

# Market Alert

Monday 3 October 2022

CURRENCIES	Spot	6mths
NZD/USD	0.5592	0.0008
NZD/AUD	0.8739	-0.0019
NZD/JPY	80.94	-1.74
NZD/EUR	0.5706	-0.0071
NZD/GBP	0.5009	0.0002
NZD/CNH	4.0767	0.0000
AUD/USD	0.6400	0.0023
AUD/EUR	0.6529	-0.0068
EUR/USD	0.9799	0.0132
USD/CNH	7.1401	0.0000
GBP/USD	1.1160	-0.0007
EUR/GBP	0.8776	0.0108

INT RATES	NZ	Australia
OCR/Cash	3.00%	2.35%
90 day bills	3.88%	3.11%
2 year swap	4.73%	4.03%
10 year Govt	4.39%	3.97%

## Welcome to Q4

But where have Q1, Q2 and Q3 disappeared to?

First of all, congratulations to the Penrith Panthers, Ryan Fox, and to Steven Adams for his USD25 million contract extension! And that's where the good news ends.

September was a month for the record books with stock markets crumbling, the US-dollar surging to multi-decade highs, and the invention of a new term, 'Truss-economics!' Friday evening saw the release of the Fed's favoured inflation gauge, the PCE deflator, which highlighted

that US inflation had accelerated 0.3% on the month, and 6.2% over the year to August, although the core measure exceeded expectations at 4.9% against forecasts at 4.7%. The University of Michigan 1-year inflation expectation survey also exceeded expectations at 4.7% vs. 4.6% while Euro-zone inflation reached double-digits for the first time ever at 10.0% with core inflation also exceeding forecasts at 4.8%.

With inflation once again taking centre stage, US equity markets sold-off a further -1.5% to record their worst month since March 2020, although European markets actually closed in positive territory. Energy commodity markets also eased lower, while precious metals firmed, and bond yields were mixed with the US Treasury bond firming 8bps to 3.83%, while the UK 10-year gilt eased 5bps to 4.09%. The NZD was also hit once again and is now 'officially' the worst performing major currency over the last 12 months, although the NZD also put in a strong shift against the GBP. The AUD is also opening weaker this morning as the USD maintains its relentless grind higher.

Speaking of the GBP, a major row is breaking out after it was announced the independent Office for Budget Responsibility won't release their economic projections until November. With the government's fiscal policy at odds with the BoE's, the central bank continues

to intervene in the bond market to stave off a bigger market crisis which has, naturally, led to rumours that a major investment bank is on the brink according to a 'credible source'. Most pundits are suggesting it will be Credit Suisse, which has seen its share price crumble while its credit default swaps are at distressed levels.

In China, official manufacturing PMIs rose to 50.1, which was ahead of expectations, although the non-manufacturing gauge slipped to 50.6. The Caixin PMIs also unexpectedly slid to 48.1. Finally, there was also talk that authorities have approached the country's largest state owned banks to extend at least 600 billion yuan (USD85 billion) of net financing to the embattled property sector.

And I haven't even mentioned Manchester United yet!

## This week

The focus will remain on the UK but, in terms of data releases, Monday, the USD ISM manufacturing report is expected to soften but still remain in expansion territory while prices paid, new orders, factory orders will come out ahead of the US September non-farm payroll report, which should still show hiring continued with 250,000 new jobs created. We also have the release of the ECB's minutes, while the RBA and RBNZ are expected to continue with their respective tightening cycles.



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# Daily Rates

Monday 3 October 2022

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	68.50					CAD	0.7731	0.8852
NZD/USD	0.5592	0.0000	0.0003	0.0008	0.0005	CHF	0.5518	0.6313
NZD/AUD	0.8739	-0.0002	-0.0012	-0.0019	-0.0032	CNY	4.0211	4.5792
NZD/JPY	80.94	-0.23	-0.86	-1.74	-3.76	DKK	4.2409	4.8536
NZD/EUR	0.5706	-0.0012	-0.0042	-0.0071	-0.0128	FJD	1.2758	1.4602
NZD/GBP	0.5009	-0.0003	-0.0006	0.0002	0.0025	HKD	4.3893	5.0236
						KRW	805.23	921.57
AU TWI	61.50					MYR	2.5919	2.9664
AUD/USD	0.6813	0.0002	0.0011	0.0023	0.0029	NOK	6.0655	6.9420
AUD/NZD	0.6535	0.0003	0.0013	0.0021	0.0031	SEK	6.1881	7.0822
AUD/JPY	92.63	-0.26	-0.87	-1.81	-4.01	SGD	0.8023	0.9183
AUD/EUR	0.6529	-0.0013	-0.0039	-0.0068	-0.0125	TWD	17.79	20.36
AUD/GBP	0.5733	-0.0002	0.0001	0.0014	0.0049	ZAR	10.15	11.61
USD Index	112.17					<b>EQUITIES</b>		
EUR/USD	0.9799	0.0021	0.0075	0.0132	0.0234		<b>Index</b>	
USD/JPY	144.75	-0.42	-1.61	-3.32	-6.95	NZX50	11,066	
GBP/USD	1.1160	0.0007	0.0016	-0.0007	-0.0060	ASX200	6,474	
EUR/GBP	0.8776	0.0012	0.0053	0.0108	0.0240	Dow Jones	28,726	
						S&P 500	3,586	
						FTSE100	6,894	
						DAX 30	12,114	
						Nikkei	25,937	
<b>INTEREST RATES</b>		<b>New Zealand</b>		<b>Australia</b>		<b>COMMODITIES</b>		
		<b>Mid</b>		<b>Mid</b>			<b>USD</b>	
30 day bank bills		3.51%		2.76%		Brent Crude	85.14	
90 day bank bills		3.88%		3.11%		Gold	1,659.67	
1 year swap		4.62%		3.86%		Silver	19.00	
2 year swap		4.73%		4.03%		Iron Ore	95.30	
3 year swap		4.66%		4.04%		CRB Index	288.12	
5 year swap		4.54%		4.07%			<b>NZD</b>	
10 year swap		4.49%		4.29%		NZ Carbon	78.00	
3 year Govt bond		4.27%		3.60%				
5 year Govt bond		4.28%		3.74%				
10 year Govt bond		4.39%		3.97%				

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