

Market Alert

Thursday 23 December 2021

CURRENCIES	Spot	6mths
NZD/USD	0.6817	-0.0031
NZD/AUD	0.9448	-0.0048
NZD/JPY	77.85	-0.53
NZD/EUR	0.6018	-0.0054
NZD/GBP	0.5107	-0.0018
NZD/CNH	4.3473	0.0374
AUD/USD	0.7215	0.0004
AUD/EUR	0.6371	-0.0025
EUR/USD	1.1326	0.0051
USD/CNH	6.3777	0.0838
GBP/USD	1.3350	-0.0013
EUR/GBP	0.8484	0.0047

INT RATES	NZ	Australia
OCR/Cash	0.75%	0.10%
90 day bills	0.95%	0.07%
2 year swap	2.20%	0.91%
10 year Govt	2.32%	1.58%

While one bank giveth, one bank taketh

Following on from Goldman Sachs lowering their US 2022 GDP forecasts, Morgan Stanley have joined the party and cut their 2022 forecasts for the US economy to 4.6% from 4.9% citing the failure (so far) of President Biden's 'Build Back Better' bill.

On the other hand, Barclays have maintained their US GDP forecasts as "we never felt confident enough to include it (BBB) in our baseline outlook for the US economy. Our official forecasting 3.4% growth for 2022."

If you're wondering why all the focus is on the US GDP, it's because we just had the 'final' Q3 print where it was revealed the US economy grew by an annualised rate of 2.3%. This was slightly higher than the 2.1% second estimate and followed on from the 6.7% expansion Q2. Breaking the detail down, there were upward revisions to personal consumption at 2.0% from 1.7% while the price index increased to 6.0% from 5.9%.

In the other US data releases, the Chicago Fed's National Activity index dropped to 0.37 in November from its October 3 month high of 0.75, suggesting we may see a slowdown in economic growth. In November, existing home sales increased to 6.46 million versus the 6.52 million expected, while December consumer confidence increased to 115.8 against the 111.1 estimate.

ECB President, Christine Lagarde, was also on the newswires announcing, "The forecast for economic growth appears to be positive. We are not quite there yet in terms of meeting the ECB's inflation target (but) I see inflation falling over the course of 2022 before settling below 2.0% in 2023 and 2024. The ECB is ready to act 'one way or the other' (although) energy prices are a stumbling block to economic growth."

The state planner in China has been busy after they announced 10 measures the country will take to support its struggling economy. The measures include stepping up government spending, strengthening

support to manufacturers and small companies, ensuring price stability, working to stabilise industry supply chains, focusing on solving chip shortage issues, monitoring of commodity prices, continuing to implement proactive fiscal policies, stepping up efforts to build an integral domestic market, shortening the "negative list" regarding foreign investment, and finally, combining cross-cyclical and counter-cyclical measures to prevent wild economic volatility. It sounds pretty simple when you lay it out like that!

Japan is considering hiking its GDP forecast for 2022 to 3% from 2.2%

COVID-19? It's all over, red-rover!

The US Army has announced it has developed a vaccine that protects people from COVID-19 and all possible variants after completing animal and phase 1 of human trials. Knowing the US military, I suspect it involves huge amounts of radiation!

Overnight markets continued to post incremental gains as the US data releases supported the 'strengthening economy' narrative while it appears the COVID-19 Omicron variant is much less likely to land patients in hospital. Equity bourses were up 0.50%-1.0% while commodities were broadly 1.0% higher. Once again, the USD came under pressure, which saw the NZD/USD break above the 0.6800 level, AUD/USD beak 0.7200, and EUR/USD cement gains above 1.1300. The US 10 year flatlined at 1.46%.

Today's "Market Alert" is the last for 2021, and it will resume on Monday 17 January, 2022.
The contact phone number for this office during Christmas & New Year period is 09 912-7600.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Thursday 23 December 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	73.18					CAD	0.8761	0.9273
NZD/USD	0.6817	-0.0004	-0.0012	-0.0031	-0.0079	CHF	0.6272	0.6639
NZD/AUD	0.9448	-0.0006	-0.0018	-0.0048	-0.0113	CNY	4.3421	4.5960
NZD/JPY	77.85	-0.07	-0.21	-0.53	-1.45	DKK	4.4748	4.7365
NZD/EUR	0.6018	-0.0008	-0.0023	-0.0054	-0.0134	FJD	1.4481	1.5327
NZD/GBP	0.5107	-0.0003	-0.0008	-0.0018	-0.0044	HKD	5.3176	5.6286
						KRW	812.59	860.11
AU TWI	60.30					MYR	2.8495	3.0161
AUD/USD	0.7215	0.0001	0.0001	0.0004	0.0003	NOK	6.0550	6.4091
AUD/NZD	1.0585	0.0007	0.0021	0.0054	0.0128	SEK	6.1958	6.5581
AUD/JPY	82.40	-0.02	-0.07	-0.15	-0.56	SGD	0.9287	0.9830
AUD/EUR	0.6371	-0.0004	-0.0012	-0.0025	-0.0067	TWD	18.85	19.95
AUD/GBP	0.5404	0.0000	0.0002	0.0008	0.0018	ZAR	10.7754	11.4055
USD Index	96.11					EQUITIES		
EUR/USD	1.1326	0.0009	0.0024	0.0051	0.0124		Index	
USD/JPY	114.21	-0.05	-0.11	-0.27	-0.81	NZX50	12,865	
GBP/USD	1.3350	0.0002	-0.0003	-0.0013	-0.0040	ASX200	7,365	
EUR/GBP	0.8484	0.0006	0.0019	0.0047	0.0118	Dow Jones	35,690	
						S&P 500	4,678	
						FTSE100	7,342	
						DAX 30	15,593	
						Nikkei	28,562	
INTEREST RATES		New Zealand		Australia		COMMODITIES		
		Borrow	Invest	Borrow	Invest		USD	
30 day bank bills		0.83%	0.80%	0.01%	0.01%	Dubai Light	72.53	
90 day bank bills		0.98%	0.95%	0.09%	0.05%	Brent Crude	74.87	
FRA 90d in 3mths		1.51%	1.48%	0.19%	0.16%	Gold	1,801.64	
FRA 180d in 6mths		2.19%	2.16%	0.61%	0.60%	Silver	22.75	
1 year swap		1.72%	1.70%	0.37%	0.37%	CRB Index	240.62	
2 year swap		2.21%	2.19%	0.92%	0.90%		NZD	
3 year swap		2.47%	2.45%	1.27%	1.26%	NZ Carbon	68.50	
5 year swap		2.57%	2.55%	1.62%	1.53%			
10 year swap		2.61%	2.59%	1.97%	1.96%			
10 year Govt bond			2.30%		1.58%			

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