

# Market Alert

Monday 23 January 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6472	-0.0002
NZD/AUD	0.9284	-0.0070
NZD/JPY	83.78	-2.14
NZD/EUR	0.5956	-0.0065
NZD/GBP	0.5216	-0.0020
NZD/CNH	4.3478	0.0000
AUD/USD	0.6962	0.0050
AUD/EUR	0.6411	-0.0022
EUR/USD	1.0855	0.0115
USD/CNH	6.7814	0.0000
GBP/USD	1.2399	0.0042
EUR/GBP	0.8755	0.0061

  

INT RATES	NZ	Australia
OCR/Cash	4.25%	3.10%
90 day bills	4.86%	3.32%
2 year swap	4.93%	3.52%
10 year Govt	4.06%	3.48%

## Everyone loves a ginger!

Congratulations to New Zealand's new Prime Minister, Chris Hipkins and, in a sign of my respect, I'll have a gingernut with my tea this morning.

## Headlines were thin on the ground ...

... during Friday's trading session, after the US government reached its debt limit on Thursday, which required the US Treasury Department to 'tap' 2 government-run funds for retirees to avoid a crippling payments default. While the possibility of a US payment default has the potential to generate a 'black swan' event, these political stand-offs

are not unusual as each political party attempts to 'score' political points from the increasing levels of US debt, and while the political grandstanding has never led to an all-out default, we cannot discount the possibility.

The only US headline of note on Friday was the release of US home sales which fell by 1.5% to 4.02 million to reach its lowest level since November 2010 marking 11-straight months of falling home sales as higher mortgage rates start to impact. In other headlines, UK retail sales fell 5.8% in to cap their worst December on record since records began in 1997.

In the Euro-zone, ECB Council member Klaas Knot wants 50bps hikes at the next 2 meetings while the IMF has done a 180-degree turn announcing the Eurozone will avoid a recession this year.

Out-going BoJ Governor, Haruhiko Kuroda, is already starting to prepare his legacy in the face of political and economic pressures as inflation accelerated at its fastest pace stating, *"We have eradicated deflation during my tenure at least. Economic growth has also been regained since 2013. Accommodative monetary policy has helped to change the Japanese economic structure. But unfortunately, we still haven't achieved 2% inflation target in a sustainable manner; that is the only regret I have. Our hope is that wages start to rise enabling the 2% inflation target to be met in a stable and sustainable manner, but we have to wait for some time."*

Incredibly, China's population started contracting in 2022 for the first time in 6-decades as the proportion of people older than 65 starts to weigh on the economy, although they are benefiting from a re-opening of Iranian crude imports as shipments surged to about 1.3 million barrels a day in November, its highest level in 4-years.

The Dow added more than 300 points on Friday, while the S&P 500 and the Nasdaq 100 were up roughly 1.9% and 2.7% as equity markets targeted the S&P's 200-day moving average. Commodities also had another good session as copper prices rose for the fifth week, its best run since May 2021, as supply risks persist while oil prices also headed for a second consecutive week of gains. This positivity saw the NZD and AUD rally strongly while bond yields also surged with the US 10 year bond firming 8bps to 3.48%.

## Looking ahead ...

This week we have a full calendar of US releases including Q4 GDP, durable goods orders, the PCE price index, personal income and spending, and further corporate earnings. We also have a new round of PMI releases from the US, UK, Japan, and Euro-zone, while Wednesday bring the Q4 inflation prints from New Zealand and Australia, and also the BoC meeting.



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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	71.70					CAD	0.8663	0.9323
NZD/USD	0.6472	0.0002	0.0002	-0.0002	-0.0001	CHF	0.5952	0.6401
NZD/AUD	0.9284	-0.0009	-0.0032	-0.0070	-0.0146	CNY	4.3717	4.7147
NZD/JPY	83.78	-0.34	-1.03	-2.14	-4.45	DKK	4.4351	4.7708
NZD/EUR	0.5956	-0.0011	-0.0033	-0.0065	-0.0131	FJD	1.3906	1.4959
NZD/GBP	0.5216	-0.0003	-0.0009	-0.0020	-0.0048	HKD	5.0669	5.4505
						KRW	795.32	855.53
AU TWI	61.40					MYR	2.7720	2.9818
AUD/USD	0.6813	0.0009	0.0025	0.0050	0.0088	NOK	6.3562	6.8374
AUD/NZD	0.6535	0.0009	0.0034	0.0079	0.0152	SEK	6.6612	7.1655
AUD/JPY	90.26	-0.26	-0.80	-1.65	-3.44	SGD	0.8537	0.9184
AUD/EUR	0.6411	-0.0006	-0.0014	-0.0022	-0.0043	TWD	19.63	21.11
AUD/GBP	0.5611	0.0002	0.0009	0.0020	0.0036	ZAR	11.07	11.91
USD Index	101.99					<b>EQUITIES</b>		
EUR/USD	1.0855	0.0022	0.0062	0.0115	0.0206		<b>Index</b>	
USD/JPY	129.57	-0.54	-1.60	-3.28	-6.58	NZX50	11,977	
GBP/USD	1.2399	0.0008	0.0022	0.0042	0.0074	ASX200	7,452	
EUR/GBP	0.8755	0.0011	0.0032	0.0061	0.0113	Dow Jones	33,375	
						S&P 500	3,973	
						FTSE100	7,771	
						DAX 30	15,034	
						Nikkei	26,554	
						<b>COMMODITIES</b>		
							<b>USD</b>	
						Brent Crude	87.63	
						Gold	1,926.73	
						Silver	23.95	
						Iron Ore	122.16	
						CRB Index	302.90	
							<b>NZD</b>	
						NZ Carbon	72.50	

  

INTEREST RATES	New Zealand		Australia
	Mid		Mid
30 day bank bills	4.42%		3.14%
90 day bank bills	4.86%		3.32%
1 year swap	5.36%		3.56%
2 year swap	4.93%		3.52%
3 year swap	4.56%		3.47%
5 year swap	4.25%		3.44%
10 year swap	4.16%		3.78%
3 year Govt bond	4.36%		3.02%
5 year Govt bond	4.06%		3.13%
10 year Govt bond	4.06%		3.48%

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