

# Market Alert

Wednesday 29 September 2021

CURRENCIES	Spot	6mths
NZD/USD	0.6956	-0.0017
NZD/AUD	0.9608	-0.0032
NZD/JPY	77.60	-0.33
NZD/EUR	0.5956	-0.0038
NZD/GBP	0.5140	-0.0013
NZD/CNH	4.4973	0.0519
AUD/USD	0.7240	0.0006
AUD/EUR	0.6199	-0.0020
EUR/USD	1.1679	0.0047
USD/CNH	6.4648	0.0907
GBP/USD	1.3535	0.0002
EUR/GBP	0.8629	0.0034

  

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.65%	0.02%
2 year swap	1.45%	0.27%
10 year Govt	2.04%	1.48%

## The itsy bitsy news

The BoJ policy July minutes were pretty uneventful highlighting, "there is a long way to go to achieve the price stability target of 2.0% and maintain that level in a stable manner. Thus, it is important not to tighten monetary policy prematurely." Other highlights included one member stating the bank should be mindful of the risk of a slowing Chinese economy and the long-term risk of fund outflows from emerging markets. Japan's finance minister Aso also announced, "doubts demand will surge once state of emergency is lifted."

Following on from Eric Rosengren's sudden resignation yesterday, Dallas

Fed President, Robert Kaplan, has also announced he will retire on 8 October. Unsurprisingly, Kaplan cites the distraction of the disclosure of his personal financial dealings for his decision. This saw Chair Powell announce, "The Fed will address the ethics issues" although young Jerome should watch his back after Senator Elizabeth Warren stated she wouldn't support him for a second term as he's "a dangerous man to head up the Fed. Your record gives me grave concern."

Fed president, Raphael Bostic, announced that the US is "not facing a long bout of troublesome inflation," even though the Case-Shiller 20-city house price index in the US hit a fresh record increasing +19.9% in the year to July.

Treasury Secretary, Janet Yellen, told House Speaker, Nancy Pelosi, that Congress has just under 3 weeks to address the looming debt ceiling and avoid economic calamity as, "We now estimate that Treasury is likely to exhaust its extraordinary measures if Congress has not acted to raise or suspend the debt limit by October 18,"

Australian retail sales in August fell -1.7% on the month, which was better than the -2.5% anticipated, which saw the annual rate ease to +0.7%.

China's unofficial mouth-piece, the Global Times, has reported that "experts believe that Chinese authorities will launch new measures – including a crackdown on high coal prices – to ensure a steady electricity

supply" as the country introduces nationwide power curbs amid a steep jump in coal prices and surging demand. Meanwhile, the South China Morning Post announced the authorities will undertake a series of inspections looking for signs of 'corruption, negligence, and disloyalty!' And speaking of China, Goldman Sachs has cut its China 2021 GDP forecast to 7.8%, from 8.2% previously, while Chinese industrial profits were +10.1% in the year to August, which was down on July's +16.4%.

## Setting up for an October sell-off?

So, while there weren't any major announcements or data overnight, traders were reluctant to invest into risk assets after Fed Chair, Jerome Powell, and Treasury Secretary, Janet Yellen, both warned that a US debt default would have catastrophic consequences at a Senate Banking Committee hearing. This saw all the US and European markets sell-off between -1.0% and -2.0% while commodities weakened -0.5% to -1.0%, although coal was an exception rallying +2.5%! In amongst this weakness, bond yields continued to firm with the 10 year treasury now at 1.53%, which supported the US dollar driving the NZD to a monthly low, although the AUD continued to find support at this level.

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



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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	74.43					CAD	0.8822	0.9182
NZD/USD	0.6956	-0.0001	-0.0006	-0.0017	-0.0056	CHF	0.6466	0.6730
NZD/AUD	0.9608	-0.0003	-0.0012	-0.0032	-0.0088	CNY	4.4942	4.6778
NZD/JPY	77.60	-0.03	-0.13	-0.33	-0.91	DKK	4.4292	4.6101
NZD/EUR	0.5956	-0.0004	-0.0016	-0.0038	-0.0094	FJD	1.4572	1.5168
NZD/GBP	0.5140	-0.0001	-0.0005	-0.0013	-0.0034	HKD	5.4084	5.6294
						KRW	824.06	857.73
AU TWI	61.30					MYR	2.9226	3.0419
AUD/USD	0.7240	0.0001	0.0003	0.0006	0.0008	NOK	6.0263	6.2725
AUD/NZD	1.0409	0.0003	0.0013	0.0034	0.0096	SEK	6.0756	6.3238
AUD/JPY	80.77	-0.01	-0.03	-0.08	-0.21	SGD	0.9442	0.9827
AUD/EUR	0.6199	-0.0003	-0.0009	-0.0020	-0.0042	TWD	19.29	20.08
AUD/GBP	0.5349	0.0000	0.0002	0.0004	0.0013	ZAR	10.5217	10.9515
USD Index	93.74					<b>EQUITIES</b>		
EUR/USD	1.1679	0.0007	0.0021	0.0047	0.0093		<b>Index</b>	
USD/JPY	111.56	-0.02	-0.08	-0.20	-0.42	NZX50	13,174	
GBP/USD	1.3535	0.0001	0.0001	0.0002	-0.0018	ASX200	7,276	
EUR/GBP	0.8629	0.0004	0.0015	0.0034	0.0080	Dow Jones	34,443	
						S&P 500	4,362	
						FTSE100	7,028	
						DAX 30	15,249	
						Nikkei	30,184	
<b>INTEREST RATES</b>		<b>New Zealand</b>		<b>Australia</b>		<b>COMMODITIES</b>		
		<b>Borrow</b>	<b>Invest</b>	<b>Borrow</b>	<b>Invest</b>		<b>USD</b>	
30 day bank bills		0.46%	0.42%	-0.01%	0.02%	Dubai Light	77.17	
90 day bank bills		0.67%	0.64%	0.04%	0.00%	Brent Crude	78.82	
FRA 90d in 3mths		0.99%	0.97%	0.06%	0.03%	Gold	1,734.82	
FRA 180d in 6mths		1.42%	1.39%	0.15%	0.14%	Silver	22.46	
1 year swap		1.12%	1.09%	0.09%	0.05%	CRB Index	242.60	
2 year swap		1.46%	1.44%	0.29%	0.24%		<b>NZD</b>	
3 year swap		1.66%	1.64%	0.53%	0.48%	NZ Carbon	63.60	
5 year swap		1.89%	1.87%	0.93%	0.92%			
10 year swap		2.26%	2.24%	1.63%	1.62%			
10 year Govt bond			2.02%		1.48%			

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