

Market Alert

Monday 1 November 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7154	-0.0030
NZD/AUD	0.9526	-0.0037
NZD/JPY	81.54	-0.52
NZD/EUR	0.6201	-0.0052
NZD/GBP	0.5226	-0.0017
NZD/CNH	4.5815	0.0480
AUD/USD	0.7510	-0.0002
AUD/EUR	0.6500	-0.0029
EUR/USD	1.1554	0.0050
USD/CNH	6.4049	0.0941
GBP/USD	1.3688	-0.0014
EUR/GBP	0.8441	0.0045

INT RATES	NZ	Australia
OCR/Cash	0.50%	0.10%
90 day bills	0.80%	0.08%
2 year swap	2.26%	1.04%
10 year Govt	2.64%	2.09%

For the 'Jaffas'

... it's all about 4:00 pm this afternoon when we'll get a glimpse of the lockdown 'plan'!

Over the weekend we had China release their October PMIs, which saw manufacturing ease down to 49.2 from 49.6 for the index's second month of contraction in a row as energy shortages and higher input prices took their toll, but don't worry, the state planner has announced that local coal prices have room to fall further. And what the state planner wants, the state planner gets! On the flip

side, the service sector was, unsurprisingly, lower as well falling to 52.4 from 53.2.

In other weekend news, the 'talkfest' that is the G20, I'm sorry Amazon but the leaders endorsed a global minimum tax deal and want it in place by 2023 while the leaders will also 'ensure' the 'stable and uninterrupted' supply of energy. Good luck with that!

Friday saw the US release the September PCE core inflation index, which highlighted that annual inflation is climbing at the fastest pace in three decades lifting +0.3% on the month and 4.4% in the year to September reflecting increases in both goods and services. Breaking it down, energy prices increased 24.9% while food prices increased 4.1%. Excluding food and energy, the PCE price index for September increased 3.6% from a year ago. This surge was also supported by the University of Michigan survey, which highlighted 1 year inflation remaining strong at 4.8% while the 5 year projections were at 2.9%. The overall index saw headline sentiment remain weak at 71.7.

There was also a host of European preliminary releases in the Eurozone with Q3 GDP at +2.2% versus the +2.0% expected as the euro area grew by a little more than expected as conditions picked up further after easing restrictions that began in Q2. The outlook is still a worry though considering rising inflation and supply bottlenecks persisting, which was

backed-up by the October preliminary CPI release at +4.1%, while an ECB survey suggests inflation will average 2.3% this year and +1.9% in 2022. Needless to say, whichever way you cut it, Eurozone inflation is at a 13-year high adding further pressure to Ms Lagarde's 'transitory' narrative.

There was also a host of Australian releases, with most releases surging, as September retail sales grew +1.3% on the month, private sector credit boomed at +0.6%, while Q3 PPI jumped +1.1%. In New Zealand, October consumer confidence fell 7 points to 98 while inflation expectations went 'ballistic' rising more than 1.0% to +6.2%, while the RBNZ Governor, Adrian Orr, announced *"Monetary policy has largely run its easing course globally. In the absence of another demand shock that outpaces supply, monetary policy easing has done as much as it can. That means we're going into a very different inflation and interest rate environment."*

All-up though, the Friday overnight session was pretty quiet.

In the week ahead

We have the Federal Reserve on Wednesday and non-farm payrolls on Friday.

Stay safe, well done the Black Caps and the ABs, but it's time for the Black Ferns to regroup, 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	0.8881	0.9323
NZD/USD	0.7154	-0.0003	-0.0012	-0.0030	-0.0090	CHF	0.6555	0.6882
NZD/AUD	0.9526	-0.0005	-0.0018	-0.0037	-0.0092	CNY	4.5928	4.8216
NZD/JPY	81.54	-0.05	-0.23	-0.52	-1.50	DKK	4.6047	4.8340
NZD/EUR	0.6201	-0.0006	-0.0024	-0.0052	-0.0133	FJD	1.4779	1.5516
NZD/GBP	0.5226	-0.0002	-0.0010	-0.0017	-0.0042	HKD	5.5752	5.8529
						KRW	837.92	879.66
AU TWI	63.10					MYR	2.9743	3.1225
AUD/USD	0.7510	0.0001	0.0002	-0.0002	-0.0021	NOK	6.0380	6.3388
AUD/NZD	1.0498	0.0005	0.0020	0.0041	0.0103	SEK	6.1579	6.4646
AUD/JPY	85.64	-0.01	-0.08	-0.21	-0.76	SGD	0.9676	1.0158
AUD/EUR	0.6500	-0.0003	-0.0013	-0.0029	-0.0077	TWD	19.93	20.92
AUD/GBP	0.5487	0.0001	0.0000	0.0004	0.0009	ZAR	10.9027	11.4458
USD Index	94.12					EQUITIES		
EUR/USD	1.1554	0.0007	0.0027	0.0050	0.0105		Index	
USD/JPY	114.04	-0.03	-0.13	-0.26	-0.68	NZX50	13,100	
GBP/USD	1.3688	0.0000	0.0003	-0.0014	-0.0061	ASX200	7,324	
EUR/GBP	0.8441	0.0005	0.0018	0.0045	0.0115	Dow Jones	35,820	
						S&P 500	4,605	
						FTSE100	7,238	
						DAX 30	15,689	
						Nikkei	28,893	
INTEREST RATES		New Zealand		Australia		COMMODITIES		
		Borrow	Invest	Borrow	Invest		USD	
30 day bank bills		0.62%	0.59%	0.00%	0.02%	Dubai Light	81.94	
90 day bank bills		0.82%	0.78%	0.10%	0.06%	Brent Crude	83.72	
FRA 90d in 3mths		1.29%	1.26%	0.26%	0.23%	Gold	1,783.02	
FRA 180d in 6mths		2.13%	2.10%	0.77%	0.76%	Silver	23.88	
1 year swap		1.59%	1.56%	0.46%	0.44%	CRB Index	252.65	
2 year swap		2.27%	2.25%	1.05%	1.03%		NZD	
3 year swap		2.52%	2.49%	1.35%	1.34%	NZ Carbon	65.10	
5 year swap		2.64%	2.62%	1.71%	1.69%			
10 year swap		2.76%	2.73%	2.14%	2.13%			
10 year Govt bond			2.62%		2.09%			

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