

# Market Alert

Tuesday 2 November 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7183	-0.0028
NZD/AUD	0.9555	-0.0038
NZD/JPY	81.87	-0.50
NZD/EUR	0.6189	-0.0050
NZD/GBP	0.5260	-0.0015
NZD/CNH	4.5927	0.0484
AUD/USD	0.7518	0.0001
AUD/EUR	0.6477	-0.0027
EUR/USD	1.1606	0.0049
USD/CNH	6.3948	0.0926
GBP/USD	1.3657	-0.0015
EUR/GBP	0.8499	0.0045

  

INT RATES	NZ	Australia
OCR/Cash	0.50%	0.10%
90 day bills	0.82%	0.06%
2 year swap	2.22%	0.98%
10 year Govt	2.58%	1.91%

## I like to think I'm an intelligent man ...

... but I live in Auckland, so why I can take the kids to school or kindy, go shopping, hangout with up to 25 people, but I can't go to work? Oh well, time to order some more wine — every cloud has a silver lining, and today's is the Melbourne Cup. I am informed that number 9 is worth a bet but, do I know anything about racing or am I just making that up?

And speaking of fantasy results, Goldman Sachs' analysts have updated their forecasts on the Fed and are now calling for a rate hike in July 2022, with another hike

in November and then 2 hikes per year in 2023 and 2024.

There were also a few PMI results overnight. In Australia there was the October Markit manufacturing PMIs which increased to 58.2 from 56.8, while the AiG Manufacturing PMIs eased to 50.4 from 51.8. Meanwhile, the value of Australian home lending in September eased -1.4%, although that's not really an issue, considering it's a small drop from the huge gains made leading up to those record highs. Job ads in October also increased +6.2% on the month while the Melbourne Institute's monthly inflation guide suggests October inflation will print at +0.2% on the month and +3.1% on the year.

It's interesting to note that while the RBA was buying bonds yesterday, it wasn't buying the April 2024s, which have blown out to a 0.71% yield from the 0.10% target on rate hike expectations in Australia. Is the RBA capitulating? Will it address the move this afternoon?

The ISM manufacturing PMI in the United States edged down to 60.8 in October 2021, from 61.1 in September, with the prices paid component jumping to 85.7 against a forecast of just 82.0, while construction spending in the US decreased -0.5% on the month to a seasonally adjusted annual rate of USD1.574 trillion.

The UK's Markit PMI met expectations at 57.8, although German retail sales

plummeted -2.5% on the month and -0.9% on the year.

The Japanese Jibun Bank/Markit manufacturing PMI for October surged to 53.2 from 51.5, while the Chinese Caixin manufacturing PMI consolidated at 50.6, increasing slightly from September's 50.0. The PBoC also 'told' local lenders to keep total local property loan volumes stable.

With more than 80% of the S&P500 companies beating Q3 forecasts, equity markets continued their grind higher ahead of today's RBA, and Thursday's BoE and FOMC meetings. Currencies, commodities, and bonds were also steady eddie with the US 10-year treasury at 1.57%.

## The cynics' corner.

Up to 400 private jets have been used to transport royalty, world leaders and the titans of business ... to the 'COP(out)26' conference. President Xi, leader of the world's largest emitter, has called on countries to fight climate change — but has made no new commitments. The chairman of Saudi Aramco has called for a 'stable' energy transition — after Aramco posted a 160% rise in Q3 profits.

Jes Staley, head of of Barclays Bank has stepped down as CEO — amid pressure over ties with Jeffrey Epstein.

Stay safe, good luck with your horse picks, and hey, let's be careful out there!



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# Daily Rates

Tuesday 2 November 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	76.15					CAD	0.8886	0.9300
NZD/USD	0.7183	-0.0003	-0.0011	-0.0028	-0.0085	CHF	0.6532	0.6837
NZD/AUD	0.9555	-0.0005	-0.0018	-0.0038	-0.0093	CNY	4.5952	4.8094
NZD/JPY	81.87	-0.05	-0.22	-0.50	-1.44	DKK	4.6039	4.8185
NZD/EUR	0.6189	-0.0006	-0.0023	-0.0050	-0.0128	FJD	1.4848	1.5540
NZD/GBP	0.5260	-0.0002	-0.0009	-0.0015	-0.0038	HKD	5.5904	5.8510
						KRW	844.96	884.36
AU TWI	63.00					MYR	2.9769	3.1157
AUD/USD	0.7518	0.0001	0.0003	0.0001	-0.0016	NOK	6.0386	6.3202
AUD/NZD	1.0466	0.0006	0.0019	0.0042	0.0103	SEK	6.1226	6.4081
AUD/JPY	85.69	-0.01	-0.07	-0.18	-0.68	SGD	0.9682	1.0133
AUD/EUR	0.6477	-0.0003	-0.0013	-0.0027	-0.0072	TWD	20.01	20.94
AUD/GBP	0.5505	0.0001	0.0001	0.0006	0.0014	ZAR	11.0900	11.6071
USD Index	93.90					<b>EQUITIES</b>		
EUR/USD	1.1606	0.0007	0.0027	0.0049	0.0106		<b>Index</b>	
USD/JPY	113.99	-0.02	-0.13	-0.25	-0.67	NZX50	13,030	
GBP/USD	1.3657	0.0000	0.0002	-0.0015	-0.0063	ASX200	7,371	
EUR/GBP	0.8499	0.0005	0.0018	0.0045	0.0117	Dow Jones	35,892	
						S&P 500	4,603	
						FTSE100	7,289	
						DAX 30	15,806	
						Nikkei	29,647	
						<b>COMMODITIES</b>		
							<b>USD</b>	
						Dubai Light	81.80	
						Brent Crude	84.57	
						Gold	1,792.78	
						Silver	24.00	
						CRB Index	252.65	
							<b>NZD</b>	
						NZ Carbon	65.25	

  

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.71%	0.68%	0.00%	0.02%
90 day bank bills	0.84%	0.81%	0.08%	0.04%
FRA 90d in 3mths	1.27%	1.23%	0.25%	0.22%
FRA 180d in 6mths	2.08%	2.05%	0.68%	0.67%
1 year swap	1.55%	1.53%	0.41%	0.39%
2 year swap	2.23%	2.21%	0.99%	0.97%
3 year swap	2.48%	2.46%	1.29%	1.27%
5 year swap	2.61%	2.58%	1.64%	1.63%
10 year swap	2.72%	2.70%	2.14%	2.13%
10 year Govt bond		2.56%		1.91%

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