

# Market Alert

Wednesday 9 November 2022

CURRENCIES	Spot	6mths
NZD/USD	0.5965	0.0012
NZD/AUD	0.9168	-0.0047
NZD/JPY	86.81	-2.04
NZD/EUR	0.5921	-0.0071
NZD/GBP	0.5162	-0.0019
NZD/CNH	4.3098	-0.0532
AUD/USD	0.6509	0.0048
AUD/EUR	0.6462	-0.0045
EUR/USD	1.0069	0.0141
USD/CNH	7.2346	-0.1038
GBP/USD	1.1552	0.0061
EUR/GBP	0.8715	0.0069

  

INT RATES	NZ	Australia
OCR/Cash	3.50%	2.85%
90 day bills	4.24%	3.11%
2 year swap	5.32%	4.01%
10 year Govt	4.73%	4.13%

## Let's not talk about the mid-terms!

As there has been a lot of carbon dioxide expelled during these election, only adding value to the atmosphere!

Equity markets seemed to like the possibility of a split senate/congress with US bourses up almost 0.75% as investors awaited the outcome. At this stage it looks like control of one, or both chambers, could move to the Republicans who are seen as more market friendly. This positive equity performance supported a 'risk-on' approach which saw the NZD and AUD continue their recovery with the NZD/USD approaching 0.5975 and the AUD/USD above 0.6500. Bond

markets were also mildly optimistic with the 10-year treasury yield dropping 7bps to 4.14%, while commodities were mixed with precious metals rallying while energy products came under selling pressure.

The IBD/TIPP US optimism index declined falling to 40.4 from 41.6 in October. This was the index's lowest reading in 3-months, below forecasts of 41.5, remaining in contractionary territory for the 15th consecutive month. Meanwhile, US consumer credit fell to USD24.98 billion in September, which was lower than the USD30.0 billion expected. Goldman Sachs forecasted "a 35% probability that the US economy will enter a recession in the next 12-months as inflation is far above target, the Fed is tightening aggressively, and we live in an uncertain world in geo-political terms."

Speaking of expelling carbon dioxide, Christine Lagarde continued her 'tough-talk' on inflation announcing, "we must bring inflation back to 2.0%. Inflation is much too high. Inflation expectations need to remain anchored. Interest rates will need to rise more." ECB's de Guindos stated, "we will start with QT sooner or later, but for sure in 2023. We will continue to raise rates to a level that ensures inflation comes back into line with our definition of price stability. Inflation will remain around present levels for next few months, then decline in the first half of next year, but on average, headline and core inflation will remain very high even if there will be downwards trend in 1H 2023." Eurozone September retail sales

came out in line with expectations at 0.4% on the month, although they remain weak on the year falling -0.6%.

BoE chief economist, Huw Pill, announced, "there is more to do, we need to raise rates to tighten monetary policy. At some point, we need to think about broader economic outlook. We should not put the housing market on a pedestal as an economic driver."

The Roy Morgan Australian consumer confidence survey on inflation expectations surged to 6.8%, its highest level since these data were first collected in April 2010. Meanwhile September business confidence dropped to 0 from 5 and business conditions retreated to 22 from 25. The RBNZ upgraded their 1 and 2-year inflation forecasts, with the 1-year at 5.08% from 4.86% and the 2-year at 3.62% from 3.07%. Oh yes, after contributing the surge in local inflation, the Governor was re-appointed for another 5-years.

## Grab the popcorn and strap yourself in ... its going to be a wild ride!

As the Blues Brothers would say, "we're putting the band back together!" President Xi cemented himself in power for another 5-years meanwhile, Donald Trump announced, "I'm going to be making a very big announcement" on 15-November!



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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	70.90					CAD	0.8010	0.8743
NZD/USD	0.5965	0.0002	0.0009	0.0012	0.0003	CHF	0.5877	0.6415
NZD/AUD	0.9168	-0.0006	-0.0020	-0.0047	-0.0100	CNY	4.3137	4.7097
NZD/JPY	86.81	-0.29	-0.95	-2.04	-4.51	DKK	4.4047	4.8072
NZD/EUR	0.5921	-0.0011	-0.0036	-0.0071	-0.0150	FJD	1.3348	1.4570
NZD/GBP	0.5162	-0.0003	-0.0011	-0.0019	-0.0043	HKD	4.6817	5.1103
						KRW	820.52	895.64
AU TWI	61.40					MYR	2.8234	3.0818
AUD/USD	0.6813	0.0006	0.0025	0.0048	0.0075	NOK	6.0980	6.6568
AUD/NZD	0.6535	0.0006	0.0023	0.0054	0.0111	SEK	6.4124	6.9992
AUD/JPY	94.75	-0.25	-0.83	-1.75	-3.90	SGD	0.8343	0.9104
AUD/EUR	0.6462	-0.0008	-0.0025	-0.0045	-0.0092	TWD	19.02	20.77
AUD/GBP	0.5634	0.0000	0.0001	0.0008	0.0015	ZAR	10.56	11.52
USD Index	109.58					<b>EQUITIES</b>		
EUR/USD	1.0069	0.0022	0.0076	0.0141	0.0259		<b>Index</b>	
USD/JPY	145.56	-0.53	-1.81	-3.72	-7.75	NZX50	11,152	
GBP/USD	1.1552	0.0009	0.0035	0.0061	0.0102	ASX200	6,959	
EUR/GBP	0.8715	0.0011	0.0035	0.0069	0.0142	Dow Jones	33,089	
						S&P 500	3,830	
						FTSE100	7,306	
						DAX 30	13,689	
						Nikkei	27,872	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>			
			<b>Mid</b>		<b>Mid</b>			
30 day bank bills			4.00%		2.88%			
90 day bank bills			4.24%		3.11%			
1 year swap			5.29%		3.80%			
2 year swap			5.32%		4.01%			
3 year swap			5.21%		4.05%			
5 year swap			5.00%		4.15%			
10 year swap			4.92%		4.47%			
3 year Govt bond			4.79%		3.55%			
5 year Govt bond			4.72%		3.75%			
10 year Govt bond			4.73%		4.13%			
						<b>COMMODITIES</b>		
							<b>USD</b>	
						Brent Crude	95.77	
						Gold	1,713.20	
						Silver	21.38	
						Iron Ore	87.14	
						CRB Index	309.33	
							<b>NZD</b>	
						NZ Carbon	87.10	

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