

# Market Alert

Monday 15 November 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7044	-0.0029
NZD/AUD	0.9619	-0.0044
NZD/JPY	80.24	-0.51
NZD/EUR	0.6153	-0.0052
NZD/GBP	0.5251	-0.0020
NZD/CNH	4.4938	0.0398
AUD/USD	0.7324	0.0003
AUD/EUR	0.6394	-0.0025
EUR/USD	1.1455	0.0050
USD/CNH	6.3800	0.0830
GBP/USD	1.3415	-0.0004
EUR/GBP	0.8539	0.0040

  

INT RATES	NZ	Australia
OCR/Cash	0.50%	0.10%
90 day bills	0.85%	0.04%
2 year swap	2.31%	0.93%
10 year Govt	2.66%	1.80%

## Let's not mention ...

the rugby or the cricket, at least for the first couple of hours, until we get over it!

Friday saw the University of Michigan's US consumer sentiment index fall to 66.8 in November from 71.7 in October hitting a 10 year low, while the number of job openings in the US fell by 191,000 in October from November's 10.4 million. This was lower than the 10.3 million expected, but it still remains well above pre-pandemic levels amid ongoing labour shortages.

Meanwhile, word on the street is that President Biden will announce the new

chair of the Federal Reserve, and it may not be Jerome Powell, as "*Lael Brainard is more aligned with Biden's economic agenda.*"

The mildly positive releases saw US equity markets trade higher after 3 consecutive days of losses, but it wasn't enough to end the week in positive territory, while European bourses flatlined. Interestingly, the US dollar liked the news, which saw it rally to its highest level since July 2020. This saw the NZD/USD and AUD/USD remain near their lows, while the 10 year T-bond yield flatlined at 1.56%.

Westpac have updated their 2022 outlook for the RBA, stating "*The RBA's review of its bond buying program in February is likely to see a scaling back of its AUD2 billion weekly pace until May. Progress towards its objectives by February will be encouraging, but the benefits of an immediate end to the program would not justify the potential costs. By May, the case will be clear that a very successful unconventional policy has done its job and the program can be wound up.*"

In other Australian news, the Melbourne Institute's index of consumer inflation expectations surged in November to 4.6% from October's 3.6%.

Surprisingly, Business New Zealand's manufacturing PMIs for October actually increased to 54.3 from September's 51.4, with, "*The key sub-indices of Production (54.0) and New Orders (53.9) were both in positive territory for the first time since July.*"

Speaking of New Zealand businesses, weekend reports suggest 26,774 businesses have been wiped off the companies office register in the last eight months! Friday also saw the New Zealand government announce that it will issue a 'green bond' to fund environmental and/or climate initiatives supporting our transit to a low carbon economy, but that's where the good news stops, as past sovereign issuance of these types of bonds by the likes of the UK, German and France, traditionally attract a lower coupon than conventional government bonds.

Could Japan be about to rebound? Well, probably not, but the Government has raised wages for nursery and care workers while Toyota's Japanese production lines are expected to return to normal in December after 7 months of disruption.

## The week ahead

It's a full week in the US with industrial production and retail sales releases, while several Fed officials are due to give speeches with market participants eager for any clues on the Fed's next steps. China will provide an update on the economic recovery with the release of their industrial production and retail sales numbers, while Japan's Q3 GDP data is also due.



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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	75.11					CAD	0.8846	0.9197
NZD/USD	0.7044	-0.0003	-0.0011	-0.0029	-0.0086	CHF	0.6488	0.6745
NZD/AUD	0.9619	-0.0005	-0.0019	-0.0044	-0.0110	CNY	4.4939	4.6721
NZD/JPY	80.24	-0.05	-0.22	-0.51	-1.46	DKK	4.5770	4.7585
NZD/EUR	0.6153	-0.0006	-0.0024	-0.0052	-0.0132	FJD	1.4770	1.5356
NZD/GBP	0.5251	-0.0002	-0.0010	-0.0020	-0.0049	HKD	5.4881	5.7058
						KRW	830.59	863.54
AU TWI	61.30					MYR	2.9261	3.0422
AUD/USD	0.7324	0.0001	0.0003	0.0003	-0.0006	NOK	6.1097	6.3520
AUD/NZD	1.0397	0.0005	0.0021	0.0048	0.0120	SEK	6.1645	6.4090
AUD/JPY	83.44	-0.01	-0.06	-0.15	-0.57	SGD	0.9524	0.9902
AUD/EUR	0.6394	-0.0003	-0.0012	-0.0025	-0.0065	TWD	19.52	20.29
AUD/GBP	0.5459	0.0000	0.0000	0.0004	0.0011	ZAR	10.7805	11.2080
USD Index	95.13					<b>EQUITIES</b>		
EUR/USD	1.1455	0.0006	0.0027	0.0050	0.0110		<b>Index</b>	
USD/JPY	113.93	-0.02	-0.14	-0.26	-0.69	NZX50	12,908	
GBP/USD	1.3415	0.0001	0.0005	-0.0004	-0.0037	ASX200	7,443	
EUR/GBP	0.8539	0.0004	0.0017	0.0040	0.0106	Dow Jones	36,100	
						S&P 500	4,683	
						FTSE100	7,348	
						DAX 30	16,094	
						Nikkei	29,610	
<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		0.76%	0.73%	0.01%	0.03%	Dubai Light	81.96	
90 day bank bills		0.87%	0.83%	0.06%	0.02%	Brent Crude	82.17	
FRA 90d in 3mths		1.39%	1.36%	0.16%	0.13%	Gold	1,864.51	
FRA 180d in 6mths		2.21%	2.18%	0.61%	0.59%	Silver	25.28	
1 year swap		1.69%	1.67%	0.33%	0.31%	CRB Index	252.01	
2 year swap		2.32%	2.30%	0.94%	0.92%		<b>NZD</b>	
3 year swap		2.57%	2.55%	1.31%	1.30%	NZ Carbon	64.80	
5 year swap		2.69%	2.67%	1.67%	1.61%			
10 year swap		2.73%	2.71%	2.06%	2.05%			
10 year Govt bond			2.64%		1.80%			

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