

# Market Alert

Monday 10 October 2022

CURRENCIES	Spot	6mths
NZD/USD	0.5607	0.0010
NZD/AUD	0.8827	-0.0035
NZD/JPY	81.45	-1.80
NZD/EUR	0.5750	-0.0070
NZD/GBP	0.5057	0.0002
NZD/CNH	4.0140	0.0000
AUD/USD	0.6365	0.0035
AUD/EUR	0.6532	-0.0054
EUR/USD	0.9741	0.0135
USD/CNH	7.1314	0.0000
GBP/USD	1.1084	0.0010
EUR/GBP	0.8780	0.0109

  

INT RATES	NZ	Australia
OCR/Cash	3.50%	2.60%
90 day bills	3.91%	2.93%
2 year swap	4.71%	3.81%
10 year Govt	4.36%	3.94%

## The resilient US job market cements the case for another 75bps!

The one thing we can be sure of is the US economy is fundamentally strong, which backs the case for a further 75bps hike at the Fed's next meeting on 2-November!

Friday night saw a further 263,000 jobs added to the to the US workforce, which was the least since April of 2021 but above market forecasts of 250,000. This saw the unemployment rate drop back to just 3.5% against the 3.7% forecast. As a lack of suitable workers continued to

constrain the economy, as job vacancies exceeded the number of unemployed Americans by more than 4 million. The participation rate eased to 62.3%, but the real 'issue' remains wage growth as average hourly earnings increased 0.3% on the month and 5.0% on the year. At the peripheral, private payrolls increased 288,000 against the 265,000 expected. Meanwhile manufacturing payrolls increased 22,000 when 19,000 was expected.

Unsurprisingly, equity and FX markets came under selling pressure as 'risk' was sold, which saw the T-bond firm 6bps to 3.89%.

In the other data releases, the Atlanta Fed GDPNow model for 3Q growth ticked up to 2.9% from 2.7% last after the payrolls release, which is a massive turn-around from its 0.2% low at the start of September, although August wholesale sales grew at just 0.1%. The FAO food price index eased to 136.3 in September, which continues its contraction from its record high of 159.7 hit in March, while the Chinese Caixin general services PMIs plunged to 49.3 in September from August's 55.0 in what was the first contraction in services activity since May.

We also had a few central bankers on the newswires with NY Fed President John Williams announcing *"the economy is slowing somewhat. Inflation is very high, and the Fed is a long way from where it*

*needs to be. Housing is moderating, this is not a surprise. We see that a notable drop in inflation on the way. High inflation is a global issue. Supply chain disruptions are easing quickly."* Next up was Bundesbank Chief Joachim Nagel with *"I see German GDP seen between 1.3%-1.5% in 2022 and flat in 2023. I expect German inflation of 6.0% or more in 2023."*

This week opens with a bank holiday in the US and Japan, although China returns to the office after the weeks' vacation. The driver of sentiment this week with revolve around the Bank of England's QE programme which is due to end on the 12th. We also have the UK employment numbers and GDP, a G20 Finance Minister's meeting and, from the US, the September FOMC minutes, CPI, PPI, retail sales, and the University of Michigan releases, while we also have Chinese and German CPI prints later in the week.

In NZ, we have retail card spending, migration, the depressing REINZ housing data, and manufacturing PMIs, while, from Australia, we have consumer sentiment and a speech from the RBA assistant Governor Luci Ellis.

Finally, congratulations Max Verstappen for his second world championship! Shane van Gisbergen for his Bathurst victory, the Back Ferns, and to the Black caps for finally winning a game!



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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	67.50					CAD	0.7702	0.8739
NZD/USD	0.5607	0.0001	0.0004	0.0010	0.0012	CHF	0.5574	0.6321
NZD/AUD	0.8827	-0.0005	-0.0017	-0.0035	-0.0067	CNY	3.9914	4.5299
NZD/JPY	81.45	-0.25	-0.87	-1.80	-3.82	DKK	4.2807	4.8594
NZD/EUR	0.5750	-0.0013	-0.0040	-0.0070	-0.0126	FJD	1.2807	1.4539
NZD/GBP	0.5057	-0.0003	-0.0007	0.0002	0.0025	HKD	4.4010	4.9960
						KRW	793.68	900.97
AU TWI	60.70					MYR	2.6061	2.9585
AUD/USD	0.6813	0.0004	0.0017	0.0035	0.0054	NOK	5.9947	6.8051
AUD/NZD	0.6535	0.0004	0.0021	0.0039	0.0069	SEK	6.2771	7.1257
AUD/JPY	92.52	-0.25	-0.81	-1.70	-3.69	SGD	0.8034	0.9120
AUD/EUR	0.6532	-0.0011	-0.0033	-0.0054	-0.0096	TWD	17.79	20.19
AUD/GBP	0.5740	-0.0001	0.0003	0.0024	0.0070	ZAR	10.16	11.54
USD Index	112.75					<b>EQUITIES</b>		
EUR/USD	0.9741	0.0023	0.0075	0.0135	0.0232		<b>Index</b>	
USD/JPY	145.33	-0.47	-1.66	-3.46	-7.15	NZX50	11,104	
GBP/USD	1.1084	0.0008	0.0021	0.0010	-0.0035	ASX200	6,763	
EUR/GBP	0.8780	0.0014	0.0049	0.0109	0.0238	Dow Jones	29,297	
						S&P 500	3,640	
						FTSE100	6,991	
						DAX 30	12,273	
						Nikkei	27,116	
<b>INTEREST RATES</b>		<b>New Zealand</b>		<b>Australia</b>		<b>COMMODITIES</b>		
		<b>Mid</b>		<b>Mid</b>			<b>USD</b>	
30 day bank bills		3.57%		2.69%		Brent Crude	97.92	
90 day bank bills		3.91%		2.93%		Gold	1,694.53	
1 year swap		4.63%		3.57%		Silver	20.11	
2 year swap		4.71%		3.81%		Iron Ore	95.62	
3 year swap		4.60%		3.90%		CRB Index	306.92	
5 year swap		4.45%		4.00%			<b>NZD</b>	
10 year swap		4.42%		4.27%		NZ Carbon	82.90	
3 year Govt bond		4.23%		3.44%				
5 year Govt bond		4.24%		3.63%				
10 year Govt bond		4.36%		3.94%				

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