

Market Alert

Monday 25 September 2023

CURRENCIES	Spot	6mths
NZD/USD	0.5961	-0.0001
NZD/AUD	0.9249	-0.0059
NZD/JPY	88.41	-2.60
NZD/EUR	0.5591	-0.0050
NZD/GBP	0.4869	-0.0007
NZD/CNH	4.3507	0.0000
AUD/USD	0.6441	0.0040
AUD/EUR	0.6044	-0.0017
EUR/USD	1.0652	0.0089
USD/CNH	7.2987	-0.0705
GBP/USD	1.2238	0.0014
EUR/GBP	0.8692	0.0061

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.10%
90 day bills	5.73%	4.20%
2 year swap	5.69%	4.29%
10 year Govt	5.28%	4.41%

First, let's start with the interesting stuff ...

... what a great weekend it was for sport! Yes, there were some disappointments with the Warrior's result, but heck, like an Australian bank announcing their financials, they outperformed expectations! Sure, Manchester United were poor ... again ... but what about that Ireland- South Africa rugby game ... it was immense and with an Irish wife, it was a happy weekend in our household although that may not be the case when the quarter finals come around! Friday saw a disappointing close to the week with most exchanges closing in negative territory as the FOMC continued to weigh on sentiment while S&P US composite PMIs eased back to 50.1 in September from 50.2. Service sector growth eased to an eight-month

low at 50.2, while manufacturing output continued to remain weak at 48.9. This saw treasury yields ease back, with the US 2 and 10-year yields falling 4bps to 5.11% and 4.44% respectfully, while the DXY locked in its 10th week of gains, although the NZD/USD did firm and close the week above the 0.5950 level opening this morning at 0.5960, while the AUD/USD opens at 0.6440.

There was a who host of data out of Japan on Friday. Somewhat confusingly, the BoJ didn't update its interest rate outlook maintaining its interest rate settings with the cash rate at -0.10% and the YCC target on the 10-year JGB bond yield 'around' 0.00% ... with the allowance band at 50bps on either side of the yield target and the cap at 1.00%. This announcement was after the inflation release with the headline rising to 3.1% from 3.0% while the core printed in-line with expectations at 4.3%. Finally, September preliminary manufacturing PMIs fell from 49.6 to 48.6.

The Australian model highlighted the robustness of the Australian economy after services PMIs improved to 50.5 from 47.8, manufacturing fell from 49.6 to 48.2, which saw the composite firm from 48.0 to 50.2.

In New Zealand, a bank study saw Q3 consumer confidence fall from 83.1 to 80.2 while the trade deficit improved slightly to NZD-15.54bn from NZD-15.88bn as exports fell from NZD5.45bn to NZD4.99bn while imports increased from NZD6.65bn to NZD7.28bn. In possibly the least surprising headline

of the year, the NZ Commerce Commission's market study into personal banking services has unleashed a torrent of negative feedback.

Goldman Sachs pushes back expectation of first Fed rate cut to Q4 of 2024 from Q2 while JP Morgan believes the BoE rate hiking cycle is at an end after last week's hike.

This week ...

... focus returns to the macroeconomic releases after last week's flourish of central bank activity. In the US, the spotlight will be on the PCE Price Index, personal income and spending data, durable goods orders, and the final confirmation of Q2 GDP. In Europe, we have the September inflation releases for the Euro-zone, Germany, France, Italy, and Spain while, also from Germany, we have the IFO Business survey, GFK consumer confidence, industrial production, retail sales, unemployment, and retail sales. In Australia, we have the latest inflation update, retail sales and batch of Aussie credit data release, while New Zealand will release its forward-looking confidence indicators.



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Daily Rates

Monday 25 September 2023

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.20					CAD	0.8037	0.8683
NZD/USD	0.5961	0.0000	-0.0001	-0.0001	-0.0034	CHF	0.5406	0.5827
NZD/AUD	0.9249	-0.0010	-0.0030	-0.0059	-0.0114	CNY	4.3606	4.7104
NZD/JPY	88.41	-0.43	-1.31	-2.60	-5.16	DKK	4.1730	4.5090
NZD/EUR	0.5591	-0.0007	-0.0024	-0.0050	-0.0106	FJD	1.3303	1.4374
NZD/GBP	0.4869	-0.0001	-0.0003	-0.0007	-0.0018	HKD	4.6613	5.0366
						KRW	795.22	859.25
AU TWI	60.60					MYR	2.7927	3.0176
AUD/USD	0.6441	0.0007	0.0020	0.0040	0.0036	NOK	6.4108	6.9270
AUD/NZD	1.0803	0.0010	0.0033	0.0066	0.0067	SEK	6.6302	7.1641
AUD/JPY	95.51	-0.36	-1.11	-2.23	-4.48	SGD	0.8133	0.8788
AUD/EUR	0.6044	-0.0001	-0.0006	-0.0017	-0.0043	TWD	19.16	20.70
AUD/GBP	0.5261	0.0005	0.0014	0.0026	0.0044	ZAR	11.18	12.08
USD Index	105.58					EQUITIES		
EUR/USD	1.0652	0.0013	0.0040	0.0089	0.0180		Index	
USD/JPY	148.37	-0.72	-2.14	-4.34	-7.76	NZX50	11,373	
GBP/USD	1.2238	0.0002	0.0005	0.0014	-0.0031	ASX200	7,069	
EUR/GBP	0.8692	0.0009	0.0029	0.0061	0.0160	Dow Jones	33,964	
						S&P 500	Access Denie	
INTEREST RATES			New Zealand		Australia	FTSE100	7,684	
			Mid		Mid	DAX 30	15,557	
30 day bank bills			5.65%		4.11%	Nikkei	32,402	
90 day bank bills			5.73%		4.20%	COMMODITIES		
1 year swap			5.88%		4.34%		USD	
2 year swap			5.69%		4.30%	Brent Crude	93.27	
3 year swap			5.43%		4.21%	Gold	1,924.99	
5 year swap			5.14%		4.37%	Silver	23.53	
10 year swap			5.02%		4.60%	Iron Ore	121.33	
3 year Govt bond			5.49%		4.07%	CRB Index	322.02	
5 year Govt bond			5.29%		4.13%		NZD	
10 year Govt bond			5.28%		4.41%	NZ Carbon	0.00	

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