

# Market Alert

Tuesday 5 October 2021

| CURRENCIES | Spot   | 6mths   |
|------------|--------|---------|
| NZD/USD    | 0.6963 | -0.0016 |
| NZD/AUD    | 0.9554 | -0.0029 |
| NZD/JPY    | 77.20  | -0.31   |
| NZD/EUR    | 0.5989 | -0.0037 |
| NZD/GBP    | 0.5114 | -0.0012 |
| NZD/CNH    | 4.4907 | 0.0555  |
| AUD/USD    | 0.7289 | 0.0006  |
| AUD/EUR    | 0.6269 | -0.0020 |
| EUR/USD    | 1.1626 | 0.0046  |
| USD/CNH    | 6.4494 | 0.0945  |
| GBP/USD    | 1.3616 | 0.0000  |
| EUR/GBP    | 0.8539 | 0.0034  |

| INT RATES    | NZ    | Australia |
|--------------|-------|-----------|
| OCR/Cash     | 0.25% | 0.10%     |
| 90 day bills | 0.61% | 0.02%     |
| 2 year swap  | 1.38% | 0.28%     |
| 10 year Govt | 2.08% | 1.49%     |

## Listen, I shall say this only once

We have a plan ... I just can't tell you what the plan is! What, you want the truth, well you can't handle the truth, "you're god-damn right I gave a code red!" Okay, let's put that back in its box and get on with it ...

The good news is, there is some good news, its RBA day which means, yes, it's just one month until its Melbourne Cup Day! And speaking of Australia, business confidence has increased for the first time since May, rallying +3.1% on the month to reach 104.6.

In the US, new orders for manufactured goods jumped +1.2% in August versus the +1.0 that was expected, while Wharton finance professor, Jeremy Siegel, warned that, "Inflation, in general, is going to be a much bigger problem than the Fed believes. There's going to be pressure on the Fed to accelerate its taper process ... I do not believe that the market is prepared for an accelerated taper." Meanwhile, US senator, Elizabeth Warren, has called on the SEC to investigate whether trades made by Fed officials violated insider trading laws.

We also had St Louis Fed President, James Bullard, on the newswires discussing his forecast that 2022 core inflation will be at 2.8% as, "Inflation is higher than the US has seen for a decade. We are going to have more inflation than we're used to for some time. Inflation might not fall back to the Fed's 2% goal" Let's forget about that, and talk about the charade that is the US debt ceiling, with President Biden poetically weighing into the debate demanding that Republicans stop blocking Democratic efforts as, "A meteor is headed to crash into our economy. Democrats are willing to do all the work stopping it. Republicans just have to let us do our job."

This one is a bit out of left field, but according to the Nikkei, "the cost of shipping between China and the US plunged last week due to 3 key factors ... the approaching 'off-season', the local power crunch which has seen Chinese

manufacturing slow, and speculators 'rushing' to sell their hoarded shipping spots."

OPEC has agreed to stick to a planned output hike of 400k bpd which saw oil prices surge to a 7 year high with crude at USD77.55 and Brent at USD81.15. This rally also spilled over (boom boom) into the other commodity prices, which all rose, although it was a different story for equities with markets a sea of red led lower by the high growth technology companies. Interestingly, the equity weakness didn't filter through to the bond and FX markets with the US 10 year yield up a smidge to 1.48% and the NZD and AUD both a touch firmer.

## Beam me up, Scottie

William Shatner, best known for his role as James T. Kirk in the 'Star Trek' franchise, is to join the Blue Origin 12 October space flight. At 90, Shatner, will be the oldest person to ever go into space.

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



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

**Barrington**  
TREASURY SERVICES

**Barrington**  
ASSET CONSULTING



**BANCORP**

BANCORP CORPORATE FINANCE LIMITED

# Daily Rates

Tuesday 5 October 2021

| FX        | Spot   | FECs (mid) |         |         |         | Spot Mid           |              |         |
|-----------|--------|------------|---------|---------|---------|--------------------|--------------|---------|
|           | Mid    | 1mth       | 3mths   | 6mths   | 12mths  | NZD/...            | AUD/...      |         |
| NZ TWI    | 74.34  |            |         |         |         | CAD                | 0.8761       | 0.9169  |
| NZD/USD   | 0.6963 | -0.0001    | -0.0005 | -0.0016 | -0.0052 | CHF                | 0.6438       | 0.6739  |
| NZD/AUD   | 0.9554 | -0.0003    | -0.0013 | -0.0029 | -0.0081 | CNY                | 4.4876       | 4.6971  |
| NZD/JPY   | 77.20  | -0.03      | -0.13   | -0.31   | -0.86   | DKK                | 4.4546       | 4.6625  |
| NZD/EUR   | 0.5989 | -0.0005    | -0.0017 | -0.0037 | -0.0091 | FJD                | 1.4645       | 1.5329  |
| NZD/GBP   | 0.5114 | -0.0001    | -0.0006 | -0.0012 | -0.0030 | HKD                | 5.4220       | 5.6751  |
|           |        |            |         |         |         | KRW                | 823.25       | 861.68  |
| AU TWI    | 60.70  |            |         |         |         | MYR                | 2.9010       | 3.0364  |
| AUD/USD   | 0.7289 | 0.0001     | 0.0004  | 0.0006  | 0.0008  | NOK                | 5.9688       | 6.2474  |
| AUD/NZD   | 1.0467 | 0.0004     | 0.0014  | 0.0032  | 0.0089  | SEK                | 6.0742       | 6.3578  |
| AUD/JPY   | 80.81  | -0.01      | -0.03   | -0.08   | -0.22   | SGD                | 0.9450       | 0.9891  |
| AUD/EUR   | 0.6269 | -0.0003    | -0.0010 | -0.0020 | -0.0043 | TWD                | 19.41        | 20.31   |
| AUD/GBP   | 0.5353 | 0.0001     | 0.0001  | 0.0004  | 0.0014  | ZAR                | 10.4682      | 10.9569 |
| USD Index | 93.76  |            |         |         |         | <b>EQUITIES</b>    |              |         |
| EUR/USD   | 1.1626 | 0.0007     | 0.0025  | 0.0046  | 0.0093  |                    | <b>Index</b> |         |
| USD/JPY   | 110.87 | -0.03      | -0.10   | -0.20   | -0.42   | NZX50              | 13,337       |         |
| GBP/USD   | 1.3616 | 0.0001     | 0.0004  | 0.0000  | -0.0020 | ASX200             | 7,279        |         |
| EUR/GBP   | 0.8539 | 0.0005     | 0.0016  | 0.0034  | 0.0081  | Dow Jones          | 33,990       |         |
|           |        |            |         |         |         | S&P 500            | 4,293        |         |
|           |        |            |         |         |         | FTSE100            | 7,011        |         |
|           |        |            |         |         |         | DAX 30             | 15,037       |         |
|           |        |            |         |         |         | Nikkei             | 28,445       |         |
|           |        |            |         |         |         | <b>COMMODITIES</b> |              |         |
|           |        |            |         |         |         |                    | <b>USD</b>   |         |
|           |        |            |         |         |         | Dubai Light        | 76.97        |         |
|           |        |            |         |         |         | Brent Crude        | 81.32        |         |
|           |        |            |         |         |         | Gold               | 1,766.06     |         |
|           |        |            |         |         |         | Silver             | 22.63        |         |
|           |        |            |         |         |         | CRB Index          | 244.87       |         |
|           |        |            |         |         |         |                    | <b>NZD</b>   |         |
|           |        |            |         |         |         | NZ Carbon          | 64.50        |         |

  

| INTEREST RATES    | New Zealand |        | Australia |        |
|-------------------|-------------|--------|-----------|--------|
|                   | Borrow      | Invest | Borrow    | Invest |
| 30 day bank bills | 0.47%       | 0.43%  | -0.01%    | 0.01%  |
| 90 day bank bills | 0.63%       | 0.59%  | 0.04%     | 0.00%  |
| FRA 90d in 3mths  | 0.93%       | 0.90%  | 0.06%     | 0.03%  |
| FRA 180d in 6mths | 1.33%       | 1.30%  | 0.15%     | 0.14%  |
| 1 year swap       | 1.05%       | 1.03%  | 0.10%     | 0.05%  |
| 2 year swap       | 1.39%       | 1.37%  | 0.31%     | 0.26%  |
| 3 year swap       | 1.60%       | 1.58%  | 0.57%     | 0.53%  |
| 5 year swap       | 1.86%       | 1.84%  | 1.01%     | 0.96%  |
| 10 year swap      | 2.24%       | 2.22%  | 1.66%     | 1.65%  |
| 10 year Govt bond |             | 2.06%  |           | 1.49%  |

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



**BANCORP**  
BANCORP TREASURY SERVICES LIMITED

**Barrington**  
TREASURY SERVICES

**Barrington**  
ASSET CONSULTING



**BANCORP**  
BANCORP CORPORATE FINANCE LIMITED