

Market Alert

Wednesday 27 October 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7164	-0.0026
NZD/AUD	0.9542	-0.0040
NZD/JPY	81.78	-0.47
NZD/EUR	0.6177	-0.0049
NZD/GBP	0.5205	-0.0015
NZD/CNH	4.5698	0.0493
AUD/USD	0.7508	0.0004
AUD/EUR	0.6473	-0.0024
EUR/USD	1.1598	0.0050
USD/CNH	6.3791	0.0921
GBP/USD	1.3765	-0.0010
EUR/GBP	0.8426	0.0042

INT RATES	NZ	Australia
OCR/Cash	0.50%	0.10%
90 day bills	0.74%	0.04%
2 year swap	2.03%	0.65%
10 year Govt	2.52%	1.81%

US housing data tells a familiar story

The S&P CoreLogic 20-city home price index in the US showed prices increased 19.7% in the year to August, slightly below the record 20% July increase, while new home sales in the US soared 14% on the month to a seasonally adjusted annual rate of 800,000. Finally, the Conference Board Consumer Confidence Index increased in October, following 3 months of declines, to 113.8 in October from Septembers 109.8.

In other data releases, UK retail sales index jumped to +30 in October, up from +11 in the previous month and

well above market expectations of +13. The Bundesbank announced it expects German economic growth to slow significantly in Q4 dragging full year growth below their June forecast of 3.7%, and Japanese September PPI headlined at 0.9% on the year against an expected +1.0% increase. Finally, the October Roy Morgan business confidence survey in Australia produced its largest increase in business confidence this year, expanding +10.7 points to 115.3 to be back above its long-term average of 113.8 for the first time since July 2021.

US Treasury Secretary, Janet Yellen, and Chinese Vice-Premier, Liu He, spoke yesterday on their respective economies and both bilateral and global cooperation as, *"US and China having co-ordination on policy is important (and) will strengthen co-ordination on macroeconomic policies."*

Coincidentally, at the same time Chinese state media announced a 10-point plan to address the major issues facing China's economy and to align with the 'common prosperity' strategy announcing, *"boosting private consumption and investment is high on the new economic agenda although central government would not return to 'the old playbook' of monetary and fiscal spending to 'flood the economy.'"*

The NDRC, China's state planner, is studying mechanisms to stabilise coal prices in the long term and is looking at setting a benchmark price and examining costs/profitability within the coal sector.

In response to Q3 GDP slowing more than anticipated, at just +0.3% on the quarter and +4.0% on the year, South Korea is cutting fuel tax by 20% for six months.

While equity markets continue to surge to new highs, in the FX space the outperformers are those countries that are energy exporters, such as the CAD and the NOK, as they ride the commodity wave ahead of the northern hemisphere winter, while the worst performers, the JPY and the EUR, are both net energy importers. This helped the AUD to rally 0.25%, although the NZD flatlined which saw the NZD/AUD cross ease to 0.9540. The US T-bond also eased, to 1.615%.

This will help with Google search

China has launched the world's fastest programmable quantum computer which is 1 million times more powerful than its nearest competitor, Google's Sycamore. Simply put, it can calculate a task in 1 millisecond that would take a conventional computer around 30 trillion years ... depending on your internet connection!

With Tesla market capitalisation having crossed the USD1 trillion mark after options traders exchanged a record 2.4 million bullish contracts, Elon Musk's near 20% stake alone is worth more than any individual carmaker except Toyota.

Stay safe, enjoy the sun, 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	75.88					CAD	0.8872	0.9298
NZD/USD	0.7164	-0.0003	-0.0010	-0.0026	-0.0080	CHF	0.6588	0.6905
NZD/AUD	0.9542	-0.0005	-0.0018	-0.0040	-0.0108	CNY	4.5727	4.7924
NZD/JPY	81.78	-0.05	-0.20	-0.47	-1.34	DKK	4.5949	4.8156
NZD/EUR	0.6177	-0.0006	-0.0023	-0.0049	-0.0124	FJD	1.4883	1.5599
NZD/GBP	0.5205	-0.0002	-0.0009	-0.0015	-0.0040	HKD	5.5692	5.8368
						KRW	836.02	876.19
AU TWI	62.90					MYR	2.9740	3.1169
AUD/USD	0.7508	0.0001	0.0004	0.0004	0.0001	NOK	5.9883	6.2761
AUD/NZD	1.0481	0.0005	0.0020	0.0044	0.0120	SEK	6.1703	6.4668
AUD/JPY	85.70	-0.01	-0.05	-0.14	-0.44	SGD	0.9651	1.0115
AUD/EUR	0.6473	-0.0003	-0.0012	-0.0024	-0.0058	TWD	19.95	20.91
AUD/GBP	0.5454	0.0001	0.0001	0.0007	0.0019	ZAR	10.6436	11.1551
USD Index	93.95					EQUITIES		
EUR/USD	1.1598	0.0007	0.0027	0.0050	0.0105		Index	
USD/JPY	114.16	-0.02	-0.12	-0.24	-0.59	NZX50	13,075	
GBP/USD	1.3765	0.0000	0.0004	-0.0010	-0.0047	ASX200	7,443	
EUR/GBP	0.8426	0.0005	0.0018	0.0042	0.0106	Dow Jones	35,831	
						S&P 500	4,579	
						FTSE100	7,278	
						DAX 30	15,757	
						Nikkei	29,106	
INTEREST RATES		New Zealand		Australia		COMMODITIES		
		Borrow	Invest	Borrow	Invest		USD	
30 day bank bills		0.61%	0.57%	0.01%	0.02%	Dubai Light	82.85	
90 day bank bills		0.76%	0.72%	0.06%	0.02%	Brent Crude	86.37	
FRA 90d in 3mths		1.23%	1.20%	0.16%	0.13%	Gold	1,793.71	
FRA 180d in 6mths		1.99%	1.96%	0.43%	0.41%	Silver	24.13	
1 year swap		1.49%	1.47%	0.25%	0.23%	CRB Index	255.72	
2 year swap		2.04%	2.02%	0.66%	0.64%		NZD	
3 year swap		2.28%	2.26%	1.01%	1.00%	NZ Carbon	65.10	
5 year swap		2.45%	2.42%	1.38%	1.37%			
10 year swap		2.61%	2.59%	1.94%	1.93%			
10 year Govt bond			2.50%		1.81%			

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