

Market Alert

Tuesday 30 November 2021

CURRENCIES	Spot	6mths
NZD/USD	0.6807	-0.0025
NZD/AUD	0.9545	-0.0042
NZD/JPY	77.41	-0.47
NZD/EUR	0.6039	-0.0051
NZD/GBP	0.5118	-0.0019
NZD/CNH	4.3489	0.0423
AUD/USD	0.7131	0.0005
AUD/EUR	0.6326	-0.0026
EUR/USD	1.1272	0.0054
USD/CNH	6.3894	0.0860
GBP/USD	1.3300	0.0001
EUR/GBP	0.8476	0.0040

INT RATES	NZ	Australia
OCR/Cash	0.75%	0.10%
90 day bills	0.80%	0.05%
2 year swap	2.15%	0.94%
10 year Govt	2.51%	1.74%

There's nothing new about Omicron

However, we have seen various countries impose travel restrictions and some interesting price action.

Perhaps most interestingly, while we have seen a bounce in equities and commodities such as oil, the NZD, AUD, and EUR have all weakened against the USD! While investors reassessed their worst case scenarios amid the Omicron outbreak, US President, Joe Biden, cautioned against panicking over the new variant, while pharmaceutical companies announced they're working to adapt their existing vaccines. Furthermore, scientists in South

Africa also noted that while Omicron appears to spread more easily, existing vaccines are likely to protect against severe illness. This saw stocks rally with most bourses up 1.0%-2.0%, while bonds fell, which saw the US 10-years yield bounce back to 1.52%. Commodity markets were mixed, although oil gained 4.0% on suggestions OPEC+ will respond aggressively to any further downward pressure from Omicron. In amongst this, the USD found some support, which saw the AUD/USD ease 0.12%, the EUR/USD sell off 0.27%, while the NZD/USD fell 0.49%.

In actual news, Euro-Area economic sentiment dropped by 1.1 points from a month earlier to 117.5 in November, its lowest level in 6-months, although it was in line with market expectations. Germany CPI hit its highest rate since June 1992 climbing to 5.2% in the 12-months to November, which was above market expectations of 5.0%. US home sales surged 7.5% in the month to October, rebounding from a revised 2.4% decline in September and easily beating market expectations of a 0.9% increase.

Australian companies have run down their inventory with stock holdings falling 1.9% in Q3. This was a substantial fall from the previous quarters +0.2% and below expectations of -0.6%. Australian Prime Minister, Scott Morrison, also announced a delay in Australia's border re-opening by a fortnight. In Japan, Prime Minister, Fumio Kishida, has also closed

the border, banning all foreign visitors, while Japanese October retail sales increased 1.1% on the month.

ECB Executive Board member, Fabio Panetta, indicated there is currently no need for the ECB to address inflation stating "In some countries the increase in prices has generated angst, (but) the central bank is not intervening because if it did, it would create more damage than benefit." Meanwhile, ECB President, Christine Lagarde, announced the Eurozone is in better shape facing the new COVID-19 wave stating "We are all better equipped to respond to a risk of a fifth wave of the Omicron variant. The crisis taught us this virus knows no boundaries. Therefore, we will not be protected until we are all vaccinated."

RBNZ chief economist, Yuong Ha, stated "the COVID-19 Omicron variant would need to have a dramatic economic impact to deter the Reserve Bank of New Zealand from continuing to raise interest rates."

There is good news, and there is bad news!

First up, the bad news; China's property developers are facing around USD1.3 billion in December bond payments, but the good news is, that this is substantially less than the circa USD2 billion that was due in November! China has suspended four flights from France due to Omicron cases.

Well done, 'the Black Caps' for batting out the last day to get a draw in India, and RIP Sir Frank Williams.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Tuesday 30 November 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	73.34					CAD	0.8691	0.9106
NZD/USD	0.6807	-0.0003	-0.0009	-0.0025	-0.0075	CHF	0.6291	0.6591
NZD/AUD	0.9545	-0.0008	-0.0018	-0.0042	-0.0103	CNY	4.3481	4.5556
NZD/JPY	77.41	-0.09	-0.20	-0.47	-1.33	DKK	4.4903	4.7045
NZD/EUR	0.6039	-0.0011	-0.0024	-0.0051	-0.0126	FJD	1.4451	1.5141
NZD/GBP	0.5118	-0.0006	-0.0010	-0.0019	-0.0046	HKD	5.3090	5.5623
						KRW	811.96	850.71
AU TWI	60.30					MYR	2.8941	3.0322
AUD/USD	0.7131	0.0003	0.0004	0.0005	-0.0001	NOK	6.1518	6.4454
AUD/NZD	1.0477	0.0009	0.0019	0.0046	0.0115	SEK	6.1819	6.4769
AUD/JPY	81.09	-0.03	-0.06	-0.15	-0.52	SGD	0.9327	0.9772
AUD/EUR	0.6326	-0.0006	-0.0013	-0.0026	-0.0064	TWD	18.86	19.76
AUD/GBP	0.5362	-0.0002	0.0000	0.0003	0.0010	ZAR	11.0040	11.5292
USD Index	96.32					EQUITIES		
EUR/USD	1.1272	0.0016	0.0030	0.0054	0.0114		Index	
USD/JPY	113.72	-0.09	-0.15	-0.28	-0.71	NZX50	12,532	
GBP/USD	1.3300	0.0010	0.0009	0.0001	-0.0027	ASX200	7,240	
EUR/GBP	0.8476	0.0006	0.0017	0.0040	0.0103	Dow Jones	35,224	
						S&P 500	4,667	
						FTSE100	7,110	
						DAX 30	15,281	
						Nikkei	28,284	
						COMMODITIES		
							USD	
						Dubai Light	73.37	
						Brent Crude	74.92	
						Gold	1,784.15	
						Silver	22.85	
						CRB Index	241.01	
							NZD	
						NZ Carbon	65.00	

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.81%	0.78%	0.00%	0.02%
90 day bank bills	0.83%	0.80%	0.07%	0.03%
FRA 90d in 3mths	1.30%	1.27%	0.13%	0.10%
FRA 180d in 6mths	2.05%	2.02%	0.56%	0.54%
1 year swap	1.58%	1.56%	0.30%	0.29%
2 year swap	2.16%	2.14%	0.95%	0.93%
3 year swap	2.46%	2.44%	1.32%	1.31%
5 year swap	2.64%	2.62%	1.68%	1.61%
10 year swap	2.73%	2.71%	2.07%	2.06%
10 year Govt bond		2.49%		1.74%

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