

Market Alert

Thursday 22 December 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6297	0.0000
NZD/AUD	0.9391	-0.0066
NZD/JPY	83.21	-2.08
NZD/EUR	0.5931	-0.0072
NZD/GBP	0.5211	-0.0021
NZD/CNH	4.4020	-0.0620
AUD/USD	0.6706	0.0047
AUD/EUR	0.6317	-0.0032
EUR/USD	1.0612	0.0125
USD/CNH	6.9889	-0.0976
GBP/USD	1.2084	0.0046
EUR/GBP	0.8782	0.0068

INT RATES	NZ	Australia
OCR/Cash	4.25%	3.10%
90 day bills	4.63%	3.26%
2 year swap	5.22%	3.74%
10 year Govt	4.42%	3.81%

Tick of approval

Following on from the aftermath of the BoJ's decision to widen the band for the 10-year JGB from +/-0.25% - +/-0.50%, International Monetary Fund weighed in, stating "With uncertainty around the inflation outlook, the Bank of Japan's adjustment of yield curve control settings is a sensible step including given concerns about bond market functioning" further adding "Providing clearer communications on the conditions for adjusting the monetary policy framework would help anchor market expectations and strengthen the credibility of the Bank of Japan's commitment to achieving its inflation target."

Yesterday, Prime Minister Jacinda Ardern got up and announced her plan to soften Labour's stance on the levy farmers will pay for their methane and nitrous oxide emissions after a strong pushback from farmers, promising "relatively low" prices for at least five years, sufficient handouts to farmers to offset the levies and the inclusion of riparian planting next to waterways in the Emissions Trading Scheme.

New Zealand recorded a trade deficit of NZD1.86 billion for the month of November, increasing from NZD1.08 billion in the same month last year as soaring energy prices continued to inflate import costs. Goods imports soared by 26.0% to NZD8.5 billion amid higher purchases of petroleum and products. While exports rose at 8.0% to NZD6.7 billion, supported by sales of dairy products (up 19.0% to NZD375 million), while exports of petroleum products fell by 84.0% NZD23 million.

Elsewhere in the world, inflation in Canada is 6.8% for November, down from 6.9% previously but marginally above expectations of 6.7%. The result is the slowest price growth experienced by Canada since April. Costs of food and shelter remained elevated while transportation costs eased due to declining oil prices.

US equities had a sentiment boost yesterday as markets digested better-than-expected earnings reports from Nike and FedEx, while continuing to

assess the outlook for inflation, interest rates, and growth. Futures contracts tied to the three major indexes were all up about 0.4%. Nike rallied 12.0% after topping quarterly estimates on the top and bottom line, while FedEx jumped 4.0% on an earnings surprise.

Closing out 2022

Producer prices in Russia fell by 1.9% on the year in November, the first annual decline in producer prices since August 2020 amid the sharp contraction in the Russian economy and higher supply of energy due to lower foreign demand. Prices for electricity, gas, steam, and air conditioning continued their rise at 5.1%.

Existing home sales in the US plunged 7.7% to a seasonally adjusted annual rate of 4.09 million in November of 2022, much worse than market forecasts of 4.2 million. It marks then tenth consecutive month of falling sales and the lowest level since May of 2020 as high mortgage rates weigh on affordability. First-time buyers were responsible for 28.0% of sales in November, which was unchanged from October. Sales on the year fell sharply by 35.4%, the weakest pace since May 2020 in the height of the covid pandemic.

And just like that, we are signing off, what a year it has been. Our next publication will be on January 16th 2023... until then, enjoy the break and have a happy new year!



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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	72.70					CAD	0.8565	0.9117
NZD/USD	0.6297	0.0003	0.0006	0.0000	-0.0018	CHF	0.5830	0.6208
NZD/AUD	0.9391	-0.0007	-0.0024	-0.0066	-0.0134	CNY	4.4002	4.6877
NZD/JPY	83.21	-0.32	-0.95	-2.08	-4.31	DKK	4.4121	4.6988
NZD/EUR	0.5931	-0.0012	-0.0034	-0.0072	-0.0136	FJD	1.3740	1.4632
NZD/GBP	0.5211	-0.0002	-0.0008	-0.0021	-0.0044	HKD	4.9094	5.2283
						KRW	806.53	858.92
AU TWI	60.50					MYR	2.7921	2.9734
AUD/USD	0.6813	0.0008	0.0024	0.0047	0.0072	NOK	6.1835	6.5852
AUD/NZD	0.6535	0.0007	0.0026	0.0072	0.0143	SEK	6.5569	6.9828
AUD/JPY	88.61	-0.27	-0.80	-1.60	-3.44	SGD	0.8506	0.9058
AUD/EUR	0.6317	-0.0008	-0.0022	-0.0032	-0.0058	TWD	19.31	20.57
AUD/GBP	0.5549	0.0002	0.0005	0.0016	0.0030	ZAR	10.82	11.53
USD Index	104.21					EQUITIES		
EUR/USD	1.0612	0.0026	0.0070	0.0125	0.0212		Index	
USD/JPY	132.20	-0.56	-1.63	-3.33	-6.51	NZX50	11,452	
GBP/USD	1.2084	0.0010	0.0026	0.0046	0.0058	ASX200	7,115	
EUR/GBP	0.8782	0.0014	0.0036	0.0068	0.0124	Dow Jones	33,377	
						S&P 500	3,879	
						FTSE100	7,497	
						DAX 30	14,098	
						Nikkei	26,388	
						COMMODITIES		
							USD	
						Brent Crude	82.24	
						Gold	1,817.14	
						Silver	24.06	
						Iron Ore	109.86	
						CRB Index	295.03	
							NZD	
						NZ Carbon	76.50	

INTEREST RATES	New Zealand		Australia
	Mid		Mid
30 day bank bills	4.35%		3.06%
90 day bank bills	4.63%		3.26%
1 year swap	5.42%		3.65%
2 year swap	5.22%		3.74%
3 year swap	4.98%		3.70%
5 year swap	4.68%		3.76%
10 year swap	4.59%		4.10%
3 year Govt bond	4.77%		3.26%
5 year Govt bond	4.48%		3.42%
10 year Govt bond	4.42%		3.81%

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