

Market Alert

Monday 14 November 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6100	0.0013
NZD/AUD	0.9168	-0.0045
NZD/JPY	84.82	-1.93
NZD/EUR	0.5903	-0.0066
NZD/GBP	0.5152	-0.0016
NZD/CNH	4.2920	0.0000
AUD/USD	0.6711	0.0047
AUD/EUR	0.6480	-0.0042
EUR/USD	1.0352	0.0135
USD/CNH	7.0899	0.0000
GBP/USD	1.1835	0.0055
EUR/GBP	0.8742	0.0068

INT RATES	NZ	Australia
OCR/Cash	3.50%	2.85%
90 day bills	4.16%	3.08%
2 year swap	4.93%	3.78%
10 year Govt	4.29%	3.76%

A huge congratulations

To the winners of the weekends big sporting events, with a big shout out to the Black Ferns for the performance of the weekend. The Samoan league boys also did exceedingly well in what will be an intriguing final against Australia who managed to just get one over the Kiwi's in the second half. Changes to the All Blacks management appear to be impacting their performances and finally, well done to England in the cricket.

Following on from last Friday's weaker than expected CPI print, the forward looking University of Michigan consumer sentiment index fell to 54.7 in November,

its lowest level in four months and well below forecasts of 59.5. The forward-looking inflation outlook was also relatively stable with the 1-year outlook picking up to 5.1% from 5.0% while the 5-10 year gauge remained at 2.9%.

In the UK, the British economy shrank -0.2% in Q3, slightly better than the -0.5% contraction expected. Consumer spending and business investment fell while the production sector dropped -1.5% for its 7th consecutive quarter of losses.

In the Euro-zone, German inflation was confirmed at 11.6% in October while EU harmonized consumer prices rose 1.1%. ECB's Robert Holzmann said politicians in the euro area are threatening to undermine the fight against inflation by spending too much money to combat the cost-of-living crisis.

China took a major step towards an easing of its Covid constraints with some modifications to its existing rules which included cutting the quarantine duration for travellers to 5-days from 10-days, followed by a further 3-days at home. It isn't an end to their onshore Covid issues, but at least it's a step in the right direction.

With talks of a possible 'Fed pivot', equity markets closed last week with another positive session, but that wasn't where the real action took place. Bond markets saw the US 2-year treasury fell a further 20bps to close at 4.45%, while the 10-year closed down an incredible

32bps to yield 3.83%. This weakness flowed through to the USD-index, which collapsed through the 109.50 level to close at in the low 106's. This saw the NZD/USD surge above 0.6100 and AUD/USD open this morning above 0.6700. If you're a chart lover and a dollar bear, there's a strong signal the trend is in place with suggestions the USD-index will target the 200-day moving average at 104.75.

The week ahead

Following last week's US-led volatility, this week's US-releases include retail sales, producer prices, and housing data, while investors will be keeping an eye on the state of the crypto market after one of the biggest exchanges, FTX, filed for bankruptcy late last week. Elsewhere, the spotlight will be on inflation releases from Japan, Canada, and the UK, with the UK autumn budget release as well. We also have the Zew Economic Sentiment index release from Germany Q3 GDP growth rates from Japan, and industrial production, retail sales, and fixed investment data from China.

In our part of the world, we have the RBA minutes tomorrow, and Q3 wage price index and employment numbers later in the week, while in New Zealand we have the latest REINZ house price data and the GDT auction.



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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	70.90					CAD	0.8088	0.8886
NZD/USD	0.6100	0.0002	0.0010	0.0013	0.0011	CHF	0.5744	0.6296
NZD/AUD	0.9168	-0.0005	-0.0019	-0.0045	-0.0087	CNY	4.3228	4.7444
NZD/JPY	84.82	-0.26	-0.92	-1.93	-4.14	DKK	4.3791	4.8178
NZD/EUR	0.5903	-0.0010	-0.0034	-0.0066	-0.0129	FJD	1.3427	1.4772
NZD/GBP	0.5152	-0.0003	-0.0008	-0.0016	-0.0029	HKD	4.7799	5.2587
						KRW	801.35	881.62
AU TWI	61.90					MYR	2.8213	3.1038
AUD/USD	0.6813	0.0006	0.0024	0.0047	0.0078	NOK	6.0011	6.6022
AUD/NZD	0.6535	0.0005	0.0020	0.0048	0.0098	SEK	6.3178	6.9506
AUD/JPY	93.06	-0.24	-0.82	-1.69	-3.72	SGD	0.8366	0.9204
AUD/EUR	0.6480	-0.0008	-0.0025	-0.0042	-0.0082	TWD	18.98	20.88
AUD/GBP	0.5669	0.0000	0.0002	0.0010	0.0022	ZAR	10.51	11.56
USD Index	106.42					EQUITIES		
EUR/USD	1.0352	0.0022	0.0075	0.0135	0.0247		Index	
USD/JPY	138.52	-0.48	-1.72	-3.45	-7.12	NZX50	11,312	
GBP/USD	1.1835	0.0009	0.0035	0.0055	0.0091	ASX200	7,158	
EUR/GBP	0.8742	0.0011	0.0035	0.0068	0.0140	Dow Jones	33,748	
						S&P 500	3,993	
						FTSE100	7,318	
						DAX 30	14,225	
						Nikkei	28,264	
INTEREST RATES			New Zealand		Australia	COMMODITIES		
			Mid		Mid		USD	
30 day bank bills			3.98%		2.90%	Brent Crude	95.99	
90 day bank bills			4.16%		3.08%	Gold	1,770.90	
1 year swap			4.93%		3.61%	Silver	21.68	
2 year swap			4.93%		3.78%	Iron Ore	90.79	
3 year swap			4.78%		3.80%	CRB Index	308.26	
5 year swap			4.57%		3.93%		NZD	
10 year swap			4.52%		4.27%	NZ Carbon	87.90	
3 year Govt bond			4.31%		3.22%			
5 year Govt bond			4.24%		3.39%			
10 year Govt bond			4.29%		3.76%			

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