

Market Alert

Wednesday 10 November 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7124	-0.0029
NZD/AUD	0.9663	-0.0044
NZD/JPY	80.40	-0.50
NZD/EUR	0.6147	-0.0051
NZD/GBP	0.5255	-0.0020
NZD/CNH	4.5540	0.0431
AUD/USD	0.7373	0.0003
AUD/EUR	0.6361	-0.0024
EUR/USD	1.1590	0.0050
USD/CNH	6.3930	0.0870
GBP/USD	1.3558	-0.0005
EUR/GBP	0.8548	0.0039

INT RATES	NZ	Australia
OCR/Cash	0.50%	0.10%
90 day bills	0.82%	0.05%
2 year swap	2.20%	0.79%
10 year Govt	2.58%	1.78%

Before I head out to the shops

Here is a quick update on the markets. And this is not something you see every day The Federal Reserve, BoE, BoC and the ECB this morning opened their 3rd conference on Diversity and Inclusion in Economics, Finance, and Central Banking, but where's the RBNZ, I hear you ask?

Perhaps Mr Powell should concentrate on his day job after it was leaked that Federal Reserve Governor, Lael Brainard, interviewed for the top job at the Fed when she visited the White House last week. Regardless of the conference, there was the usual chitchat from Fed members.

Neel Kashkari admitted, "Prices have been elevated longer than I expected. The next 3, 6 and 9 months will be very important on finding clarity on the economic outlook. Whether it's a demand shock or a supply shock, the story should be temporary," while Mary Daly added, "Inflation is all about whether it persists beyond Covid risk disruptions. By summer of 2022 we should get more clarity."

We also had ECB member, Isabel Schnabel, announce "Central banks must pay more attention to house prices."

In terms of the data, US producer prices increased 0.6% mom in October, which was in line with forecasts, as pressures continued to build from higher energy costs. This saw the annualised rate remain at the highest in 11 years at 8.6%. Meanwhile, and perhaps somewhat unsurprisingly, the US NFIB small business optimism index fell for the second consecutive month to 98.2 points in October in what was the index's lowest print in 7 months, from 99.1 points in September.

The Federal Reserve's semi-annual financial stability report concluded "measures of vulnerability for businesses and households have largely returned to pre-pandemic levels. Overall credit quality of bank portfolios improved 'broadly', though delinquency rates for commercial real estate loans and other pandemic affected industries 'remained elevated'. Contacts cited a worsening virus, fast rise of interest rates and stress in China's real estate sector among top near-term financial

risks. Roughly 70% of market participants surveyed by the Fed cited 'persistent inflationary pressures,' monetary tightening as a chief risk to financial stability, more than cited coronavirus."

The German ZEW indicator of economic sentiment jumped to 31.7 in November, from 22.3 in October, to beat market forecasts of 20 as respondents became more optimistic about the next 6 months expecting growth to pick up and inflation to fall in Q1 2022 in both Germany and the Eurozone.

The New Zealand monthly 'truckometer' indicator saw the light traffic index contract -6.4% in October while the heavy traffic index increased +1.0%, retail card spending increased +10.1% in October, and Australian October business confidence jumped to 21 from September's 10.

D'oh

The WHO has warned a massive syringe shortfall could hurt vaccine efforts!

Speculators decided last night was a good time to lock in profits, which saw global bourses ease back from their record highs. US bond yields also eased following a weak 10-year bond auction, which saw the 10-year yield ease to 1.425%, while the NZD and AUD also eased in the 'risk-off' environment!

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	75.74					CAD	0.8869	0.9179
NZD/USD	0.7124	-0.0003	-0.0011	-0.0029	-0.0088	CHF	0.6488	0.6715
NZD/AUD	0.9663	-0.0005	-0.0019	-0.0044	-0.0112	CNY	4.5546	4.7136
NZD/JPY	80.40	-0.05	-0.22	-0.50	-1.42	DKK	4.5715	4.7312
NZD/EUR	0.6147	-0.0006	-0.0024	-0.0051	-0.0130	FJD	1.4844	1.5362
NZD/GBP	0.5255	-0.0002	-0.0010	-0.0020	-0.0049	HKD	5.5490	5.7428
						KRW	838.41	867.69
AU TWI	62.00					MYR	2.9710	3.0747
AUD/USD	0.7373	0.0001	0.0004	0.0003	-0.0006	NOK	6.0696	6.2816
AUD/NZD	1.0349	0.0005	0.0021	0.0047	0.0121	SEK	6.1065	6.3198
AUD/JPY	83.21	0.00	-0.06	-0.14	-0.52	SGD	0.9598	0.9933
AUD/EUR	0.6361	-0.0003	-0.0012	-0.0024	-0.0062	TWD	19.85	20.55
AUD/GBP	0.5438	0.0000	0.0001	0.0004	0.0012	ZAR	10.7242	11.0988
USD Index	94.00					EQUITIES		
EUR/USD	1.1590	0.0007	0.0028	0.0050	0.0105		Index	
USD/JPY	112.87	-0.02	-0.14	-0.25	-0.61	NZX50	13,091	
GBP/USD	1.3558	0.0001	0.0005	-0.0005	-0.0041	ASX200	7,434	
EUR/GBP	0.8548	0.0004	0.0017	0.0039	0.0103	Dow Jones	36,220	
						S&P 500	4,679	
						FTSE100	7,274	
						DAX 30	16,040	
						Nikkei	29,285	
INTEREST RATES		New Zealand		Australia		COMMODITIES		
		Borrow	Invest	Borrow	Invest		USD	
30 day bank bills		0.73%	0.70%	0.01%	0.03%	Dubai Light	82.17	
90 day bank bills		0.84%	0.80%	0.07%	0.03%	Brent Crude	84.44	
FRA 90d in 3mths		1.34%	1.31%	0.14%	0.11%	Gold	1,830.02	
FRA 180d in 6mths		2.13%	2.10%	0.51%	0.50%	Silver	24.27	
1 year swap		1.64%	1.62%	0.27%	0.26%	CRB Index	250.38	
2 year swap		2.21%	2.18%	0.80%	0.78%		NZD	
3 year swap		2.48%	2.46%	1.16%	1.13%	NZ Carbon	65.20	
5 year swap		2.63%	2.61%	1.52%	1.51%			
10 year swap		2.71%	2.68%	1.98%	1.98%			
10 year Govt bond			2.56%		1.78%			

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