	0.23%	0.17%		NZD	
3 year swap		1.61%	1.59%	0.41%	0.40%	NZ Carbon	64.00	
5 year swap		1.79%	1.77%	0.82%	0.73%			
10 year swap		2.07%	2.05%	1.43%	1.42%			
10 year Govt bond			1.83%		1.21%			

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