

Market Alert

Tuesday 13 December 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6369	0.0006
NZD/AUD	0.9457	-0.0066
NZD/JPY	87.74	-2.16
NZD/EUR	0.6055	-0.0075
NZD/GBP	0.5199	-0.0020
NZD/CNH	4.4549	-0.0558
AUD/USD	0.6733	0.0052
AUD/EUR	0.6401	-0.0035
EUR/USD	1.0517	0.0138
USD/CNH	6.9939	-0.0933
GBP/USD	1.2247	0.0052
EUR/GBP	0.8586	0.0073

INT RATES	NZ	Australia
OCR/Cash	4.25%	3.10%
90 day bills	4.54%	3.19%
2 year swap	5.17%	3.64%
10 year Govt	4.16%	3.46%

US markets are enjoying the Kool-Aid!

Last night US equity markets took on a Monty Python attitude, choosing to “always look on the brightside on life,” ahead of tonight’s CPI data and the Fed and ECB meeting later in the week. Whether this optimism proves to be mis-guided, or relevant, remains to be seen but there is no doubt that this week’s releases will set the tone for Q1 2023. This saw US equity markets make modest gains, although other markets were a little more sanguine, with European and Asian bourses slightly lower. Treasury yields also firmed, with the US 10-year treasury

4bps higher at 3.62%. Oil prices rose 3.0% to USD74 per barrel, recovering sharply from their daily lows of around \$70 as optimism built around about the China re-opening story. The US-dollar was slightly firmer, which saw the NZD and AUD ease back a touch.

And speaking of the Kool-Aid, last night was ‘data-lite’ with just a couple of releases. In the US, the NY Fed’s inflation expectations survey fell to its lowest levels since August 2021 with inflation expected to be 5.2% over the coming 12 months, which was down on October’s 5.9%. The 3-year and 5-year expectations also fell. The decrease was broad-based across education and income groups, with consumers seeing lower price rises for home, gas, food, and rent.

Meanwhile, US Secretary of State Janet Yellen expects US inflation will be much slower by the end of next year if there are no unanticipated shocks. She ‘hopes’ elevated prices will be “short lived” adding that she’s seen positive signs including lower shipping costs and shortened lag times for deliveries.

The British economy expanded 0.5% in October for the UK’s biggest surge in growth in nearly a year and above forecasts of 0.4%. It follows a 0.6% contraction in September, when an additional bank holiday for the funeral of Queen Elizabeth lowered the output.

In Japan producer prices have increased at an annualized 7.2% rate in November from October and is now 9.3% higher than this time last year. Japanese factories struggled with the double whammy of high commodity prices and a persistently weakening yen.

Apologies for making you all feel depressed, but according to New Zealand’s QV House Price Index, November household prices decreased 2.9% nationally over the three months ended November, with the average value falling more than NZD100k from the start of the year to reach NZD945k.

Enjoy the pause!

With markets undertaking some last-minute adjustments before tonight’s CPI print and the Fed/ECB later in the week, enjoy the pause before the proverbial hits the fan! There is no doubt volatility is embedded, and that will remain the case in 2023, so, put your feet up and enjoy that cup of tea, because its going to be chaotic later in the week!



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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	73.40					CAD	0.8699	0.9196
NZD/USD	0.6369	0.0003	0.0008	0.0006	-0.0008	CHF	0.5972	0.6316
NZD/AUD	0.9457	-0.0008	-0.0025	-0.0066	-0.0135	CNY	4.4537	4.7123
NZD/JPY	87.74	-0.37	-0.96	-2.16	-4.52	DKK	4.5035	4.7609
NZD/EUR	0.6055	-0.0014	-0.0034	-0.0075	-0.0149	FJD	1.3870	1.4662
NZD/GBP	0.5199	-0.0004	-0.0008	-0.0020	-0.0040	HKD	4.9528	5.2359
						KRW	832.68	880.27
AU TWI	61.90					MYR	2.8113	2.9719
AUD/USD	0.6813	0.0009	0.0025	0.0052	0.0089	NOK	6.3740	6.7383
AUD/NZD	0.6535	0.0008	0.0025	0.0069	0.0141	SEK	6.5973	6.9743
AUD/JPY	92.77	-0.31	-0.79	-1.65	-3.53	SGD	0.8635	0.9129
AUD/EUR	0.6401	-0.0009	-0.0020	-0.0035	-0.0070	TWD	19.57	20.68
AUD/GBP	0.5496	0.0001	0.0006	0.0018	0.0036	ZAR	11.22	11.87
USD Index	105.15					EQUITIES		
EUR/USD	1.0517	0.0030	0.0072	0.0138	0.0258		Index	
USD/JPY	137.77	-0.65	-1.68	-3.50	-7.22	NZX50	11,506	
GBP/USD	1.2247	0.0015	0.0030	0.0052	0.0083	ASX200	7,181	
EUR/GBP	0.8586	0.0014	0.0035	0.0073	0.0147	Dow Jones	33,761	
						S&P 500	3,955	
INTEREST RATES						FTSE100	7,446	
		New Zealand		Australia		DAX 30	14,307	
		Mid		Mid		Nikkei	27,842	
30 day bank bills		4.35%		3.06%		COMMODITIES		
90 day bank bills		4.54%		3.19%			USD	
1 year swap		5.33%		3.56%		Brent Crude	78.05	
2 year swap		5.17%		3.64%		Gold	1,779.24	
3 year swap		4.82%		3.59%		Silver	23.17	
5 year swap		4.46%		3.53%		Iron Ore	110.48	
10 year swap		4.26%		3.78%		CRB Index	288.16	
3 year Govt bond		4.58%		3.11%			NZD	
5 year Govt bond		4.28%		3.19%		NZ Carbon	83.37	
10 year Govt bond		4.16%		3.46%				

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